DCP MIDSTREAM PARTNERS
"First Quarter 2010 Earnings Release Conference Call"

May 7, 2010, 10:00 AM ET
Mark Borer
Angela Minas
Mike Richards

DCP MIDSTREAM PARTNERS
First Quarter 2010 Earnings Release Conference Call"

May 7, 2010, 10:00 AM ET
Mark Borer
Angela Minas
Mike Richards

OPERATOR: Good morning, and welcome to the DCP Midstream Partners first quarter 2010 earnings conference call. All participants will be in a listen-only mode. Should you need assistance during today's conference, you may signal a conference specialist by pressing the star key, followed by zero. After today's presentation, there will be an opportunity for you to ask questions. Please note that today's event is being recorded.

At this time, I would now like to turn the conference call over to Mr. Mike Richards, Vice President and General Counsel. Mr. Richards, please go ahead.

MIKE RICHARDS: Thank you, Jamie. Good morning, and welcome to the DCP Midstream Partners first quarter 2010 earnings release conference call. As always, we want to thank you for your interest in the partnership. Today you will hear from Mark Borer, President and Chief Executive Officer, and Angela Minas, Vice President and Chief Financial Officer.

Before turning it over to Mark, I will mention a couple of items. First, all of the slides we will be talking from today are available on our website at www.dcppartners.com in pdf format. You may access them by clicking on the investor page and then the webcast icon.

Next, I would like to remind you that our discussion today may contain forward-looking statements. Actual results may differ due to certain risk factors that affect our business. Please review the second slide in the deck that describes our use of forward-looking statements and lists some of the risk factors that may affect actual results. For a complete listing of the risk factors that may impact our business results, please review our Form 10-K for the year ended December 31, 2009, as filed with the SEC on March 11, 2010 and updated through subsequent SEC filings.

In addition, during our discussion, we will use various non-GAAP measures, including distributable cash flow, adjusted EBITDA, and adjusted segment EBITDA. These measures are reconciled to the nearest GAAP measure in schedules provided on our website. We ask that you review that information as well.

And, finally, a note about the presentation of our earnings. In April 2009 the partnership completed the acquisition of an additional 25.1 percent interest in DCP East Texas Holdings, LLC, or East Texas, from DCP Midstream, LLC. Prior to this transaction, the partnership owned a 25 percent interest, which was accounted for under the equity method. Subsequent to this transaction, the partnership owns a 50.1 percent interest in East Texas and accounts for East Texas as a consolidated subsidiary. The results of operations presented today include the historical consolidated results of East Texas for all periods presented. For comparison purposes, we have also included our 2009 historical results as reported in 2009 when our ownership interest in East Texas was 25 percent.

And now I will turn it over to Mark Borer.

MARK BORER: Thanks, Mike. Good morning, everyone, and thanks for joining us today for a discussion of our first quarter results. We are continuing to experience improvements in the business environment, and we are off to a solid start in 2010.

As you saw in our press release last evening, we reported first quarter results which were in line with the 2010 DCF forecasts we provided on our last earnings call. On slide 3, you will see our agenda for this morning. I will begin with some highlights of the quarter and will then provide an operational update. Angela will follow with a financial overview of the quarter. We will then close with our outlook and summary. We are optimistic about emerging growth opportunities and believe we are favorably positioned as we move through 2010 and beyond.

Turning to slide 4, let's discuss some highlights for the quarter. We generated distributable cash flow of $31.7 million for the quarter, providing a distribution coverage ratio of 1.3 times. Improvements in the business environment, along with opportunities in the market, have enabled us to continue to execute on our growth objective. In January, we committed $40 million to a strategic investment for the DCP enterprise in the Denver-Julesburg Basin, or DJ Basin. This was comprised of a $22 million acquisition of the Wattenburg fee-based NGL pipeline and a related $18 million expansion capital project.

2010 is an integration year for both the Michigan Gathering & Treating System we acquired in November 2009, as well as our January 2010 Wattenburg pipeline acquisition. These recent acquisitions are each very complementary to our asset base, provide 100 percent fee-based margins, and improve our competitive positioning. In summary, we're off to a good start in delivering on our 2010 business plan commitments.

If you will now to turn slide 5, I will provide a brief operational update, starting first with our natural gas services segment. As is the case again this quarter, we view our diverse geographic footprint as a strong positive, as it provides us with access to multiple resource plays, contract types, and customers. Excluding the recent Michigan acquisition, gas throughput volumes have held firm and were virtually flat on a sequential quarter basis.

