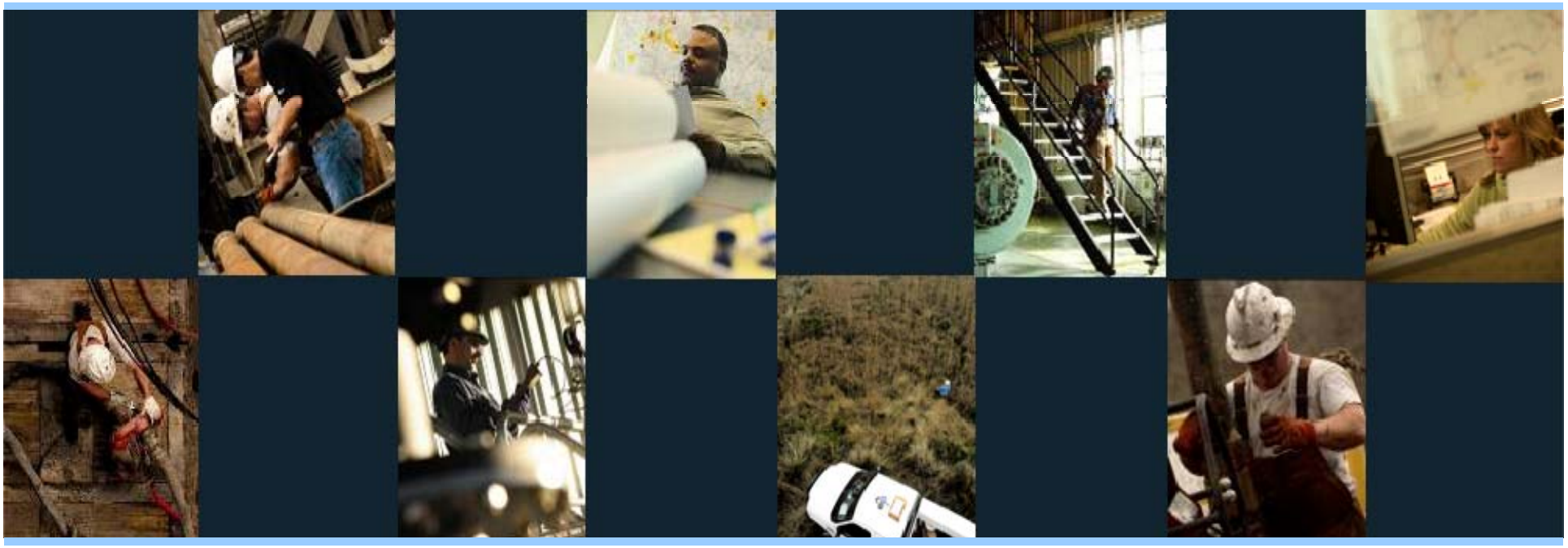
El Paso Western Pipelines



a meaningful company
doing meaningful work
delivering meaningful results

Ruby Pipeline Update

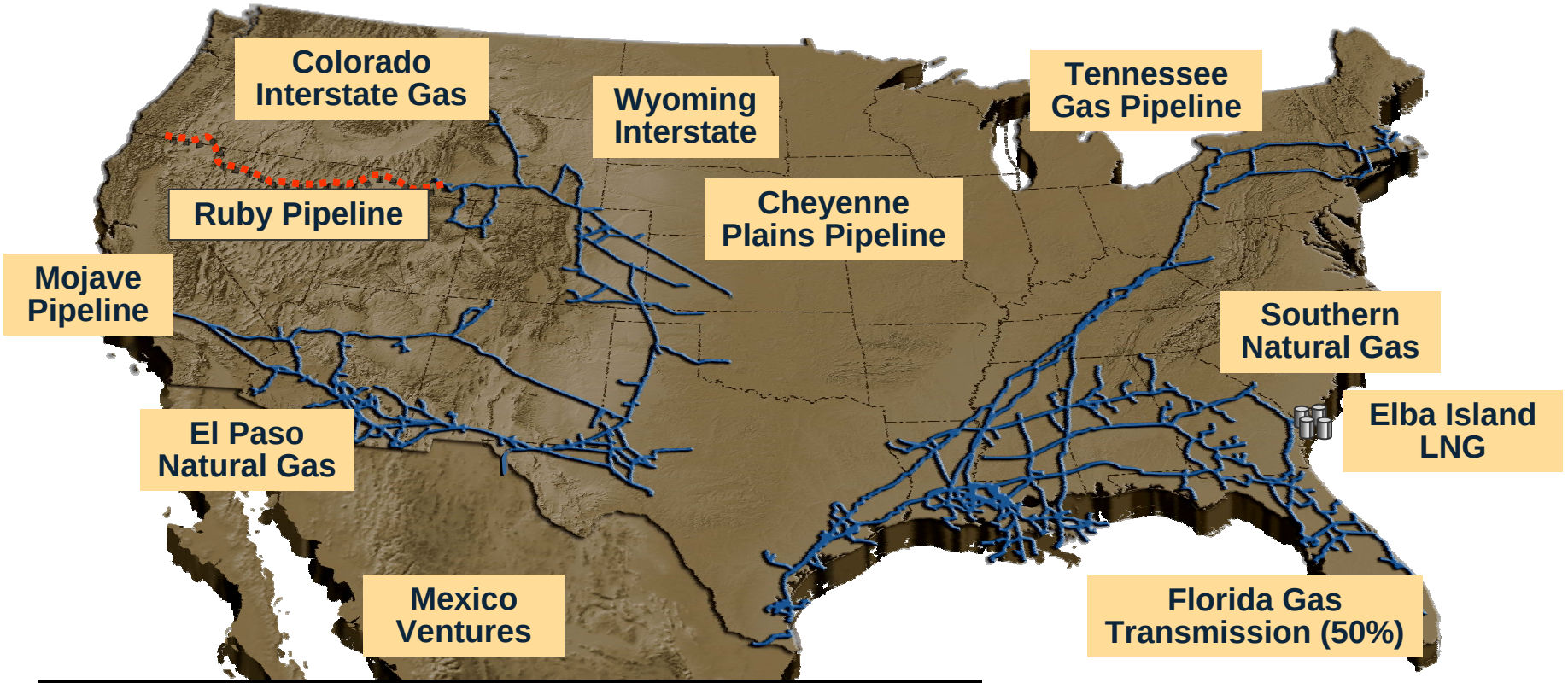
California Energy Commission

May 14, 2009

Cautionary Statement Regarding Forward-looking Statements

This presentation includes forward-looking statements and projections, made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The company has made every reasonable effort to ensure that the information and assumptions on which these statements and projections are based are current, reasonable, and complete. However, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this presentation, including, without limitation, our ability to successfully contract, build and operate the pipeline projects described in this presentation; changes in supply of natural gas; general economic and weather conditions in geographic regions or markets served by El Paso Corporation and its affiliates, or where operations of the company and its affiliates are located; the uncertainties associated with governmental regulation; competition, and other factors described in the company's (and its affiliates') Securities and Exchange Commission filings. While the company makes these statements and projections in good faith, neither the company nor its management can guarantee that anticipated future results will be achieved. Reference must be made to those filings for additional important factors that may affect actual results. The company assumes no obligation to publicly update or revise any forward-looking statements made herein or any other forward-looking statements made by the company, whether as a result of new information, future events, or otherwise.

