GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

December 19, 2019

Jose Cervantes
Superintendent
Pecos-Barstow-Toyah Independent School District
1301 South Eddy Street
Pecos, Texas 79772

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Pecos-Barstow-Toyah Independent School District and MarkWest Energy West Texas Gas Company, L.L.C., Application 1421

Dear Superintendent Cervantes:

On October 2, 2019, the Comptroller issued written notice that MarkWest Energy West Texas Gas Company, L.L.C. (applicant) submitted a completed application (Application 1421) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on August 15, 2019, to the Pecos-Barstow-Toyah Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.

[1] All Statutory references are to the Texas Tax Code, unless otherwise noted.

Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1421.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem tax* revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state, see Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of October 2, 2019, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

FOR Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of MarkWest Energy West Texas Gas Company, L.L.C. (project) applying to Pecos-Barstow-Toyah Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of MarkWest Energy West Texas Gas Company, L.L.C.

Applicant	MarkWest Energy West Texas Gas Company, L.L.C.
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Pecos-Barstow-Toyah ISD
2018-2019 Average Daily Attendance	2,539
County	Reeves
Proposed Total Investment in District	$110,000,000
Proposed Qualified Investment	$110,000,000
Limitation Amount	$30,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,139.81
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,139.81
Minimum annual wage committed to by applicant for qualified jobs	$59,270
Minimum weekly wage required for non-qualifying jobs	$1,204.00
Minimum annual wage required for non-qualifying jobs	$62,608
Investment per Qualifying Job	$11,000,000
Estimated M&O levy without any limit (15 years)	$9,396,972
Estimated M&O levy with Limitation (15 years)	$5,281,446
Estimated gross M&O tax benefit (15 years)	$4,115,526

Table 2 is the estimated statewide economic impact of MarkWest Energy West Texas Gas Company, L.L.C. (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	100	122	222	$5,927,020	$11,099,412	$17,026,432
2022	60	103	163.28	$3,556,212	$10,295,080	$13,851,292
2023	10	50	60	$592,702	$5,756,166	$6,348,868
2024	10	40	50	$592,702	$5,077,823	$5,670,525
2025	10	33	43	$592,702	$4,567,290	$5,159,992
2026	10	29	39	$592,702	$4,274,152	$4,866,854
2027	10	28	38	$592,702	$4,177,964	$4,770,666
2028	10	28	38	$592,702	$4,232,490	$4,825,192
2029	10	29	39	$592,702	$4,410,256	$5,002,958
2030	10	30	40	$592,702	$4,670,988	$5,263,690
2031	10	31	41	$592,702	$4,980,761	$5,573,463
2032	10	33	43	$592,702	$5,330,701	$5,923,403
2033	10	34	44	$592,702	$5,630,911	$6,223,613
2034	10	34	44	$592,702	$5,974,789	$6,567,491
2035	10	35	45	$592,702	$6,334,084	$6,926,786
2036	10	36	46	$592,702	$6,703,362	$7,296,064
2037	10	37	47	$592,702	$7,079,990	$7,672,692

Source: CPA REMI, MarkWest Energy West Texas Gas Company, L.L.C.

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Pecos-Barstow-Toyah ISD I&S Tax Levy	Pecos-Barstow-Toyah ISD M&O Tax Levy	Pecos-Barstow-Toyah ISD M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves County Hospital District Tax Levy	Reeves County Groundwater Conservation District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1550	0.9700		0.4995	0.2400	0.0040	
2023	$90,250,000	$90,250,000		$139,888	$875,425	$1,015,313	$450,817	$216,600	$3,610	$1,686,339
2024	$85,738,000	$85,738,000		$132,894	$831,659	$964,553	$428,278	$205,771	$3,430	$1,602,032
2025	$81,451,000	$81,451,000		$126,249	$790,075	$916,324	$406,864	$195,482	$3,258	$1,521,928
2026	$77,378,000	$77,378,000		$119,936	$750,567	$870,503	$386,519	$185,707	$3,095	$1,445,823
2027	$73,509,000	$73,509,000		$113,939	$713,037	$826,976	$367,192	$176,422	$2,940	$1,373,530
2028	$69,834,000	$69,834,000		$108,243	$677,390	$785,633	$348,835	$167,602	$2,793	$1,304,862
2029	$66,342,000	$66,342,000		$102,830	$643,517	$746,348	$331,392	$159,221	$2,654	$1,239,614
2030	$63,025,000	$63,025,000		$97,689	$611,343	$709,031	$314,822	$151,260	$2,521	$1,177,635
2031	$59,874,000	$59,874,000		$92,805	$580,778	$673,583	$299,083	$143,698	$2,395	$1,118,758
2032	$56,880,000	$56,880,000		$88,164	$551,736	$639,900	$284,127	$136,512	$2,275	$1,062,814
2033	$54,036,000	$54,036,000		$83,756	$524,149	$607,905	$269,921	$129,686	$2,161	$1,009,673
2034	$51,334,000	$51,334,000		$79,568	$497,940	$577,508	$256,424	$123,202	$2,053	$959,186
2035	$48,767,000	$48,767,000		$75,589	$473,040	$548,629	$243,601	$117,041	$1,951	$911,221
2036	$46,329,000	$46,329,000		$71,810	$449,391	$521,201	$231,423	$111,190	$1,853	$865,667
2037	$44,013,000	$44,013,000		$68,220	$426,926	$495,146	$219,854	$105,631	$1,761	$822,392
			Total	**$1,501,578**	**$9,396,972**	**$10,898,550**	**$4,839,150**	**$2,325,024**	**$38,750**	**$18,101,474**

Source: CPA, MarkWest Energy West Texas Gas Company, L.L.C.
*Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Reeves County, Reeves County Hospital District and Reeves County Groundwater Conservation District with all property tax incentives sought using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Pecos-Barstow-Toyah ISD I&S Tax Levy	Pecos-Barstow-Toyah ISD M&O Tax Levy	Pecos-Barstow-Toyah ISD M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves County Hospital District Tax Levy	Reeves County Groundwater Conservation District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1550	0.9700		0.4995	0.2400	0.0040	
2023	$90,250,000	$30,000,000		$139,888	$291,000	$430,888	$225,408	$216,600	$3,610	$876,506
2024	$85,738,000	$30,000,000		$132,894	$291,000	$423,894	$214,139	$205,771	$3,430	$847,234
2025	$81,451,000	$30,000,000		$126,249	$291,000	$417,249	$203,432	$195,482	$3,258	$819,422
2026	$77,378,000	$30,000,000		$119,936	$291,000	$410,936	$193,259	$185,707	$3,095	$792,998
2027	$73,509,000	$30,000,000		$113,939	$291,000	$404,939	$183,596	$176,422	$2,940	$767,897
2028	$69,834,000	$30,000,000		$108,243	$291,000	$399,243	$348,835	$167,602	$2,793	$918,472
2029	$66,342,000	$30,000,000		$102,830	$291,000	$393,830	$331,392	$159,221	$2,654	$887,096
2030	$63,025,000	$30,000,000		$97,689	$291,000	$388,689	$314,822	$151,260	$2,521	$857,292
2031	$59,874,000	$30,000,000		$92,805	$291,000	$383,805	$299,083	$143,698	$2,395	$828,980
2032	$56,880,000	$30,000,000		$88,164	$291,000	$379,164	$284,127	$136,512	$2,275	$802,078
2033	$54,036,000	$54,036,000		$83,756	$524,149	$607,905	$269,921	$129,686	$2,161	$1,009,673
2034	$51,334,000	$51,334,000		$79,568	$497,940	$577,508	$256,424	$123,202	$2,053	$959,186
2035	$48,767,000	$48,767,000		$75,589	$473,040	$548,629	$243,601	$117,041	$1,951	$911,221
2036	$46,329,000	$46,329,000		$71,810	$449,391	$521,201	$231,423	$111,190	$1,853	$865,667
2037	$44,013,000	$44,013,000		$68,220	$426,926	$495,146	$219,854	$105,631	$1,761	$822,392
			Total	**$1,501,578**	**$5,281,446**	**$6,783,024**	**$3,819,315**	**$2,325,024**	**$38,750**	**$12,966,114**
			Diff	**$0**	**$4,115,526**	**$4,115,526**	**$1,019,835**	**$0**	**$0**	**$5,135,361**
Assumes School Value Limitation and Tax Abatement with the County.										

