

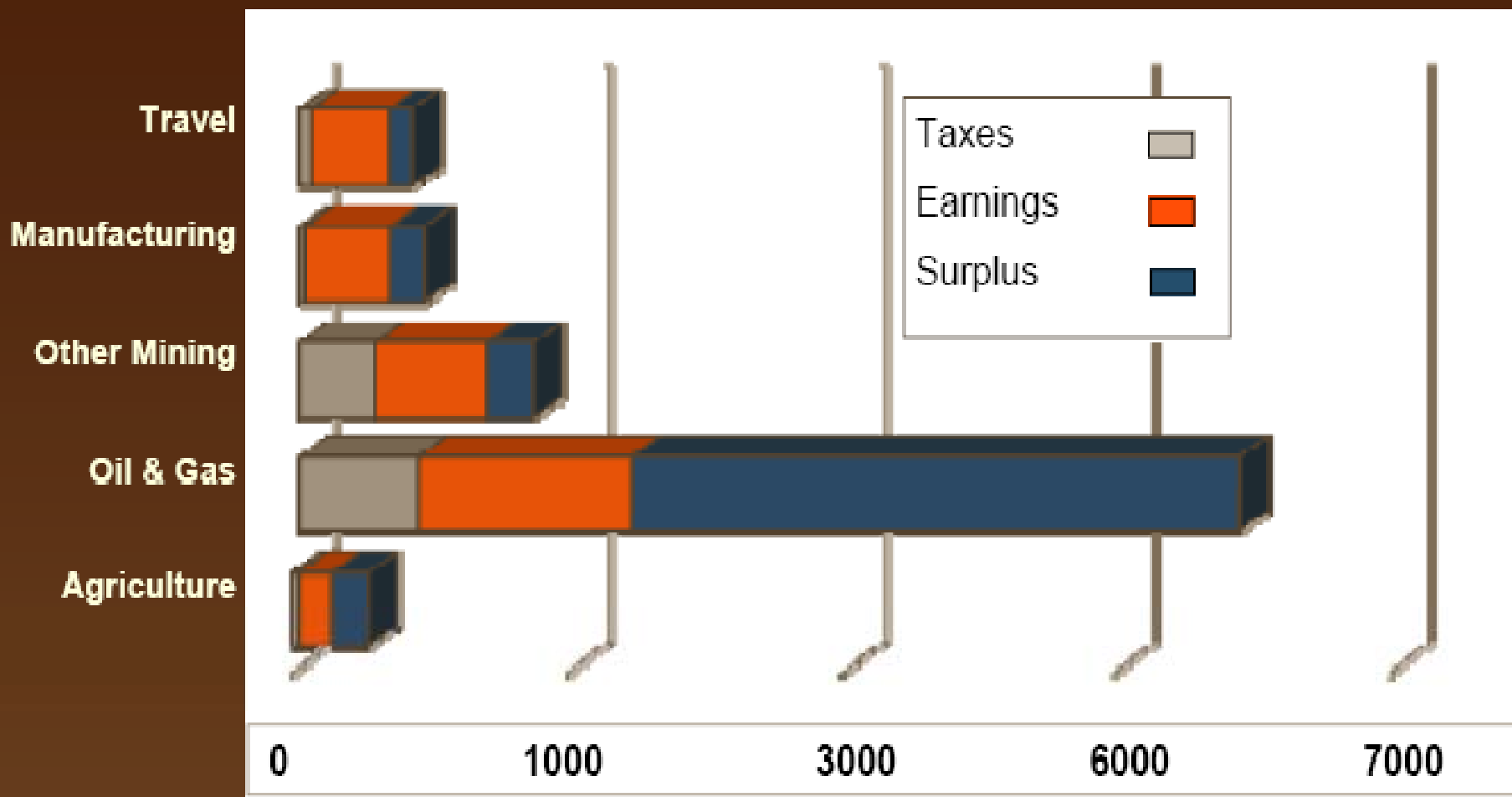
WHY PIPELINES ARE IMPORTANT TO WYOMING

L.E.A.D. Class X

February 2008

Carla Hubbard

2006 Gross State Product



Wyoming Revenue

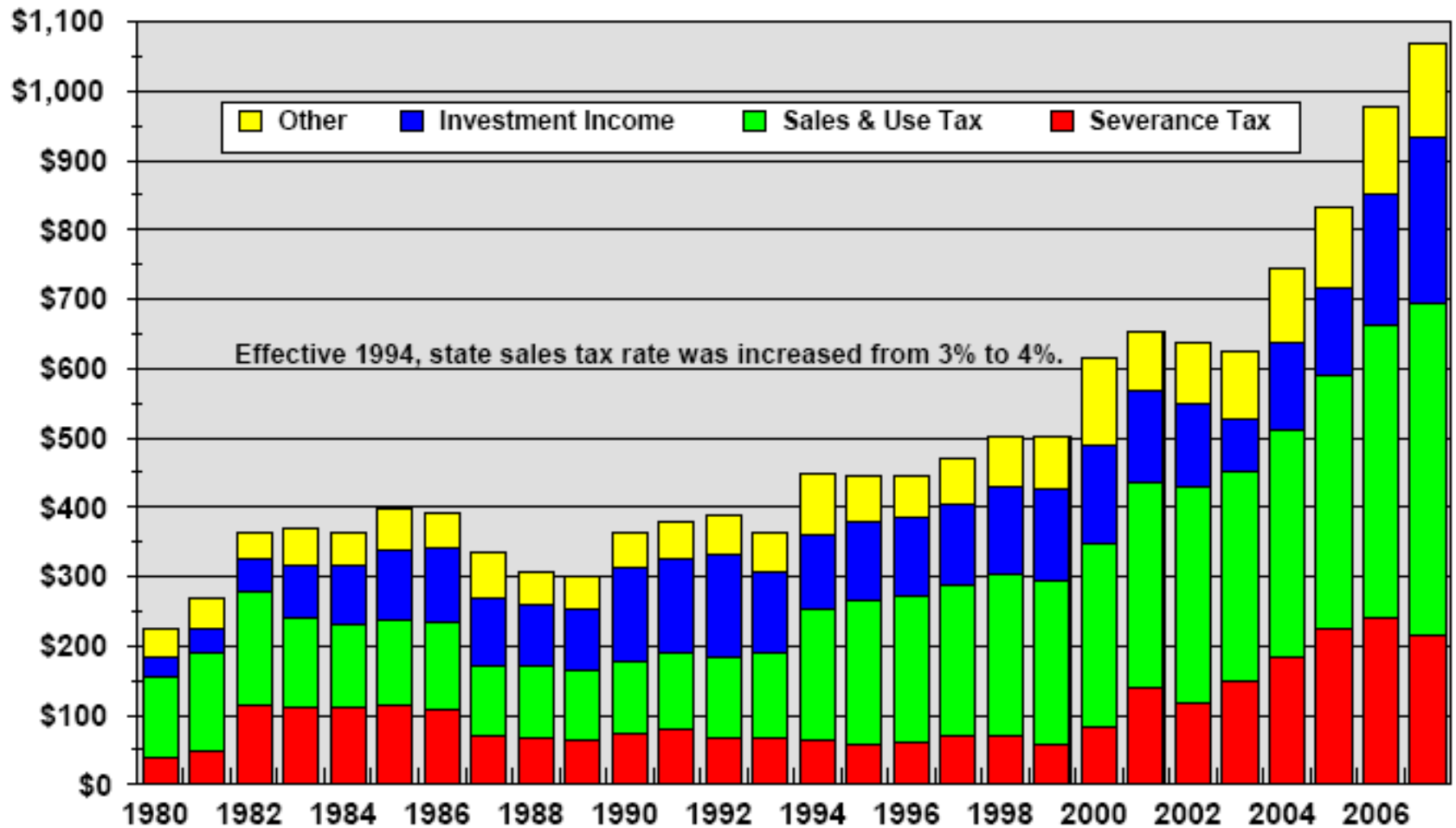
- Revenue to State of Wyoming from mineral production for
2006 = \$2,307,397,038

(Includes: ad valorem, severance, sales & use taxes, US rent & royalty returns, State rents & royalties, General Fund income

Includes: oil, gas, coal, uranium, trona, other solid minerals)

General Fund Revenue: FY 1980 - FY 2007

(in millions of current dollars)