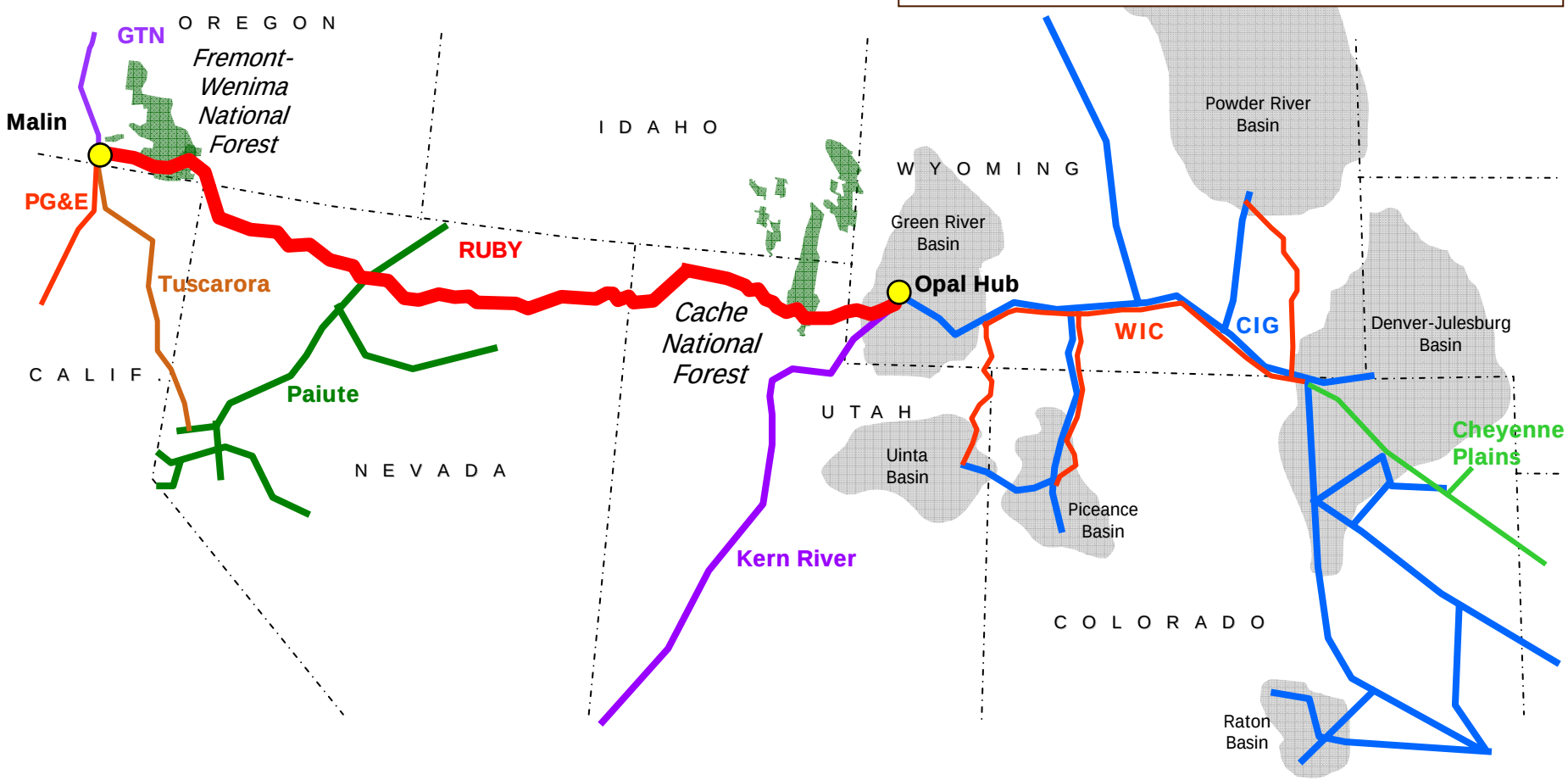
El Paso Pipeline System



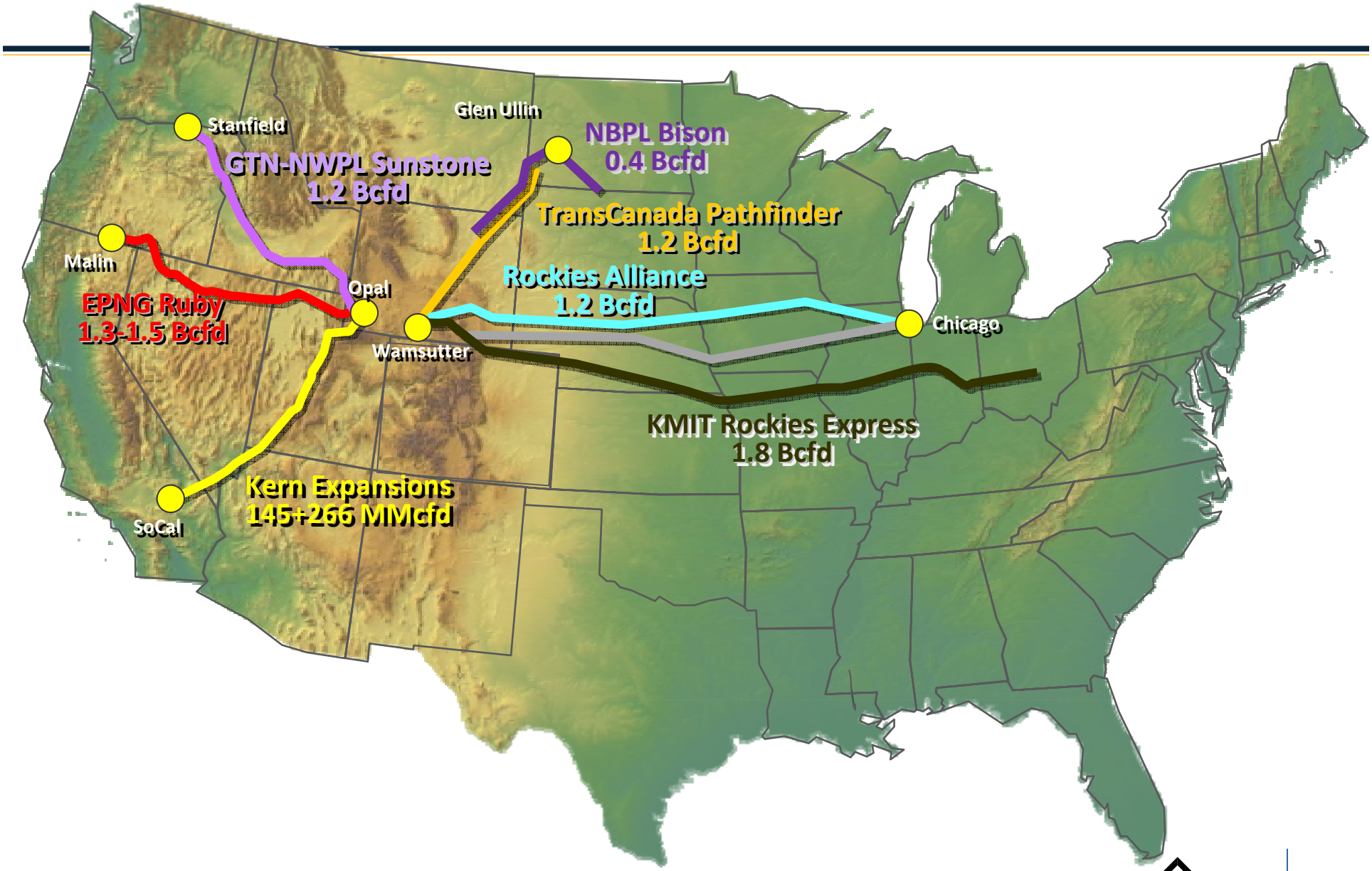
- 19% of total U.S. interstate pipeline mileage
- 23 Bcf/d capacity (16% of total U.S.)
- 16 Bcf/d throughput (28% of gas delivered to U.S. consumers)
- Best market connection
- Best supply access
- Leading pipeline integrity program