Source: CPA, MarkWest Energy West Texas Gas Company, L.L.C.
*Tax Rate per $100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller's determination that MarkWest Energy West Texas Gas Company, L.L.C. (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2020	$0	$0	$0	$0
	2021	$0	$0	$0	$0
	2022	$194,000	$194,000	$0	$0
Limitation Period (10 Years)	2023	$291,000	$485,000	$584,425	$584,425
	2024	$291,000	$776,000	$540,659	$1,125,084
	2025	$291,000	$1,067,000	$499,075	$1,624,158
	2026	$291,000	$1,358,000	$459,567	$2,083,725
	2027	$291,000	$1,649,000	$422,037	$2,505,762
	2028	$291,000	$1,940,000	$386,390	$2,892,152
	2029	$291,000	$2,231,000	$352,517	$3,244,669
	2030	$291,000	$2,522,000	$320,343	$3,565,012
	2031	$291,000	$2,813,000	$289,778	$3,854,790
	2032	$291,000	$3,104,000	$260,736	$4,115,526
Maintain Viable Presence (5 Years)	2033	$524,149	$3,628,149	$0	$4,115,526
	2034	$497,940	$4,126,089	$0	$4,115,526
	2035	$473,040	$4,599,129	$0	$4,115,526
	2036	$449,391	$5,048,520	$0	$4,115,526
	2037	$426,926	$5,475,446	$0	$4,115,526
Additional Years as Required by 313.026(c)(1) (10 Years)	2038	$405,576	$5,881,023	$0	$4,115,526
	2039	$385,294	$6,266,316	$0	$4,115,526
	2040	$366,030	$6,632,346	$0	$4,115,526
	2041	$347,726	$6,980,072	$0	$4,115,526
	2042	$330,343	$7,310,415	$0	$4,115,526
	2043	$313,824	$7,624,239	$0	$4,115,526
	2044	$298,130	$7,922,368	$0	$4,115,526
	2045	$283,221	$8,205,589	$0	$4,115,526
	2046	$269,059	$8,474,648	$0	$4,115,526
	2047	$255,605	$8,730,252	$0	$4,115,526

$8,730,252 is greater than **$4,115,526**

Analysis Summary	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	**Yes**

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, MarkWest Energy West Texas Gas Company, L.L.C.

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that "the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state." This represents the basis for the Comptroller's determination.

Methodology
Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination
The Comptroller **has determined** that the limitation on appraised value is a determining factor in the MarkWest Energy West Texas Gas Company, L.L.C.'s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per MarkWest Energy West Texas Gas Company, L.L.C. in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "MPLX LP, the parent company of MarkWest Energy West Texas Gas Company, L.L.C., is currently evaluating certain discretionary projects in multiple state-wide and out-of-state locations. The projects under review could all generate attractive returns on capital. However, MPLX's ability to finance these competing projects is limited and therefore dependent on a thorough and comprehensive financial analysis for each of the prospective projects and locations. The Appraised Value Limitation from PBTISD will be a significant factor in determining whether to allocate the limited amount of capital to this specific project and location. As an example, Louisiana offers up to a 10-year 100% exemption for new projects of this size and magnitude. Without the Appraised Value Limitation, this project would have a significant financial disadvantage when internally competing for capital versus a project in Louisiana."
  B. "The project will receive natural gas via pipeline from multiple Domestic gas producers including production from West Texas and New Mexico. The plant will produce products which are used as raw materials for other downstream products. The products will have the ability to be shipped via pipelines directly to downstream users as well as central marketing hubs. Due to the extensive existing pipeline and storage infrastructure in both Texas and New Mexico, this project could be located in either state and still have the necessary pipeline access. MarkWest has recently acquired a site location in New Mexico that is considered a direct competitor to Texas site locations in the site selection process."
  C. The value limitation is a determining factor for several reasons, including but not limited to the following:
     i. Texas has high property tax rates when compared to New Mexico.
     ii. New Mexico offers Industrial Revenue Bonds and Job Training incentive programs

iii. This project is competing for internal capital with projects that are being considered in other low-property tax rate states
iv. There are several direct competitors who have recently applied for and/or received limitation agreements for similar projects in Texas. For this project to be economically competitive with those other projects, a value limitation agreement is necessary.

D. "Due to the significant existing infrastructure in both Texas and New Mexico as well as multiple site leases or purchases in both States, and as a result of the proximity of New Mexico to this potential site location, the proposed Chapter 313 limitation agreement is considered a major economic factor when making the final determination on this site location in PBTISD"

- According to a December 4, 2018 *CQ FD Disclosure*'s transcripts of Marathon Petroleum Corp., MPLX LP, and Andeavor Logistics LP 2018 Investor Day captured the MPLX, LP's president remarks regarding the project, "On the natural gas side, we're concentrating in the Delaware Basin, and we're developing a super system, very similar to what we have up in the Northeast. We have 2 plants running currently, Argo and Hidalgo. We have 2 plants in construction, Torñado, which will be on third quarter of 2019; and Apollo, which will be on in the first half of 2020; as well as Preakness, which is very close to FID. And these facilities provide both gas and liquid for a couple of projects that we have in development."
- According to an August 1, 2019 *Motley Fool* transcripts of MPLX LP Q2 2019 Earnings Call regarding the project the company provides an update on the project, "As far as Apollo, if you look in our materials, we've only shown the plants through 2020. Apollo is now moved into 2021. Preakness has kind of gone in front of it as far as our Permian growth. So, Preakness will be starting up in the early part, first half of 2020, and Apollo has moved back a little bit. Still very bullish on the Permian growth as far as processing plants, but depending on the producer profiles, you can see those timings move around a little bit."
- A March 12, 2019 *Kallanish Energy* article also reported, "In the Delaware Basin, the company operates two processing plants (Hidalgo and Argo), has two additional plants under construction (Tornado and Apollo) and plans to move forward of a fifth plant (Preakness). That gives the company 1 billion cubic per day of processing capacity and about 125,000 barrels per day of liquids production in the Delaware Basin, when those projects are completed."
- One of first times the Apollo project is mentioned in the parent company's online presentations included the:
  A. MPLX Wells Fargo Securities 17th Annual Midstream and Utility Symposium, December 5, 2018
  B. MPLX Fourth-Quarter 2018 Earnings Conference Call, February 7, 2019.
- An April 28, 2019 *Seeking Alpha* article reported in reference the applicant's parent company 4th Quarter 2018 earnings, "MPLX is investing in several growth projects to capitalize on its attractive growth outlook and expects many of them to come online by the end of 2020. These include the reversal of the Capline pipeline from Illinois to Louisiana, the Omega 1 Expansion and Omega 2 Processing Plant, Sherwood Processing Plant and Fractation, Smithburg Procession Plant, Apollo Processing Plant, Preakness Processing Plant, the Gulf Coast C2+ Fractation, Marceullus/Ultica Rich - and Dry - Gas Gathering, and Western Oklahoma -STACK Rich-Gas and Oil Gathering, among others. Most of these will be coming online this year, producing significant additional DCF [distributable cash flow]/unit growth in the coming years."
- The Apollo Plant appeared in MPLX LP's annual Form 10-K filing to the U.S. Securities and Exchange Commission for the fiscal year ending in December 31, 2018.
  A. 200 MMcf/d (Planned capacity expansion; 2020 (Expected in-service of expansion capacity); Southwest Operations (Geographic Region)
- As reported in an October 31, 2019 *Motley Fool* transcripts of MPLX LP Q3 2019 Earnings Call, "We also have two additional plants under various stages of development in the Permian, which would add 400 million more cubic feet per day of incremental capacity. Once completed, this will bring our total Permian processing capacity to 1 billion cubic feet per day with approximately 125,000 barrels per day of liquids. Volumes from our Permian gathering and processing operations would feed our planned Whistler natural gas and our proposed BANGL NGL pipelines."

- A September 14, 2019 *Motley Fool* article also noted the importance of the new gas processing plants feeding into the major pipelines:
  A. "MPLX recently bolstered its growth prospects by acquiring affiliated MLP [master limited partnership] Andeavor Logistics. That transaction diversified its portfolio while enhancing its footprint in the fast-growing Permian Basin. Because of that, the combined company has the scale and asset base to build out integrated systems to gather, store, process, transport, and export natural gas, natural gas liquids (NGLs), and oil from that region."
  B. "On the natural gas side, the company is building three new processing plants in the Permian that will feed gas and raw NGLs into pipelines it has under development. The Whistler Pipeline will move the gas toward Texas' coast. Meanwhile, BANGL [Belvieu Alternative NGL] will ship NGLs in that same direction to a fractionation hub it's developing, which will separate them into pure products like ethane and propane. The company expects to finish both large-scale pipelines by 2021."
- A review of MPLX, LP's parent company Marathon Petroleum Investor Presentation, September 2019 demonstrates a vested interest the applicant has with the location of the new gas gathering plants in the Permian Basin – such the Apollo Plant – because of theWhistler Pipeline and BANGL.
- A Q1 2019 Midstream Infrastructure spreadsheet by Stratas Advisors (a Hart Energy Company) mentioned the project site.
  A. MPLX, Energy Logistics (Operator); Apollo Processing Plant (Facility); New plant planned for the Delaware Basin; (Detail); 200 (Capacity Mbbl/d); Q2 2020 (Start Date); Feb. 2019(Date Added/Updated)
- Attached Railroad Commission of Texas Public GIS Viewer map depicting the project site and nearby pipelines (in green) including natural gas gathering and crude oil gathering pipelines.

Supporting Information

a) Section 8 of the Application for a Limitation on Appraised Value
b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
c) Additional information provided by the Applicant or located by the Comptroller

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☑ Yes ☐ No
2. The property will be used for one of the following activities:
   (1) manufacturing ☑ Yes ☐ No
   (2) research and development ☐ Yes ☑ No
   (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☑ No
   (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☑ No
   (5) renewable energy electric generation ☐ Yes ☑ No
   (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☑ No
   (7) nuclear electric power generation ☐ Yes ☑ No
   (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☑ No
   (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☑ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☑ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☑ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☑ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☑ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☑ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
   - ☐ Land has no existing improvements
   - ☑ Land has existing improvements *(complete Section 13)*
   - ☐ Expansion of existing operation on the land *(complete Section 13)*
   - ☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☐ Yes ☑ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☐ Yes ☑ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☑ Yes ☐ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☑ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☑ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☑ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☑ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☑ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☑ Yes ☐ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☑ Yes ☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

TAB 5

Documentation to Assist in Determining if Limitation is a Determining Factor

1. Does the applicant currently own land on which the proposed project will occur?

   NO

2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?

