FINAL TRANSCRIPT

DPM - Q4 2007 DCP MIDSTREAM PARTNERS LP Earnings Conference Call

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PRESENTATION

Operator

Hello, and welcome to the DCP Midstream Partners' Fourth Quarter and Year-End 2007 Earnings Conference Call and webcast call. All participants will be in a listen-only mode. There will be an opportunity to ask questions throughout today's presentation.

(OPERATOR INSTRUCTIONS)

Please note this conference is being recorded. Now, I would like to turn the conference over to Ms. Karen Taylor, Director of Investor Relations. Ms. Taylor, you may begin.

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

Good morning and welcome to the DCP Midstream Partners' Fourth Quarter and Year-End 2007 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 Tom Long, 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, 2006 as filed with the SEC on March 14, 2007, as updated through subsequent SEC filings.

In addition, during our discussion, we will use various non-GAAP measures including distributable cash flow, EBITDA, and gross margins. These measures are reconciled to the nearest GAAP measure and scheduled at the end of the presentation starting with slide number 18. We ask that you read those slides as well.

And finally, a note about the presentation of our earnings. The partnership completed the acquisition of Gas Supply Resources or GSR from DCP Midstream, the owner of our general partner, on November 1, 2006. On July 1, 2007, we completed the acquisition of equity interests in East Texas and Discovery from DCP Midstream. Since these transactions were between entities under common control, the historical results prior to the partnership's acquisition, including distributable cash flow, are included in the partnership's results for all periods presented.

Results for these assets and equity interests for periods prior to our ownership are allocated to predecessor operations to derive net income or loss attributable to limited partners. And now, I will turn it over to Mark Borer.

Mark Borer - *DCP Midstream Partners, LP - President, CEO*

Thanks, Karen, and good morning everyone and thanks for joining us. I will provide a quick look back on what we accomplished in 2007 and a current snapshot of our business. Tom Long will follow with a detailed review of the fourth quarter and annual numbers, as well as a look at our financing and risk management activities, and then we will be happy to take your questions. I will start with slide four.

2007 was an incredibly productive year for the partnership and we are happy to say it was one of delivering tremendous growth to our unit holders. Let me spend a couple of minutes recapping the year.

In April, we completed the purchase of our Ivan system which lies adjacent to our Minden Gathering system in North Louisiana for approximately $10 million. In May, we completed construction of our new propane terminal in Midland, Pennsylvania at a cost of approximately $14 million. Also in May, we completed the acquisition of gathering and compression assets in southern Oklahoma, what we call our Lindsay system, for approximately $181 million. These assets are adjacent to assets currently owned by DCP Midstream, so we had some immediate operational synergies.

In July, we completed the drop down from DCP Midstream of our equity interests in East Texas and Discovery for approximately $270 million. Our East Texas system is an integrated gas gathering and processing complex located primarily in Panola County, Texas and Discovery, primarily located in the Eastern Gulf of Mexico, gathers, transports, and processes deepwater Gulf of Mexico gas.

Then in August, we completed the acquisition of certain assets of Momentum Energy Group, namely our Douglas and Collbran systems for approximately $165 million. Our purchase was part of a larger transaction with Momentum in conjunction with DCP Midstream. The Collbran system gathers and processes Piceance Basin gas and the Douglas system gathers gas in the Powder River Basin.

All in all, we completed $625 million of acquisitions along with $25 million of organic growth capital spending on our Midland Propane Terminal and Collbran plant expansion in the Piceance. We are very pleased to expand our operating scope geographically into new operating basins and to add diversity to our cash flows.

Moving on to slide five, this activity has directly translated into attractive distribution growth. We announced a distribution increase on January 24, 2008 of 3.6% to $0.57 per unit of $2.28 annually. This represents a 33% increase over the fourth quarter distribution a year ago. The favorable operating results from our expanding asset base have allowed us to increase distributions for seven consecutive quarters. These increases total 63% in the two-year time frame since the IPO.

