

Company optimistic final regulatory hurdles will be resolved soon

Wyoming-Oregon pipeline on track for spring work

By MEAD GRUVER - Associated Press writer | Posted: Thursday, April 8, 2010

CHEYENNE -- El Paso Corp. said Wednesday that construction of the \$3 billion Ruby gas pipeline from Wyoming to Oregon is on track to begin later this spring following Federal Energy Regulatory Commission approval of the project.

Several regulatory hurdles remain. El Paso spokesman Richard Wheatley said they include U.S. Bureau of Land Management approval for the 42-inch pipeline to cross public land.

Houston-based El Paso also needs approval from the U.S. Forest Service, U.S. Fish and Wildlife Service and state historic preservation offices.

"We're hopeful that we will get those resolved in the not-to-distant future and can continue to move forward," Wheatley said.

FERC signed off on the project Monday, but the final go-ahead for construction will come from the agency's Office of Energy Projects, said FERC spokeswoman Tamara Young-Allen.

The 675-mile pipeline will begin at the Opal Hub in western Wyoming, crossing northern Utah and Nevada and terminating at Malin, Ore. Operations are set to begin in March 2011.

The pipeline will carry up to 1.5 billion cubic feet of gas per day.

Investors include Global Infrastructure Partners, which will put up to \$700 million in the pipeline and get a 50 percent equity interest in the project.

The state of Wyoming had considered putting \$300 million in the project but didn't get beyond initial discussions with El Paso.

"They were just able to get their own financing and didn't need the state's participation," Michael Walden-Newman, Wyoming's chief investment officer, said Wednesday.

Wyoming has an interest in seeing gas pipelines built because gas prices at Opal traditionally have lagged well behind prices at other gas hubs nationwide. Pipelines help ensure that Wyoming's abundant gas can be delivered to urban areas and command a higher price, which in turn brings in more revenue for the state.

The Ruby Pipeline is expected to create 5,000 to 6,000 construction jobs. Once built, the pipeline will employ as many as 10 people at each of four compressor stations along the route, Wheatley said.