Ruby Pipeline Map

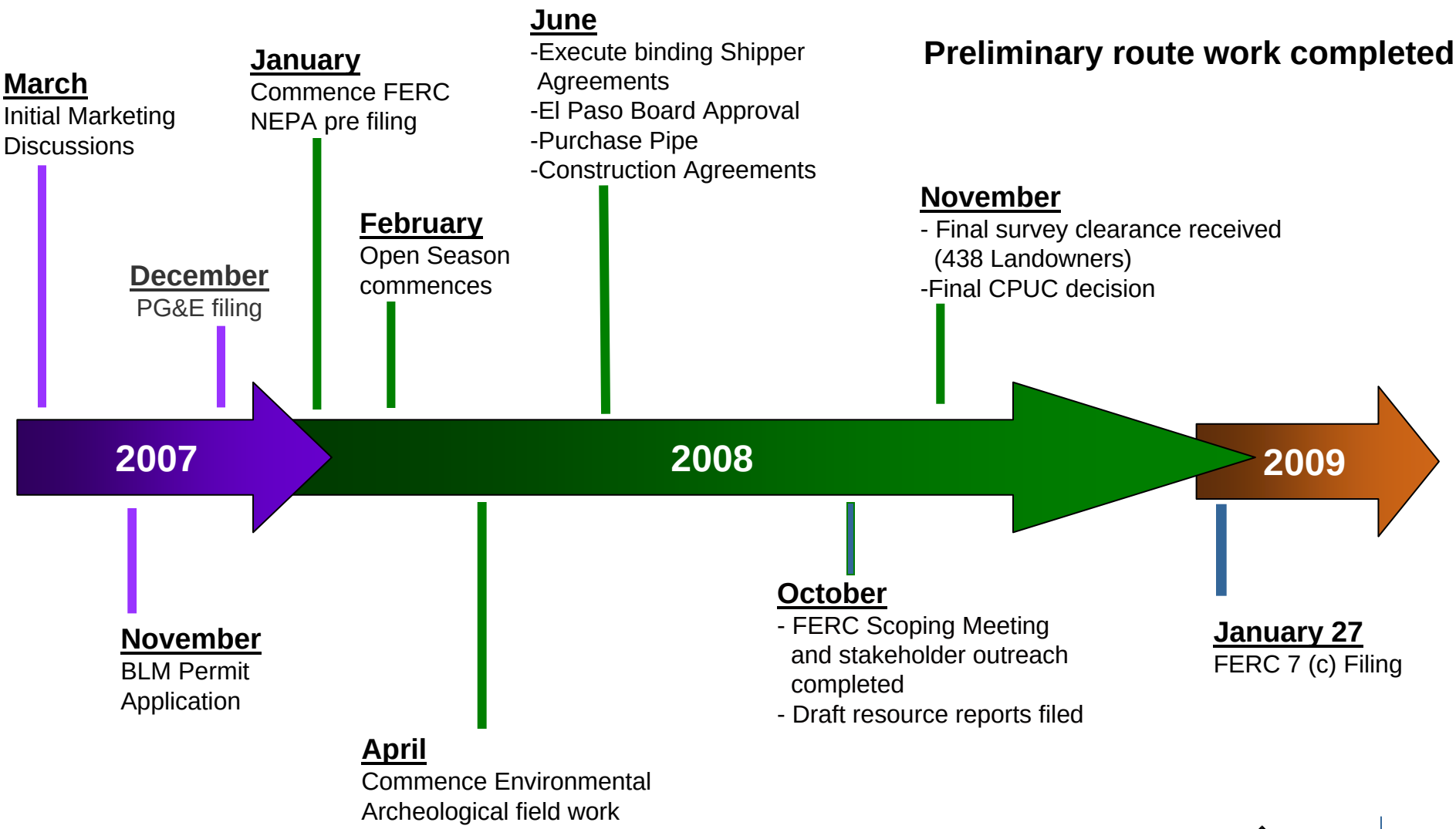
- 680 miles of 42-inch Opal to Malin
- 1.3–1.5 MMDth/d expandable to 2.0 MMDth/d
- 1,440 psig MAOP
- Compression: 4 Stations (approximately 140,000 HP under peak summer conditions)
- 8 Interconnect Locations
- 64% +/- Public Land
- Mostly Remote / Unpopulated