   NO

3. Does the applicant have current business activities at the location where the proposed project will occur?

   YES

   The applicant owns exiting pipelines and a Central Delivery Point. See Tab 10 for additional details.

4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?

   NO

5. Has the applicant received any local or state permits for activities on the proposed project site?

   NO

6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?

   NO

7. Is the applicant evaluating other locations not in Texas for the proposed project?

   YES

   MPLX LP, the parent company of MarkWest Energy West Texas Gas Company, L.L.C., is currently evaluating certain discretionary projects in multiple state-wide and out-of-state locations. The projects under review could all generate attractive returns on capital. However, MPLX's ability to finance these competing projects is limited and therefore dependent on a thorough and comprehensive financial analysis for each of the prospective projects and locations.

   The Appraised Value Limitation from PBTISD will be a significant factor in determining whether to allocate the limited amount of capital to this specific project and location. As an example,

TAB 5 (continued)

Louisiana offers up to a 10-year 100% exemption for new projects of this size and magnitude. Without the Appraised Value Limitation, this project would have a significant financial disadvantage when internally competing for capital versus a project in Louisiana.

The project will receive natural gas via pipeline from multiple Domestic gas producers including production from West Texas and New Mexico. The plant will produce products which are used as raw materials for other downstream products. The products will have the ability to be shipped via pipelines directly to downstream users as well as central marketing hubs. Due to the extensive existing pipeline and storage infrastructure in both Texas and New Mexico, this project could be located in either state and still have the necessary pipeline access. MarkWest has recently acquired a site location in New Mexico that is considered a direct competitor to Texas site locations in the site selection process.

The value limitation is a determining factor for several reasons, including but not limited to the following:

a. Texas has high property tax rates when compared to New Mexico.

b. New Mexico offers Industrial Revenue Bonds and Job Training incentive programs.

c. This project is competing for internal capital with projects that are being considered in other low-property tax rate states.

d. There are several direct competitors who have recently applied for and/or received limitation agreements for similar projects in Texas. For this project to be economically competitive with those other projects, a value limitation agreement is necessary.

Due to the significant existing infrastructure in both Texas and New Mexico as well as multiple site leases or purchases in both States, and as a result of the proximity of New Mexico to this potential site location, the proposed Chapter 313 limitation agreement is considered a major economic factor when making the final determination on this site location in PBTISD.

8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?

   NO

9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?

   YES

TAB 5 (continued)

10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?

YES

The Appraised Value Limitation from PBTISD will be a significant factor in determining whether to allocate the limited amount of capital to this specific project location in Texas in comparison to a project location in New Mexico. Due to the extensive existing pipeline and storage infrastructure in both Texas and New Mexico, this project could be located in either state and still have the necessary pipeline access.

The value limitation is a determining factor for several reasons, including but not limited to the following:

a. Texas has high property tax rates when compared to New Mexico.

b. New Mexico offers Industrial Revenue Bonds and Job Training incentive programs.

c. This project is competing for internal capital with projects that are being considered in other low-property tax rate states.

d. There are several direct competitors who have recently applied for and/or received limitation agreements for similar projects in Texas. For this project to be economically competitive with those other projects, a value limitation agreement is necessary.

Due to the significant existing infrastructure in both Texas and New Mexico as well as multiple site leases or purchases in both States, and as a result of the proximity of New Mexico to this potential site location, the proposed Chapter 313 limitation agreement is considered a major economic factor when making the final determination on this site location in PBTISD.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

Marathon Petroleum Corp , MPLX LP, and Andeavor Logistics LP 2018 Investor Day - Final

30,337 words
4 December 2018
CQ FD Disclosure
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Presentation

KRISTINA A. KAZARIAN, VP OF IR, ANDEAVOR LOGISTICS LP: All right, we still got a couple of stragglers, but we're going to kick it off. So good morning, and thank you for joining our 2018 Analysts Investor Day. I'm Kristina Kazarian, I lead the investor relations functions for MPC, MPLX and ANDX. I'd like to begin today and thank our shareholders, our coverage analysts, the rating agencies and other business partners who have joined us today. I'd also like to thank members of the Marathon team, the corporate officers and the other senior business leaders who've contributed to making today's event possible.

A couple of housekeeping items. There is a WiFi password available on a card in front of you. If you've not already done so you can access the presentation on our Investor Relations website. Safety is important to us, and I'd like to point out that safety cards located at each of your seats. The cards include a map and instructions in case of emergency. The theme for this year's Investor Day is unprecedented opportunities for value creation by leveraging a larger system. Gary Heminger, our Chairman and CEO will kick off the day with our strategic vision, and over the course of the morning, you'll hear from other key business leaders about the opportunities facing our industry and their specific strategies for capturing value. We'll conclude today with Tim Griffith, our CFO, who'll wrap up summarizing what you've heard in the context of our commitment to creating shareholder value. There are no scheduled breaks today. The presentation should end around roughly 11:00 a.m. and then we'll host Q&A afterwards.

Lastly, I'd like to direct your attention to our safe harbor statement. It's a reminder that we will be making forward-looking statements today in both the presentation and during the question-and-answer session. Actual results may differ materially from what we expect today. Factors that could change are included here and of course, filed with the SEC. With that, it's my great pleasure to introduce Gary Heminger, our CEO for opening remarks.

GARY R. HEMINGER, CHAIRMAN OF THE BOARD & CEO, MARATHON PETROLEUM CORPORATION: Well, thank you, Kristina, and good morning to everyone. It's a pleasure to be with you and I really appreciate you coming out to be with us today. So for the opening of our strategic review, I am confident that you will leave here today with a renewed appreciation of our strategic vision as a very large energy company. As you know MPC has grown significantly since 2011. We have had many large acquisitions as well as organic projects. Since 2011, we bought the Galveston Bay refinery, we've started up MPLX, we bought the Hess Retail assets, we had just finished the Garyville major expansion. As we go into our capital projects today, I'm sure some of you're going to say, why you're building another coker in Garyville. And I'll take you back to 2009 when we were building the Garyville refinery, many of you asked, why are you building this new Garyville refinery. And then you asked, can't you go faster. And as you'll see through our presentation today, you're going to see that we're very disciplined and the -- with the investments that we're talking about, you see we're very disciplined and very strategic in this outlook. Many of you have been followers of MPC, Andeavor or both for many years. So these 2 great legacies will be very familiar to you. In refining, I just mentioned that we've expanded and strengthened our platform through the strategic acquisitions, but we're going to go into more detail as Ray Brooks today will review some of the major projects, but we're really going to dive into how we've been able to really improve on the cost side of the structure of MPC, and how we're going to take that in to the Andeavor Refineries going forward.

We've built a very impressive midstream system. I would say a midstream system within the platform of an energy business second to none. And we've expanded our retail footprint, both the Speedway, now the acquisition of the new retail with an Andeavor having almost 4,000 units across the Speedway footprint coast-to-coast. You will see as we are able to combine these assets, integrate these assets, bring forward the synergies, I'm going to talk about here a little bit that we will be truly the largest coast-to-coast energy company in the U.S. with tremendous possibilities for value capture.

Before we get into the details, let me introduce you to our management team. I'd like our management team to stand, please? Hopefully throughout the breakfast and later today that you'll be able to spend time with our management team, many will be presenting to you this morning, but in case you want to meet, talk to somebody about refining or talk to somebody about logistics, we have the experts here to share with you.

So we're just 2 months into our strategic combination. And as Gary talked about earlier, we are really, really excited about the synergy opportunity and what we're achieving right now. I thought it would be helpful maybe to share some early successes as it relates to the refining and supply side to give you some perspective of why we're so excited. Through some great work by our crude supply team, we've been able to leverage our scale to optimize our access to Canadian crudes. This drove about $20 million of net synergy value in each of October and November. We've also optimized our foreign spot purchases, delivering about $2 million of incremental synergy for those 2 months as well.

On the refining side of the business, Ray talked about many of the things that we're doing and his confidence in delivering synergies. This slide gives you an example of 2 such synergies that contribute $45 million. We utilize turnaround specialists and our broader access to contractors to support the recently completed Martinez and St. Paul Park turnarounds. That allowed us to complete those turnarounds ahead of schedule and underbudget, delivering $22 million of value. Some of you will think that, that's a one-off. We don't believe that. Given the size of our refining base, given the magnitude of the turnarounds that we'll undertake on an annual basis, we believe that this is repeatable. We've also identified the opportunity to utilize Tier 2 sulfur credits across our refining system, which we expect to deliver about $23 million of value in 2019.

As you know, prior to the closing, and Gary talked about this in his comments as well, there were limitations on our ability to share information, particularly around competitive information. In the 2 months since the closing, our teams have been accessing this new information. They've been really excited about accessing this new information to generate incremental synergy ideas and opportunities. We've identified hundreds, hundreds of ideas, some small and some much bigger. As a result, we're raising our run rate synergy estimate for the Refining & Marketing segment by up to 40% to $665 million. And the successes we've had to date, so I talked about the successes, the successes we've had to date give us incredible confidence about our ability to deliver that in year 1 and in year 3. So we have $665 million of synergy opportunity in Refining & Marketing.

Ray just talked about 9 projects, just 9 projects that he expects will deliver $1.1 billion or in excess of $1.1 billion of run rate EBITDA. So add that $665 million of synergy, that over $1.1 billion of incremental annual EBITDA, and you're approaching $2 billion, nearly $2 billion of annual value that we're going to deliver from the refining segment. That's what gives Ray and I such excitement about what's happening in the refining business.

