FINAL TRANSCRIPT

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DPM - Q2 2009 DCP MIDSTREAM PARTNERS LP Earnings Conference Call

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CORPORATE PARTICIPANTS

Karen Taylor
DCP Midstream Partners - Director, IR

Mark Borer
DCP Midstream Partners - President & CEO

Angela Minas
DCP Midstream Partners - CFO

CONFERENCE CALL PARTICIPANTS

Gabe Moreen
Bank of America Merrill Lynch - Analyst

Michael Blum
Wells Fargo - Analyst

John Tysseland
Citi - Analyst

Jeremy Tonet
UBS - Analyst

Jessica Chipman
Tudor, Pickering, Holt & Company - Analyst

Helen Ryoo
Barclays Capital - Analyst

Yves Siegel
Credit Suisse - Analyst

Andrew Dunblatt
ASB - Analyst

PRESENTATION

Operator

Hello and welcome to the DCP Midstream Partners second quarter 2009 earnings conference call and webcast. (Operator instructions) Now, I would like to turn the conference over to Karen Taylor. Ms. Taylor?

Karen Taylor - *DCP Midstream Partners - Director, IR*

Good morning, and welcome to the DCP Midstream Partners second quarter 2009 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'll mention a couple of items. First, all of the slides we'll 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'd 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, 2008, as filed with the SEC on March 5, 2009 and updated through subsequent SEC filings.

In addition, during our discussion, we will use various non-GAAP measures, including distributable cash flow and adjusted EBITDA. These measures are reconciled to the nearest GAAP measure in schedules at the end of the presentation, starting with slide 25. We ask that you read those slides 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% interest in DCP East Texas Holdings, LLC, or East Texas, from DCP Midstream, LLC. Prior to this transaction, the Partnership owned a 25% interest, which is accounted for under the equity method. Subsequent to this transaction, the Partner owns a 50.1% 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 2008 historical results as recorded in 2008, when our ownership in East Texas was 25%.

And now, I'll turn it over to Mark Borer.

Mark Borer - *DCP Midstream Partners - President & CEO*

Thanks Karen. Good morning everyone and thanks for joining us today. Thank you also for your investment and/or interest in the Partnership. On slide 4 you will see our agenda for this morning. Solid second quarter results continue to build on our strong first quarter. We will start with a look at the successful execution of our 2009 business plan and an operational update. Angela will follow with a review of second quarter results and progress toward our 2009 targets. We'll then wrap up with your questions.

You'll turn to slide 5 for an update on our 2009 business plan, which we first laid out in December. Much of this plan was predicated on navigating through a difficult operating environment. We have been living the stress case, if you will, and have executed on our business plan. By the beginning of the second quarter we had placed all of our assets with disrupted operations back into service.

On April 1, we closed on the purchase of an additional 25.1% interest in the East Texas joint venture from DCP Midstream. This was an all-equity transaction with attractive terms that clearly demonstrated the strong support of our sponsors. By late second quarter we fully completed our East Texas gathering system expansion. We are continuing to execute on our Piceance Basin organic growth project.

During this period of financial market turmoil, we have kept focus on maintaining liquidity, a strong balance sheet and credit metrics. These have always been key objectives, although given changes in the financial markets, we believe it will be even more important going forward. Our success in delivering on our business plan positions us well. It demonstrates our resiliency in navigating challenging conditions. Combined with our strong sponsorship, diversified asset portfolio and financial strength, these factors should differentiate us in the market. All of this positions us well to be opportunistic in the current environment and to continue to grow the Partnership.

Let's now move to some highlights for the quarter. Turning to slide 6, our portfolio generated distributable cash flow of $23.2 million for the quarter $50.6 million year-to-date, resulting in a distribution coverage ratio of 1.0 for the quarter and 1.2 times year-to-date. These results provide a solid foundation to achieve our 2009 forecast.

