

K.W.B.  
**Pipeline Corporation**

RECEIVED BY

2010 MAR 15 A 9 14

4643 South Ulster Street  
 Suite 1100  
 Denver, CO 80237  
 (303) 694-2667  
 Fax: (303) 694-2763

PUBLIC SERVICE  
 COMMISSION

Mr. Leroy Beeby, Utility Rate Analyst  
 Montana Public Service Commission  
 1701 Prospect Ave.  
 P.O. Box 202601  
 Helena, MT 59620-2601

RE: Pipe Line Company Annual Report: 2009 Calendar Year

In accordance with 38.7.102, KWB Pipeline Corp. is providing the annual report for the KWB Pipeline in Stillwater County to the Public Service Commission of the State of Montana. While the full report follows, this letter serves as a summary.

The officers and directors, and their residences are listed in the table below.

OFFICERS		DIRECTORS	
Name	Address	Name	Address
Clark Clement, <i>President</i>	245 Commerce Green Blvd. Suite 270 Sugar Land, TX 77478	John Mork, <i>Chairman</i>	4643 S. Ulster Street, Suite 1100 Denver, CO 80237
Dennis L. McGowan, <i>Vice Pres. /Treasurer</i>	4643 S. Ulster Street, Suite 1100 Denver, CO 80237	Dennis L. McGowan	4643 S. Ulster Street, Suite 1100 Denver, CO 80237
Julie Ann Kitano, <i>Secretary</i>	4643 S. Ulster Street, Suite 1100 Denver, CO 80237	Clark Clement	245 Commerce Green Blvd. Suite 270 Sugar Land, TX 77478

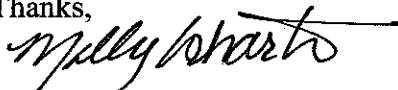
The financial data, as of and for the period ending December 31, 2009 is summarized in the following table.

Item	Amount (USD)
Capital Stock	\$1,000
Bonded Indebtedness	\$0
Total Capital Investment	\$4,024,658
Current Year Capital Investment	\$0
Assets	\$1,989,524
Liabilities	\$1,513,955
Operating Revenues	\$0
Operating Expenses	\$176,216
Depreciation	\$628,260

The pipeline has been shut in so there has been no natural gas delivered or lost during the transportation process.

Please let me know if you have any questions or if you need more information.

Thanks,



Molly Wharton  
 Petroleum Engineer, Energy Corporation of America  
 (281) 277-4300, mwharton@energycorporationofamerica.com

## OPERATING PROPERTY

For Year Ended December 31, 2009

	System		Montana	
	Bal Begin Year	Bal End Year	Bal Beg Year	Bal End Year
<b>GATHERING LINES</b>				
Land .....				
Right of Way (Net) .....	225,695	171,528	225,695	171,528
Line Pipe (Net) .....	2,359,121	1,792,932	2,359,121	1,792,932
Line Pipe Fittings .....				
Pipeline Construction .....				
Buildings .....				
Boilers .....				
Pumping Equipment .....				
Machine Tools & Machinery .....				
Other Station Equipment .....				
Oil Tanks .....				
Delivery Facilities .....				
Communication Systems (Net) .....	1,013	769	1,013	769
Office Furniture and Equipment .....				
Vehicles & Other Work Equipment .....				
Other Property: Meters (Net) .....	31,967	24,295	31,967	24,295
<b>TOTAL (Net)</b> .....	<b>2,617,796</b>	<b>1,989,524</b>	<b>2,617,796</b>	<b>1,989,524</b>
<b>TRUNK LINES</b>				
Land .....				
Right of Way .....				
Line Pipe .....				
Line Pipe Fittings .....				
Pipeline Construction .....				
Buildings .....				
Boilers .....				
Pumping Equipment .....				
Machine Tools & Machinery .....				
Other Station Equipment .....				
Oil Tanks .....				
Delivery Facilities .....				
Communication Systems .....				
Office Furniture and Equipment .....				
Vehicles & Other Work Equipment .....				
Other Property .....				
<b>TOTAL</b> .....				
<b>GENERAL</b>				
Land .....				
Buildings .....				
Machine Tools & Machinery .....				
Communications Systems .....				
Office Furniture .....				
Vehicles & Other Work Equipment .....				
Other Properties .....				
Construction Work in Progress .....				
<b>TOTAL</b> .....				
<b>GRAND TOTAL (Net)</b> .....	<b>2,617,796</b>	<b>1,989,524</b>	<b>2,617,796</b>	<b>1,989,524</b>