So Greg talked a little about the business outlook. Ray and I have talked about refining. Now what we'd like to do is go down the value chain and talk about midstream. So I'll turn it over to Mike Hennigan, President of MPLX; and Don Sorensen, President of ANDX.

MICHAEL J. HENNIGAN, PRESIDENT & DIRECTOR OF MPLX GP LLC, MPLX LP: Good morning, everyone. I'm Mike Hennigan, President of MPLX.

DON J. SORENSEN, PRESIDENT OF ANDEAVOR LOGISTICS, ANDEAVOR LOGISTICS LP: Good morning. I'm Don Sorensen, President of ANDX.

MICHAEL J. HENNIGAN: This morning, Don and I are going to be talking to you about the Midstream segment. And one our goals is to capture value across this higher value chain. You're going to see us talking about getting more from existing assets in addition to our strong base businesses. We're also going to get involved a little bit more in long-haul pipelines as well as export activity, because I usually say exports 3 times, exports, exports, exports, because that's where the hydrocarbon chain has gone to. We're also concentrating in the premier basins: Marcellus, Permian, STACK and the Bakken. We also plan to leverage the relationship with MPC. So the MLPs try to provide value to the sponsor from synergy values as well as bringing third-party money into the enterprise. And then lastly, we'll talk a little bit about financial priorities. At the end of the session, we'll talk about the numbers, but right now, our goal is to grow DCF per unit, have coverage sustaining a self-funding organic capital program. Investment grade credit profile is always important to us. And then, ultimately, we want to get midteens returns on the capital we deploy in this business.

So if you look to the slide at the table now, we're showing you kind of a macro view of U.S. production growth in the U.S. We took a 10-year look. And what this chart should show you is there's a lot of opportunity in the midstream space for capital investment in G&P, in pipelines, in fractionation and export facilities. So we're going to talk about all of that today.

As far as crude, we're showing it up 50% over the 10-year horizon, up about 5 million barrels a day across that time frame. Natural gas, we're showing going out to about 100 DCF market by 2025. And we decided to be on the conservative side for this presentation. A lot of consultants have it from 100 all the way up to 120 DCF by 2025. It's about a 25 DCF improvement from where we were, a 33% gain over the 10 years. And NGLs are also going to grow. You can see on the chart 69%, which is about 3 million barrels a day.

The other important takeaway from the chart, as I mentioned, is exports. Essentially, all the incremental crude production is going to export 4 million to 5 million barrels a day of crude oil export. LNG will become an important part of the natural gas story, with 10 to 15 DCF of LNG going to export and about 3 million barrels a day of NGLs we'll also export.

Turn it over to Don.

DON J. SORENSEN: All right. Thanks, Mike. I'd talk to talk with you a moment a bit more about the integrated value chain that Gary introduced earlier. Specifically, what I would like to talk about is how Marathon's mid -- diversified midstream business has the opportunity to touch the molecule and generate value throughout the value chain. Additionally, our inbound and outbound logistics assets are very highly integrated with our refining, marketing and logistics assets. And lastly, at each of those touch points throughout the value chain, how our midstream business has the opportunity to generate third-party income.

Going back and starting at the wellhead, and Don Templin mentioned to you how that is core to a lot of the strategy we're doing, that provides the opportunity for us to generate third-party revenue through crude and gas gathering fees as well as serves as the origin point for feedstocks that we're sourcing into our refining and processing facilities. From there, when you look at the connectivity of our gathering systems with our intermediate and long-haul pipelines, we have that ability to provide reliable intake to our refineries and our processing facilities as well as the ability to deliver feedstocks to market hubs for third-party processing and export.

Turning to the exit of our refineries and our processing facilities. Our outbound logistics assets consisting of pipelines, terminals, marine, rail and trucking transportation provide ratable supply -- ratable offtake for our refineries and our processing facilities and also provide another opportunity for us to generate third-party revenue through pipeline tariffs and terminaling fees. Our outbound logistics business also provides secure, dependable and cost-effective supply of transportation fuels to our refining and marketing -- or, excuse me, our retail and marketing outlets, further generating values throughout the value chain.

Back to you, Mike.

MICHAEL J. HENNIGAN: Thanks, Don. So Marathon's midstream efforts have concentrated a lot in the Permian. And you're going to see over the next 5 slides a list of organic projects that are either accomplished or in development that have a strategic rationale to bring third-party money into the enterprise and/or create a synergy with MPC. So you're going to see projects in gathering and processing on both crude and natural gas. On long-haul pipes, we're going to sell crude, natural gas and NGLs. We're going to talk about fractionation development, south of Houston, near Texas City. And we're going to talk about export terminals, 5 locations along the Gulf Coast on export terminals.

Don?

DON J. SORENSEN: Great. Thanks, Mike. I'd like to talk to you a little bit about the Conan gathering system. Very, very excited about this project. We've been working on this for a little over a year, and it provides an incredible anchor point for growth of crude gathering in the Permian Basin for us. Additionally, it also serves as a core feeder of crude into our long-haul pipelines that are underdevelopment, including our Rio Pipeline system, our Gray Oak pipeline system and the PGC.

The other opportunity that's provided by this is it enable us to provide cost and quality advantage. By quality, we're typically thinking about how we manage gravity and sulfur into our El Paso refinery, as well as in the future, it will provide us that opportunity in our Gulf Coast refineries.

The Conan system is currently capable of 250,000 barrels a day and about 1 million barrels worth of storage, but it's also readily expandable up to 500,000 barrels a day. Where we're at with that project currently is we expect to finish the initial construction by year-end. At the end of third quarter, we were at about 90,000 barrels a day of gathering capacity on that system. By the end of the year, we expect to be well over 50% above that number and are very pleased with the progress to date.

Additionally, when we talk about some of the interconnects, we expect to complete an interconnect from our Conan system to our Rio Pipeline system, which gives us takeaway capacity into Midland. We expect to complete that project in the first quarter of 2019. Additionally, we expect to have the connectivity into the Gray Oak pipeline by the end 2019 and the PGC pipeline in 2020.

Back to you, Mike.

MICHAEL J. HENNIGAN: Thanks, Don. On the natural gas side, we're concentrating in the Delaware Basin, and we're developing a super system, very similar to what we have up in the Northeast. We have 2 plants running currently, Argo and Hidalgo. We have 2 plants in construction, TorÃ±ado, which will be on third quarter of 2019; and **Apollo**, which will be on in the first half of 2020; as well as Preakness, which is very close to FID. And these facilities provide both gas and liquid for a couple of projects that we have in development. They are called Whistler pipeline on the gas side and BANGL pipeline on the NGL side, and we'll get into those in a second.

Before we get into those, on the crude side, we have 2 projects. One is the Gray Oak pipeline, which is a JV with Diamondback and Phillips, which originates barrels up in the Delaware Basin and brings them down to Corpus Christi for export. And we have the PGC pipeline, which is a joint venture with Energy Transfer, Magellan and Delek, and which we're sourcing barrels in the Delaware Basin and bringing those down to the Houston markets, Nederland markets and, ultimately, to our Galveston Bay facility in Galveston Bay, Texas City.

One other project that we have going, we've initiated discussions with an alternative project, the Exxon, Plains, Lotus project, is following a similar route. So we're having exploratory discussions on whether we combine the PGC pipeline with the Exxon pipeline project in a joint interest effort for capital efficiencies. So we'll go with parallel paths where we continue to move on PGC as a standalone as well as continue these discussions on a joint interest project.

On the gas side, Whistler pipeline is our natural gas pipeline project that we're developing from Waha down to Agua Dulce and then across over to the industrial markets in Texas City and, ultimately, to the Galveston Bay facility. Again, same strategic rationale. We are looking to bring third-party money into the enterprise but also connect to the Galveston Bay facility for natural gas. Galveston Bay itself is about 200 million standard cubic feet per day of demand. So it's a pretty significant part of a 2 DCF pipeline project. So we're very anxious about this project and looking to go into open season in early '19 for completion by the end of 2020.

Our long-haul NGL pipeline is called BANGL, stands for Belvieu Alternative for NGLs. This is a joint venture with ourselves, White Water Midstream and several other partners. We're looking to bring NGLs down near Texas City where we would build 250,000-barrel-a-day fractionators near Texas City and then ultimately bring those NGLs to an export terminal in Texas City with a joint venture with oil tanking. So that's where the propane and some other NGLs would export. At the same time, we have local demand and then, most importantly, a synergy again with the GBR facility for both butanes as well as natural gasolines. So again, this project is also hitting that strategic dynamic of third-party revenues into the enterprise and a synergy with Galveston Bay.

Next, I'm going to talk about 5 export terminals. I mentioned one just recently about Texas City JV with oil tanking for NGLs, but we also have 4 other locations. In Mt. Airy, near our Garyville refineries, we acquired a terminal that currently has 4 million barrels of third-party activity in that terminal, again, the same theme. Hopefully, you're getting the takeaway of third-party money coming into the enterprise, and it sits right next to our Garyville refineries, so a synergy with our facility right there.

Next to that is our LOOP facility. LOOP is a first-mover and the only U.S. port that is capable of loading VLCCs. The synergy here is we've developed a project that is in open season today called Swordfish Pipeline, which is where we're working with Crimson Midstream to reverse the line from St. James down to Clovelly so that we can ultimately go out to export at LOOP. Export has amazing capacity for vessel loading in the past, which will move to vessel export loading -- or unloading in the past, which will move to loading as we progress into a new regime of crude exporting.