Not withstanding lower commodity prices and reduced drilling activity, we have been able to achieve solid results from our geographically diverse asset base, business model and resourcefulness of our organization. Impacts from weak commodity market conditions were partially offset by our hedging program. Our cost reduction efforts have resulted in cost savings across all areas; operating expense, maintenance capital and G&A.

Our wholesale propane business delivered record quarter results by opportunistically capturing upside marketing opportunities and continuing to grow our baseline business. We also completed 2 organic growth projects in our natural gas services segment, which are providing immediate cash flows.

Now if you will turn to slide 7, let us spend a few minutes updating you on our segment operations, starting with natural gas services. We view our diverse geographic footprint as a strong positive, as it provides us with access to multiple resource plays, contract types and customers. This was evident in the second quarter, as low natural gas prices continued to put pressure on drilling activity across many basins. As expected, we have experienced some reduced volumes on certain of our systems. However, we are seeing new volumes on other systems associated with our gathering system expansion and offshore volume growth.

Let me provide a little more color on volumes around our systems. Our East Texas gathering expansion was completed in the second quarter and is currently flowing about 30 million cubic feet a day that was previously flowing to another party. These new volumes help offset declines elsewhere in our East Texas footprint. As we have previously discussed, we see opportunities to offset the decline in conventional drilling in East Texas with the Haynesville drilling near our assets.

Our North Louisiana volumes are down slightly from the first quarter. This is balanced by increased volumes primarily from the new Tahiti production at Discovery compared to Q1, which had also been impacted by downtime. Discovery's offshore volumes are back to pre-hurricane levels and have experienced a ramp-up with the addition of Tahiti gas, which is currently flowing at approximately 60 million cubic feet per day.

Douglas volumes have returned following the completion of our upgrades. Volumes elsewhere in our gas services footprint remained relatively flat in the second quarter when compared to the first quarter. So as you can see, our diversified portfolio provided a nice balance to our Q2 results.

We continue to make progress on our Collbran expansion in the Piceance Basin of Western Colorado. We have completed construction of the 24-inch pipeline. We are currently setting the compression and anticipate cash flow contributions from this expansion to commence in the fourth quarter. Margins related to this expansion are partially supported by a transport for pay commitment. While the current gas price environment is resulting in reduced drilling activity, we believe the ready inventory of wells in the area and the completion of our expansion will allow volumes to respond quickly once market conditions improve.

We have been focused on reducing costs across the Partnership, but the biggest impact from our cost management initiatives has been in the natural gas services segment. This has helped to offset some of the challenges of the current business environment.

Now moving to slide 8, we had another solid quarter at our Wholesale Propane segment. This business contributes fee-like earnings and provides diversification to our portfolio. As a reminder, this segment has some seasonality, with the majority of its earnings coming during the winter heating season in the fourth and first quarters. This business has a key competitive advantage with its breadth of supply options, which not only supply our base business, but also allows us to capture upside opportunities during favorable marketing conditions. We recently completed a very successful contracting season for the winter of 2009 and 2010 and continue to grow the base earnings power of this business.

Now moving to slide 9 for our NGL Logistics segment. Our pipeline volumes were up compared to Q1, as our connected plants were in recovery for the entire quarter. These assets provide 100% fee-based earnings and we see opportunities to expand this segment over time, including some near-term opportunities to provide new market outlets to processors near our existing footprint. We also anticipate new volumes in early 2010 from an expansion of a third-party plant connected to our Seabreeze Pipeline.

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

Angela Minas - *DCP Midstream Partners - CFO*

Thanks Mark and thank you for joining us today. On slide 11, we begin with the consolidated financial results, which are adjusted to remove the impact of non-cash mark-to-market activities of our commodity hedges, as well as the non-controlling interest in our joint ventures.

On April 1st we completed the dropdown of an additional 25.1% interest in East Texas, bringing our ownership to 50.1%. Prior to the transaction, we accounted for East Texas under the equity method. As a result of our owning over 50% and the transaction being between entities under common control, under GAAP we're required to present results of operations including all historical periods on a consolidated basis as if we always owned the additional interest. In addition to the consolidated results which are required to be recast, we also show the results as reported in 2008, which reflect trends and results achieved over time. As such, I will generally be discussing the results as reported in 2008 as the basis for comparison.