Since the second quarter of 2009, gas throughput volumes have been down a modest 2 percent. While rig count activity is still considerably below 2008 levels, we are beginning to experience a modest rig count recovery from the lows we experienced in the second quarter of 2009. With the exception of the weather-related operating challenges at East Texas and North Louisiana which occurred during the quarter and which I will discuss more in a moment, NGL production also held flat on a sequential quarter basis, having been up by approximately 7 percent the previous quarter. Near-record cold weather during early January caused operating challenges at our North Louisiana and East Texas plants, causing periods of low NGL recoveries and volume curtailments due to plant shutdowns and producer well-head freeze-offs. Angela will discuss in a few moments the impact this had upon the first quarter.

Integration efforts related to our recent bolt-on acquisition of fee-based assets in Michigan are well underway and proceeding according to plan, on time and on budget. These assets are in some cases already interconnected with our existing facilities. As such, we expect to see operating synergies and opportunities to consolidate treating plant infrastructure, with the benefits being largely realized beginning next year. Performance of the acquired assets continue to meet our expectations.

Now, moving to slide 6, in our wholesale propane segment, we are pleased to report record financial results for the past heating season or fiscal year, which runs from April 2009 to March 2010. These results were achieved despite a winter in the Northeast that had 5 percent less heating-degree days than the five-year average. While we experienced early cold this winter, the January/March period was the eighth warmest in the 115-plus year period of recordkeeping. Timing of sales in winter weather tend to vary somewhat each year. This year's winter season was a marked contrast to last year, where winter weather and high-spot sales volumes occurred later in the season, mostly following in the first quarter of 2009.

In our Northeast market area, we continue to see strong demand from the residential service providers for next season. Through our successful contracting efforts, we are well positioned for this upcoming fiscal year. As the last several years have shown, this business model is a consistent performer and is able to deliver solid results in both mild and harsh winters. This business has a key competitive advantage with its breadth of supply options, which not only supply our base business, but allow us to capture upside opportunities during favorable marketing conditions. We continue to pursue opportunities to expand into new markets in this segment.

Now, moving to slide 7 for our NGL logistics segment, pipeline volumes were strong again this quarter. We added the Wattenburg volumes in January and continued to take advantage of an attractive market opportunity with the additional supply connection to our Seabreeze pipeline. Just to refresh, we have launched a project to spend approximately $18 million of expansion capital to connect and integrate the recently-acquired Wattenburg pipeline with DCP Midstream's facilities. Midstream, the largest gatherer and processor in the DJ Basin, is investing capital to construct a new natural gas processing plant. It is expected to be completed by early 2011, at which time we also expect to begin receiving cash flow contributions from our investment. The 100 percent fee-based margin profile of this pipeline is an excellent fit with our asset portfolio. This is also a great example of utilizing the partnership as the growth vehicle to expand the DCP enterprise footprint.

And now I'll turn it over to Angela to review the financial results.

ANGELA MINAS: Thanks, Mark, and thank you for joining us today.

On slide 8, we begin with the consolidated financial results. Results are adjusted to remove the impact of non-cash mark-to-market activities of our commodity hedges, which are outlined in the appendix, as well as the non-controlling interest in our joint ventures. In addition to the consolidated results, which are required to be recast, we also show the results as reported in 2009, which reflects trends and results achieved over time. As such, I will generally be discussing the results as reported in 2009 as the basis for comparison.

Adjusted EBITDA increased from $39.2 million to $40.1 million for the quarter. Distributable cash flow for the quarter increased from$27.6 million to $31.7 million, resulting in a 1.3 times coverage ratio for the quarter. Although there were lots of moving parts, the pluses and minuses in the first quarter 2009 largely offset one another. As you may recall, wholesale propane reported an exceptional quarter as a result of a positive recovery of non-cash inventory write-downs from 2008 and strong spot sales which provided incremental upside opportunity. On the negative side, 2009 gas services results were impacted by hurricanes and operational downtime. For more detail on results, let me move to the segment.