Proposed Rockies Expansion Projects



Ruby Progression



Shipper Commitment Summary

Shipper	Volume (MDth/d)	Term (Years)	Rates ($/Dth)
PG&E	375	15	$0.680
Anadarko	200	10	$0.885
BP	95	10	$0.950
Shipper A[1]	200	10	$0.885
Shell	125	10	$0.950
Bill Barrett	50	10	$0.950
Berry Petroleum	38	10	$0.950
Marathon	40	10	$0.950
Antero	25	10	$0.950
Occidental	50	10	$0.950
Nexen	25	5	$0.950
	1,223		

1. 75 Binding commitment, 125 require BOD approval

Ruby Carbon Neutral Design

Ruby – The First Carbon Neutral Pipeline

- Collaborative effort between Project Developer and Shippers
- Compressors to be powered by both gas and electric
- Purchase renewable power (e-tags) to run e-motors
- Internal coating of the pipeline
- Apply Best (methane) Management Practices (BMPs)
- Leadership in Energy and Environmental Design (LEED)
- Reforestation along Ruby route and other locations
- Purchase Voluntary Emissions Reduction (VER) credits
- On-going GHG mitigation costs recovered as part of tariff fuel charge

GHG Mitigation: Cost/Benefit for Ruby

- Through various mechanisms, GHG emissions from construction to over the life of the project could be offset for approximately $30MM of upfront capital and $6 million/year of annual emissions cost. Assuming a $6 gas price this translates into an effective fuel percentage adder of 0.20%.

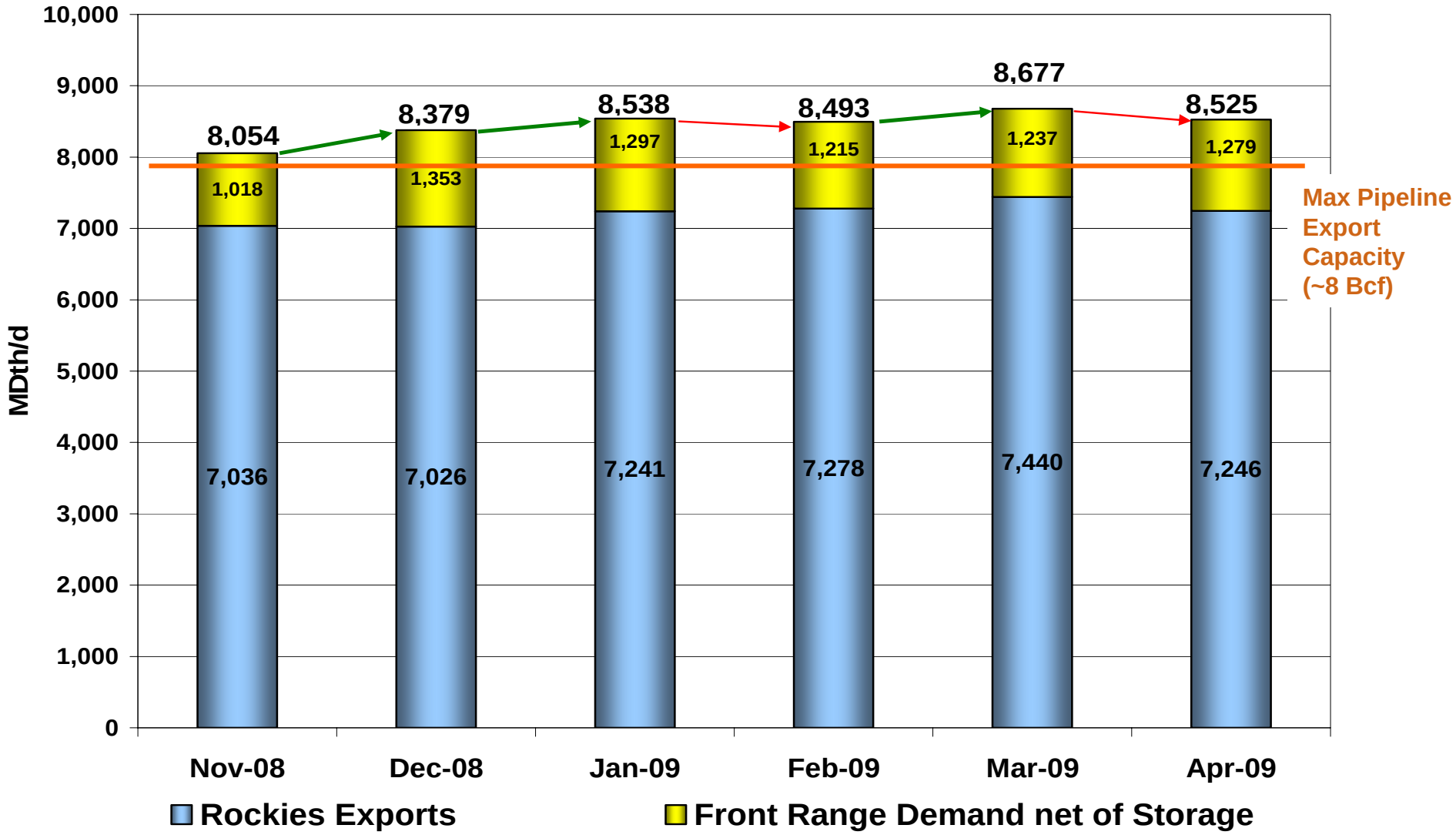
- GHG reduction techniques would …
  - Reduce carbon footprint to zero
  - Reduce the overall cost of fuel
  - Show environmental stewardship
  - Provide a hedge against costs of future GHG regulation

Market Outlook

Why Ruby? Why Now!