Additionally note that while we hedged the majority of our commodity risk, the portion of East Texas owned by Midstream is unhedged. As such, our consolidated results depict 75% of East Texas unhedged in all periods prior to Q2 of 2009 and 50% unhedged in Q2 of 2009.

Adjusted EBITDA increased by 24% for the quarter and 15% year-to-date compared to results reported in 2008. Adjusted EBITDA of $32.4 million for the quarter reflects the addition of our East Texas and Michigan acquisitions, reduced operating costs, continued strong results from our propane segment and favorable commodity hedge settlements, tempered by the impact of lower commodity prices, as well as lower processing margins and gas throughput volumes at certain of our natural gas assets. Year-to-date adjusted EBITDA of $72.6 million also includes the impact of operational downtime at our Discovery, East Texas and Wyoming assets in the first quarter of 2009.

Our distributable cash flow for the quarter was flat to last year, at approximately $23 million, resulting in a 1.0 coverage ratio for the quarter. Year-to-date DCF of $50.6 million, which includes the Q1 impact of maintenance capital for our pipeline integrity and system enhancement project in Wyoming, results in a 1.2 times coverage.

Total revenues and derivative activity for the quarter included non-cash loss of $54 million and current period hedge settlements received of $8 million, approximately half of which was associated with rebalancing our portfolio. This compares to second quarter of 2008 with the non-cash loss of $170 million and hedge settlement payments of $16 million. Year-to-date total revenues and derivative activity include a non-cash loss of $54 million. And current period hedge settlements received of $14 million in 2009, is compared to a non-cash loss of $199 million and hedge settlement payments of $25 million for the first two quarters of 2008.

Operating and maintenance expenses indicate and 11% decrease from the prior year, largely driven by our cost management initiatives. G&A reductions in Q2 are also driven by our cost reduction efforts. Interest expense reflects the addition of the Michigan acquisition and organic project spending.

Our strong results so far this year provide a solid foundation to achieve the 2009 DCF guidance we provided in December.

Moving to slide 12 for a review of Natural Gas Services segment results. Adjusted EBITDA for the quarter increased 22% from $28.2 million as reported in 2008, to $34.5 million in 2009. Results were positively impacted by the addition of the East Texas and Michigan acquisitions, reduced operating costs and favorable commodity hedge settlements. Partially offsetting those were the impact of lower commodity prices, as well as lower processing margins and gas throughput volumes, primarily at our East Texas and North Louisiana assets.

Year-to-date adjusted EBITDA declined by $6.2 million as compared to results reported in 2008, as Q1 2009 results also included the impact of operational downtime at Discovery, Wyoming and East Texas. Variance related to 2008 pooled results for East

Texas are also attributable to the dramatic difference in commodity price and processing margin environments between the periods and the fact that 75% of East Texas is shown as unhedged.

Gas throughput volumes increased by 32% for the quarter and 26% year-to-date from numbers reported in 2008. These increases are primarily a result of our acquisition, which were offset by a modest decline from the remainder of our portfolio.

Our equity investment represents our 40% interest in Discovery. Year-to-date results reflect the impact of the hurricanes, with repairs completed in the first quarter. Prior year results benefited from a much stronger processing environment which also provided opportunistic processing and marketing volumes and margins. As a reminder, hedge settlements for Discovery reside in the adjusted segment gross margin line.

Second quarter DCF includes the distribution from Discovery for cash flows one month in arrears, which is a change from previously one quarter in arrears. This will be the basis for future timing of distributions. The results demonstrate the resiliency of our cash flows and dramatically different commodity price and economic environments.