Okay. In addition to that, if we move over to -- oh, I should -- I'm sorry. One other thing I want to mention on LOOP is another project that we continue to work on is the reversal of cat line. We ran a nonbinding open season, and we've developed more and more interest in the pipeline. So we're hopefully going to get to a binding open season in the not too near future. We continue to work with the other owners on structure, and that continues to progress.

Down in South Texas, we also have the MPLX, a Texas tank farm where we have crude, about 1 million barrels of crude tank is there, and we're going to continue to develop that facility as well. And then further south down in Corpus Christi, we have the South Texas Gateway project, where Marathon has an interest in that facility for exports out of Corpus Christi.

Don?

DON J. SORENSEN: Great. Thanks, Mike. I'd like to swing you up to the Bakken Basin now and share with you a little bit about our full service midstream business up there, where we have the opportunity to do crude gathering, gas gathering, gas processing and fractionation. Don Templin mentioned to you how important the Bakken is to us as far as sourcing feedstock into our refineries. When you look at the extensive gathering system we have in the Bakken, coupled with our ability to access our High Plains Pipeline system as well as in the DAPL and our Fryburg rail terminal, it gives us that opportunity to provide cost-advantaged feedstock to not only our Mandan refinery in North Dakota but also our other Mid-Continent refineries and our Anacortes refinery via rail export from Fryburg.

MPLX LP (MPLX) Q2 2019 Earnings Call Transcript

MPLX earnings call for the period ending June 30, 2019.

Motley Fool Transcribers
Aug 1, 2019 at 8:24PM

MPLX LP (NYSE:MPLX)
Q2 2019 Earnings Call
Aug 1, 2019, *11:00 a.m. ET*

Contents:

FOOL TRANSCRIPTS
IMAGE SOURCE: THE MOTLEY FOOL.

Prepared Remarks:

Operator

Welcome to the MPLX Second Quarter 2019 Earnings Call. My name is Elan, and I will be your operator for today's call. [Operator Instructions], and later we will conduct a question-and-answer session. [Operator Instructions].

And I would now like to turn the call over to Kristina Kazarian. Kristina, you may begin.

Kristina A. Kazarian -- *Vice President, Investor Relations*

Good morning, everyone, and welcome to the MPLX second quarter 2019 earnings webcast and conference call. The synchronized slides that accompany this call can be found on mplx.com under the Investor tab.

On the call today are Gary Heminger, Chairman and CEO; Mike Hennigan, President; Pam Beall, Chief Financial Officer, and other members of the management team. We invite you to read the Safe Harbor statements and non-GAAP disclaimer on slide 2. It's a reminder that we will be making forward-looking statements during the call and during the question-and-answer session that follows. Actual results may differ materially from what we expect today. Factors that could cause actual results to differ are included there as well as our filings with the SEC.

Now I will turn the call over to Gary Heminger for opening remarks.

Gary R. Heminger -- *Chairman and Chief Executive Officer*

Thanks, Kristina. And good morning and thank you for joining our call. I'm pleased to report that MPLX once again delivered solid results with second quarter adjusted EBITDA of $920 million. Our distributable cash flow was $741 million for the quarter, and we continue to maintain a strong financial profile with adjusted distribution coverage of 1.36 times and leverage of 3.9 times.

We successfully closed our acquisition of Andeavor Logistics. This acquisition simplifies MPC's midstream structure into one public company, allowing us to high-grade our commercial opportunities and creating a leading large-scale diversified midstream company anchored by fee-based cash flows.

We also progressed an impressive slate of high-return projects, which are expected to advance our strategy of creating integrated crude oil and natural gas logistics systems from the Permian to the US Gulf Coast. Mike will creating integrated crude oil and natural gas logistics systems from the Permian to the US Gulf Coast. Mike will provide more detail of these investments later on the call, but these projects demonstrate our ability to leverage our growing Permian gathering and processing operations into downstream projects to support MPC's Gulf Coast refineries as well as the growing export market.

Turning to slide 4, I would like to take a moment to discuss our strategic initiatives for MPLX. First, we expect to streamline our capital expenditures focusing on the most attractive returns. Second, we are working with MPC on a portfolio optimization initiative, which could include potential asset divestitures. Third, we plan to use the proceeds from any divestitures for general purposes, such as investments in high-return projects as well as debt reduction. We believe these initiatives will help MPLX continue to be one of the best-positioned midstream platforms in the industry for long-term value creation.

With that, let me turn the call over to Mike.

Michael J. Hennigan -- *President*

Thanks, Gary. Following up on Gary's comments, as we progress through integrating these two companies, there's two points I want to elaborate on. First, we play to high-grade our capital spending program. MPLX stand-alone growth capex for 2020 was targeted at $2 billion. ANDX's stand-alone growth capex target for 2020 was approximately $600 million. As we look forward to 2020, we will be looking to spend less than the combined $2.6 million. Our focus will be on the highest return projects across the combined portfolio.

Additionally, we often get the question on our EBITDA outlook for 2020. Producer plans for 2020 will be better defined toward the end of the year, given our decision to high-grade the growth program and engagement with MPC on portfolio optimization, which could include asset divestitures, we do not plan to provide an update at this time. We expect to continue or our just-in-time gathering and processing buildout strategy as we work through the year and build conviction around our key producer customer growth plans for 2020. In addition, we continue to move our capital investments toward the L&S side of the business. In 2018, 85% of our capital was directed to the G&P business. In 2019, we moved that ratio to approximately 50/50 and our expectation in 2020 is to spend the majority of our capital in the L&S business.

Moving to slide 5, we highlight the progress on our strategy to create integrated crude oil and natural gas logistics system from the Permian to the Gulf Coast. During the second quarter, we announced that we've reached a final investment decision to move forward the design and construction of the Whistler natural gas pipeline after having secured sufficient firm transportation agreements with shippers. This joint venture project has been designed to transport approximately 2 billion cubic feet per day of natural gas through approximately 475 miles of 42-inch pipeline from Waha, Texas to Agua Dulce sea area in South Texas.

Supply for the Whistler pipeline will be sourced from multiple upstream connections in the Permian Basin, including direct connections to plants in the Midland Basin through an approximate 50-mile, 30-inch pipeline lateral as well as a direct connection to the 1.4 billion cubic feet per day Agua Blanca Pipeline. The Agua Blanca pipeline crosses through the heart of the Delaware Basin, including portions of Culberson, Loving, Pecos, Reeves, Winkler, and Ward counties. We expect Whistler to be in service in the third quarter of 2021.

Also during the quarter, we announced our participation in the Wink-to-Webster Permian crude oil project and recently signed definitive agreements. There are several other partners in the project that have chosen not to disclose their participation at this point, but we expect that disclosure to occur very shortly. The combination of all the partners has made this project highly committed with a very strong return. Wink-to-Webster pipeline is a 36-inch diameter project with planned origination points in Wink and Midland, Texas. The pipeline will have destination points in the Houston market, including MPC's Galveston Bay Refinery. Our equity ownership in the Wink-to-Webster project will be 15% and the project is targeted to be in service in early 2021.

Finally, our NGL pipeline called BANGL, which stands for Bellevue Alternative for NGLs, continues to gain support. At the same time, we remain disciplined to only move forward when we see the project capable of achieving the return threshold that we've set, and we hope to provide an update in the near future.

Slide 6 provides second quarter logistics and storage highlights. Total pipeline throughputs averaged 3.5 million barrels per day, a 3% increase over the same quarter last year. The year-over-year increase in throughput was primarily driven by higher volumes on the Ozark and Wood River-to-Patoka pipeline systems as well as higher product movements. This was partially offset by weather-related operational impacts in the Midwest. Terminal throughput was 1.5 million barrels per day for the quarter, an increase of 2% versus the second quarter of 2018.

Slide 7 provides second quarter gathering and processing highlights. Gathering volumes averaged 4.9 billion cubic feet per day, representing a 15% increase over the second quarter 2018. Quarterly process volumes increased 15% versus the same quarter last year to 7.8 billion cubic feet per day, primarily driven by significant volume growth at our Sherwood and Harmon and Harmon Creek complexes, which both had new plants placed in service in the fourth quarter of 2018. We plan to commission the Sherwood 12 and 13 plants in the fourth quarter of 2019. This will bring the total capacity of this complex to 2.6 billion cubic feet per day. Fractionated volumes averaged 495,000 barrels per day in the second quarter, representing a 13% increase over the second quarter last year.

I'll now turn the call over to Pam to cover our financial highlights.

Pamela K.M. Beall -- *Executive Vice President and Chief Financial Officer*

Thanks, Mike. Turning to our financial highlights on slide 8. We reported adjusted EBITDA of $920 million for the second quarter. Total Logistics and Storage segment adjusted EBITDA was $569 million, while the Gathering and Processing segment contributed $351 million in adjusted EBITDA.

For the quarter, we generated $741 million of distributable cash flow, and we will return for the quarter $529 million to our MPLX unitholders before taking into account distributions declared to converted ANDX unitholders post close of the transaction. This provided adjusted distribution coverage of 1.36 times and resulted in $212 million of retained distributable cash flow to help fund our capital investment programs. Likewise, distributable cash flow of nearly $1.5 billion for the first six months of 2019 resulted in $405 million of retained distributable cash flow.