Let's move on to an update of our business and we will start with our Natural Gas Services segment on slide six. In our North Louisiana business, total well connects for 2007 were roughly the same as 2006. Total gathered and processed volumes at our Minden and Ada plants are up slightly in 2007 as compared to 2006. In late 2007, we tied the Ivan system, we purchased in April into our Minden Gathering system to process this gas at our plant. There is active drilling around Ivan, so we anticipate new volumes will be tied into Minden related to this acquisition.

Total transport volumes in our PELICO system are down 18% for the quarter and 10% for the year in 2007 as compared to 2006, primarily due to lower receipts at our [Berlin Field] Interconnect. In the fourth quarter, we had these contracted under a firm transportation agreement with minimum take provisions. Prospectively, we expect lower volumes from this point and have renegotiated this agreement with a lower minimum volume requirement but a higher fee.

Moving onto our Lindsay system at southern Oklahoma, volumes in the fourth quarter averaged approximately 19 million cubic feet a day, up from the previous quarter due to the August flooding of the third party NGL line moving Lindsay and other NGLs to market. Exco currently has one rig drilling in the Lindsay area and they have indicated their drilling plans for 2008 include one to two rigs and 17 wells, not all of which necessarily lie within the partnerships area of dedication. Exco was evaluating seismic data and the viability of horizontal drilling as well as considering down space -- downsizing to 40-acre spacing.

Merit Energy also has rig in the area and since our purchase of the system in May, we have connected six Merit wells including two wells in the fourth quarter. We have also invested in electronic measurement and we have completed the installation of new compression at Lindsay to eliminate rental compression and lower field operating pressures. These improvements are all part of our plan for Lindsay to take the system that was previously operated as proprietary to an E&P operation and apply our skills as a gatherer and processor to increase its profitability. Our ultimate plan for this asset is to tie it in next year for processing at a DCP Midstream-owned plant versus our current third-party processing arrangement.

At East Texas, where we own a 25% equity interest, processed volumes in the fourth quarter were almost 550 million cubic feet a day, up from approximately 530 million a day in the third quarter this year and 520 million a day from the fourth quarter of 2006. East Texas is a dynamic area with increased drilling, but also increased gathering and processing competition. As part of our strategy for this area, we have several capital projects underway to extend and increase the capacity of our gathering system.

Late in the fourth quarter of 2007, we reversed the flow direction of our Eastrans line to process at our plant the gas located to the west and gathered on our Fuels Cotton Valley system. By doing this, we are improving our gathering reach to access processable gas for our East Texas complex. We are also investing in the asset base to improve reliability and efficiency. In total, the partnerships' 25% share of these growth, reliability, and efficiency capital projects is estimated at approximately $10 million in 2008.

In addition to these projects, DCP Midstream as part of our purchase and sale agreement for the dropdown has agreed to invest additional monies at 100% cost to them to install new compression in the Carthage area.

Let's move on to Discovery where we own a 40% equity interest. The plant saw record volumes and processing margins in the fourth quarter. Plant inlet averaged 570 million cubic feet a day in the fourth quarter and slightly exceeded 600 million in December. Suppliers with available gas find that Discovery provides additional value through attractive processing margins and/or higher sales prices through extensive downstream market options.

Volumes coming in off of TETCO averaged approximately 150 million cubic feet a day in the fourth quarter and that contract has now been extended to May of 2008. Offshore volumes increased due to a well completion in early November from the Gomez prospect, adding approximately 25 million cubic feet a day to Discovery.

Earlier this month, Discovery reached agreement with ATP to dedicate an additional four blocks near the Gomez area and three blocks from the Mirage prospect in the Mississippi Canyon 941 area. ATP will construct 65 miles of 10-inch pipeline from the Mirage block to the Discovery system. There is no capital outlay by Discovery for this project. The Mirage, Morgus, and Telemark reserves within the [Telemom] area are approximately 100 billion cubic feet and the Gomez area reserves are estimated at an additional 60 Bcf. ATP is projecting flows from Telemom in the second quarter of 2009.