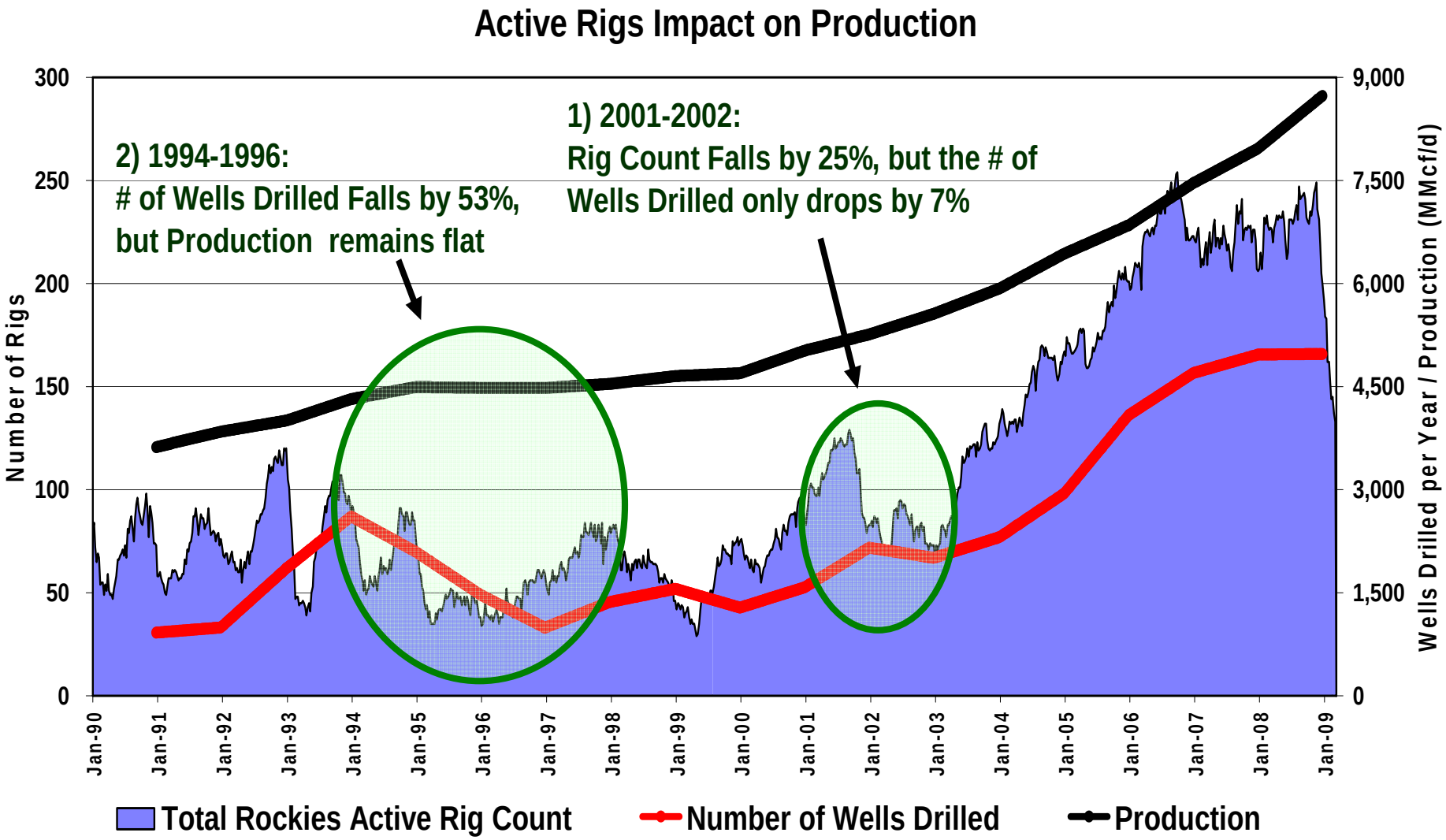
- First mover advantage
- US Rockies production growth
- Constrained Rockies pipeline “take-away” capacity
- Canadian production and export decline