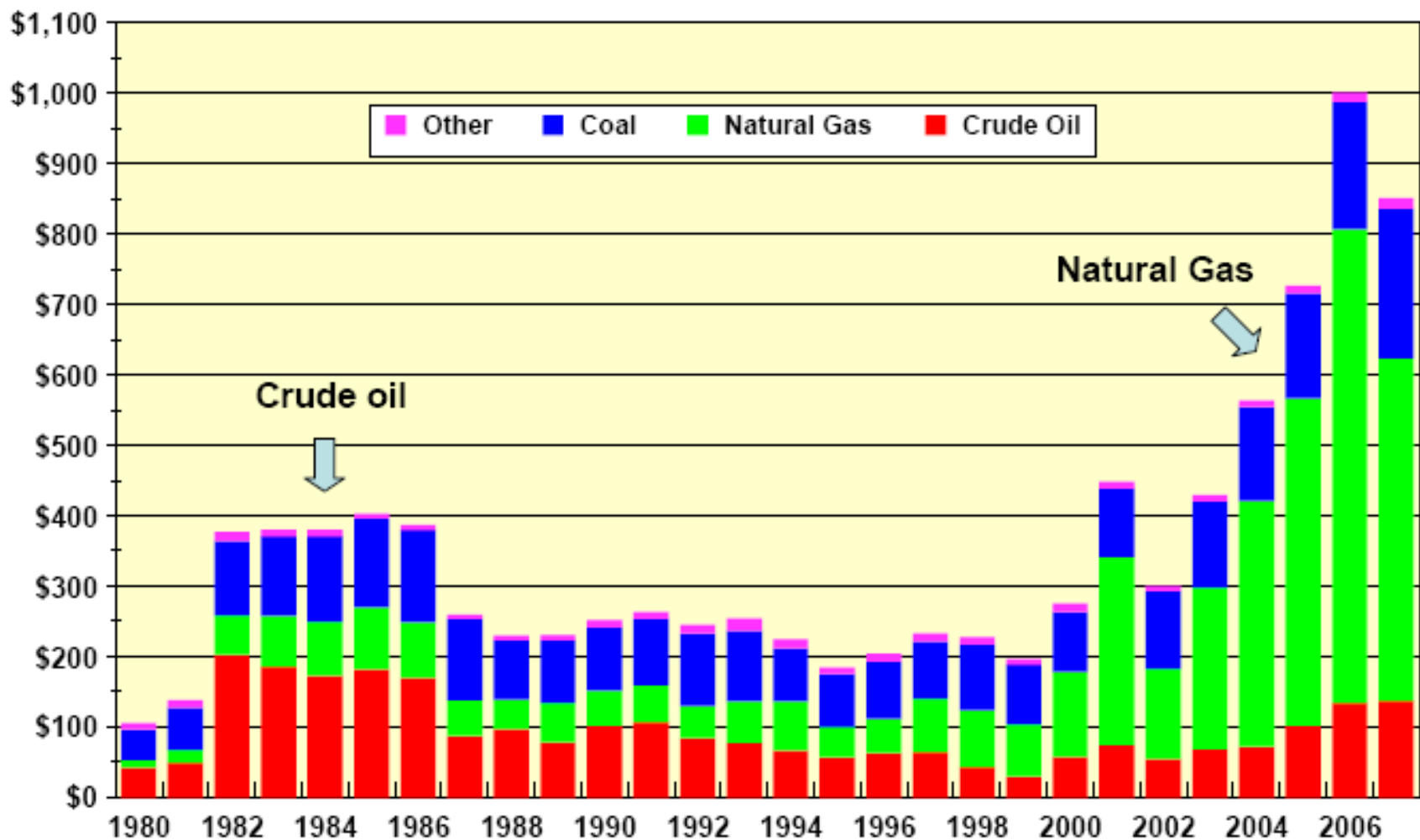


PWMTF = Permanent Wyoming Mineral Trust Fund

Wyoming Economic Analysis Division

Mineral Severance Taxes: FY1980 - FY2007

(in millions of current dollars)