And finally, Discovery also recently signed an agreement with LLOG to tie in their Mississippi Canyon blocks 705 and 707 production to Discovery's existing production handling facility at Grand Isle 115 this summer. Reserves here are estimated at 30 Bcf. So, as you can, see Discovery had a great fourth quarter with volumes near or at capacity. We are even more excited about the new business they have secured to continue to support strong cash flows from this asset. This is all great news for Discovery.

At our Douglas Gathering system in Wyoming that we purchased on August 29, gathered volumes were approximately 23 million cubic feet a day for the quarter. We were given a boost in processing economics early in the fourth quarter given the richness of this gas and our percentage of proceed contracts for this asset. Gas prices also improved during the fourth quarter with the [direct] system coming online.

At our Collbran system in western Colorado also purchased on August 29, volumes averaged 73 million cubic feet a day for the quarter and ramped up to about 90 million cubic feet a day in the latter part of December. Volumes are expected to continue to ramp up with increased drilling by our partners in the system, Plains Exploration and Delta Petroleum. We completed a temporary expansion to increase process and capacity to 100 million cubic feet a day in late September and the permanent plan expansion to increase capacity to 120 million is still on track for completion by the end of the first quarter. We expect system volumes to be at or near the 120 million cubic feet a day of capacity by mid-2008.

Let's move onto our wholesale propane logistic segment on slide seven. Volumes are up about 15% for the quarter and about 7% for the year. The startup of our new pipeline terminal in Midland, Pennsylvania early this year was the primary driver for the volume increase. The fourth quarter of 2006 was the warmest on record for New England and 2007 was relatively warm as well. We have seen all the headlines about retail propane distributors seeing their volumes fall off in fourth quarter of 2007. Importantly, our volumes have held reasonably steady reinforcing the base-load nature of our business.

We are very pleased with the performance of this business and how we have been able to optimize our various supply sources with our sales. This is a logistics business where our profitability stems from our ability to stay abreast of a fast-changing market.

And now moving on to our NGL Logistics segment on slide number eight. We have obviously been in a strong commodity price environment with favorable processing economics to support NGL volumes. Volumes in this segment are up for both the quarter and the year, driven primarily by the addition of our Wilbreeze line in December 2006 that delivers NGLs from a DCP Midstream-owned processing plant to our Seabreeze line. Seabreeze volumes in total are down a bit from a year ago, but Black Lake lines are higher from increased throughput at the connected plants. These businesses generate 100% fee-based revenue.

To conclude, 2007 was a very productive and exciting year for us, for doing what we said we would do, delivering stable and increasing distributions to our unit holders from the disciplined execution of our optimize, build, acquire growth strategy. We are firing all cylinders of our strategy.

In 2007, we completed over $625 million of strategic acquisitions that extend our geographic scope and diversify our cash flows. All together, our success this year allowed us to increase our distributions to unit holders by 33%. We are pretty happy about that, but what's more, we are excited about the opportunities that lie ahead for the partnership. And with that, I will turn over to Tom for a look at the numbers.

Thomas Long - *DCP Midstream Partners, LP - VP, CFO*

Good morning, everyone. I will start off with the quarterly and year-to-date results and then move on to a brief discussion on financing and risk management. Starting on slide number 10, as Karen mentioned in accordance with the accounting rules, we have got the results from our wholesale propane logistics business we acquired in November of 2006 as well as the results from our equity interest in East Texas and Discovery that we acquired July 1 of 2007, pooled into our historic results as if we always owned them.

We have provided the net income numbers on a gross basis, but the per unit metrics are partially allocated to predecessor operations to account for the periods prior to our ownership of these assets. Our distributable cash flow for the year's results of operations for these periods of these assets are included in these predecessor -- predecessor earnings are included. For the fourth quarter, they are not though since we owned both of them in both periods.

As we go through the numbers, please note that our fourth quarter and year to-date 2007 operating results include non-cash losses associated with the mark-to-market of our commodity derivative instruments in the amount of $61.2 million for the quarter and $81.1 million for the year as compared to the non-cash gains of $300,000 and $100,000 for the corresponding periods in 2006.