Despite Rig Declines, Rockies Production Still Growing …



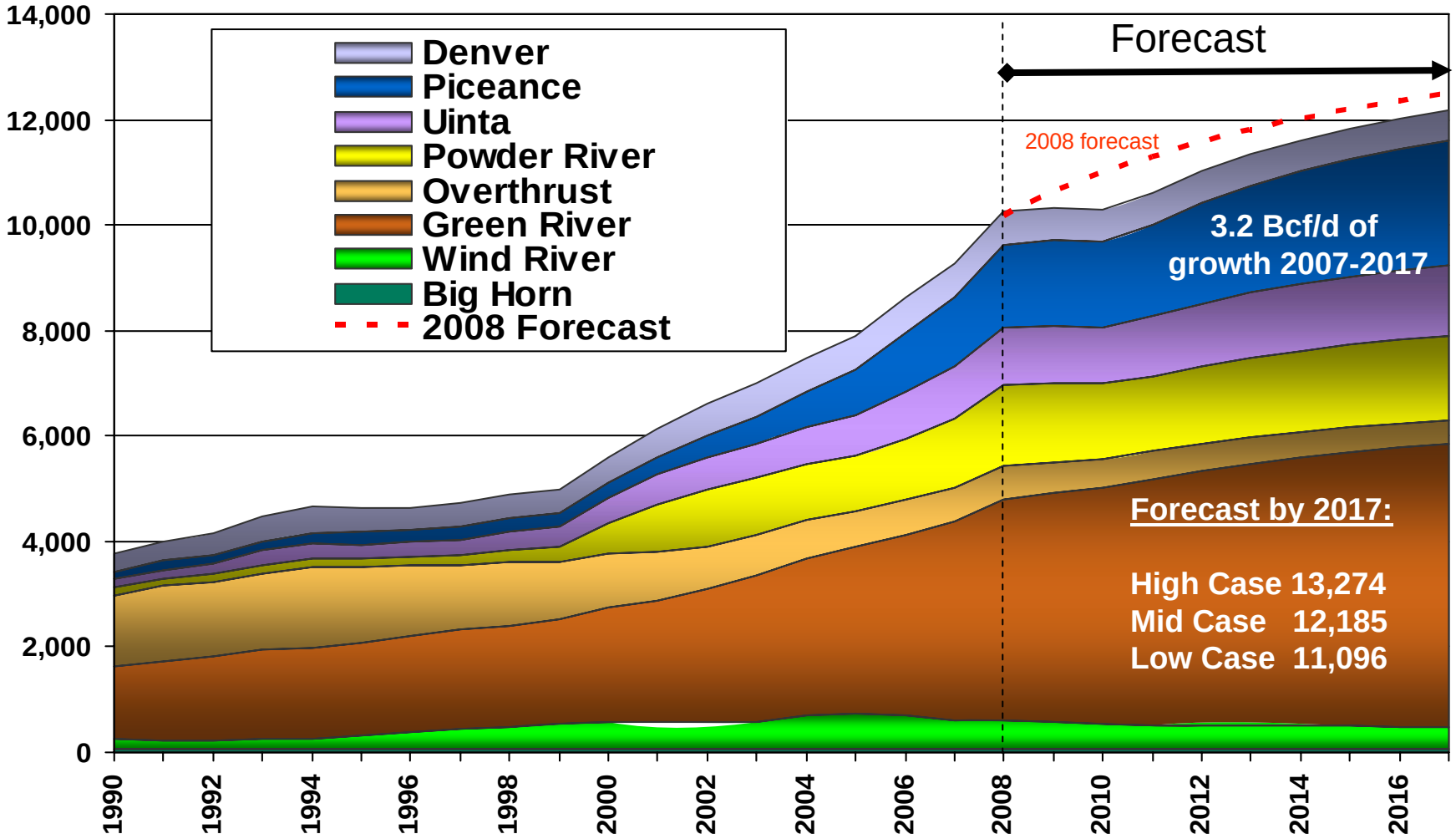
Note – This estimate does not include demand on the Western Slope or storage activity at either Clay Basin or Williston Basin

Historical View



Rocky Mountain Production

(Volumes are Wellhead – Measured in MMcfd)

