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ETP To Spend \$360M to Build Pipeline, Plant As It Adds XTO Contract

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Energy Transfer Partners LP (ETP) plans to construct a natural-gas gathering pipeline and cryogenic processing plant at a cost of about \$360 million as part of a long-term agreement to provide services to Exxon Mobil Corp.'s (XOM) XTO Energy unit.

Exxon Mobil acquired natural-gas producer XTO Energy in 2010 for \$36 billion, in a big bet that natural-gas demand will grow significantly in coming years, and be a major source of growth for the oil major. The company has continued to add acreage to its unconventional oil and natural gas positions in North America amid a shale drilling boom.

ETP, owner of the biggest intrastate pipeline system in Texas, recently agreed to sell its sizable propane operations for \$2.8 billion to focus on its pipeline business.

ETP plans to construct a 117-mile natural-gas gathering pipeline from the Woodford Shale region in Oklahoma to its existing operations in the Barnett Shale in Texas. The processing plant will be constructed at ETP's Johnson County, Texas site.

The pipeline is expected to go online by the fourth quarter of next year. The new plant, which will add 200 million cubic feet a day to ETP's processing capacity at the Johnson County site, bringing the total to 700 million cubic feet a day, is expected to be in service by the third quarter of 2013.

ETP in August reported that second-quarter profit surged on higher natural gas and retail propane sales.

Its common units were down by twenty cents, at \$43.63 in recent trading, amid a broad market downturn.

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