

DCP Midstream / Sand Hills Pipeline / August 2011

Frequently Asked Questions

Who is DCP Midstream?

DCP Midstream LLC, with headquarters in Denver, leads the midstream segment as the second-largest natural gas gatherer and processor, the largest natural gas liquids producer and one of the largest marketers in the United States. DCP Midstream operates in 18 states across major producing regions. DCP Midstream is a 50:50 joint venture between Spectra Energy and ConocoPhillips. The company owns the general partner of DCP Midstream Partners LP, a master limited partnership, and provides operational and administrative support to the partnership. DCP Midstream is the largest oil and gas company, the largest private company and one of the "Best Places to Work" in Denver as ranked by the *Denver Business Journal*.

What is the Sand Hills Pipeline?

DCP Midstream is planning to build an approximately 700-mile, 20-inch natural gas liquids (NGL) pipeline originating in West Texas and delivering to Texas Gulf Coast markets in Mont Belvieu, Texas. Construction of the first segments is expected to begin in mid-2012, with a proposed completion date in 2013.

Most of the NGLs gathered will be from the Permian Basin and the Eagle Ford Shale. These NGLs will be transported through various DCP Midstream natural gas plants and stored at a plant in Mont Belvieu for further downstream processing.

Who are the customers of the Sand Hills Pipeline?

Sand Hills' customers are shippers. Shippers are parties that own or control raw make and wish to transport it from production areas to market. Most NGLs are produced at gas processing plants. Sand Hills will connect to gas processing plants in West and Central Texas as well as along the Texas Gulf Coast. Sand Hills will be connected to several markets, including Mont Belvieu – the largest NGL marketplace in North America.

Why is DCP Midstream building the Sand Hills Pipeline?

The Sand Hills Pipeline will allow DCP Midstream to provide a full scope of midstream energy services to handle producers' increased liquid-rich natural gas production from the Permian Basin and Eagle Ford Shale. The pipeline will open new capacity for NGLs from those production areas to be transported to market. This system should relieve capacity constraints currently affecting producers in these regions.

What is the difference between natural gas and natural gas liquids?

Natural gas is a naturally occurring mixture of hydrocarbons, consisting essentially of methane. Natural gas liquids are the liquid components of the hydrocarbon mixtures in natural gas that are gases at specific temperatures and pressures. Some examples of NGLs are propane, butane and ethane.

Frequently Asked Questions *(continued)*

What kinds of regulations and permits does DCP Midstream require to construct and operate this pipeline?

The Sand Hills Pipeline will be regulated by many entities, including the Occupational Safety and Health Administration, Department of Transportation 195 (rules and regulations for maintaining and operating an NGL line by Pipeline and Hazardous Materials Safety Administration), Pipeline and Hazardous Materials Safety Administration, Texas Railroad Commission, Texas Commission on Environmental Quality, U.S. Army Corps of Engineers, and numerous individual city, county and state permits associated with construction and operation of pipelines.

How does Texas benefit from the Sand Hills Pipeline?

This project will continue to support the development of West Texas and Eagle Ford Shale natural gas production. The pipeline will serve DCP Midstream's existing natural gas plants and, in particular, the expanded Eagle Plant in Jackson County. The project also will provide additional capacity for NGL processing and marketing in southeast Texas. These products will be used in homes, transportation systems and refineries in this region. NGLs are used in many common household products. Ethane, for example, is used to create toothbrushes.

How wide is the right-of-way that DCP Midstream will be purchasing and how deep will the pipeline be buried?

DCP Midstream is purchasing a 90-foot wide construction right-of-way (ROW) for this pipeline. The ROW will revert to a 50-foot permanent width after construction. Typically, the pipeline will be buried approximately 4 feet from the surface. In certain areas, the pipe will comply with specific permit requirements that may require it to be deeper or shallower.

What facilities are actually aboveground and visible?

The minimal facilities that will be aboveground are the pump stations, meter sites, mainline block valves, pig launchers and receivers, satellite communication links, cathodic protection test leads at road crossings and pipeline intersections, and rectifiers.



What is DCP Midstream doing to ensure the safety of its operations?

DCP Midstream works hard to implement strict safety regulations while using the most advanced technologies available to prevent accidents from happening. DCP Midstream is using state-of-the-art corrosion protection, and the pipeline will be fully automated and monitored 24 hours a day.

All DCP operating employees will be fully trained and tested in our emergency response plan. In addition, DCP Midstream will coordinate annually with all local emergency service providers.

What type of corrosion protection is DCP Midstream using for the Sand Hills Pipeline?

DCP Midstream will use two levels of external corrosion protection on this pipeline.