Obviously, the significant run up in the crude oil in the fourth quarter was the driver for these non-cash losses that you see. Our hedging program was put in place to add stability to our cash flows that are subject to commodity price fluctuations, primarily within our Natural Gas Services segment and they have been very effective.

So all that said, our net loss for the quarter was $39.9 million as compared to net income of $15.6 million in the fourth quarter of last year. For the year of 2007, we reported a net loss of $15.8 million as compared to net income of $61.9 million for 2006. The primary reasons for this decrease in net income obviously is this mark-to-market that's more than offset the gains that I will talk about here now.

Our EBITDA for the fourth quarter 2007 was a loss of $23.5 million compared to earnings of $20.6 million for the fourth quarter of '06. Increases in margin from our Lindsay and Momentum acquisitions, as well as increases in equity earnings from the East Texas and Discovery assets were more than offset by the mark-to-market losses and higher in -- operating and maintenance cost related to these acquisitions.

Year-to-date for 2007, EBITDA was $29.2 million as compared to $79.9 million for 2006. Again, we benefited from the acquisitions and the higher equity earnings from East Texas and Discovery, but also from the strength in the wholesale propane business and higher condensate volumes that we saw on our systems.

These gains were more than offset by the non-cash mark-to market losses and the higher O&M expense from those acquisitions. These O&M expenses increased $4.7 million for the quarter and $8.4 million for the year as compared to the same periods in 2006. For the quarter and year-to-date comparisons, the increase is primarily due to the Lindsay and Momentum acquisitions.

Depreciation and amortization expense increased $5.4 million for the quarter and $11.6 million year-to-date in 2007 over the same periods in 2006 due to the asset acquisitions and the organic growth that Mark referred to. Net interest expense increased $5.9 million for the quarter and $15.3 million year-to-date over 2006 due to the increased debt balances that we took on associated with the acquisitions.

Now let's move on to the segments, looking at slide number 11. Our Natural Gas Services segment gross margin for the fourth quarter 2007 was a loss of $31.1 million compared to a gross margin of $19.4 million for the same period in 2006. For the year, gross margin was $16.2 million compared to $75.3 million in 2006. For the quarter, we realized increases in margin from the Lindsay and Momentum acquisitions that were more than offset by the mark-to-market losses of $59.8 million in this segment.

Year-to-date, the increases from these acquisitions and additional condensate volumes were more than offset by a combination of the mark-to-market losses of $78.3 million and the absence this year of approximately $2.5 million of some atypical marketing activity that we realized across PELICO in early 2006 after the 2005 hurricanes.

I want to mention that our results include the benefit of approximately $3 million in 2007 and approximately $4 million in 2006 from the ethane frac spread at Minden in North Louisiana. This was due to the terms of an agreement that we had with certain producers to pay out on our ethane extraction facility that was installed by our predecessor. That agreement paid out in the third quarter of '07. At such time, the ethane sharing percentage for those producers reverted from 100% to our account back to their POP percentages, similar to the other liquids that we share with them.

Our equity earnings -- for our interest in East Texas and our interest in Discovery was $16.1 million for the fourth quarter 2007 as compared to $5 million for the fourth quarter of '06. For the year, equity earnings increased to $38.7 million from $28.9 million in 2006. The increases for the quarter and the year were primarily due to higher plant throughput in NGL volumes and prices at Discovery, as well as higher NGL prices at East Texas, partially offset by lower throughput volumes.

On slide number 12, you will see the Wholesale Propane Logistics segment gross margin increased to $9 million for the fourth quarter of '07 as compared to $6.9 million for the fourth quarter of '06. The primary driver for the increase was higher unit margins as a result of our ability to manage various supply sources and increased sales volumes from the completion of our Midland Pennsylvania Terminal in May of 2007. These increases were partially offset set by $2.1 million of non-cash mark-to-market losses on commodity derivatives.

For the year, gross margin increased to $25.5 million as compared to $16 million for 2006. Primary drivers for the increase, once again, are the higher per unit margins followed by a decrease in 2007 of the non-cash lower cost-to-market inventory adjustments and higher sales volumes from our new Midland Terminal that we received in '07. These increases were partially offset by $3.9 million of non-cash mark-to-market losses.

