



Where energy meets innovation.

EQT Midstream

**Testimony of Martin Fritz
President, EQT Midstream**

Pennsylvania PUC

6/16/2010

Pennsylvania based
Headquartered in Pittsburgh for more than 120 years
2009 operating income \$356.7 million

EQT production
4.1 Tcfe Proved Res.

EQT midstream
11,400 pipeline miles

Equitable Gas
275,000 customers

3.4 MM acres

New Supplies



- ▶ 3.4 million acres in Appalachian Basin
- ▶ 13,729 gross productive wells
- ▶ 4.1 Tcf of proven natural gas reserves

Transportation, Processing & Storage



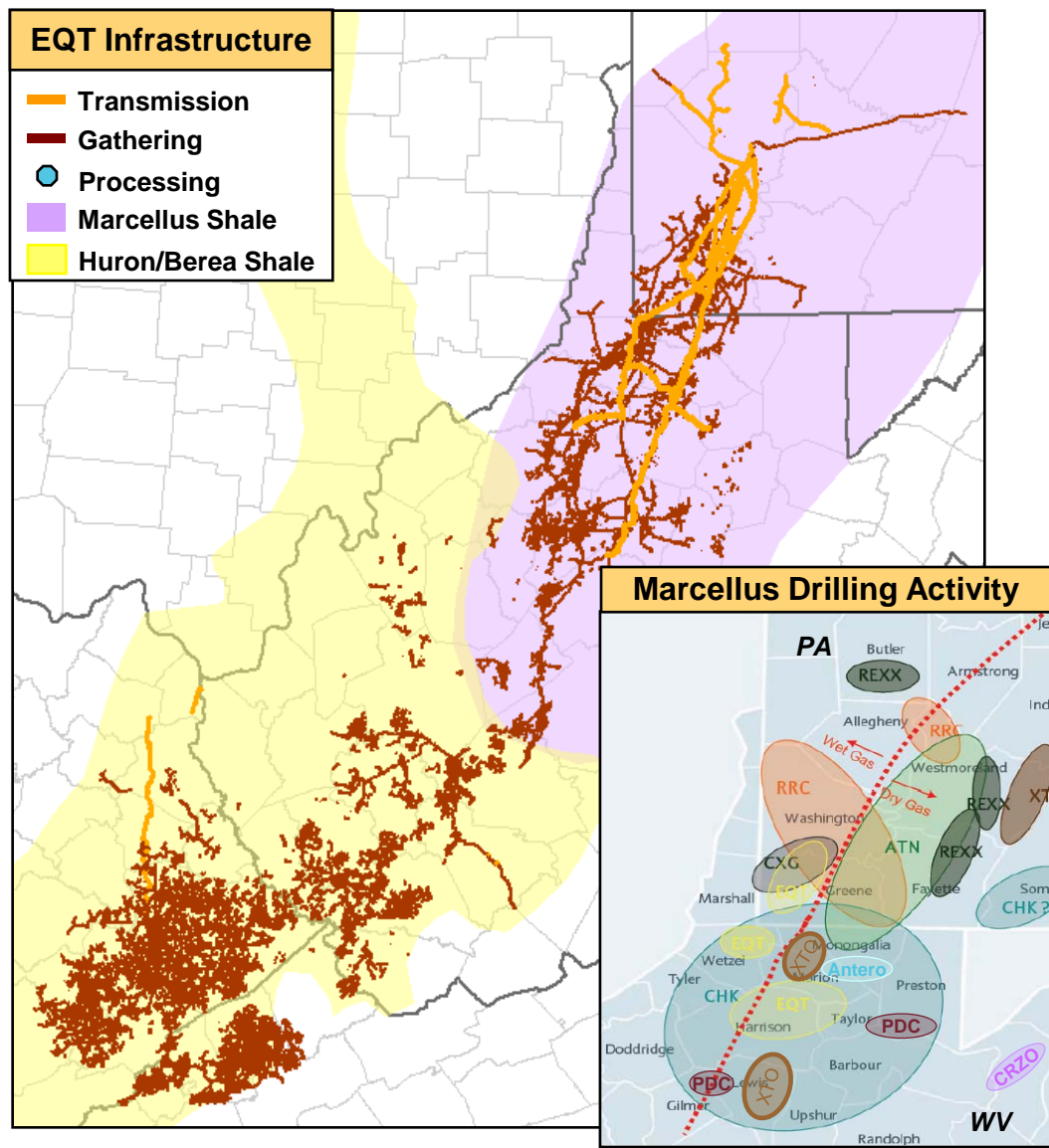
- ▶ 11,400 miles of pipeline
- ▶ 170 mmcf / day processing
- ▶ 63 Bcf of natural gas storage