The bridge on slide 9 shows the change in adjusted EBITDA from the second quarter of 2018 to the second quarter of 2019. Since the prior year quarter, we increased adjusted EBITDA by $53 million. The $43 million increase in the Logistics and Storage segment was primarily driven by higher crude oil and product volumes, partially offset by a precautionary shutdown of our Ozark Pipeline for about five days. On a sequential basis, second quarter Logistics and Storage segment results were impacted by $10 million of higher refining logistics project-related expenses. Historically, project-related expenses in the second quarter are higher than the first quarter due to more work planned in the warmer months, particularly at MPC's Midwest refineries.

The $10 million increase in Gathering and Processing segment adjusted EBITDA was primarily driven by strong growth in gathered, processed, and fractionated volumes from new assets placed into service over the last year. These benefits were partially offset by an estimated $30 million impact due to lower weighted average NGL prices year over year. We estimate that every $0.05 change in the weighted average NGL prices would result in approximately $23 million annual impact. Our plan for the year was based on $0.76 per gallon, and the weighted average price recently has been $0.40 to $0.45 a gallon. As you think about modeling for the rest of the year, please keep this earning sensitivity in mind. Sequentially, second quarter Gathering and Processing segment results were impacted by approximately $18 million for planned maintenance at the Javelina facility and $5 million associated with roughly one week of precautionary downtime on a Marcellus NGL pipeline.

Slide 10 provides a summary of key financial highlights and select balance sheet information. Adjusted distributable cash flow supported 1.36 times coverage, which does not include distributable cash flow from ANDX or distributions paid to converted ANDX unitholders post close of the transaction. We ended the quarter with leverage of 3.9 times and approximately $2.6 billion of liquidity, including $1.6 billion available on our bank revolver and $1 billion available on the intercompany facility with MPC.

In connection with the closing of the ANDX acquisition, we amended and restated our existing $2.25 billion revolving credit facility to increase the Company's borrowing capacity up to $3.5 billion, and we extended the term to July 30th of 2024. The ANDX revolving credit facilities totaling $2.1 billion in borrowing capacity were terminated upon the closing and repaid with the borrowings under the MPLX revolving credit facility. Additionally, we upsized our existing $1 billion intercompany loan agreement with MPC to $1.5 billion.

Looking forward, as a result of our merger with ANDX, we anticipate approximately $8 million of additional transaction costs to be incurred during the third quarter. These costs are primarily related to fees for legal and advisory services associated with the deal. In addition, the new combined company will adopt the accounting policies of MPC and MPLX related to planned major maintenance in capitalization of projects. We expect this to

result in approximately 25 million of additional expense per quarter for the remainder of 2019 with an offsetting reduction to maintenance capital.

Our strong cash flow underpinned by long-term fee-based service agreements allows us to provide cash returns to our unitholders while investing in the business to enhance our long-term earnings profile.

Now let me turn the call back over to Kristina for questions.

Kristina A. Kazarian -- *Vice President, Investor Relations*

Thanks, Pam. As we open the call for questions, we ask that you limit yourself to one question plus one follow-up. You may reprompt for additional questions as time permits. And with that, we will now open the call to questions. Operator?

Questions and Answers:

Operator

Thank you. We will now begin the question-and-answer session. [Operator Instructions] Our first question today is from Jeremy Tonet from JP Morgan.

Jeremy Tonet -- *JP Morgan Securities LLC -- Analyst*

Hi, good morning. Just want to start off with the Sherwood plant here being -- looked like they're pushed back a little bit. Just curious how the agreements work with Antero here if they have the ability to push back further or what's your confidence level I guess in this timeline? And are there any financial guarantees for the delays or just how that contractually works?

Michael J. Hennigan -- *President*

So Jeremy, this is Mike. We're working cooperatively within Antero to start-up Sherwood 12 and 13 in the fourth quarter. It is delayed a little bit, but that's mainly because Sherwood 1 through 11 are running terrific rates, and we're able to handle all the gas. So cooperatively we're delaying a little bit to reduce operating costs. But as soon as we are in a position to put those on, that's what we're anticipating doing. So it's more of an optimization than anything, but we are in sync with them to be starting up 12 and 13 toward the end of the year.

Jeremy Tonet -- *JP Morgan Securities LLC -- Analyst*

That's helpful. Thanks. And I might have missed it in the remarks or in the presentation. But just with regards to Swordfish and Apollo, if there's anything you can update us with on those projects?

Michael J. Hennigan -- *President*

Yeah, on the first one on Swordfish, we did not receive enough commitments for us to go forward with FID. I mean one of the things that we maintain is we're going to have capital discipline and not deploy capital unless we believe we're going to get a high return. So at this point, we've put Swordfish a little bit on the back burner.

As far as Apollo, if you look in our materials, we've only shown the plants through 2020. Apollo is now moved into 2021. Preakness has kind of gone in front of it as far as our Permian growth. So Preakness will be starting up in the early part, first half of 2020, and Apollo has moved back a little bit. Still very bullish on the Permian growth as far as processing plants, but depending on the producer profiles, you can see those timings move around a little bit.

Jeremy Tonet -- *JP Morgan Securities LLC -- Analyst*

Great. That's it for me. Thank you.

Michael J. Hennigan -- *President*

You're welcome.

Operator

Thank you. And our next question is from Shneur Gershuni from UBS.

Shneur Gershuni -- *UBS Warburg LLC -- Analyst*

Hi, good morning, everyone. Maybe to start off a little bit here, totally appreciate the fact that you literally just closed the merger and just getting a chance to look at the books and so forth. And so obviously, there's no 2020 guidance that you're putting out there and you're waiting until later in the year. But do you have a sense of kind of like what the floor would be for kind of the legacy MPLX earnings for 2020? Is there kind of some sort of a sensitivity that you can sort of share with us?

Michael J. Hennigan -- *President*

Shneur, this is Mike. We don't have a floor that we're willing to share at this point. As I said in the prepared remarks, and you just highlighted, we just closed the deal. I'll tell you our first -- our first focus is on looking at the capital program for 2020. I mentioned that we have about a $2 billion plan at the MPLX level MPLX level, $600 million at the ANDX level, and our first focus is going to be high-grading that portfolio such that our goal is to spend less than the $2.6 billion and get ourselves in an even better return position with the combined portfolio. So that's the first immediate thing that we're going to concentrate on.

To your point on what 2020 looks like as far as volumes, etc. Many people have asked us this question about the Northeast volumes or volumes overall, and I continue to iterate that, look, we're very aware of the theme of producers going to live within cash flow. We know that that's a real phenomenon in 2020 or coming into 2020. I keep saying that kind of fits our strategy, particularly in the Northeast.

As we're looking to diversify the portfolio and deploy more capital say in the Permian or in other growth areas, or in the L&S side of the business and some of these long haul pipelines, investing a little less capital in the Northeast fits what we're trying to accomplish. We still feel really good about the position up there. The fact that producers are living within cash flow puts us in a position where the Northeast will be generating free cash flow and be a cash generator so that we can deploy that capital in other high-return projects across our portfolio.

Shneur Gershuni -- *UBS Warburg LLC -- Analyst*

Okay. Appreciate the color, Mike. Maybe if we can sort of unpack the capex a little bit further. In your prepared remarks I think you mentioned that you're operating multiple basis. If I do my math right, it looks like eight basins, looking like you want to reduce your footprint potentially through asset sales. Are you able to discuss I guess the order of magnitude of the type of reduction in capex that you're thinking? And if not that, is there a way that you could rank the priorities in terms of spend outside of the Permian and outside of the Marcellus in terms of what other basins you think that there's capital opportunities in?

Michael J. Hennigan -- *President*

Yes, Shneur, can't give you a lot of color there because we really just don't know yet as to where we're going to put our emphasis. What we do believe is, we're currently, as you said, in eight basins. Strategically, we want to concentrate some of the capital in some of those basins, and we've been very open about the Northeast and Permian being our concentration areas.

Other than that, we're going to work with producers throughout the remainder of this year, look at what 2020

Home **Topics** **Company News** Mplx had 'extraordinary' year in 2018, adds 11 plants

Mplx had 'extraordinary' year in 2018, adds 11 plants

March 12, 2019 **Company News**, **Crude Oil**, **In Focus**, **Infrastructure**, **Natural Gas**, **News**, **North America**, **Pipeline**, **Unconventionals** **0**

Last year was a big-number year for Mplx LP.

In 2018, the midstreamer added 11 plants with an additional 1.5 billion cubic feet per day of natural gas processing capacity and an added 100,000 barrels per day of fractionation.

That included eight new natural gas-processing plants and three new fractionation facilities in the Marcellus and Utica shales in the Appalachian Basin, in the Delaware Basin of West Texas and New Mexico and in the Cana-Woodford formations in Oklahoma.

Mplx, a subsidiary of Ohio-based Marathon Petroleum, increased its processing capacity in 2018 by nearly 20% to more than 9.3 billion cubic feet per day, **Kallanish Energy** reports.

Those projects included the Sherwood 10 and 11 plants in West Virginia and Harmon Creek processing plant in southwest Pennsylvania. They all came online in 4Q 2018.

The three new fractionation plants were in western Pennsylvania, West Virginia and Ohio.

It also plans to expand its operations even more in 2019 and 2020 as drilling is expected to grow in the Appalachian Basin.

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In the Delaware Basin, the company operates two processing plants (Hidalgo and Argo), has two additional plants under construction (Tornado and Apollo) and plans to move forward of a fifth plant (Preakness).