One thing we do want to point out is that we did realize approximately $1 million of atypical margins in early '07 related to the recapture of some of these inventory write-downs taken in late 2006.

Moving to the NGL Logistic segment on slide number 13, gross margin increased $300,000 for the fourth quarter and $800,000 for the year in 2007 as compared to the same periods in '06. The primary driver is the addition of the volumes from our Wilbreeze pipeline that became operational in December of 2006.

Equity earnings in our Black Lake pipeline decreased $600,000 for the quarter, but increased $300,000 for the year in 2007, as compared to the 2006. Primary reason for the decrease in the quarter is pipeline integrity cost. The increase for the year is due to the additional volumes coming in from the Jasper Pipeline, as well as the Ceritas plant that was connected to Black Lake in late 2006, partially offset by pipeline integrity cost in the fourth quarter of 2007.

Mark mentioned the increase in our distribution for the quarter to $0.57 per unit or $2.28 on an annual basis. Our distributable cash flow for the three months ended December 31, 2007 was $25.1 million or 1.6 times the amount required to cover the distributions to both the general partner and the limited partner. And I as mentioned earlier, this is not impacted by the asset pooling.

Let's move on to discuss the finance and risk management activities on slide number 14. We will start with the debt. Our debt balance did not change this quarter. We have $530 million outstanding on the revolver, $100 million outstanding as part of our term loans under this $850 million bank facility that we have and, as you will remember, the term loan is fully collateralized with marketable securities. So, we look at our net debt which is the $530 million.

During the fourth quarter, we did enter into some additional interest rate swaps for $100 million of our debt balances. We have hedged approximately now 80% of our outstanding revolver debt with interest rate swaps. Taking into account these swaps, the weighted average interest rate on our revolver debt is 5.3%.

Let's talk just a minute about the commodity sensitivity and the hedging activity on slide number 15. As we indicated last quarter, we estimate about 55% of our business is commodity sensitive and about 45% is fee based. Of the commodity sensitive piece, our hedge positions for 2008 cover approximately 70% of our exposure, leaving approximately 15% to 20% of our business exposed to commodity price fluctuations. Because our contract structure within our commodity sensitive assets is primarily POP, we are of course raw natural gas, natural gas liquids and condensate.

And here our new, I guess, commodity price sensitivities on a cash flow basis, a $1 per MMBtu change in natural gas price impacts cash flow on an annual basis by approximately $1.2 million, a $0.10 per gallon change in NGL prices impacts cash flow on an annual basis by approximately $2.8 million, and a $5 per barrel change in crude oil prices impacts cash flow on an annual basis by approximately $300,000.

Our overall weighted average fixed price under these swaps for natural gas in 2008 is $8.38 for natural gas. Our swap price for crude averages about $67.19 per barrel. With that, we are ready to open it up for questions.

QUESTIONS AND ANSWERS

Operator

Thank you. (OPERATOR INSTRUCTIONS). Our first question will come from Michael Blum from Wachovia Securities. Please go ahead, sir.

Michael Blum - *Wachovia Securities - Analyst*

Thanks. Good morning, everyone.

Thomas Long - *DCP Midstream Partners, LP - VP, CFO*

Good morning.

Mark Borer - *DCP Midstream Partners, LP - President, CEO*

Good morning.

Michael Blum - *Wachovia Securities - Analyst*

A couple of questions, maybe start with a big picture question. You had a lot of success and growth in 2007. Can you just talk about how you think about growth in 2008 and just within the context of access to capital and what is going on in the capital markets right now?

Mark Borer - *DCP Midstream Partners, LP - President, CEO*

Okay, I will talk a little bit about growth and maybe Tom can follow up with a little bit of a dialog on capital markets. This is Mark. I mean, we see continued opportunities for growth out there. Obviously with the expanded footprint we have, we believe we will continue to see and are seeing some opportunities for organic growth. We still -- we have a number of areas that have very active drilling and infrastructure needs. You can see obviously there is very good activity on Discovery and not all that requires capital given that some of the -- some of the production obviously is getting billed to us.