Slide 13 indicates the results from our Wholesale Propane segment. Results reflect the strongest off-peak quarter since we've owned it, with adjusted EBITDA increasing by $2 million for the quarter. Increased unit margins more than offset an approximate 4% decrease in volumes compared to Q2 of 2008, resulting from reduced overall industry demand. Our record year-to-date results reflect an increase in unit margins, as well as a 5% increase in volumes. Results include approximately $6 million attributable to the sale of inventory that was previously written down. The graphic on this slide depicts the steady growth trend in adjusted EBITDA by heating season year-over-year. This business is comprised of baseline annual term contracts and opportunistic marketing.

The arrow is meant to provide a pictorial of growth in the baseline business with marketing opportunities providing incremental upside in favorable environments. We continue to be pleased with the performance of this business and the diversity it adds to our cash flows.

For the NGL logistics segment on slide 14, adjusted segment EBITDA of $1.5 million for the quarter is consistent with results achieved over each of the past four years, although lower than 2008 comparison period as a result of lower throughput volumes. Year-to-date results were also impacted by ethane rejection at certain connected processing plants in the first quarter.

Now, let's move on to slide 15 for our forecast of distributable cash flow. We first introduced this forecast in December and updated it last quarter to include the East Texas transaction. We have not made any other changes to the underlying assumptions. If you take into account the commodity prices for the first six months and the current forward price curve, the forecast provided for 2009 would indicate DCF in the range of $75 to $85 million, as highlighted in the chart. Given our strong year-to-date results of $50 million, we would anticipate being at the high end of that range, however, given the current business environment, we continue to maintain a very cautious outlook.

Slide 16 depicts our multiyear hedging program, which provides cash flow stability through 2014. The objective of our commodity risk management program is to protect downside risk in our distributable cash flow. For the period 2009 to 2010, approximately 80% of our total equity volumes on a crude oil equivalent basis are hedged. Consistent with our multiyear strategy, we added both crude and gas hedges during the quarter at favorable prices. In addition to our highly hedged position, our significant fee-based business representing over 50% of margin, provides further downside protection to our cash flow.

Let's move to slide 17 to review our liquidity position, which fully supports the business plan we have laid out. We have an excellent $825 million credit facility that extends through June 2012. At the end of the second quarter we had drawn $603 million, resulting in available capacity of $222 million. Remaining expansion capital for the Piceance Basin project is approximately $30 million. We estimate liquidity at the end of 2009 of $180 to $190 million with the range factoring in any other capital or cash needs that may occur over the period.

Our cost of debt is highly competitive with the interest rate on our revolver currently at LIBOR plus 50 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 4.2% for 2009 and 2010, and 3.8% for 2011 and 2012. We are comfortably within our debt covenants. At the end of the quarter our leverage ratio was 3.7 times compared to the maximum allowable of 5.5. Interest coverage ratio was 5.5 times compared to a minimum allowable of 2.5.

In summary, we've continued to maintain liquidity and credit metrics consistent with our investment grade objectives and we believe that we are managing our business appropriately to achieve that goal. Given the recent capital market environment, there are certainly benefits in doing so, with respect to access to and cost of capital. This is certainly another key factor in our positioning for the future.

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

Mark Borer - *DCP Midstream Partners - President & CEO*

Thanks Angela. If you will turn to slide 18, I would like to close this morning with a brief recap of some key points. First, we are pleased with our results so far this year, which have provided us with 1.2 times distribution coverage year-to-date. Given the $50 million in distributable cash flow we have realized thus far, we would anticipate being at the high end of our 2009 forecast range. Our track record this year in navigating challenging conditions demonstrates our resiliency. It also indicates our ability to act quickly and decisively to changes in the business environment. We believe we are well positioned to withstand the current economic cycle as well as provide future growth for the Partnership.

Should we continue in a recessionary economic and reduced drilling environment, we believe the strength of our business model, our geographic customer and contract diversity and our long-term hedging program positions us well. While we remain strongly focused on the fundamentals, we also maintain a watchful eye toward opportunities in and around our footprint. As attractive opportunities for acquisitions or organic investment arise, we believe we are well positioned to execute on them.

