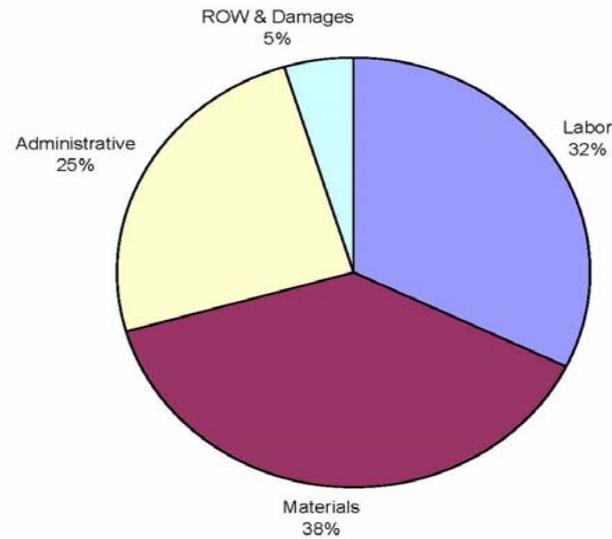


ROW Rates Analysis

- Consistent with Rates Assessed on Private Lands for ROW Acquisition for Gas Pipeline Projects
- FERC Data from “Oil & Gas Journal” Periodic Reports Used as Basis of Rate Structure
- Modifications to the FERC Base Rate to Fit Smaller and Larger Projects

New Permit Filings With FERC - From July 1, 2005 to June 30, 2006

Pipeline Construction Costs 2005



■ Labor ■ Materials ■ Administrative ■ ROW & Damages

PIPELINE CONSTRUCTION COSTS:

% of Investment

Labor	32.35%
Materials	38.17%
Administrative	24.77%
ROW & Damages	4.71%

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DEPARTMENT OF CONSERVATION
AND NATURAL RESOURCES

2005 US Pipeline Projects in the Continental US FERC Sourced Estimates

<u>Land Pipelines</u>	<u>Size</u>	<u>Length Miles</u>	<u>Materials</u>	<u>Labor</u>	<u>Administrative</u>	<u>ROW & Damages</u>	<u>Total</u>	<u>\$/Mile</u>
Delaware (L)	16	9.0	\$2,121,148	\$4,308,581	\$1,491,432	\$364,572	\$8,285,733	\$920,637
Pennsylvania (L)	16	7.8	\$1,355,797	\$2,202,208	\$961,102	\$170,833	\$4,689,940	\$601,274
Pennsylvania (L)	16	7.0	\$1,405,762	\$2,539,922	\$948,680	\$194,007	\$5,088,371	\$726,910
Massachusetts	18	3.5	\$1,297,531	\$4,374,660	\$4,337,636	\$3,433,392	\$13,443,219	\$3,840,920
Virginia (Lateral)	20	32.0	\$7,460,000	\$25,494,000	\$15,309,000	\$3,172,000	\$51,435,000	\$1,607,344
New York	24	78.0	\$29,616,000	\$31,646,000	\$55,978,000	\$6,385,000	\$123,625,000	\$1,584,936
Massachusetts	24	7.8	\$2,634,014	\$18,939,233	\$11,694,204	\$4,820,119	\$38,087,570	\$4,883,022
Maine (L)	30	1.7	\$2,351,000	\$5,414,000	\$3,721,000	\$332,000	\$11,818,000	\$6,791,954
Ohio (L)	36	10.3	\$8,849,866	\$12,881,908	\$8,020,237	\$1,425,509	\$31,177,520	\$3,035,786
Pennsylvania	36	15.2	\$17,776,009	\$35,513,863	\$21,110,434	\$12,676,250	\$87,076,556	\$5,728,721
New Jersey	42	2.5	\$3,765,029	\$12,740,575	\$4,736,197	\$1,577,438	\$22,819,239	\$9,313,975
New Jersey (L)	42	3.2	\$3,506,852	\$9,295,067	\$4,128,566	\$1,854,835	\$18,785,320	\$5,815,889
Pennsylvania (L)	42	3.4	\$3,586,224	\$5,066,922	\$2,506,129	\$572,080	\$11,731,355	\$3,440,280
Pennsylvania (L)	42	5.3	\$5,659,232	\$7,958,642	\$4,385,889	\$669,914	\$18,673,677	\$3,556,891
14 2005 Projects		186.7 Miles	\$91,384,464	\$178,375,581	\$139,328,506	\$37,647,949	\$446,736,500	

