



## THE PIPELINE PROGNOSTICATION: 2015 WILL BE THE YEAR OF THE PIPE

Speaker John Boehner (R-OH), Senate Majority Leader Mitch McConnell (R-KY), Senator John Hoeven (R-ND), Congressman Kevin Cramer (R-ND) and other legislators at the formal enrollment ceremony for the Keystone XL Pipeline Act.

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Before the recent dip in oil prices, the production of oil and gas had ramped up considerably creating chokepoints, infrastructure stress and a variety of distribution options. The great American railroad and Keystone XL debates have dominated the conversation, but the secret to the energy success could literally be underfoot.

“Pipes provide open access and transportation. In other words the pipelines are kinda like the Federal Express for natural gas,” Donald Santa, president and CEO of the Interstate Natural Gas Association of America (INGAA) said. “We don’t produce the gas, we don’t own the gas, we don’t sell the gas but we are the ones responsible for getting it to the market.”

Santa, with INGAA, are top experts on the North American pipeline system. In short, Santa said they take the gas produced from gas companies after it has been gathered and processed, then take the delivery of that gas and transport it downstream to deliver it directly into industrial facilities and power plants.

According to US Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA), there are approximately 2.6 million miles of pipelines in the United States, including hazardous liquids pipelines. Santa believes this complex interconnected system of pipes are the backbone of the energy economy.

“We are very fortunate in the United States to have a robust network. There is somewhere near 300,000 miles of natural gas transmission pipelines in the United States. It is a very well developed network.” Santa said. “Of that about 220,000 are interstate natural gas pipelines, in other words, INGAA’s members. In addition there are some 50 points of connection with either Canada or Mexico to facilitate natural gas imports and exports. I would suggest to you that it is this pipeline network that has made it possible for the nation to realize so quickly the benefits of the shale revolution.”

According to Santa, the industry has been busy and their future appears even busier.

“The natural gas industry has been tremendously busy over the last decade adding capacity. In that decade, over 12,000 miles of new interstate pipeline were added,” Santa said. “Our report forecasts that over the next 20 years there will be a need for some \$640 billion dollars of capital investment into this infrastructure. That will include some 542,000 miles of pipelines and will produce 430,000 jobs per year.”

According to Santa it’s a contract based model and pipes are built when shippers are willing to sign long term contracts that provide the foundation for both commercial and regulation to justify the need for the pipe to be built. ONEOK has a few contracts for current and future energy distribution.

Brad Borrer, manager of communications, said, ONEOK completed several capital-growth projects in 2014. In April, the Oklahoma-based company completed the Sterling III Pipeline, the Canadian Valley natural gas processing plant in Oklahoma and added an E/P splitter at their Mont Belvieu fractionation facility.

Borrer continued with additional investments and changes. In October, they announced the completion Garden Creek III, the first expansion to the Bakken natural gas liquids pipeline and the Niobrara NGL lateral as well as new projects - Demicks Lake and Bear Creek in North Dakota, Bronco in Wyoming and the Knox plant in Oklahoma.

Borrer added their NGL business segment announced the acquisition of natural gas liquids (NGL) pipelines and related assets from affiliates of Chevron Corporation.

“The partnership has strategically positioned capital-growth projects in multiple high-growth NGL-rich areas, including the Williston Basin, the Powder River Basin, and the Cana-Woodford and SCOOP plays in Oklahoma and the Permian Basin resulting in increased natural gas processing capacity across the partnership’s operating footprint,” Borrer said.

ONEOK Partners has announced total investments of approximately \$8.4 billion to \$9.1 billion between 2010 and 2016 for acquisitions and capital-growth projects related to natural gas gathering and processing, and natural gas liquids.

As you can see, oil and gas continue moving daily through pipes all over the continent, yet the dominate pipeline discussion in energy today is the Keystone XL pipeline.

U.S. Senator Heidi Heitkamp (ND-D) has been active in the senate trying to pass bills that offer progress to the construction of the Keystone pipeline. However, her push for the pipeline is often met by resistance.

“America deserves better from its legislators than partisan bickering and gridlock,” said Heitkamp. “We were elected to cut through the morass and make the best choices for our nation – and approval of this project should be one of the easier decisions that we make here in Washington. There is now consensus between both chambers of Congress and the majority of the American people, that it is time to construct the Keystone XL pipeline.

I hope the President takes this into account when the legislation reaches his desk, because it is important that we continue to support commonsense projects that build out American energy infrastructure and restore public trust in our commitment to an all-of-the-above energy strategy – and Keystone is just one piece of that strategy.



Heitkamp, co-founder of the Senate Defense Communities Caucus, met with Miranda Ballentine, Assistant Secretary of the Air Force for Installations, Environment, and Energy

We must continue to find reasonable, bipartisan policies and projects that advance our economic, energy, and national security interests for North Dakotans and all Americans for years to come – conversations that are long overdue.”