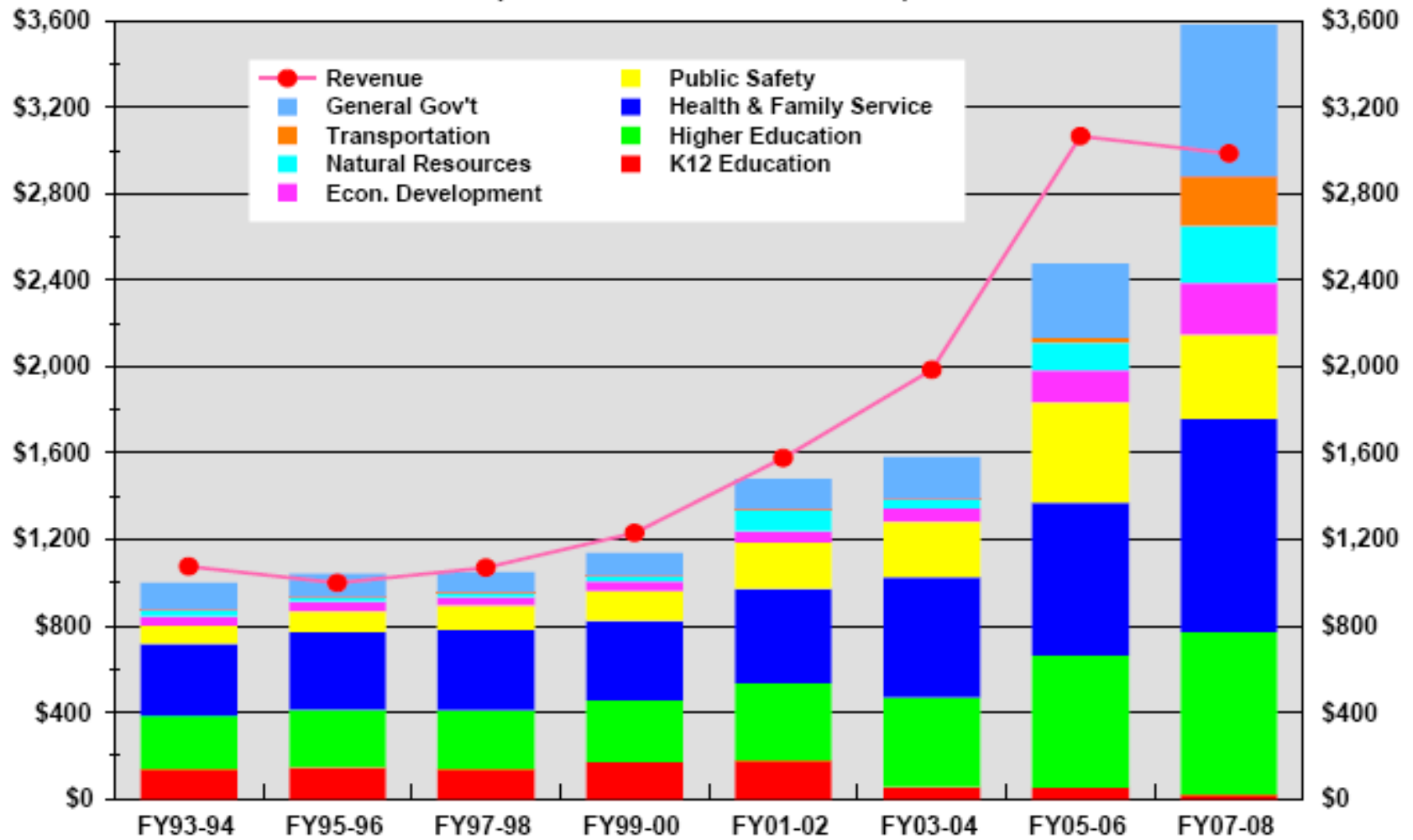


Source: Wyoming CREG

Prepared by Wyoming Economic Analysis Division

Appropriations from General Fund and Other Reserve Accounts

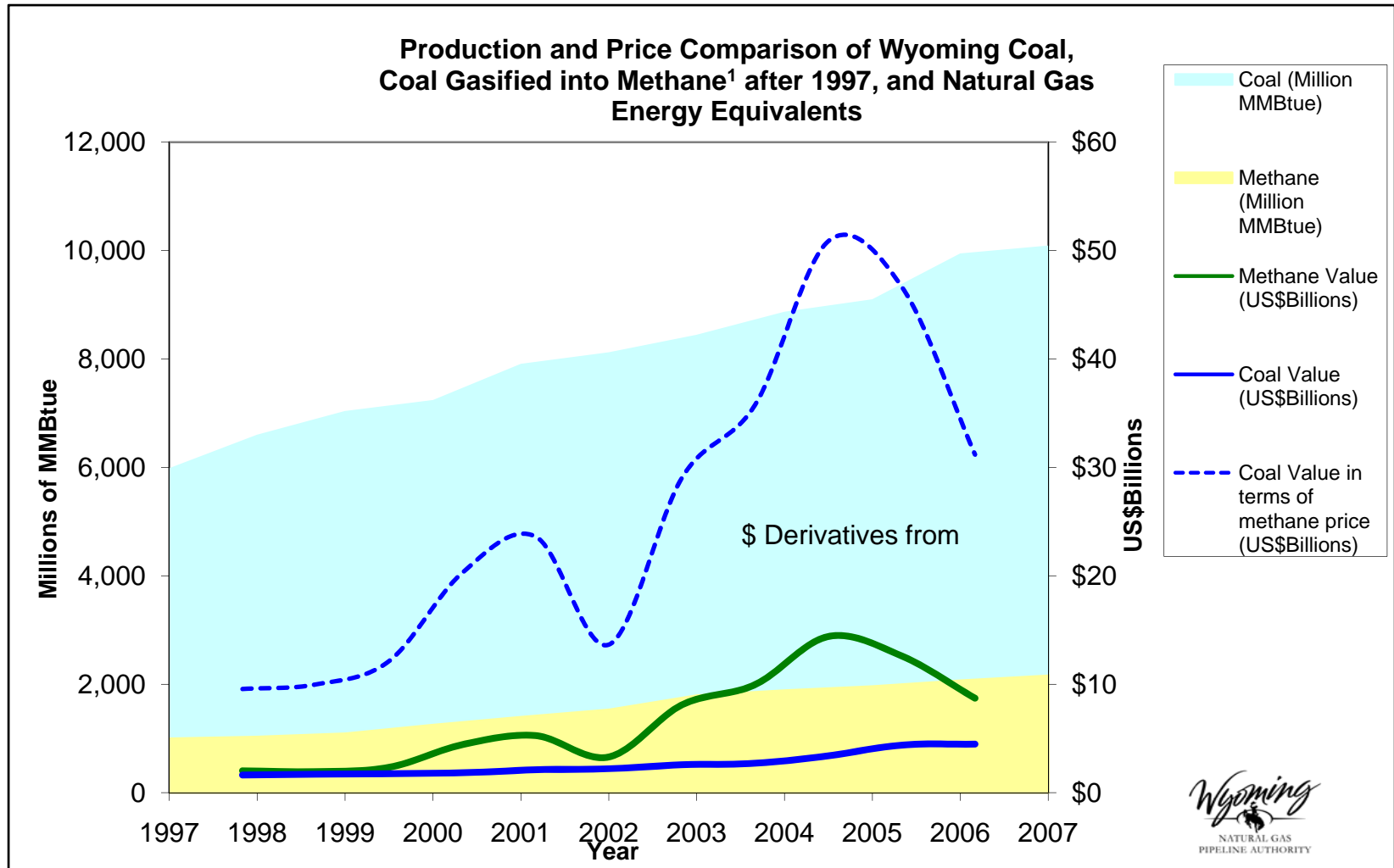
(in millions of current dollars)