On slide 9, with natural gas services, adjusted EBITDA increased from $20.7 million to $33.3 million for the quarter. Results for the quarter were positively impacted by the addition of our East Texas and Michigan acquisitions, organic growth at our Discovery and Piceance Basin assets, and increased NGL production, partially offset by the impact of operating challenges as a result of near record cold weather and lower gas throughput volumes at certain assets. Results for 2009 include the impact of operational downtime at our Discovery, East Texas, and Wyoming assets. Non-recurring EBITDA impact associated with weather is estimated to be approximately $3 million in the quarter. Our equity investment represents our 40 percent interest in Discovery, 2009 results reflect the impact of hurricanes, and, as a reminder, hedge settlements for Discovery reside in the adjusted segment gross margin line.

Slide 10 indicates the results from our wholesale propane segment. Due to the timing of winter and propane demand, quarterly results often do not provide a meaningful comparison. As such, we view results of this business on a fiscal year or heating season basis, April 1 to March 31. For the heating season just completed with the first quarter of 2010, this business delivered record adjusted EBITDA of $26.6 million. The graph on this slide illustrates the steady growth trend since we acquired the business in 2006. Strong fiscal year results were driven by favorable unit margins, partially offset by a modest 2 percent decline in volumes. Q1 2009 results reflected late winter weather, increased spot sales opportunities driven by a favorable marketing environment, and approximately $6 million in margin attributable to the sale of inventory that was written down at the end of Q4 2008.

On slide 11, our NGL logistics EBITDA increased from $1.4 million in 2009 to $3.7 million in 2010, delivering record EBITDA results for the quarter. Higher EBITDA reflects additional volumes associated with the marketing opportunity that we've been taking advantage of at Seabreeze, as well as the Wattenburg acquisition. Although Wattenburg had a modest positive impact to EBITDA in Q1, we do not expect positive cash flow for the balance of the year as we complete our integration and expansion project. Positive cash flow contributions begin early 2011. 2009 EBITDA results were impacted by ethane rejection and lower volumes from certain connected processing plants.

Slide 12 reflects our 2010 DCF forecast, which we provided on our last earnings call. First quarter results were in line with our forecast. If you take into account the commodity prices year to date and general market views of prices for the balance of 2010, the highlighted section of the table would indicate 2010 DCF between $105 million and $130 million, providing a distribution coverage of 1.1 to 1.3 times at our current $98 million distribution level. This forecast excludes the impact of potential acquisitions or any unannounced organic projects. We believe that there could be additional bolt-on opportunities that could increase expansion capital up to $100 million, consistent with our estimate of annual opportunities in our footprint.

As we look at our base business beyond 2010, we would forecast additional cash flow contributions as the Wattenburg integration and expansion is completed in early 2011 and as we move beyond the integration of the Michigan acquisition and more fully realize the synergy benefits. Although we do not provide quarterly forecast data, I will provide you with a couple of guidelines in terms of how to think about the annual forecast over the next few quarters. As a reminder, our wholesale propane business produces the majority of its earnings during the fourth and first quarter. Fourth quarter cash flows for our gas services business are estimated to be positively impacted by commercial activity, such as minimum throughput agreements and natural gas storage.

On slide 13, key to our distributable cash flow performance is the nature of our contracts and our commodity hedging program. At current commodity prices, we estimate approximately 55 percent of our forecasted margin is fee based. Of our commodity-based margins, we have hedged over 80 percent of our equity position in natural gas liquids, condensate, and natural gas. This results in 90 percent of our 2010 margins being fee-based or supported by commodity hedges. Our 2010 position is part of a multi-year hedging program that now extends into 2015. Consistent with our strategy, we recently added crude hedges at favorable prices for the 2014-15 period. As cited by S&P with our recent investment grade rating announcement, our sizable fee-based revenues and multi-year hedging policy are key strengths in our financial position, which I'll discuss on slide 14.

We're continuing to execute on our investment-grade plan, which has been accelerated from our original objective of obtaining investment-grade ratings prior to the maturity of our credit facility in June 2012. We believe that there are certainly benefits to doing so with respect to cost of capital, access to capital, and competitive positioning. We're pleased to have been able to achieve our S&P BBB-/Stable rating well ahead of our targeted timetable. We have an accelerated plan to obtain ratings from other agencies and will keep you informed as we progress.

As we look into 2010 and beyond and consider our growth outlook, a key element of that is our financial positioning. We're committed to a financing strategy that maintains a strong capital structure and significant liquidity to enable us to execute our growth strategy. Our credit facility is more than adequate to support our 2010 forecast and planned capital spending. Our successful November equity offering demonstrates our ability to access the equity markets, and our investment-grade plan positions us well to access the public debt markets.