Distribution



- ▶ Pittsburgh based
- ▶ Founded in 1888
- ▶ 275,000 residential, commercial and industrial customers

- ▶ **11,400 miles of pipeline / 918 in PA**
- ▶ **Gathers natural gas in Pennsylvania and West Virginia, Virginia and Kentucky**
- ▶ **More than 17,500 wellhead inter-connects**
- ▶ **Delivery to local distribution companies and long line transmission pipes**
- ▶ **Follows Part 192**



Source: Barclays Capital, Company Presentations

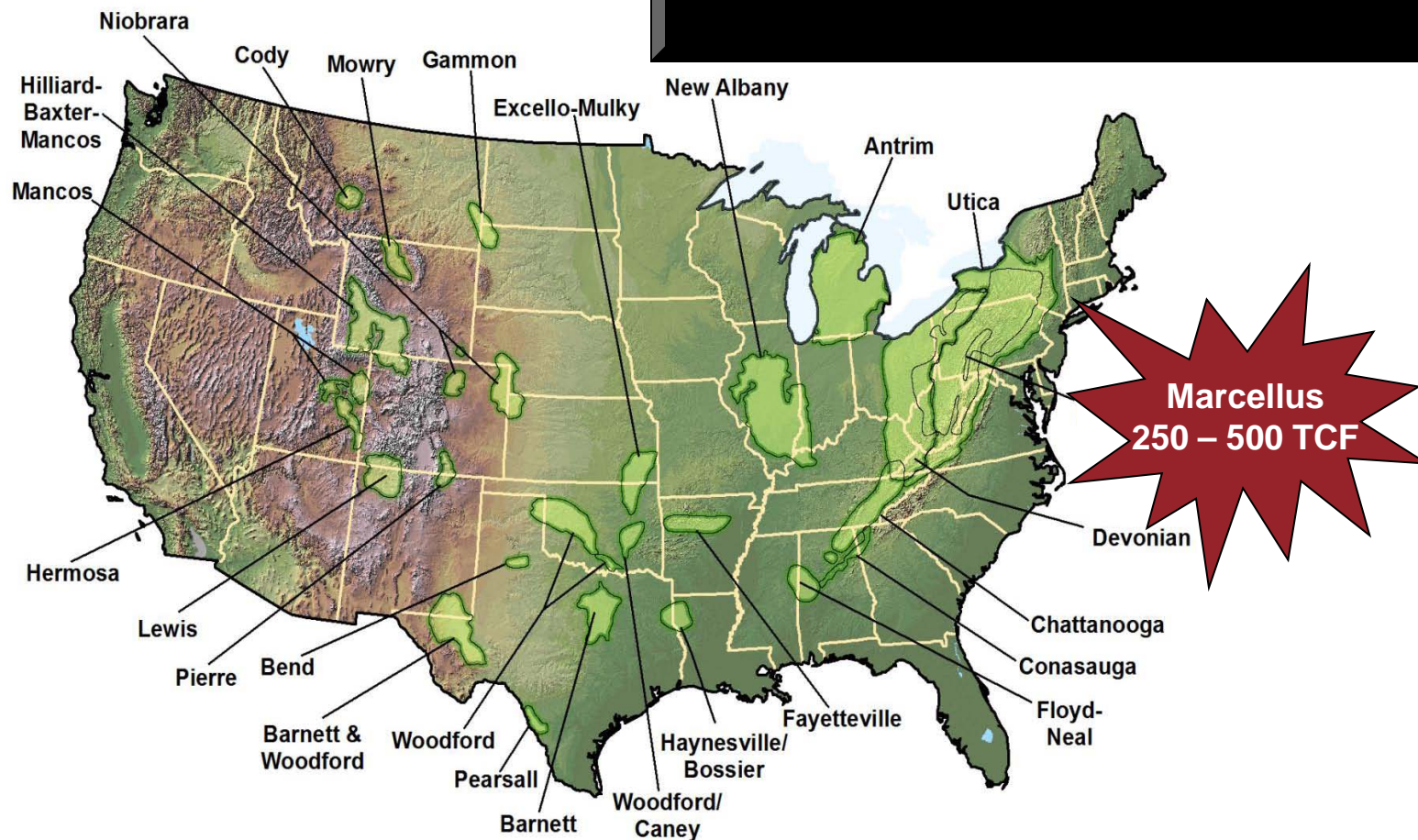
- ▶ **Natural Gas is available NOW!!!**
 - 250-500 TCF recoverable Marcellus resources
 - 710 Marcellus wells drilled in PA during 2009
 - 763 Marcellus wells completed / 1985 new permits during 2010