All 2005 Projects: Cost Averages Per Mile

Materials	\$489,603
Labor	\$955,669
Administrative	\$746,469
ROW & Damages	\$201,703

Cost Averages Per Category

Materials	20.5%
Labor	39.9%
Administrative	31.2%
ROW & Damages	8.4%

Size - Inches of Interior Diameter of the pipe itself

Length Miles - length of the actual pipeline installed for the project

Materials - pipe, pipe coatings, cathodic protection

Labor - labor for the construction period

Administrative - surveying, engineering, supervision, contingencies, telecommunications, freight, taxes, fees, overhead

ROW & Damages - cost of obtaining right-of-way and any damages that are paid for project

Ted Borawski, Chief
Minerals Section
Bureau of Forestry

Source: Sept 11, 2006, Oil & Gas Journal Issue, "US Gas Carriers 2005 Net Incomes Climb; Costs Plummet"

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PROPOSED DCNR RIGHT-OF-WAY FEES

As Of June 11, 2009

REGULATED PIPELINES:

Main Transmission Pipelines:

FERC Regulated (typically)

Typically greater than 12 inches in diameter and longer than 10 miles in length (total pipe length)

ROW is usually 50 feet or greater for Permanent ROW Width

20 Year Term for Agreement (Renewable for 10 Additional Years)

Fee Rates: **\$10,000** per linear mile per year
(adjustments may be made for timber damages)

Width Rate: **\$200.00** per foot of width (assuming a set 50 foot ROW width standard)

NON-REGULATED PIPELINES:

Marketing Backbone Pipelines:

Non Regulated (related to wells, gas fields or nearby production)

Typically 8 to 24 inches in diameter and less than 10 miles in length

ROW is from 25 to 50 feet or greater

5 Year Term for Agreement (Renewable Year to Year as Agreed)

Gathering Pipelines:

Non Regulated

Typically 2 to 8 inches in diameter and less than 2 miles in length

ROW is from 15 to 25 feet or greater

Term Runs Concurrently With Lease Term for Lessees

5 Year Term for Agreement (Renewable) non-lessee

<u>Pipeline Diameter</u>	<u>Permanent ROW Width (ft)</u>	<u>Per Foot Width Rate</u>	<u>Total Annual Rentals Per Linear Mile</u>
	5	\$155.00	\$775
2 to 4 Inches	10	\$160.00	\$1,600
	15	\$165.00	\$2,475
4 to 8 Inches	20	\$170.00	\$3,400
	25	\$175.00	\$4,375
8 to 12 Inches	30	\$180.00	\$5,400
	35	\$185.00	\$6,475
12 to 18 Inches	40	\$190.00	\$7,600
	45	\$195.00	\$8,775
	50	\$200.00	\$10,000
18 to 24 Inches	55	\$205.00	\$11,275
	60	\$210.00	\$12,600
	65	\$215.00	\$13,975
24 to 42 Inches	70	\$220.00	\$15,400
	75	\$225.00	\$16,875
	80	\$230.00	\$18,400
	85	\$235.00	\$19,975
	90	\$240.00	\$21,600
	95	\$245.00	\$23,275
	100	\$250.00	\$25,000
	105	\$255.00	\$26,775
	110	\$260.00	\$28,600
	115	\$265.00	\$30,475
	120	\$270.00	\$32,400
	125	\$275.00	\$34,375
	130	\$280.00	\$36,400

Regulated Pipeline Rate at 50' ROW

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Annual Rental Rate Graph