That gives the company 1 billion cubic per day of processing capacity and about 125,000 barrels per day of liquids production in the Delaware Basin, when those projects are completed.

Mplx reported record full-year 2018 net income of $1.8 billion and adjusted EBITDA of $3.5 billion. Those totals are $1.0 billion and $1.5 billion, respectively, higher than full-year 2017 totals.

Those results with lots of impressive numbers are "extraordinary," the company said proudly.

"2018 was a transformational year for Mplx," chairman and CEO Gary Heminger said in a statement last month when the company held its 4Q 2018 and full-year 2018 earnings call.

Last year also marked "the single largest increase in annual EBITDA since we became a public company," he said. "We reported 2018 adjusted EBITDA of $3.5 billion, which increased $1.5 billion over the prior year, and nearly $400 million of this increase was driven by organic investments."

For full-year 2018, it generated $2.8 billion in net cash provided by operations and distributable cash flow of $2.8 billion, returning $2.1 billion to shareholders.

The increases in its Gathering and Processing operations was driven by record gathered, processed and fractionated volumes, the company said.

Gathered volumes averaged 4.5 billion cubic feet per day in 2018, a 26% increase over 2017.

Those volumes averaged 4.9 billion cubic feet per day in the 4Q 2018, representing a 17% increase over 4Q 2017.

Processed volumes averaged 7 billion cubic feet per day for the year, a 9% increase over 2017

That was primarily driven by volume increases from the Marcellus Shale in Pennsylvania and West Virginia.

Quarterly processed volumes in 4Q 2018 increased by 9% over 4Q 2017 to 7.4 billion cubic feet per day.

The volumes processed would have been 5% to 6% higher, except for the unplanned downtime at the company's Houston complex in southwest Pennsylvania. It has since resumed normal operations.

Fractionated volumes averaged 459,000 barrels per day for 2018, a 16% increase over 2017.

Those totals might have been higher, except for the problems with Sunoco's Mariner East 2 pipelines. As a result, Mplx was forced to curtail production at its Hopedale complex in Ohio in the 4Q 2018.

The company also reported major growth in the Appalachian Basin.

Gathered volumes averaged 3.0 billion cubic feet per day for the year, a 35% increase over 2017. That was driven primarily by higher Utica dry-gas and Marcellus wet-gas volumes.

Processed volumes in the basin averaged 5.3 billion cubic feet per day, a 10% increase over 2017.

Fractionated volumes averaged 426,000 barrels per day, an 18% increase over 2017.

In Texas and Oklahoma, gathered volumes averaged 1.6 bcf per day in 2018, an 11% increase over 2017. Processed volumes averaged 1.4 bcf per day for the year, an 8% increase over 2017.

The company added 275 million cubic feet of processing capacity in the region in 2018.

The company reported 4Q 2018 record pipeline throughputs of 3.57 million barrels per day, an 11% increase over 4Q 2017.

That was driven largely by increased volumes on its expanded Ozark and Wood River-to-Patoka pipeline systems.

It also reported 4Q 2018 terminal throughputs of 1.52 million barrels per day.

In 2018, the company acquired an export terminal at Mt. Airy, Louisiana; expanded its Ozark and Wood River pipeline systems; added tankage at Texas City and Patoka, Illinois; and increased the size of its marine fleet

Mplx said it intends to spend about $2.2 billion in 2019 on its capital budget.

In 2019, the company is planning to add six additional plants to process 800 million cubic feet of natural gas per day and to fractionate an additional 100,000 barrels per day.

That includes projects in the Appalachian Basin, the Permian Basin and the STACK play in Oklahoma.

But most of the capital money will be budgeted for long-haul pipelines from the Permian Basin in West Texas and New Mexico to the Gulf Coast.

Mplx is looking at several pipeline options, said president Mike Hennigan. The pipelines could move crude oil, natural gas and natural gas liquids.

The company is also looking at five Gulf Coast sites in Texas and Louisiana for building out its export capabilities.

It is also looking at adding butane to its Cornerstone pipeline system in the Midwest to move Utica NGLs.

APPALACHIAN BASIN   DELAWARE BASIN   GAS-PROCESSING PLANT   MARATHON PETROLEUM   MIDSTREAMER   MPLX   OIL AND GAS EARNINGS   PIPELINES   STACK

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This presentation contains forward-looking statements within the meaning of federal securities laws regarding MPLX LP (MPLX). These forward-looking statements relate to, among other things, expectations, estimates and projections concerning the business and operations, strategy and value creation plans of MPLX. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, that could cause future outcomes to differ materially from those set forth in the forward-looking statements. You can identify forward-looking statements by words such as "anticipate," "believe," "could," "design," "estimate," "expect," "forecast," "goal," "guidance," "imply," "intend," "may," "objective," "opportunity," "outlook," "plan," "policy, " "position," "potential," "predict," "priority, " "project," "prospective," "pursue," "seek," "should," "strategy," "target," "would," "will" or other similar expressions that convey the uncertainty of future events or outcomes. Such forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the company's control and are difficult to predict. 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Factors that could cause MPC's actual results to differ materially from those implied in the forward-looking statements include: the risk that the cost savings and any other synergies from the Andeavor transaction may not be fully realized or may take longer to realize than expected; disruption from the Andeavor transaction making it more difficult to maintain relationships with customers, employees or suppliers; risks relating to any unforeseen liabilities of Andeavor; the potential merger, consolidation or combination of MPLX with ANDX; future levels of revenues, refining and marketing margins, operating costs, retail gasoline and distillate margins, merchandise margins, income from operations, net income or earnings per share; the regional, national and worldwide availability and pricing of refined products, crude oil, natural gas, NGLs and other feedstocks; consumer demand for refined products; the ability to manage disruptions in credit markets or changes to credit ratings; future levels of capital, environmental or maintenance expenditures, general and administrative and other expenses; the success or timing of completion of ongoing or anticipated capital or maintenance projects; the reliability of processing units and other equipment; business strategies, growth opportunities and expected investment; share repurchase authorizations, including the timing and amounts of any common stock repurchases; the adequacy of capital resources and liquidity, including but not limited to, availability of sufficient cash flow to execute business plans and to effect any share repurchases or dividend increases, including within the expected timeframe; the effect of restructuring or reorganization of business components; the potential effects of judicial or other proceedings on MPC's business, financial condition, results of operations and cash flows; continued or further volatility in and/or degradation of general economic, market, industry or business conditions; compliance with federal and state environmental, economic, health and safety, energy and other policies and regulations, including the cost of compliance with the Renewable Fuel Standard, and/or enforcement actions initiated thereunder; the anticipated effects of actions of third parties such as competitors, activist investors or federal, foreign, state or local regulatory authorities or plaintiffs in litigation; the impact of adverse market conditions or other similar risks to those identified herein affecting MPLX or ANDX; and the factors set forth under the heading "Risk Factors" in MPC's Annual Report on Form 10-K for the year ended Dec. 31, 2017, and in MPC's Forms 10-Q, filed with the SEC. We have based our forward-looking statements on our current expectations, estimates and projections about our industry. We caution that these statements are not guarantees of future performance and you should not rely unduly on them, as they involve risks, uncertainties, and assumptions that we cannot predict. In addition, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. While our management considers these assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. Accordingly, our actual results may differ materially from the future performance that we have expressed or forecast in our forward-looking statements. We undertake no obligation to update any forward-looking statements except to the extent required by applicable law. Copies of MPLX's Form 10-K and Forms 10-Q are available on the SEC website, MPLX's website at http://ir.mplx.com or by contacting MPLX's Investor Relations office. Copies of MPC's Form 10-K and Forms 10-Q are available on the SEC website, MPC's website at http://ir.marathonpetroleum.com or by contacting MPC's Investor Relations office.

Non-GAAP Financial Measures

Adjusted EBITDA, distributable cash flow (DCF) and distribution coverage ratio are non-GAAP financial measures provided in this presentation. Adjusted EBITDA and DCF reconciliations to the nearest GAAP financial measures are included in the Appendix to this presentation. Distribution coverage ratio is the ratio of DCF attributable to GP and LP unitholders to total GP and LP distributions declared. Adjusted EBITDA, DCF and distribution coverage ratio are not defined by GAAP and should not be considered in isolation or as an alternative to net income attributable to MPLX, net cash provided by operating activities or other financial measures prepared in accordance with GAAP. Certain EBITDA forecasts were determined on an EBITDA-only basis. Accordingly, information related to the elements of net income, including tax and interest, are not available and, therefore, reconciliations of these forward-looking non-GAAP financial measures to the nearest GAAP financial measures have not been provided.