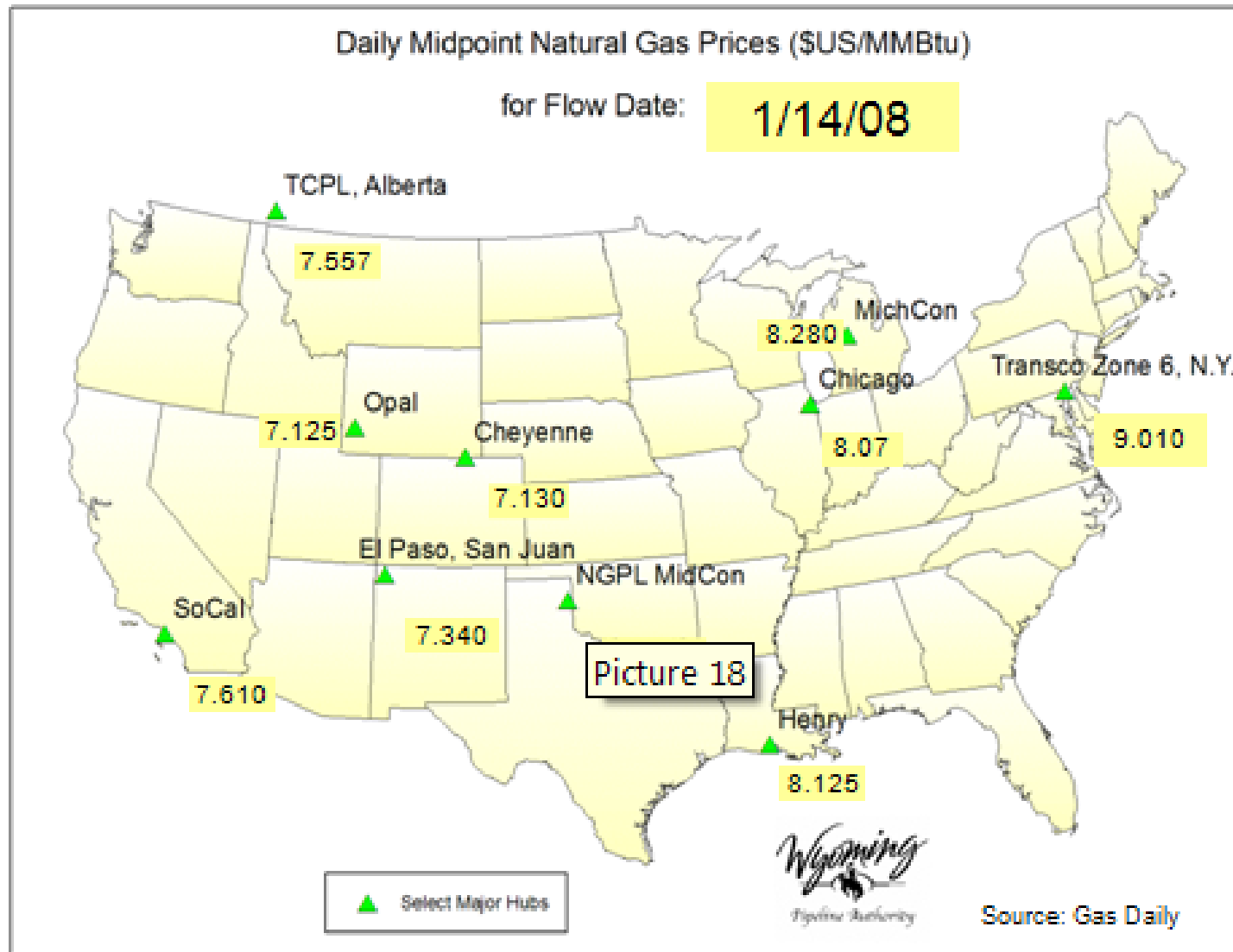
Source: LSO (through 2007 Budget Session)