The enterprise capabilities from the scale of DCP Midstream's business, its strategic asset positions and employee expertise, all benefit the Partnership. Having a strong sponsorship from DCP Midstream, Spectra Energy and ConocoPhillips is a significant benefit to us and our unitholders.

That is the conclusion of our prepared remarks, so I will turn it back over to the operator and we'll be happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator instructions) Our first question is from Gabe Moreen of Bank of America Merrill Lynch.

Gabe Moreen - *Bank of America Merrill Lynch - Analyst*

Congrats on the results and I guess if things keep going like they're going, you'll have to put $80 a barrel soon on your DCF forecast matrix. But anyhow, Mark, I did want to ask a big picture question in terms of playing offense and the opportunities out there. As you see it currently, are you biased or seeing more opportunities in terms of those bolt-on organic opportunities around your footprint or are you seeing more M&A opportunities out there potentially?

Mark Borer - *DCP Midstream Partners - President & CEO*

Relative to the growth opportunities, I would say it's probably really more around the footprint. We have a number of areas where we're eyeing opportunities in and around our assets. There are some things relative to say Michigan, East Texas, Discovery, where we see some opportunities emerging. As to the M&A front, I would say that's pretty quiet at this point. There have been some people selling some distressed assets. We've not participated in those from the viewpoint of their fit with our strategy. So we've been pretty much focused more around our existing footprint.

Operator

Your next question is from Michael Blum of Wells Fargo.

Michael Blum - *Wells Fargo - Analyst*

Maybe I'll just stay on the growth question that Gabe just asked. Are there any thoughts in terms of potential dropdowns from the sponsors? Is that still an option and is that on the table and what are the thoughts around that?

Mark Borer - *DCP Midstream Partners - President & CEO*

We haven't provided guidance in the past relative to dropdowns. Clearly, we've had a number of dropdowns in the past and our sponsors have been very constructive in our growth. Obviously that's a lever we have as we look at our future growth.

Michael Blum - *Wells Fargo - Analyst*

Okay. In the propane business, that was an interesting slide and you made the comment that the base business is growing. Can you just provide a little more detail as to what's allowing you to grow that base business? Are you adding storage, are you adding people; can you talk a little bit more about that?

Mark Borer - *DCP Midstream Partners - President & CEO*

As you might recall, since that asset was contributed to the Partnership we did add a new terminal back about two years ago and we continue to have some growth in and around that. I'd say the other key driver has been really the breadth of our supply options which have allowed us to improve our market penetration in that business. So that's helping our base earnings growth. Clearly we've been faced with some conservation in the business but we've been able to sustain volumes pretty well and have had a good year-to-date.

Lastly, the supply options also give us the ability to be able to meet peaking and marketing opportunities that might arise during the winter. So it's really been those things. We just think we have a very sound model from a wholesale viewpoint, manage our inventories well and really provide a quality customer service to our customer base.

Michael Blum - *Wells Fargo - Analyst*

Okay. And then last question, just on the natural gas side. You sort of talked about it from a qualitative standpoint, but I'm just curious if you could talk about the volumes quantitatively a little bit, on an apples to apples comparison or just on the base business ex the acquisition, if you could talk about what's been the quantity, you said it was modest and has it been in a particular area, have other areas been holding up better than others? Just any more details you can provide.

Mark Borer - *DCP Midstream Partners - President & CEO*

Sure. Michael, as you well know, we have a diverse footprint. If you take the noise out from the operational challenges and obviously we've had some quality acquisitions, if you kind of normalize that out, we think we're down versus last quarter, probably 1% to 2%. Actually in some respects I think the quality of earnings have hung in there pretty well.

If you go back to second quarter of 2008, I would say that would have been a period kind of late first quarter, early second quarter, which was pretty flush production in a number of our areas, we're probably down in the 8% range. If you actually back that up to the beginning of 2008, we're only down about 6%. And as you know, all margins aren't created equal. We feel that actually the strength of some of the margins, particularly if you look at some of the offshore growth with Tahiti, those are some pretty high margin volumes since they moved through our entire infrastructure, gathering, transmission, fractionation, obviously a processing facility.

