

Benefits:

- Provided procurement and project management a single point of accountability for pipe production, logistics, offloading, and storage
- Eliminated the need for short-term staffing to locate rail spurs and build laydown yards along the project's right-of-way while minimizing inbound freight expense
- Simplified project accounting by providing firm freight costs thereby avoiding time-consuming reconciliation which often lags project completion

Project Background & Challenges:

- A 250-mile extension of the Pony Express Pipeline stretching from Kansas to Oklahoma to deliver Bakken crude oil to Cushing refineries
- Produce and deliver 250 miles of 24" FBE and ARO coated pipe to 4 locations along the right-of-way
- Locate 8 potential rail spurs and 16 potential greenfield storage yards along the right-of-way in a region where rail access and storage is in tight supply
- Subcontract an experienced crew for the leasing, clearing, and construction of the new laydown yards

Integrated Services Streamline Project Execution

As a freshly-formed company following its spin-off from Kinder Morgan, Tallgrass Energy Partners tackled the Pony Express Project to answer the call for Bakken midstream infrastructure. The project included converting an existing natural gas line running from Guernsey, Wyoming, to Lincoln, Kansas, to crude oil service. It also required building a 250-mile extension line which would transport the product down to Cushing, Oklahoma, for refining. To help them meet their aggressive construction timeline, Tallgrass engaged Stupp not only to produce and coat the pipe for the Cushing Extension but also to provide integrated services to pave the way for smooth delivery all the way to the laydown yard.

In order to complete this mission, Stupp studied the right-of-way and researched potential rail spur and storage yard locations ten months before pipe production even began. Due to heavy traffic in the Cushing region, the task was especially challenging. To minimize the transport distance of quadruple random length pipe for Tallgrass' construction crew, Stupp's creative logistics team subcontracted an experienced offloader to lease land close to the right-of-ways and construct laydown yards from scratch. They also arranged for the offloading of non-pipe items such as valves and fittings and contracted the necessary safety personnel at the yard. This saved Tallgrass' project team the time and risk of negotiating new terms and conditions with an additional party without sacrificing high quality service.

Over the course of two months, the pipe was produced and coated on Stupp's campus in Baton Rouge, Louisiana, and shipped by rail and truck to the completed laydown yards. Tallgrass was sent daily reports to keep them informed of the delivery status. Although meeting the promised completion date demanded a greater than expected quantity of more expensive truckload shipments, Tallgrass was protected from an increase in total freight charges by negotiating fixed freight costs with Stupp at the outset of the project. In addition, this simplified project accounting for Tallgrass by eliminating the need for time-consuming freight reconciliation.

“By utilizing Stupp's logistics team to manage the pipe handling all the way to the laydown yard, we avoided adding short-term staff to our supply chain group. This allowed us to focus our internal resources on engineering efforts, helping us efficiently execute a complex project at an accelerated pace.”

- Kevin Osif, VP Engineering & Technical Services
Tallgrass Energy Partners



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