



PIPELINE AUTHORITY

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February 5, 2008

Mr. Larry Claypool
Bureau of Land Management
P.O. Box 1828
Cheyenne, WY 82003

RE: Overland Pass Pipeline Construction

Dear Mr. Claypool:

The Wyoming Pipeline Authority (WPA) supports the expeditious completion of the Overland Pass Pipeline and requests that the Bureau of Land Management allow work to continue on segments of the Overland Pass Pipeline that are currently under a stop work order. It is in the best interests of the Federal Government, State of Wyoming and to land owners to complete this project in a timely fashion. The environmental benefits of timely construction would allow completion of reclamation prior to or during the spring growth season and would encourage species to be reintroduced to the reclaimed areas.

Another tangible benefit of expediting the project will be the impact to natural gas export capacity. Currently the Mid America Pipe Line system ("MAPL") is the only outlet for natural gas liquids ("NGL") produced in southwest Wyoming. This system is near capacity. With the anticipated growth in production and gas processing in the greater Green River Basin, the lack of new NGL pipeline capacity that could be met by the Overland Pass Pipeline may result in apportionment of NGL processing as early as May 2008. Ethane that would otherwise be placed into an NGL pipeline if space were available will instead remain as part of the natural gas stream and would therefore leave the State through traditional natural gas pipelines. The added volumetric burden created by leaving ethane in the natural gas stream will exacerbate the price discount for natural gas production in Wyoming that is the consequence of an ongoing lack of natural gas pipeline capacity. Revenues to both the federal government and the state of Wyoming suffer when royalty income is adversely affected by discounts suffered by gas produced in Wyoming. As an example of the deleterious price impact created by a lack of capacity on the natural gas pipeline grid, on several occasions last fall, spot prices of natural gas in Wyoming fell below \$0.25 per MMBtu. These low prices occasioned by a lack of pipeline capacity reflect an unrecoverable lost opportunity for the federal estate. The WPA believes that completion of the Overland Pass Pipeline can meet both the obligation of the BLM for

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environmental stewardship as well as the obligation for prudent financial stewardship of the federal mineral interest.

The WPA appreciates the opportunity to submit these comments. If you have any questions, please do not hesitate to contact me by email at colby@wyopipeline.com or by telephone at 307-237-5009.

Sincerely,

Colby Drechsel
Wyoming Pipeline Authority