Probably the more challenging areas have been in North Louisiana and I'd say to a lesser degree East Texas. We still see pretty good rig counts in East Texas in Panola County it is about half of what it was a year ago, but I'd say some of the national numbers are even down more in certain areas. So that's kind of the way we look at things and obviously East Texas has the Haynesville upside and we're starting to connect a few more wells there. That's a little more color on our footprint. Thank you.

Operator

Your next question is from John Tysseland of Citi.

John Tysseland - *Citi - Analyst*

Given the strength in the industry's liquid production, we've seen a lot of NGL storage increasing and I was curious to know if you're seeing that also on your propane storage that is in and around the consumer region or is that storage increase predominantly in and around the Mount Bellevue area?

Mark Borer - *DCP Midstream Partners - President & CEO*

John, I don't have the exact statistics in the market areas, but I think it's been primarily in the Mount Bellevue area and as you're probably aware, it does appear that the propane inventory, it's about 60 million barrels last I had seen. We do see ethane beginning to level off some and we're also aware that there's a couple of million barrels a month being exported propane wise. So it feels like we're beginning to work into those inventories. But that's what we're seeing.

John Tysseland - *Citi - Analyst*

Would you expect some of that inventory to get pushed into the more demand centric areas or do you think the propane stays around the Gulf Coast until it's actually needed?

Mark Borer - *DCP Midstream Partners - President & CEO*

I think you'll see some recharging. You always see some recharging of storage, particularly relative to the Northeast market and such, as they batch propane up in the summer. But I'd say the large percentage of it will be concentrated around the plentiful storage. I wouldn't say storage is necessarily plentiful, but they have obviously a lot of storage facilities in the Gulf Coast.

John Tysseland - *Citi - Analyst*

And then lastly, I guess if you look at the difference between some of the areas that you operate in, some being more dry gas areas, some being more liquids heavy, have you seen similar shifts where the rig activity is more heavily weighted toward the liquids areas and how does that change the way you view your next six to 12 months and where you plan to spend capital, or has that changed the way you operate your assets?

Mark Borer - *DCP Midstream Partners - President & CEO*

I think in a bigger picture sense, John, the drilling around the richer liquid areas, whether it's our footprint or our parents' footprint has been at a higher level and that's hung in there better. As you look around our footprint we do have some pretty rich plays from the viewpoint of what's the Mid-Continent, the Discovery, East Texas has fairly rich gas. So I don't see a huge shift in things, but I do think the fact that liquid recovery or richer gas is obviously supplementing the netbacks and the value back to the producer in this environment. The Rockies, we are doing the Piceance Basin expansion and that will connect that gas to Meeker. That will ultimately help those producers' netbacks as they look at their drilling options as well.

Operator

Your next question is from Jeremy Tonet of UBS.

Jeremy Tonet - *UBS - Analyst*

Congrats on the results. Just a quick question. Given the volatility in the NGL to crude ratio, have you considered using more direct NGL hedges as opposed to crude proxy hedges? Has your thinking changed at all along those lines?

Mark Borer - *DCP Midstream Partners - President & CEO*

We constantly assess our overall hedging program and the instruments that we use. As you know, we have used crude oil to a fair degree relative to hedging our propane plus relationship. We have been floating on ethane. The recent transaction that we did with Midstream, we did have a perfected hedge there for the majority of our NGLs for the first year. Basically we do monitor the overall market, the instruments and really try to use the instrument that we think gives us the best overall return and risk reward.

Operator

Your next question is from Jessica Chipman of Tudor, Pickering, Holt.

Jessica Chipman - *Tudor, Pickering, Holt & Company - Analyst*

A couple of quick questions for you. First, I'm not sure if I heard this right. Did you say you have take or pay commitments on your Collbran gathering system?

Mark Borer - *DCP Midstream Partners - President & CEO*

We have some transporter pay commitments for part, I'd say a substantial part of the Collbran expansion, yes.