**INCOME ACCOUNT****MONTANA**

As of December 31, 2009

	This Year	Last Year
<b>OPERATING REVENUES</b>		
Pipeline Operating Revenues .....	-	1,092,323
Other Earnings from Operations .....		
Total Operating Revenues .....	-	1,092,323
<b>OPERATING EXPENSES</b>		
Pipeline Trans. & Other Oper. Expenses .....	61,131	100,768
Rental Expense .....	29,185	9,186
General Expense .....	85,865	126,302
Total .....	176,181	236,256
Depreciation .....	628,270	1,055,639
Taxes, Federal Excluded .....	30	56,822
Federal Taxes .....	(359,284)	(187,565)
Total Operating Expenses .....	445,197	1,161,152
Net Operating Expenses .....	445,197	1,161,152
Non-Operating Revenues (Net) .....	-	-
Gross Income .....	-	1,092,323
<b>DEDUCTIONS FROM GROSS INCOME</b>		
Interest on Funded Debt .....		
Interest on Other Debt .....	93,839	211,034
Other Deductions .....		
Total .....	93,839	211,034
Net Income .....	(539,036)	(279,863)
<b>DISPOSTION OF NET INCOME</b>		
Dividends .....	-	-
Surplus or Deficit for Year .....	(539,036)	(279,863)
Surplus or Deficit Beginning of Year .....	1,013,608	1,293,471
Adjustments During Year .....		
Surplus or Deficit at Close of Year .....	474,572	1,013,608

## ALLOCATION INFORMATION

## KWB PIPELINE

As of December 31, 2009

BASIC DATA	SYSTEM	MONTANA	BALANCE OF SYSTEM
<b>INVESTMENT</b>			
Lines of Pipe .....	\$	\$	\$
Other (included CWIP, M & S) .....	\$	\$	\$
<b>USE</b>			
Barrel Miles .....			
<b>TERMINAL</b>			
Originating Barrels .....			
Terminating Barrels .....			
<b>MILES</b>			
Pipe .....			

NOTES:

**PROPERTIES IN MONTANA PURCHASED OR SOLD DURING  
THE YEAR ENDED DECEMBER 31, 2009**

<b>TYPE</b>	<b>LOCATION</b>	<b>PURCHASE OR SALES PRICE</b>
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**AFFIDAVIT**

STATE OF Texas )  
County of Fort Bend ) ss.

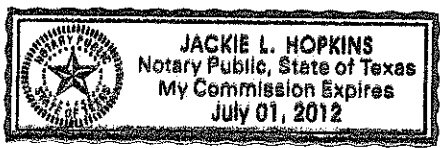
I, the undersigned, on oat do say that the foregoing return and any accompanying schedules have been prepared from the original books, papers and records of KWB Pipeline Corp. Company; that I have carefully examined the same; and declare the same to be a complete and correct statement of the business and affairs of the said company in respect to each and every matter ant thing set forth, to the best of my knowledge and belief; and I further say that no deductions were made before stating the gross earnings or receipts herein set forth, except those shown in the foregoing accounts.

Clark Clement  
(Signature)  
**CLARK CLEMENT**  
President  
(Official Title)

SUBSCRIBED AND SWORN to before me at 245 Commerce Green, Sugar Land, Texas  
this 11th day of March, 2010.

J Hopkins  
(Notary Public)

Jackie L Hopkins  
(Name printed or typed)



My Commission Expires: 7-1-12