Prepared by Wyoming Economic Analysis Division

Coal, Natural Gas, Coal Gasification



Prices & Trading Hubs



Energy Price Sensitivity

Crude Oil - \$1.00/bbl change
+/- \$6 million revenue change

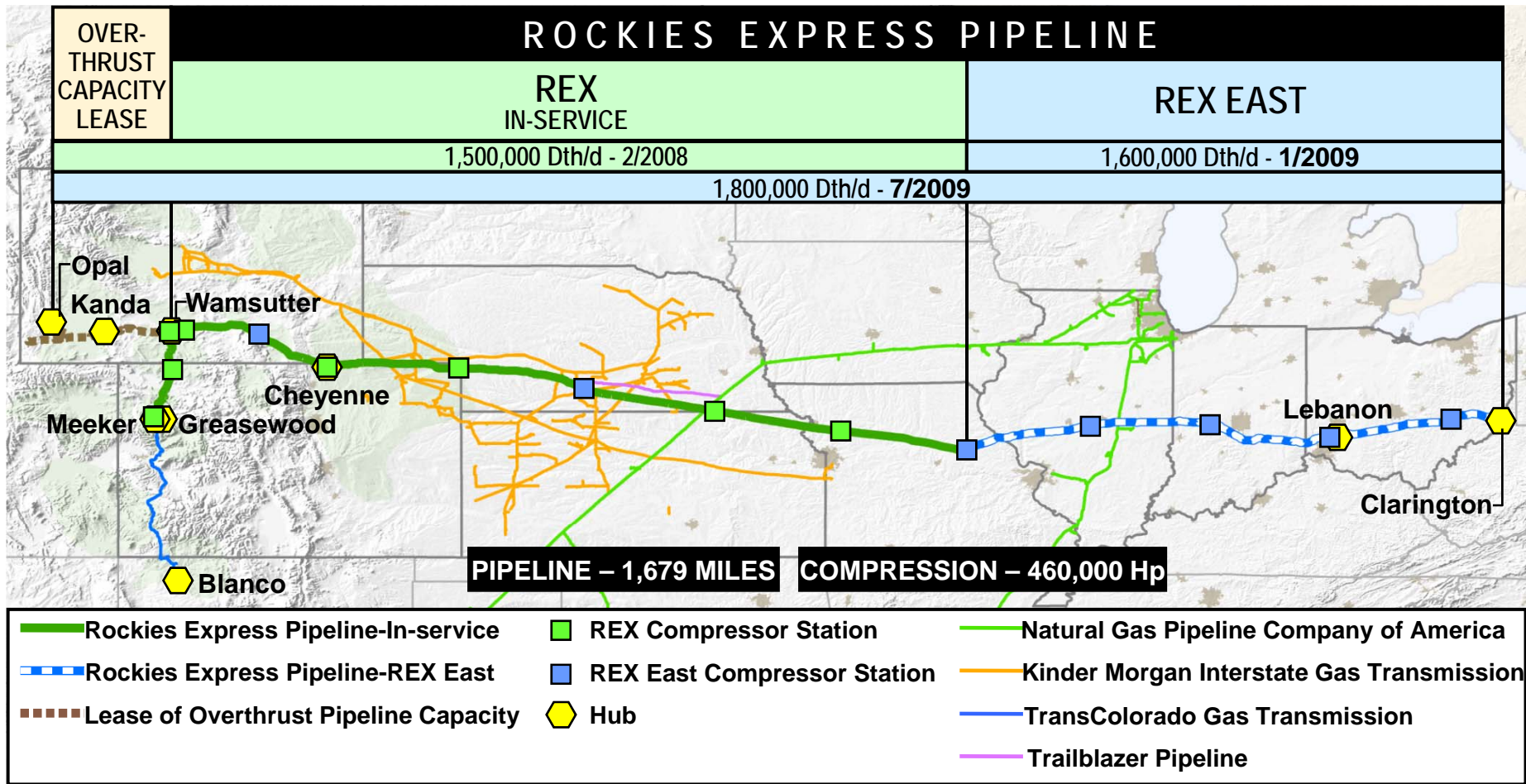
Coal - \$.25/ton change
+/- \$14 million revenue change