- ▶ **Recent survey concluded that an overwhelming majority of both “supporters of business” (73%) and “supporters of environment” (69%) think “the government should do more to encourage natural gas use.”**

- ▶ **Currently supplies 22% of U.S. energy needs**

- ▶ **Consumption expected to increase 47% by 2030**

US Reserves Contain 2074 TCF of Recoverable Resources



Source: US DOE Office of Fossil Energy – *Modern Shale Development in the US* - April 2009

JOBS:

- ▶ **2009 44,000 jobs / \$4.1B economic impact**
- ▶ **2010 86,000 jobs / \$9.0B economic impact**
- ▶ **2011 110,000 jobs / \$11.0B economic impact**
- ▶ **2015 160,000 jobs / \$15.0B economic impact**

NEW INDUSTRY:

- ▶ **Can attract industry to state (fuel source/feedstock)
– total job potential of 500,000**

- ▶ **Safety is our #1 corporate value driver**
 - Employee & Contractor Training
 - Contractor Qualification Process
 - Alliance with OSHA
 - Executive Review

- ▶ **PA One Call participant**

- ▶ **No gathering line significant incidents in PA**

▶ **Federal Pipeline Safety Regulations at 49 CFR Part 192 (DOT)**

▪ Cover:

- Design
- Construction
- Testing
- Operation
- Maintenance

▶ **US DOT Pipeline & Hazardous Materials Safety Administration (“PHMSA”) currently enforces and inspects Part 192**

▶ **No reportable incidents from any company in PA for 20 years**

Year	Number	Fatalities	Injuries	Property Damage
2000	0	0	0	\$0
2001	0	0	0	\$0
2002	0	0	0	\$0
2003	0	0	0	\$0
2004	0	0	0	\$0
2005	0	0	0	\$0
2006	0	0	0	\$0
2007	0	0	0	\$0
2008	0	0	0	\$0
2009	0	0	0	\$0
TOTALS	0	0	0	\$0
3 Year Average (2007-2009)	0	0	0	\$0
5 Year Average (2005-2009)	0	0	0	\$0
10 Year Average (2000-2009)	0	0	0	\$0
20 Year Average (1990-2009)	0	0	0	\$0

Source: Pipeline and Hazardous Materials Safety Administration

- ▶ **26 / 65 Significant incidents between 2000 – 2009 caused by excavation**
- ▶ **Need increased emphasis on education and enforcement action requiring excavators to use PA One Call and utilize proper excavating techniques**

Gatherings Lines:

- ▶ **Public utility status for regulating safety ONLY**
- ▶ **Limit to PUC “state agent” for purposes of inspecting & enforcing Part 192**
 - Proven historical record
 - Standardized for effectiveness

Unnecessary additional regulation may thwart economic development (competitive disadvantage)