Jessica Chipman - *Tudor, Pickering, Holt & Company - Analyst*

Okay. And then looking at wholesale propane, you mentioned some contracts for the winter heating season for 2009 and 2010. I just wanted to see if you could give us any color on that? Is that on margins, maybe a percent of the volumes? Any color would be helpful.

Mark Borer - *DCP Midstream Partners - President & CEO*

I don't have it at my fingertips on the absolute increase. We are getting some additional penetration and are moving to a higher level of term sales for that business and so we continue to go somewhat north on what we call the base volumes for the business. Angela, I don't know if you have anything at your fingertips there either, but I don't.

Angela Minas - *DCP Midstream Partners - CFO*

The base volumes have also been increasing with respect to the per unit margins that we've experienced over the last couple of quarters as well.

Jessica Chipman - *Tudor, Pickering, Holt & Company - Analyst*

Okay. The reason I ask is because I'm just trying to see, it looks like you had another good quarter as far as margin goes and I just want to see if that's sustainable. My last question is, when you think about your distribution, I know you guys are keeping it flat for now, is there any change to your theory on that? Are you guys thinking going forward you might grow distribution or is it still too early to tell?

Mark Borer - *DCP Midstream Partners - President & CEO*

We haven't provided any guidance on distribution growth in the past, however, I would say that obviously growing our distribution remains a key objective. We've been very focused on executing our plan. Obviously it's a challenging business environment we operate in. I would say in a bigger picture sense, we want to make sure that we've got the right fundamentals happening, not only in our business, in drilling our footprint, but also relative to the overall economy. Obviously the economy impacts the petrochemical business substantially and what happens with cars and housing and such. So while we're obviously very focused on providing future growth, we want to make sure that the fundamentals of the business are supporting things on a very sustainable basis, which has always been our practice.

Operator

Your next question is from Helen Ryoo of Barclays.

Helen Ryoo - *Barclays Capital - Analyst*

Just a question on your East Texas, the new volume coming in as a result of expansion, the 30 million, what is the GPM of that gas?

Mark Borer - *DCP Midstream Partners - President & CEO*

The GPM of that gas is probably about in the 2 to 2.5 GPM range.

Helen Ryoo - *Barclays Capital - Analyst*

Okay great. And then just a clarification, when you disclose your natural gas throughput, 1.1 billion, that includes Discovery volume as well, right?

Angela Minas - *DCP Midstream Partners - CFO*

Yes, it includes our 40% interest in Discovery.

Helen Ryoo - *Barclays Capital - Analyst*

Okay. And I guess year-over-year that's up 13% but your NGL gross production volume is down about 7% and is that just the Discovery adding to the 2009? I think the gas coming from Discovery is leaner than the rest of your system. Am I understanding it correctly?

Mark Borer - *DCP Midstream Partners - President & CEO*

I think the Discovery gas, honestly the Tahiti gas is very rich gas; it's probably 1,350 to 1,400 Btu so that's probably in the neighborhood of 5 GPM gas. The mix has changed somewhat. We did have some operational outages. I also think it's important to note as you look at year-over-year volumes we have much leaner volumes coming on in the shale plays in the Antrim, so you would see a larger percent increase likely in the gas throughput as compared to the NGL production.

Angela Minas - *DCP Midstream Partners - CFO*

And also just to clarify, I think you said that the volumes were up Discovery year-on-year. Volumes are actually down year-on-year for Discovery. We did have in 2008 a much stronger processing environment, so we were processing and marketing additional volumes on that basis, albeit lower per unit margins.

Helen Ryoo - *Barclays Capital - Analyst*

Okay, that's helpful. I guess it's more driven by the Antrim volume gas being leaner than the rest, I guess.

Mark Borer - *DCP Midstream Partners - President & CEO*

That's correct, Helen.

Operator

Your next question is from Yves Siegel of Credit Suisse.

Yves Siegel - *Credit Suisse - Analyst*

I have two questions. And I know it's early, but as you look out to 2010 and think about potential growth projects, any way to handicap what you might have that could come to fruition in terms of dollar amount?