Natural Gas - \$0.10/mcf change
+/- \$23 million revenue change

Source: Wyoming Economic Analysis Division

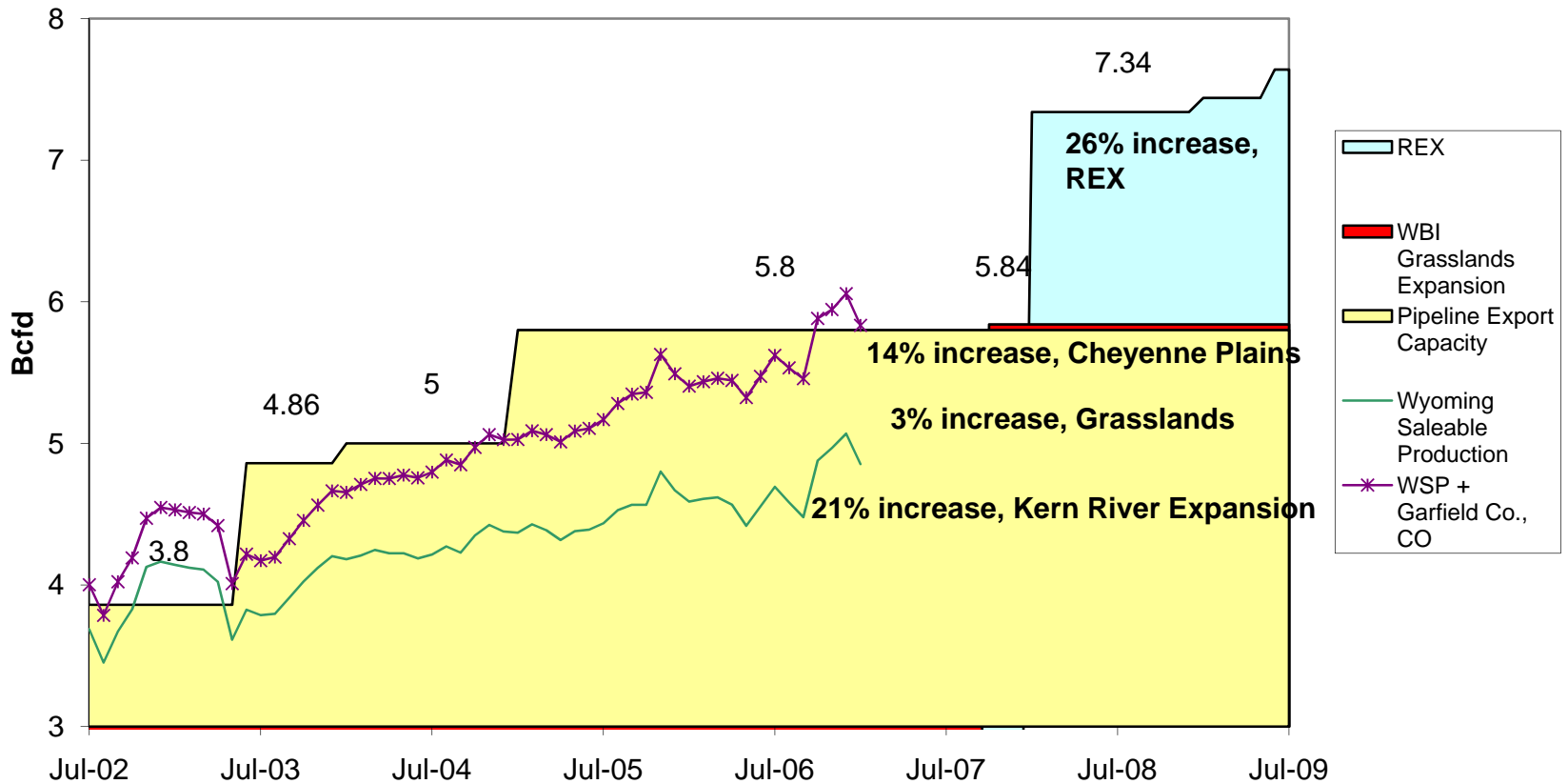
Pipeline Impacts

- **93% of WY natural gas production is exported out of state**
- **Without capacity: prices lower, production is shut in, drilling is curtailed and revenues are decreased**
- **Rockies Express Pipeline – if built one year sooner would have resulted in an additional \$430 million revenue**