With respect to transitioning to long-term debt financing, we'll take a strategic and disciplined approach. As with our equity offering, financing in conjunction with growth is also a consideration. We have an excellent $825 million credit facility that extends through June 2012. At the end of the first quarter, we had drawn $615 million, resulting in available capacity of $210 million. Our cost of debt is highly competitive, with the interest rate on our revolver currently at LIBOR plus 44 basis points. Similar to our view on commodity risk management, we utilize interest rate hedges to provide cash flow stability. Our current hedge position on $575 million of our revolver provides us with an effective pre-spread borrowing rate of 3.8 to 4.2 percent over the 2010 to 2012 period. We are comfortably within our debt covenants. At the end of the quarter, our leverage ratio was 3.8 times. We've maintained liquidly in credit metrics consistent with our investment-grade rating and plan to continue to do so in the future.

And now, I will turn it back over to Mark.

MARK BORER: Thanks, Angela. Turning to slide 15, I would like to close this morning with our outlook and a few summary points. First, our results to date position us well. We are on track to achieve our 2010 business plan commitments and forecasts. Second, as we look into 2010 and beyond, we see a variety of growth opportunities across our business segments. On our year-end earnings call, I provided you some insights into how we are thinking about future growth opportunities. A summary is included in the appendix.

As evidenced by the transactions that we recently closed, we continue to see improved deal flow as well as more opportunities for development of infrastructure to support emerging shale plays. We are focused on capturing opportunities that will enable increased cash distributions to our unit holders. As we discussed on our year-end earnings call, resuming distribution growth is a 2010 objective. We are targeting top quartile total shareholder return for our unit holders. We believe that is achievable given the breadth of the DCP enterprise and its investment opportunities. As we continue to grow the partnership, having the strong sponsorship of DCP Midstream, Spectra Energy, and Conoco-Phillips is a significant benefit to us and our unit holders.

That is the conclusion of our prepared remarks. As I turn it back over to the operator for your questions, I'd like to thank you for your interest in the partnership.

OPERATOR: We are now ready to begin the question-and-answer session. To ask a question, you may press star and then 1 using a touchtone telephone. If you are using a speakerphone, we ask that you please pick up the handset before pressing the keys to ensure good sound quality. To withdraw your question, please press star and then 2. Again, in order to ask a question, please press star and 1. One moment, while we poll for questions.

And our first question comes from Becca Followill from Tudor Pickering Holt.

BECCA FOLLOWILL: Good morning. When you guys look at the distribution growth in 2010, can you walk us through — I know coverage ratio is clearly a factor there, commodity prices — can you walk us through the things that you are looking for in order to get that increase, and then — sorry, but a longwinded question here — in light of the tragic accident in the Gulf of Mexico and potential constraints on drilling, how does that factor into your thoughts on Discovery and the overall distribution growth rate? Thank you.

MARK BORER: Thanks, Becca, and good morning. You know, we had a — you know, as I mentioned in my opening comments, we've had a moderately improving environment. I think it's still an environment relative to distribution growth and such that one needs to have a healthy respect for, but, you know, I would say things have been improving. As we — you know, also as I mentioned, resuming distribution growth is a 2010 objective. We have previously outlined in the past that we would manage our distribution between 1.1 and 1.2 generally. Our trailing four quarters is — at this point is about 1.2 times, and so as we kind of look out, it's going to really be, you know, what we see from a drilling and overall business environment. As I mentioned, that is improving. I would also say that as we also look down the road, we are, you know, effectively — we feel like we are effectively executing on the integration of Wattenburg and Michigan, which will provide some nice cash flow upside to 2011. But I really think it's kind of the environment, it's drilling activity, it's commodity price relationships, and the — kind of the overall business environment that, you know, we are in the high end of the range that we manage in.

Relative to the BP incident, it's — you know, I think it's awful early to assess the impact or speculate how this might impact Discovery. You know, the industry's had a — I think a good long-term operating record in the offshore, but clearly this is a major setback and will need to be assessed. I do have lots of faith in technology and the ability of people to do this type of work environmentally sound and safe. Clearly the deep water in the offshore is an important domestic energy source for the country, but we'll have to — you know, as things move forward, we'll have to assess the impact, and we won't hesitate to adjust our plans accordingly.

BECCA FOLLOWILL: If there were to be a slowdown or for some reason a halt in drilling in the activity in the Gulf of Mexico, what would be the decline rate on the Discovery volumes, and how does it impact your equity income?

