

Kinder Morgan selling gas lines, including most in Nebraska



AUGUST 20, 2012 8:28 AM • [FROM STAFF AND WIRE REPORTS](#)

Kinder Morgan Energy Partners LP on Monday said it has reached a deal to sell some of its assets, including more than 2,700 miles of natural gas pipelines in Nebraska, to Tallgrass Energy Partners LP for about \$1.8 billion in cash, a move necessary for its owner, Kinder Morgan Inc., to get regulatory approval for its \$20 billion buyout of El Paso Corp.

Kinder Morgan Inc. owns the general partner and limited partner interests in Kinder Morgan Energy. The Houston

company reached a deal with the Federal Trade Commission in March to sell assets in order to get approval for the El Paso transaction. The company completed the El Paso acquisition in May.

Kinder Morgan Energy is selling Kinder Morgan Interstate Gas Transmission and Trailblazer Pipeline Co., both of which cross Nebraska; the Casper-Douglas natural gas processing and West Frenchie Draw treating facilities in Wyoming; and its 50 percent stake in the Rockies Express Pipeline, which also crosses Nebraska, to Tallgrass Energy Partners of Overland Park, Kan.

Including debt, the company values the deal at \$3.3 billion. The transaction is supposed to close in the fourth quarter, pending FTC approval.

Kinder Morgan Energy says it plans to use proceeds from the sale to pay back a \$2 billion credit facility issued when it acquired the Tennessee Gas Pipeline and El Paso Natural Gas.

"As I previously stated, we would prefer to keep all of these assets, but we anticipated divestiture of certain assets in the Rockies would be necessary to obtain FTC approval," Chairman and CEO Richard Kinder said in a statement Monday.

Tallgrass is owned by The Energy & Minerals Group, Kelso & Co. and Tallgrass' management team, including CEO David G. Dehaemers, who is the former chief financial officer and executive vice president of corporate development for Kinder Morgan.

"The conversion of the Pony Express Pipeline portion of KMIGT into oil service, the seamless transitioning of its gas customers, and placing it in service during the second half of 2014 will be a significant focus for near-term growth," Dehaemers said in a news release. The Pony Express crosses the southwest corners of Kimball and Dundy counties in Nebraska.

Kinder said Tallgrass was interested in keeping the workers of the companies acquired.