Production Vs Pipeline Capacity

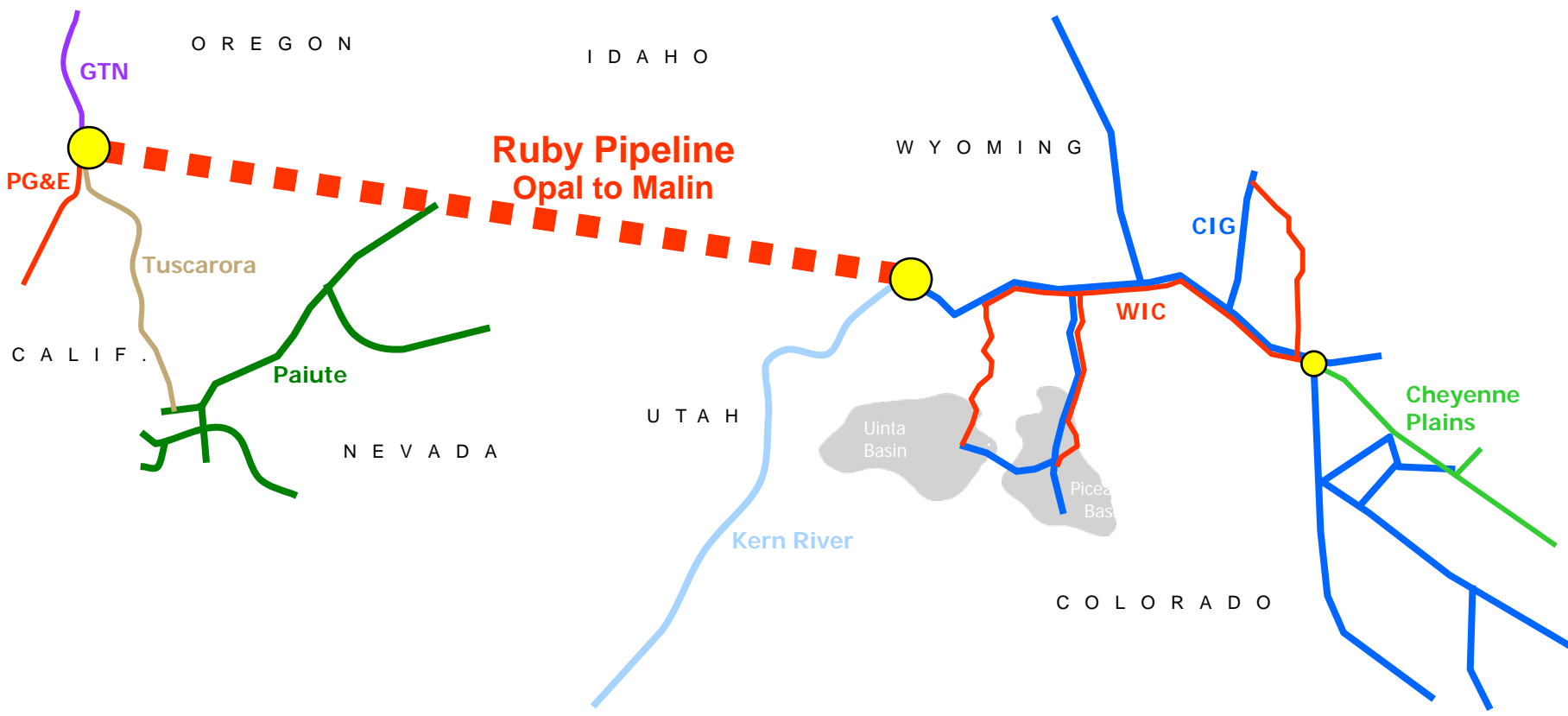
Natural Gas Interstate Pipeline Export Capacity vs. Production for Wyoming



How do pipelines get built?

- Pipeline companies research & prepare production/capacity forecasts
- Start discussions with natural gas producers, end users, utilities, etc to determine demand
- Develop a project: Route/ROW, Size, Cost Estimates & Rate Estimates, Start Permitting/Environmental Review
- Hold an Open Season

Ruby Pipeline



Wyoming Citizens

- Every Wyoming citizen should be concerned with pipeline capacity because:
 - ✓ It has direct effect on ***State revenues*** and thus State spending on projects and programs
 - ✓ It effects prices so the mineral and surface owners as well as the State does not receive full value for a nonrenewable resource