MARK BORER: I wouldn't have those type of numbers right at my fingertip here, but I would — you know, we have a number of platforms that are in a development phase, and they're really where producers are, you know, really completing wells and developing. You know, we — you can see in our financials what our overall equity earnings are, but, you know, we think we have, you know, pretty good development activity. I think it would be very premature to speculate that that sort of activity would cease, you know, for an extended period of time.

BECCA FOLLOWILL: Okay. Thank you. And then the next question is EnCana had an announcement today on another shale, this one in the Antrim Shale, which is right in your new backyard. Can you — do you guys have any comments on that, on how full is your system already, how much incremental could you take? And I know it's way early but just trying to get a feel for that.

MARK BORER: Yes, we did see the announcement. From a footprint viewpoint, the counties that were mentioned are all around our Antrim Shale CO2 treating and gathering assets, so it's something that we're obviously aware of and continue to assess. I think it will be a function of gas quality in that area. We do have CO2 treating. We obviously have people on the ground at assets in the area and definitely find the development something of interest to the partnership.

BECCA FOLLOWILL: Do you have sufficient spare capacity that you could capitalize on it without much capital investment?

MARK BORER: To the extent that they would have gas that needs CO2 treating, yes, we have — we're in a very good capacity situation.

BECCA FOLLOWILL: Great, thank you.

MARK BORER: Thank you.

OPERATOR: Our next question comes from Andrew Gundlach. Please go ahead with your question.

ANDREW GUNDLACH: Good morning. Mark, you — regarding the capex, you're still around $35 [million] or so at — for projects — up — that you have announced and up to $100 [million], but you haven't changed since the last call anything in terms of spending that difference of $65 [million]. Can you share with us anything that's a little bit closer to when we spoke last time?

MARK BORER: Well, we — I mean, we continue to see good opportunities in our footprint, both from a — what's happening in — for the need for liquid structure, emerging shale play opportunities. We're seeing some increased drilling activity around the Douglas footprint. We're not providing any, you know, forward forecasts as to where we exactly stand on those. We did say on our last call that we had $30 million to $35 million built into our 2010 plan but that we saw, you know, up to $100 million of potential activity around our footprint, so no specific update on a project. Obviously, we accomplished the Wattenburg acquisition in the first quarter. We did Michigan in the fourth quarter, and, you know, we think we'll have more things as the year moves on but no specific updates right now.

ANDREW GUNDLACH: So that Delta is all related to capex, not for — none of it for acquisitions. Is that right? You're —

MARK BORER: It's for capex, which could include some very small bolt-ons. It could be organic growth. It could be adding a terminal, those type of things, Andrew.

ANDREW GUNDLACH: Gotcha. Okay, and then just a quick question on the operations. The ethylene prices have come quite a bit further down, and, therefore, I think the export market might open up again, which obviously would be good for ethane. Do you have views on that? And then the second question related to the operations is that the — I guess propane inventories have started to build and ethane inventories are — they're all kind of around their five-year averages. You've kind of worked off the excesses from last year, and yet the growth in the economy is starting to pick up, and I'm just curious if you have an outlook for these products and how you see them bouncing around over the next six to eighteen months.

MARK BORER: Well, I can give you just a few thoughts, Andrew. You know, we have come out of a period of time where there were a number of outages in the Gulf Coast. I think there were some seven units that were out — ethylene and petrochemical type units that were on outages in March and April. I think four of them were actually unplanned. I think the bulk of that is either back up or coming back up as we speak, so we just went through a quarter where ethane demand was probably down in the neighborhood of probably 5 percent, say, from the fourth quarter run rate or the run rate over the past several months. You know, from an outlook viewpoint, you know, we're tending to be kind of at the mid-range of the five year, and maybe propane's probably at the lower end, although I haven't seen just the most recent numbers, but, all in all, we have a pretty constructive outlook. You know, I think as the economy improves, that will help. During the last twelve months we've had quite a few tractors that have converted. I've seen estimates that that's — consumption would be 60,000 to 70,000 barrels a day of ethane alone. There's definitely some more potential conversions, so we see a pretty constructive environment. I do think we have come through, particularly in the March and April period, a period of time where there were a number of outages, some of them unexpected, which clearly put some pressure on ethane prices. Ethylene prices have been strong, so I think that at the end of the day, we're in a pretty decent environment there.

ANDREW GUNDLACH: And the last question on that — some people say Trunkline is creating ethane, some not. Assuming Trunkline would come on at a stronger rate, can the market absorb that and hold its good prices, the ethane market?

