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## Atlas Pipeline plans \$400MM in expansion projects

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North American midstream company [Atlas Pipeline Partners LP \(NYSE:APL\)](#) announced a more than \$400 million investment in expansion projects for 2011 and 2012.

Because of "significant" growth, [Atlas' pipeline and midstream systems](#) are operating at or near 100 percent capacity. The expansion projects should offer avenues for new growth.

### **Western Oklahoma Expansion**

[Atlas](#) plans to spend \$175 million in the expansion of its Western Oklahoma system, which will add a 200 million cubic feet per day processing capacity to the Waynoka plant to support horizontal drilling in the Mississippian Limestone and Carbonate formations in Northwest Oklahoma and Southern Kansas.

These oil wells are producing large amounts of associated gas and NGL. Currently, the Waynoka plant is being forced to bypass and offload about 30 million cubic feet per day to third parties because of lack of processing capacity.

The \$175 million investment includes \$70 million for the plant construction, \$55 million for the additional plant compression and associated pipeline costs, and \$50 million for the debottlenecking project of the gathering system, which includes building a 40-mile-long, 24-inch-diameter high pressure gathering header pipeline.

### **West Texas Midkiff Expansion**

Additionally, the company plans a \$15 million investment to restart the cryogenic skid at its Midkiff asset in West Texas. to support "explosive growth" in the Permian Basin production, including the Spraberry and Wolfberry formations.

The Midkiff processing system is currently at capacity, and this will be the second expansion project at the facility in less than 18 months. The currently expansion will add 60 million cubic feet per day in processing capacity.

### **Velma Processing Expansion**

Atlas has also earmarked some \$75 million to expand the Velma processing system, and another \$50 million in growth capital for compression, gathering lines and connections in 2012.

Completed in the summer of 2009, the high-pressure Madill to Velma line is approaching full capacity of its 100 million cubic feet per day, and potential intake is increasing. Atlas plans to add 60 million cubic feet per day cryogenic processing capacity, as well as increase takeaway capacity.

Finally, Atlas will spend \$85 million to purchase 20 percent interest in the West Texas LPG Pipeline Limited Partnership from Buckeye Partners (NYSE:BPL), which closed on May 11, 2011.

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