Places like East Texas and the Piceance Basin expansion, we would -- we had hoped to continue to execute growth there and I would say, we will continue to execute on our optimized build and acquire strategy. So, Tom, you might follow up a little bit on capital market views.

Thomas Long - *DCP Midstream Partners, LP - VP, CFO*

Yes. Clearly, the capital markets have been changing quite a bit. Michael, I think for good projects, we feel very optimistic that both the debt and the capital markets we can access. There is no doubt that from a yield standpoint, the overall cost of capital, it will impact what prices you pay for acquisitions. But, at this point, we feel -- I would like to say, we feel very good about access to the capital markets.

Michael Blum - *Wachovia Securities - Analyst*

Okay. Just a couple of follow ups on that. One, so in terms of the different tools to grow NOE, acquisitions, both third party and drop downs, are still on the table and also, Tom, can you just also talk about what is your liquidity I guess? Just what do you have in terms of availability on the credit facility and what are the durations of those interest rate swaps you put on?

Mark Borer - *DCP Midstream Partners, LP - President, CEO*

Yes, I would say relative to the first part of your question, yes, we would continue to expect to execute on all fronts. We have not provided any forward-looking views relative to drop downs, but obviously we have had a very supportive sponsor in the past. Go ahead, Tom.

Thomas Long - *DCP Midstream Partners, LP - VP, CFO*

Okay. Yes, let me think of debt, all these marked down here, Michael, but starting off with the kind of the liquidity, from a credit facility standpoint, we have the $530 million outstanding under the revolver. The revolver piece is currently at $600 million. So, we have about $70 million capacity under that. We have $100 million outstanding under that term loan which is fully collateralized, which can be used for growth capital, not for drop downs, but it can be used for third-party type transactions. So that capacity is there also.

Our credit facility does have $150 million accordion feature on it that takes a -- it does take a vote of the banks to get that -- the availability to that extra $150 million from that standpoint.

As far as the swaps, we do tie these swaps to our credit facility. In other words, they go out, the five years. So, a portion of these were put on with the original credit facility that we put on -- that we started in 2005. So, those run through December 2010. The other was the credit -- I am sorry, that we put on in 2006. They run through 2011. The other facility was -- the facility that we upsized in June of last year goes through 2012 and those are tied to the term of that facility.

Michael Blum - *Wachovia Securities - Analyst*

Great. Thanks, guys.

Thomas Long - *DCP Midstream Partners, LP - VP, CFO*

You bet.

Mark Borer - *DCP Midstream Partners, LP - President, CEO*

Thank you.

Operator

(OPERATOR INSTRUCTIONS). We have a follow-up question from Michael Blum from Wachovia Securities. Please go ahead.

Michael Blum - *Wachovia Securities - Analyst*

Thanks. I was trying to be polite.

Mark Borer - *DCP Midstream Partners, LP - President, CEO*

Thanks, Mike.

Michael Blum - *Wachovia Securities - Analyst*

Just on the -- I guess just more on the operations, a couple of quick ones. One, can you just clarify in terms of the equity earnings interest on the East Texas asset? I saw it in the press release, it seemed like prices -- you benefited from higher prices, but volumes were down. But, your comments, Mark, seem to have indicated that the volumes are actually up. So, can you just clarify that?

Mark Borer - *DCP Midstream Partners, LP - President, CEO*

Yes, in the processing volumes, we are slightly up when we compared to the fourth quarter these -- all the numbers here again, Michael, bear with me. What we were comparing there was the inlet volumes for the East Texas processing plant.

Michael Blum - *Wachovia Securities - Analyst*

Okay. So those are up?

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

And total throughput, slightly down.

Mark Borer - *DCP Midstream Partners, LP - President, CEO*

Yes.

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

For the year.

Mark Borer - *DCP Midstream Partners, LP - President, CEO*

Yes. For the year, we were slightly down for the year, but relative to the -- we were comparing it -- the fourth quarter, we said we were about 550 million, that was up from about 530 million in the third quarter of the year and we were little bit lower actually in the fourth quarter 2006.