MARK BORER: I'm not — Andrew, I'm not sure I understand your question on Trunkline.

ANDREW GUNDLACH: Well, the ethane that they would create as, I guess, a byproduct of their LNG —

MARK BORER: Oh, okay, you're saying relative to the LNG.

ANDREW GUNDLACH: Exactly.

MARK BORER: My sense is they do have some ethane that will be recovered out of the stream. I think LNG imports are — remains to be determined, at what level those would actually hit the U.S., but, all in all, I think it's probably really more about the improved demand that we see as a result of the various conversions that will use ethane and propane going forward.

ANDREW GUNDLACH: Gotcha. Thanks for your thoughts.

MARK BORER: Thank you.

OPERATOR: And our next question comes from Jeremy Tonet. Please go ahead with your question.

JEREMY TONET: Hi, good morning.

MALE SPEAKER: Good morning.

ANGELA MINAS: Good morning.

JEREMY TONET: I just had a question on the NGL volumes. It seems year over year they jumped up a bit higher than we expected. Would it be possible to get a bit more color on that?

MARK BORER: Yes, we can give you a little bit more color, Jeremy. The — last year, I would say, it's a little — it's somewhat difficult to look at year over year, given some of the operation disruptions we had as a result of the hurricane in the first quarter — you know, that were carried over from the previous fall, as well as the East Texas outages. The way we've kind of looked at it is that, you know, we did — you know, if you kind of go from second quarter '09 to third quarter, we were up about 8 percent. We were up another 7 percent third to fourth quarter, and then if you isolate out the weather impact we had in the first quarter, we were about flat from fourth quarter to first quarter. Our production has been bolstered by the Tahiti project and some of the other Discovery connections. That's probably been the biggest driver. We have seen some increased NGL recoveries out of the Piceance Basin as well, but I'd say the largest driver is really the Tahiti project ramping up, and then obviously we — you know, because a lot of our contracts are a percent of liquids, where we have commodity exposure, we constantly focus on the efficiency and recoveries at all our plants across the system.

JEREMY TONET: That's helpful. Thank you.

MARK BORER: Thank you.

OPERATOR: And, again, if you would like to ask a question, please press star and one.

And we have a follow-up question from Andrew Gundlach. Please go ahead with your follow-up.

ANDREW GUNDLACH: Mark, sorry — one other quick question. I'm starting to hear quite a bit about the Niobrara Shale in, I guess, Eastern Colorado, and I'm just guessing that your — that your facilities there, which I guess serve the DJ Basin, would also serve those — that shale, would it — should it prove to be as interesting as some people talk about? Is that incorrect?

MARK BORER: No, that's a fair assessment. The producers are continuing to focus on looking at some wells around the Niobrara and continue to prove up that resource. We continue to see very good drilling activity in the DJ or Denver-Julesburg Basin. Midstream has a very active footprint there, and the development of the Niobrara will — you know, can bring on more rich gases that would result in increasing liquids and condensate production.

ANDREW GUNDLACH: But do you see that — would it prove — were it to be as interesting as some anticipate, does that require a lot of additional capital expenditures, or is the equipment already there? That's question number one. Question number two is would you see those volumes as additive to what you're already getting or replacing the declines elsewhere? In other words, is it — is there growth there, in other words?

MARK BORER: We think that there can be growth there. Our pipeline system, as we mentioned in the last quarter's call, is about — once we bring it on in early 2011, has around 22,000, 23,000 barrels a day of capacity, so we think that this will help fill it up as we move forward. Relative to investment, our — the owner of our general partner, Midstream, has an ongoing development to bring on a new plant early 2011, and, as part of that, they are also building some gathering system expansions, so, you know, I think overall the enterprise is very well positioned to continue to participate in this very active drilling area.

ANDREW GUNDLACH: Great, thanks.

MARK BORER: Thank you.

OPERATOR: And at this time, I'm showing no additional questions and would like to turn the conference call over to Mr. Mark Borer for any closing remarks. Mr. Borer?

MARK BORER: Thank you. I just want to express my appreciation for your interest in the partnership and joining the call today. If you have any follow-up questions over the next coming days or weeks, please feel free to initiate contact with Angela Minas. Angela and I can make ourselves available to visit. So we appreciate your interest, and have a good day.

OPERATOR: The conference is now concluded. We thank you for attending today's presentation. You may now disconnect your telephone lines. Thank you.