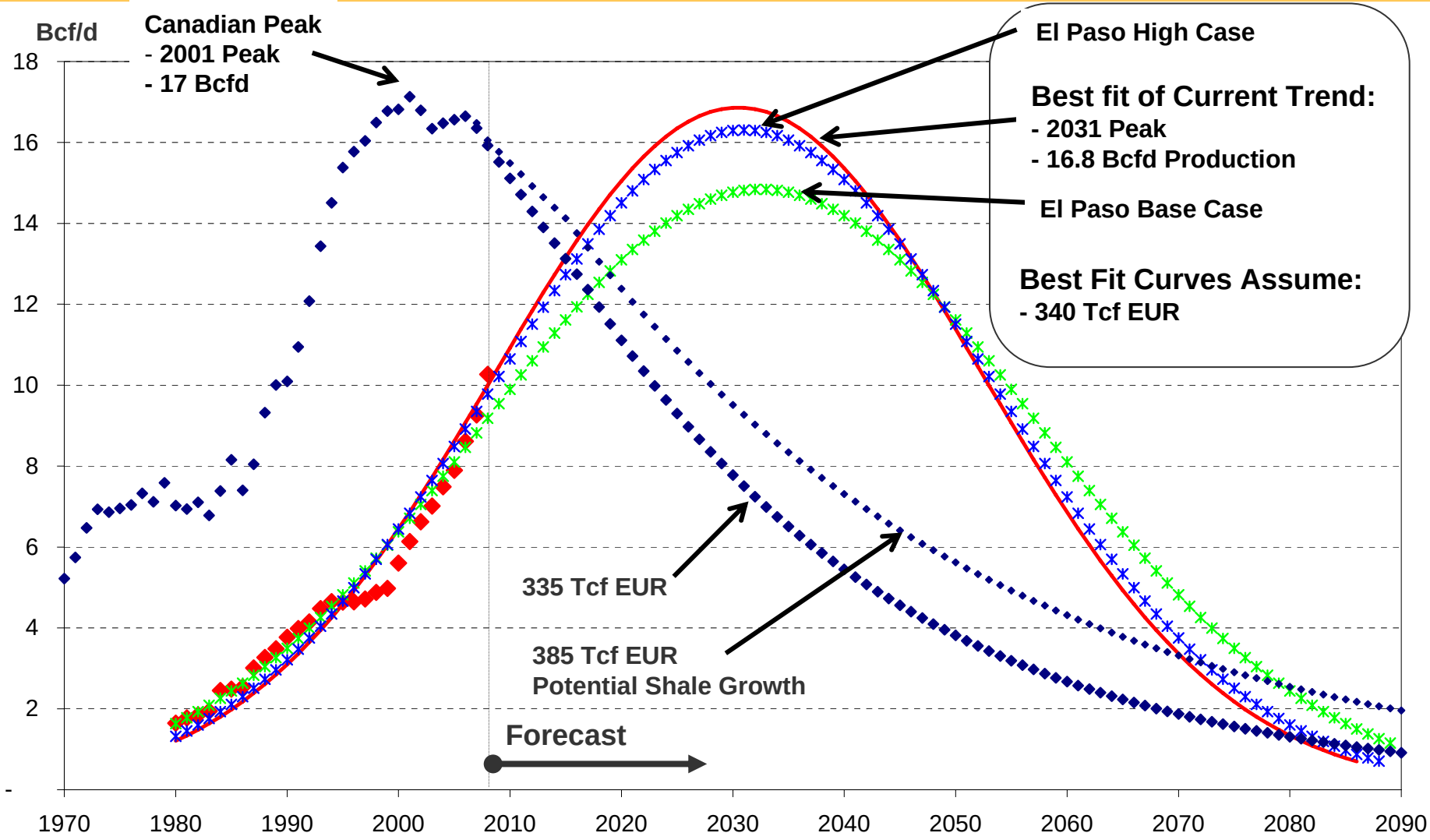


1990-2007: Wellhead total data from IHS database

2008-2017: El Paso forecast

Rockies versus Western Canada Long-Term Production Trends

Rockies = 6 Bcf/d Growth
Canada = 7 to 9 Bcf/d Decline

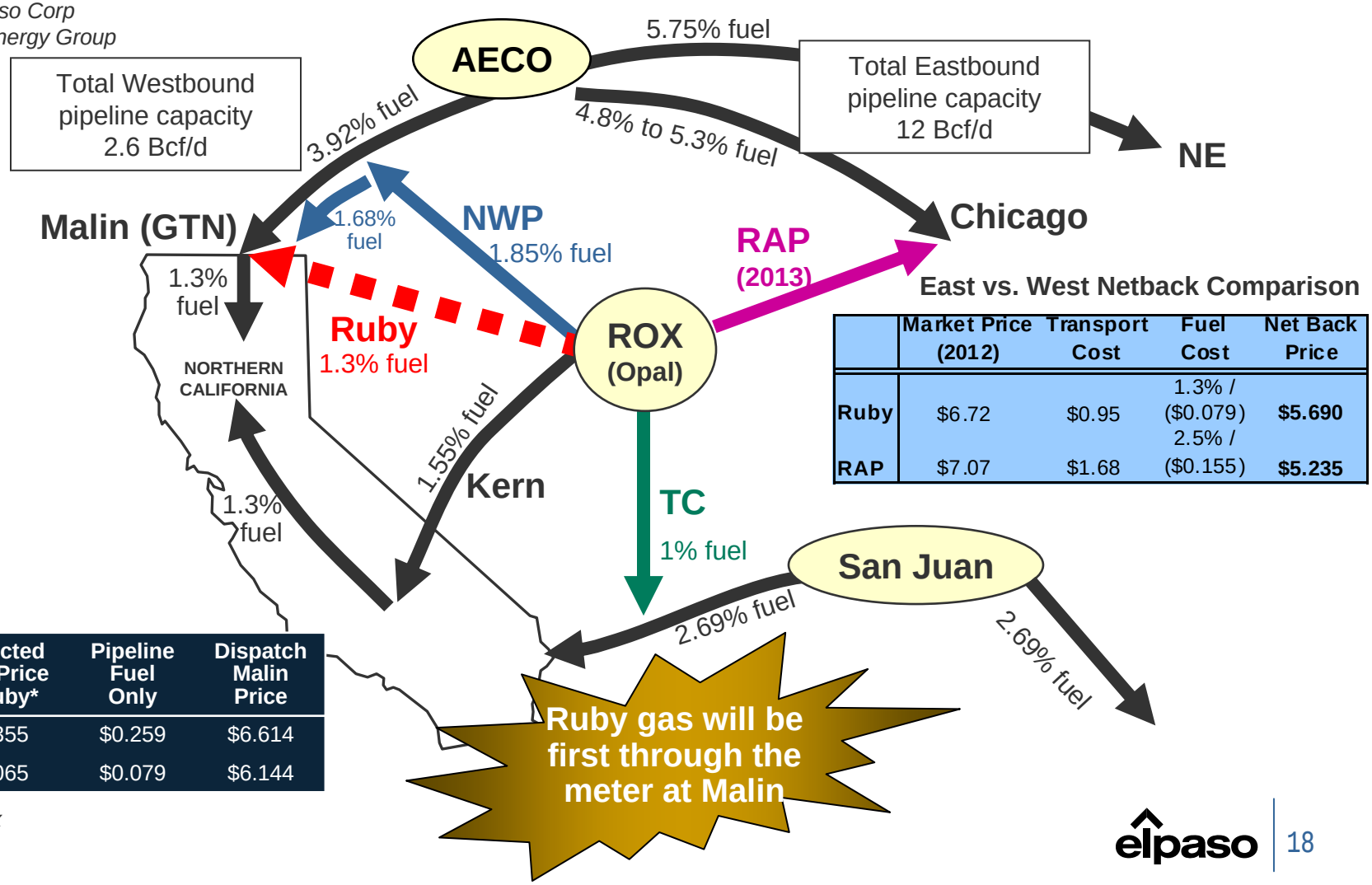


Projected Gas Flows with Ruby

	Canada Production^	Local Consumption	Exportable*
2008	15.90	6.32	9.58
2012	14.70	6.86	7.84

^Source – El Paso Corp
*Source – Ziff Energy Group

Bcf/d



East vs. West Netback Comparison

	Market Price (2012)	Transport Cost	Fuel Cost	Net Back Price
Ruby	$6.72	$0.95	1.3% / ($0.079)	**$5.690**
RAP	$7.07	$1.68	2.5% / ($0.155)	**$5.235**

	Projected 2012 Price w/Ruby*	Pipeline Fuel Only	Dispatch Malin Price
AECO	$6.355	$0.259	$6.614
ROX	$6.065	$0.079	$6.144

