

**MoGas Pipeline LLC
Final Abandonment Estimate**

Estimate Parameters

1. MoGas' pipelines will be retired in 100-mile increments. MoGas' management team will begin preparation for each pipeline abandonment project two years prior to the scheduled abandonment. MoGas will manage and coordinate retirement activities prior to and during the actual retirement or hire a construction manager to perform these duties. Retirement work will be completed one year after demolition work commences. MoGas' management and overhead costs are estimated to be 15 percent of pipeline contractor costs, environmental contractor costs, and MoGas' inspection costs.
2. MoGas will file a FERC 7(b) abandonment filing that will include a complete environmental report concerning each proposed abandonment project.
3. Pipeline estimated to be abandoned in-place (Option I), will be pigged and cleaned, purged of hydrocarbons, capped, and abandoned in-place.
4. Pipeline estimated to be removed and salvaged (Option II), will be pigged and cleaned, purged of hydrocarbons, and removed and salvaged. Pipeline removal also includes removal of pipeline markers.
5. All above-ground facilities will be removed to three feet below ground surface and disturbed areas restored. Concrete foundations will be removed to three feet below ground surface.
6. Pipeline at all uncased railroad crossings will be grouted and pipe ends capped.
7. Pipeline at all uncased highway crossings, where pipeline diameter is greater than 12 inches, will be grouted and pipe ends capped.
8. Pipeline at all cased railroad crossings will be pulled from casing, casing grouted, and pipe ends capped. Vent pipes will be cut and removed.
9. Pipeline at cased highway crossings, where casing diameter is greater than 12 inches, will be pulled from casing, casing grouted, and pipe ends capped. Vent pipes will be cut and removed.
10. Vent pipes at cased highway crossings abandoned in-place (i.e., casing diameter less than or equal to 12 inches) will be cut and capped.
11. Pipeline at the Mississippi River, Missouri River, and large stream crossings will be grouted and pipe ends capped.

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12. Pipeline at small stream crossings will be grouted and pipe ends capped.
13. MoGas will hire an environmental contractor to check for the presence of hazardous materials and monitor demolition work. Work involves inspection, sampling, evaluation, and report writing. It is estimated that environmental contractor costs will be 5 percent of the direct cost of demolition.
14. No costs are included in estimates for hazardous waste removal.
15. MoGas' inspection costs are based on estimated costs of \$500 per day for pipeline and M&R station retirement and \$1,000 per day for compressor station retirement. Inspection costs include direct labor, transportation, and per diem costs.
16. Estimated scrap value of carbon steel is \$125 per ton on-site. It is estimated that scrap value on-site is approximately 60 percent of the scrap value at the scrap yard. Salvage contractor will purchase scrap at the work site, prepare material for shipment to scrap yard, and transport to scrap yard. Preparation includes cutting material to proper size, cleaning tanks and vessels, removing pipe coating, etc.
17. Estimated gross salvage value of equipment at final abandonment is equal to cost of removal. Salvage contractor will purchase equipment at job site and transport to salvage yard where material will be prepared for final salvage.
18. Estimated gross salvage value of recoverable line pack is \$3.78 per Dth.
19. ROW easements will revert back to deeded owners. Legal fees, permit costs, and ROW damages incurred during final abandonment are included in MoGas' management and overhead costs. Option II line item "Pipe removal" includes additional ROW damage costs of \$2 per foot.
20. No costs are included in estimates to allow for potential future liability associated with pipelines abandoned in-place.
21. All abandonment costs are estimated in March 2009 dollars.