Mark Borer - *DCP Midstream Partners - President & CEO*

Yves, we're in the process of really pulling together our 2010 capital opportunities. As we mentioned in the past, we do see some emerging opportunities relative to Discovery, relative to Michigan, relative to providing gathering expansion in the Haynesville around East Texas, so we think those types of opportunities will continue to develop. In a period that's a little bit more robust in the past, we've said that the footprint should throw off kind of $50 million a year of organic expansion opportunities. That's something we will obviously assess over time and obviously have to gear that to the level of drilling activity and our producer plans.

Angela Minas - *DCP Midstream Partners - CFO*

And from the financing side of that capital, we will end 2009 with close to $200 million in terms of remaining capacity on our facility. It does appear that the equity markets have opened up, so we do believe that we would be able to have access to the capital markets. And certainly as we look forward at financing, investment grade and our plans around that does play a role.

Yves Siegel - *Credit Suisse - Analyst*

Okay. The last question revolves around the wholesale propane business. How much working capital does that business consume and if you also can frame the answer around how much marketing activity is around that business as well?

Angela Minas - *DCP Midstream Partners - CFO*

It does not consume a lot of capital. You can see on our balance sheet we maintain pretty low levels of working capital. I think we would in the summer months maintain some inventory that would then be sold in the winter months, but probably less than $10 million I would say in terms of the maximum at any time of working capital required.

Yves Siegel - *Credit Suisse - Analyst*

So is it fair to say that the improvement in the business really does not revolve around putting more money to work there, more capital to work?

Angela Minas - *DCP Midstream Partners - CFO*

No. With the spot sales in the winter, that inventory moves pretty quickly.

Operator

Your next question is from Andrew [Dunblatt] of ASB.

Andrew Dunblatt - *ASB - Analyst*

Two quick questions. As you think about dropdowns is it your goal or is it part of your strategy to put the less capital intensive businesses, other words not so much in the early growth stages, build-out stages, into the Partnership and leave the businesses which require more capital in the parent?

Mark Borer - *DCP Midstream Partners - President & CEO*

I would say directionally that's yes, relative to when we look at a particular dropdown asset we want it to have a reasonable level of maturity with I would say some quality organic spending. As you know, in an MLP you need to be able to have transactions which provide accretion and cover distribution. So, if you have a hockey stick, so to speak, forecast on a growth asset, that's more difficult for the MLP.

Andrew Dunblatt - *ASB - Analyst*

I understand. My second question is related to the Eagleford shale, you have some assets there that could be of use to some of the drillers and I'm curious, are those assets in the Partnership or are they in the parent and how much capital do you need to spend to build it out and might they eventually be in the Partnership if they're not already there?

Mark Borer - *DCP Midstream Partners - President & CEO*

The predominant gathering and processing assets that could serve the Eagleford shale are at the DCP Midstream level and they are obviously focused on that opportunity. We could benefit or would likely benefit by some of their activity with respect to our Seabreeze or our natural gas liquids segment, as some of the process volumes could move through our natural gas and liquids pipelines.

I do think it's a play that will require more infrastructure development and we'll obviously work close with the owner of our GP as we assess that over time.

Andrew Dunblatt - *ASB - Analyst*

I see. And what is the 2010 plant expansion that helps Seabreeze? Which plant were you referring to there, the third-party plant?

Mark Borer - *DCP Midstream Partners - President & CEO*

Williams Companies has an expansion ongoing at their [Marcum] plant.

Operator

At this time there are no further questions. I'd like to turn the call back over to Karen Taylor for any closing remarks.

Karen Taylor - *DCP Midstream Partners - Director, IR*

Thanks Ryan and thanks to everyone for your interest in the Partnership. If you have further questions, please don't hesitate to give me a call. As a reminder, you can access a replay of this webcast as well as a transcript via our website at www.dcppartners.com. Have a great day.

Operator

That does conclude today's teleconference. Thank you for participating. You may now disconnect.