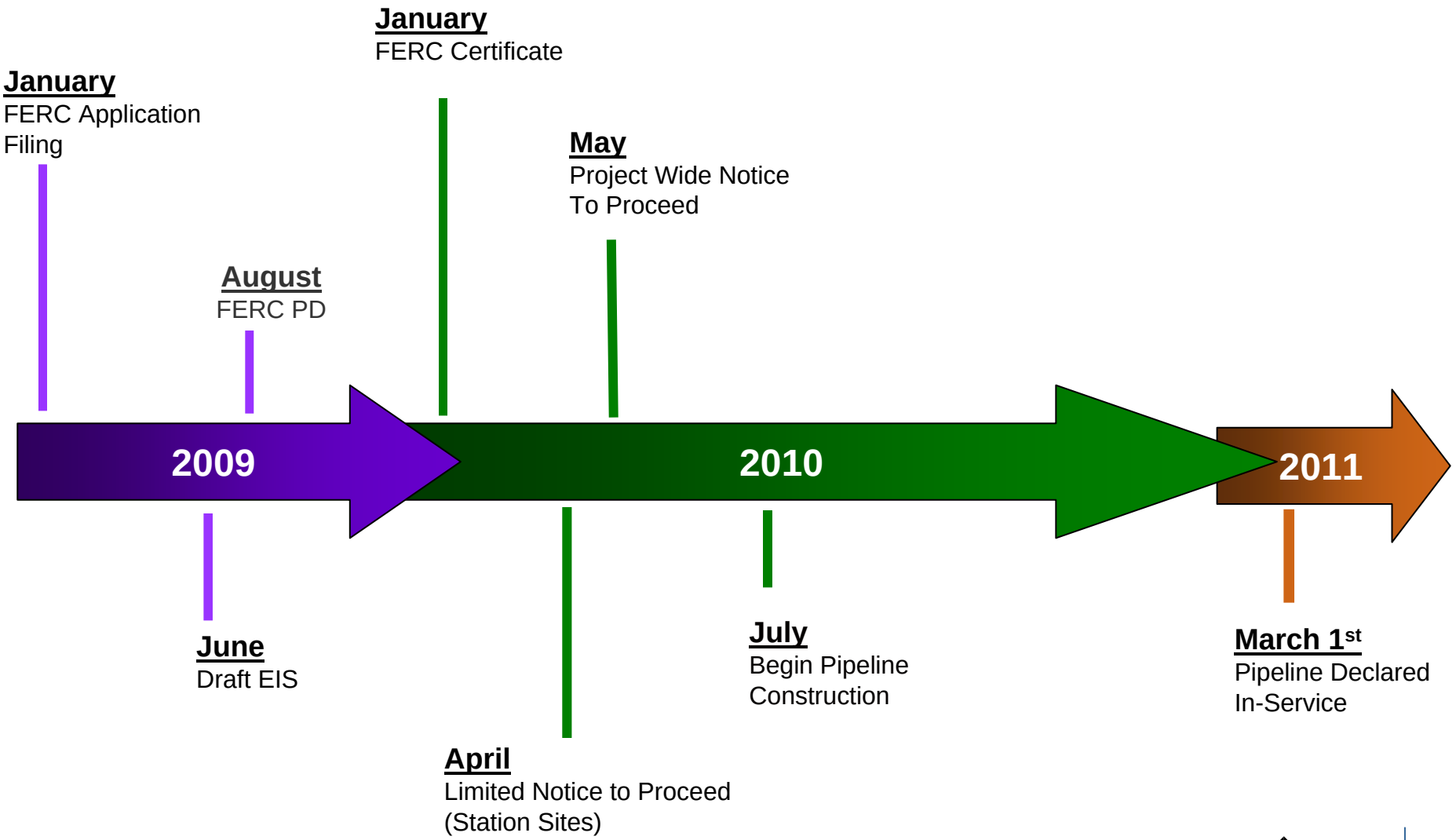
*Source - Kiodex

Capacity Marketing Continues

- Rocky Mountain producers
- Pacific Northwest utilities
- California municipal utilities
- Nevada utilities and small cities
- Discussions underway for GTN capacity from Malin to Pacific Northwest

Execution

Ruby Project Schedule

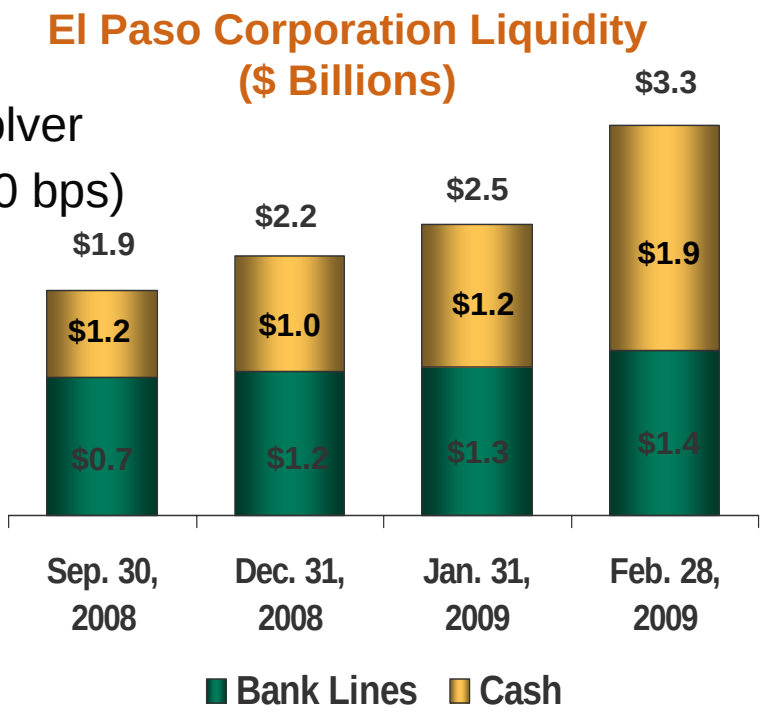


Summary of Construction Progress to-date

- 100% of pipe purchased
- Compression equipment ordered
- Pipeline contractors hired to assure availability of highly qualified teams
  - US Pipeline, Precision Pipeline, Rockford Corporation and Associated Pipeline
- Inspectors identified
- Aggressive public outreach to minimize ROW opposition
- Meticulous preparation of FERC application to shorten processing time

Recent Corporate Financing Activities

- El Paso Corp. 5-year, $500 MM 12% Notes (15.25% yield)
  - Ended high-yield offering drought
- El Paso Exploration & Production $300 MM Revolver
  - Secured borrowing base facility (LIBOR + 350 bps)
- TGP 7-year, $250 MM 8% Notes (9% yield)
  - Investment-grade unsecured notes
- El Paso Corp. 7-year, $500 MM 8.25% Notes
  - Significant reduction in yield—9.125%



Key Takeaways

- Ruby is on target to be on time and budget – 3/1/11
- Market fundamentals and supply/demand trends remain intact to slightly improved despite economic downturn
- Innovative environmental and GHG mitigation measures are being designed, structured, and transacted
- Ruby investment grade metrics will be attractive, even in uncertain capital markets
- Initial capacity sizing dependent upon further market support
- Execution … Execution … Execution