Michael Blum - *Wachovia Securities - Analyst*

Okay.

Mark Borer - *DCP Midstream Partners, LP - President, CEO*

But, we did trend up. Later in the year, we have had producers like Devon and others have some success on some horizontal drilling in the footprint and then the reversal of our Eastrans line is brining some more volumes in as well.

Michael Blum - *Wachovia Securities - Analyst*

Okay. So looking into '08, you expect that trend to be upwards then, in terms of volume?

Mark Borer - *DCP Midstream Partners, LP - President, CEO*

Well, as we mentioned, it is a dynamic area. I think that we continue to see good activity. As to whether it will trend up or not, it will probably depend on how some of these packages are captured on the margin. From what can see right now, we are having good activity carry into 2008, in the first part of 2008.

Michael Blum - *Wachovia Securities - Analyst*

Okay. Thanks, guys.

Mark Borer - *DCP Midstream Partners, LP - President, CEO*

Yes.

Operator

(OPERATOR INSTRUCTIONS). Thank you. We do have another question from Helen Zhu from Lehman Brothers. My apologies, please go ahead. Helen, do you have a question?

Helen Zhu - *Lehman Brothers - Analyst*

Oh, yes. Sorry, I was on mute. So, yes, just a question on your Collbran processing capacity expansion, I think in the past you said the total cost is $22 million and your share should be around $15 million. Just wondering how much of that has already been incurred?

Mark Borer - *DCP Midstream Partners, LP - President, CEO*

We will complete the expansion by the end of the first quarter. I think there is roughly probably relative to [ADS] number as opposed to the cutback of 70%, we think there is about $3 million -- $3 million, $4 million left to spend in the first quarter.

Helen Zhu - *Lehman Brothers - Analyst*

Okay. And your organic part, I think in the past you said may be $50 million of organic projects per year going forward. Is that a pretty solid number for what you see in '08?

Mark Borer - *DCP Midstream Partners, LP - President, CEO*

Well, I would say, we have laid that out as far as kind of a number that we thought that this expanded footprint can kind of hit on average. As you well know that the spending can be somewhat lumpy year-over-year, but we felt that over a three-year period that this expanded footprint could provide at least all sorts of opportunities in the $50 million range.

Helen Zhu - *Lehman Brothers - Analyst*

Okay, great, and just one more. On your coverage, obviously, you have a very high coverage for the quarter and the year and I guess, some of that is not may be prudent not to pay out the benefit from the favorable commodity environment. But, just in '08, do you expect -- given your expectation on the commodity environment, do you expect to have a pretty high coverage ratio?

Mark Borer - *DCP Midstream Partners, LP - President, CEO*

Yes, I mean we will continue to -- when we look at our distribution policy, we would look at what we believe we can sustain distributions at. Clearly, in an environment where we have these record processing spreads, it is impacting some of the unhedged volumes on the margin.

The thing I would keep in mind, I mean, 16 is the coverage we had in the fourth quarter. Clearly, that's a higher quarter for the wholesale propane business. Obviously, as we look forward at our distributions, it will be a decision we make with the Board, ultimately what level to carry that to. We have stated in the past that we felt that we would have a long-term coverage ratio in the 1-to-1 to 1-to-2 range.

So, obviously, we have exceeded that in the fourth quarter by some margin. But just to be clear, some of that that we have exceeded it by is we have higher seasonal margins and profitability from the propane business in the fourth quarter -- in the first quarter of the year relative to the second and third quarters. So, we try to look at it on a kind of a four quarter basis are annualized.

Helen Zhu - *Lehman Brothers - Analyst*

Okay. All right, thank you so much.

Mark Borer - *DCP Midstream Partners, LP - President, CEO*

Sure.

Operator

This does conclude today's question-and-answer session. I would like to turn the conference back over to Ms. Taylor.

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

Thanks to everyone for your interest in the partnership and if you have any 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 the transcript via our website at www.dcppartners.com. Thanks and have a great day.

Operator

This does conclude today's DCP Midstream Partners conference call. Thank you for your participation and you may disconnect now.