Fusion-bonded epoxy powdered coating: FBE is a high-performance, anti-corrosion coating that provides excellent protection for small and large diameter pipelines with moderate operating temperatures. FBE's excellent adhesion to steel provides superior, long-term corrosion resistance and protection of pipelines operating at moderate temperatures for the designed life.

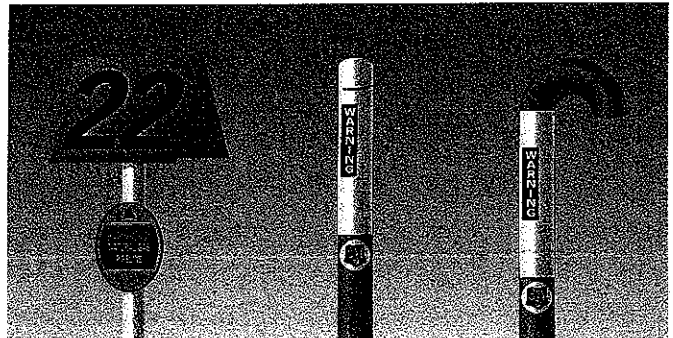
Abrasion resistant overlay: ARO provides physical protection to FBE coatings on pipelines and pipe pilings. ARO is an extremely hard and mechanically strong overcoating designed to protect FBE from damage during pipeline directional drilling and boring. ARO also offers tough abrasion protection to coated pipe and pipe pilings installed in hot or wet applications, such as river crossings and rough terrain.

What is the major cause of pipeline accidents?

Pipeline damage occurs most often when third parties unknowingly dig, blast or drill in a pipeline ROW. Before anyone plans to dig or disrupt the ground at or near a pipeline, they need to first call 811 to coordinate with the Common Ground Alliance and ensure the safety of the people involved and the pipeline.

What signs notify the public about the location of a pipeline?

Markers and warning signs are located at frequent intervals along the pipeline right-of-way. The markers use highly visible colors and display the material transported in the line, the name of the pipeline operator, and a telephone number where the operator can be reached in the event of an emergency.



What types of monitoring will DCP Midstream do once the pipeline is operational?

The pipeline will be flown by airplane a minimum of once a month, sometimes twice, for leak monitoring and ROW encroachments. Block valve and equipment maintenance will be done twice a year. The pigging process (a pig is a device inserted into a pipeline to do a specific task that travels freely through it driven by the product flow) will be done at least four times a year. DCP also will perform ROW maintenance, including on pipeline signs and grass and plants, once a year or as often as needed to insure they are maintained at Department of Transportation standards. The pipeline will be operated and monitored by the DCP Midstream Gas Control Center in Houston.

The No. 1 goal of DCP Midstream, in case of an emergency, is to protect the public, environment and the employees.

What should you do if you suspect a pipeline leak?

- Personal safety should be your first concern.
- Evacuate the area and try to prevent anyone from entering.
- Abandon any equipment being used in or near the area.
- Avoid any open flames.
- Avoid introducing any sources of ignition to the area (such as cell phones).
- Do not start or turn off motor vehicles/electrical equipment.
- Call 911 or contact your local fire department or law enforcement personnel.
- Notify the energy company that operates the pipeline.
- Do not attempt to extinguish a natural gas fire.
- Do not attempt to operate and pipeline valves.

What are the potential trouble signs that need to be reported?

- Work activities, such as digging or construction near the pipeline right-of-way.
- Liquid petroleum products on the ground and associated vapors in low-lying areas.
- A rainbow-colored sheen on the surface of water.
- Damage to pipeline facilities, markers, etc.
- Exposed pipe in washes, ditches, streams, etc.
- Other activities near the pipeline right-of-way that may be considered suspicious.

What are the steps DCP Midstream would take in a pipeline emergency?

DCP would activate its emergency response plan, which includes notifying all county and state emergency responders. In the event of a leak or fire on the pipeline, remote control (supervisory control and data acquisition or SCADA) would be engaged to close the block valves and, if installed, pump stations. DCP Midstream Gas Control Center in Houston would be notified to shut down the section of pipeline to isolate the leak. A site survey of the area would be performed, and, if needed, evacuation and notification of residents would be done as soon as possible.

To report an emergency 24 hours a day, call:
1-800-435-1679 or 1-888-204-1781



www.dcpmidstream.com

How can you recognize a leak?

Your senses of sight, sound and smell are the best ways to recognize a pipeline leak. Signs may include:

- Accumulation of petroleum product on the ground or in the form of a mist.
- Ground appears to have an ice ball.
- A spot of discolored or dead vegetation in an otherwise green area.
- A rainbow colored sheen on the surface of water.
- Continuous bubbling in wet or flooded areas.
- Unusual noises, from a slight hiss to a roaring sound or unusual (gaseous or hydrocarbon) odor. It's important to remember that each petroleum product has its own characteristic smell.

