Enterprise Announces Plans To Construct New NGL Fractionator At Hobbs, New Mexico

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HOUSTON, Jun 07, 2005 (BUSINESS WIRE) -- Enterprise Products Partners L.P. (NYSE:EPD) today announced that it plans to proceed with the construction of a new natural gas liquids ("NGL") fractionator that will be located at the interconnection of the Mid-America Pipeline System (MAPL) and the Seminole Pipeline System (Seminole) near Hobbs, New Mexico. The new fractionator will be designed to handle up to 75,000 barrels per day of mixed NGLs which will be sourced from current and future processing plants located in the Rocky Mountain region, the Permian Basin, and in the Panhandle area of Texas and Oklahoma on MAPL. Additionally, Enterprise will construct a high rate purity ethane storage well near the new fractionator and reconfigure the interconnection between MAPL and Seminole. The project is estimated to cost approximately $130 million and is expected to be in operation by mid-2007.

"Building a new fractionator at Hobbs, New Mexico confirms our commitment to Rocky Mountain NGL producers to provide the most efficient and flexible midstream services to meet the growing requirements from this vitally important region," said Robert G. Phillips, Enterprise's President and Chief Executive Officer. "Locating the new fractionation capacity at Hobbs allows Enterprise more strategic access to the growing markets for finished products in the southwest and midwest regions, the Rocky Mountain area, California and northern Mexico. Additionally, the project will enable Enterprise to maximize the use of downstream pipeline capacity across Seminole into the Mont Belvieu market and provide greater flexibility to provide pipeline services to the Conway NGL market."

When the project is completed, the Hobbs fractionator will have access to the largest NGL market in the United States at Mont Belvieu, Texas through Seminole and the nation's second largest NGL market located at Conway, Kansas, as well as NGL consumers in the upper Midwest through MAPL. Enterprise also will have access to a growing local market which includes nearby refineries that consume NGLs as a blend stock to produce motor gasoline and increased propane demand in northern Mexico.

This site also enhances Enterprise's value chain by adding fractionation capacity at a location that reduces the volume of mixed NGLs that the partnership may transport to Mont Belvieu on third party pipelines due to capacity constraints on Seminole, increases available capacity on Seminole and reduces the volumes Enterprise may offload to third party fractionators in the Mont Belvieu area.

Earlier this year, Enterprise announced that it had commenced initial permitting, engineering and design work for its western NGL expansion project which included adding 50,000 barrels per day of transportation capacity on the Rocky Mountain segment of MAPL and building a new 60,000 barrel per day NGL fractionator at its Mont Belvieu, Texas complex. This expansion project was needed to support growth from expected increases in NGL production from the Piceance, Uintah, Greater Green River and San Juan basins since the partnership's Rocky Mountain pipeline was operating near full capacity and NGLs that were dedicated to the partnership or its NGL fractionator in Mont Belvieu exceeded capacity. After additional analysis, Enterprise has decided to build the new fractionator at Hobbs instead of the previously announced 60,000 barrel per day fractionator because the Hobbs fractionator will provide a more strategic solution for the handling of increased Rocky Mountain volumes.

Enterprise will continue with its 15,000 barrel per day expansion of the existing NGL fractionator at Mont Belvieu. This will increase Enterprise's NGL fractionating capacity to 225,000 barrels per day at Mont Belvieu and reduce annual energy costs at the facility by approximately $5 million. In total these projects will result in Enterprise operating 300,000 barrels per day of fractionating capacity on MAPL between Hobbs and Mont Belvieu. The 15,000 barrel per day expansion is expected to be completed in the second quarter of 2006.

Enterprise Products Partners L.P. is one of the largest publicly traded energy partnerships with an enterprise value of approximately $14 billion, and is a leading North American provider of midstream energy services to producers and consumers of natural gas, NGLs and crude oil. Enterprise transports natural gas, NGLs and crude oil through 31,000 miles of onshore and offshore pipelines and is an industry leader in the development of midstream infrastructure in the Deepwater Trend of the Gulf of Mexico. Services include natural gas transportation, gathering, processing and storage; NGL fractionation (or separation), transportation, storage, and import and export terminaling; crude oil transportation and offshore production platform services. For more information, visit Enterprise on the web at www.epplp.com.

This press release contains various forward-looking statements and information that are based on Enterprise's beliefs and those of its general partner, as well as assumptions made by and information currently available to Enterprise. When used in this press release, words such as "anticipate," "project," "expect," "plan," "goal," "forecast," "intend," "could," "believe," "may," and similar expressions and statements regarding the plans and objectives of Enterprise for future operations, are intended to identify forward-looking statements. Although Enterprise and its general partner believe that such expectations reflected in such forward-looking statements are reasonable, neither Enterprise nor its general partner can give assurances that such expectations will prove to be correct. Such statements are subject to a variety of risks, uncertainties and assumptions. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, Enterprise's actual results may vary materially from those Enterprise anticipated, estimated, projected or expected. Among the key risk factors that may have a direct bearing on Enterprise's results of operations and financial condition are:

-- fluctuations in oil, natural gas and NGL prices and production due to weather and other natural and economic forces;

-- the effects of the combined company's debt level on its future financial and operating flexibility;

-- a reduction in demand for its products by the petrochemical, refining or heating industries;

-- a decline in the volumes of NGLs delivered by its facilities;

-- the failure of its credit risk management efforts to adequately protect it against customer non-payment;

-- terrorist attacks aimed at its facilities;

-- the failure to successfully integrate our operations with GulfTerra's or any other companies we acquire; and

-- the failure to realize the anticipated cost savings, synergies and other benefits of the merger with GulfTerra.

Enterprise has no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

SOURCE: Enterprise Products Partners L.P.

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