Capturing Permian Opportunities: Follow the Molecule

MPLX ENERGY LOGISTICS

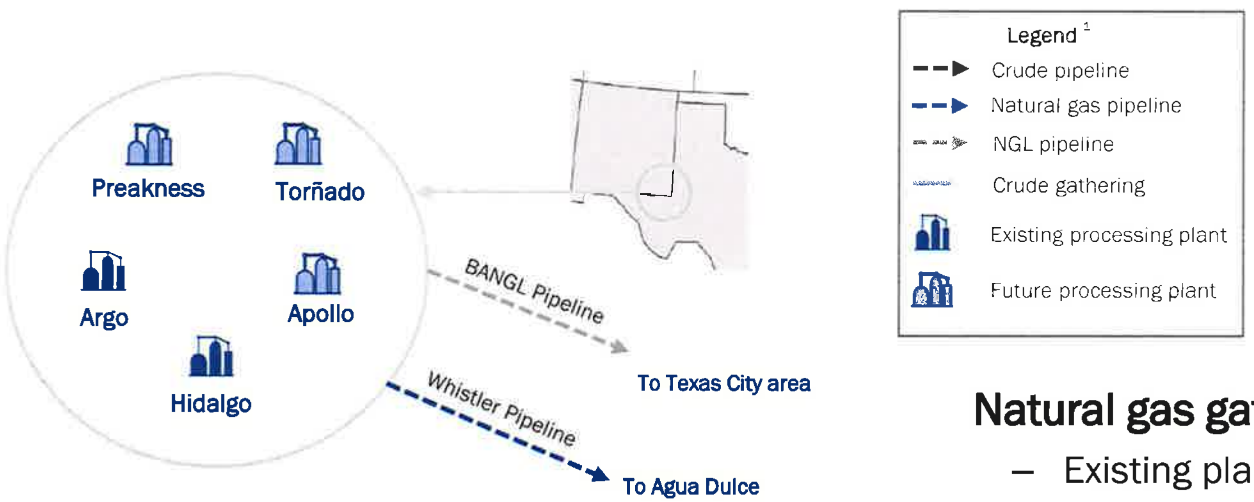
Creating an integrated footprint from the Permian to the Gulf Coast

1. Gathering and processing
2. Long-haul pipelines
3. Fractionation
4. Export terminals

1 Permian G&P Feeds Downstream Opportunities

MPLX ENERGY LOGISTICS

G&P assets create significant growth opportunities in the Permian



Natural gas gathering & processing

- Existing plants: Hidalgo, Argo
- Future plants: Apollo, Torñado, Preakness
- 200 MMcfd plants provide volumes for planned Whistler and BANGL pipelines

[1] Pipelines are shown pictorially only to show flow paths; some pipelines are new and/or proposed,

Southwest: Considerable Scale

2.1 Bcf/d Gathering, 1.7 Bcf/d Processing & 29 MBPD C2+ Fractionation Capacity

MPLX ENERGY LOGISTICS

Western Oklahoma

Processing
500MMcf/d
Gathering
585MMcf/d

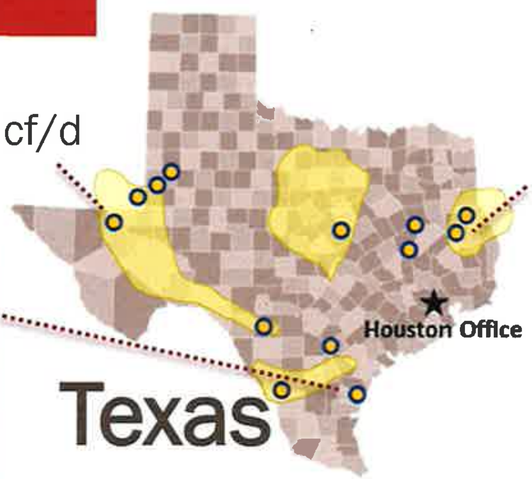
Southeast Oklahoma

Processing*
112MMcf/d
Gathering
755MMcf/d

*Represents 40% of processing capacity through the Partnership's Centrahoma JV with Targa Resources Corp.

Permian

Processing
400MMcf/d



Gulf Coast

Processing
142MMcf/d
Fractionation
29,000BPD

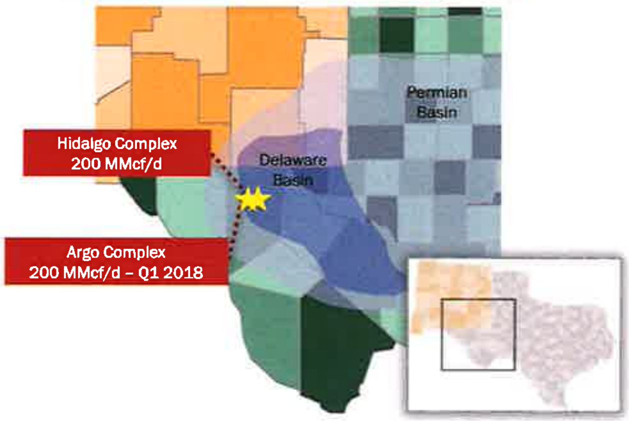
East Texas

Processing
600MMcf/d
Gathering
680MMcf/d

Expanding Position to Support Growing Production

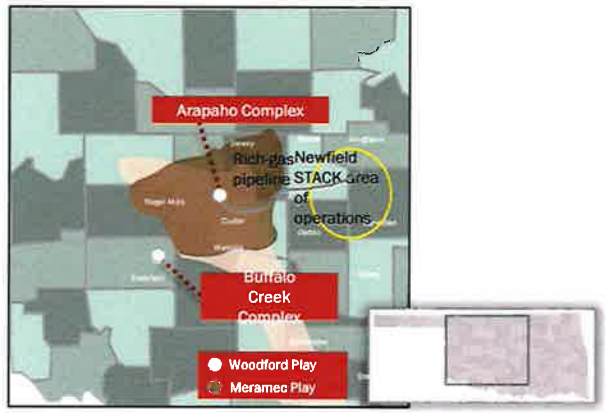
MPLX ENERGY LOGISTICS

Permian



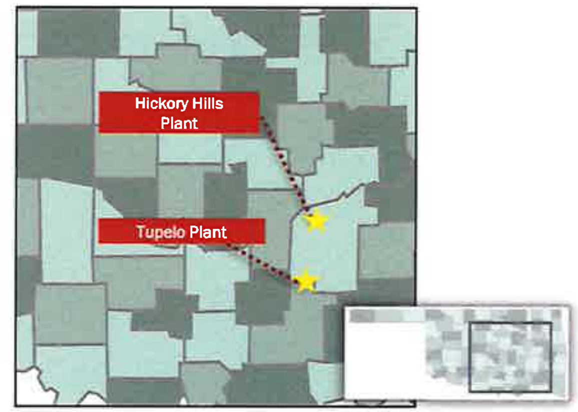
- Hidalgo processing plant in Culberson County, Texas, currently operating at near 100% utilization
- 200 MMcf/d processing plant in Delaware Basin (Argo) placed in service in 1Q 2018
- Expect to add three additional 200 MMcf/d processing plants (Torñado, Apollo, Preakness)

Cana-Woodford



- 75 MMcf/d processing plant in STACK shale (Omega) placed in service in July 2018
- Increasing capacity of Omega plant by 45 MMcf/d; constructing additional 120 MMcf/d processing plant
- Constructing rich-gas and crude oil gathering systems with related storage and logistics facilities

Arkoma-Woodford



- Investment in two processing plants through our Centrahoma joint venture with Targa Resources
- These Southeast Oklahoma plants, Hickory Hills and Tupelo, will add 270 MMcf/d of natural gas processing capacity and are expected to contribute earnings in 4Q 2018
- MPLX will maintain 40% ownership in the expanded joint venture

2019+ Announced Projects
Gathering & Processing Segment

MPLX ENERGY LOGISTICS

- Continuing to execute on build out in both the Marcellus/Utica and Permian to meet industry needs

Complex Name	Location	Capacity	Est. Completion Date
Sherwood 12 Processing Plant[a]	Marcellus	200 MMcf/d	2019
Sherwood 13 Processing Plant[a]	Marcellus	200 MMcf/d	2019
Torñado Processing Plant	Delaware	200 MMcf/d	2019
Apollo Processing Plant	Delaware	200 MMcf/d	1st Half 2020
Omega 1 Processing Plant Expansion	STACK	45 MMcf/d	2019
Omega 2 Processing Plant	STACK	120 MMcf/d	2019
Preakness Processing Plant	Delaware	200 MMcf/d	2021
Smithburg Processing[a] – site layout for 6 plants	Marcellus	1,200 MMcf/d	TBD

[a] *Sherwood Midstream investment*


MPLX®
ENERGY LOGISTICS
Fourth-Quarter 2018
Earnings Conference Call
February 7, 2019

Forward-Looking Statements

MPLX ENERGYLOGISTICS

This presentation contains forward-looking statements within the meaning of federal securities laws regarding MPLX LP (MPLX). These forward-looking statements relate to, among other things, expectations, estimates and projections concerning the business and operations, strategy and value creation plans of MPLX. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, that could cause future outcomes to differ materially from those set forth in the forward-looking statements. You can identify forward-looking statements by words such as "anticipate," "believe," "could," "design," "estimate," "expect," "forecast," "goal," "guidance," "imply," "intend," "may," "objective," "opportunity," "outlook," "plan," "policy, " "position," "potential," "predict," "priority, " "project," "prospective," "pursue," "seek," "should," "strategy," "target," "would," "will" or other similar expressions that convey the uncertainty of future events or outcomes. Such forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the company's control and are difficult to predict. Factors that could cause MPLX's actual results to differ materially from those implied in the forward-looking statements include: negative capital market conditions, including an increase of the current yield on common units, adversely affecting MPLX's ability to meet its distribution growth guidance; the ability to achieve strategic and financial objectives, including with respect to proposed projects and transactions; adverse changes in laws including with respect to tax and regulatory matters; the adequacy of MPLX's capital resources and liquidity, including, but not limited to, availability of sufficient cash flow to pay distributions and access to debt on commercially reasonable terms, and the ability to successfully execute its business plans, growth strategy and self-funding model; the timing and extent of changes in commodity prices and demand for crude oil, refined products, feedstocks or other hydrocarbon-based products; continued/further volatility in and/or degradation of market and industry conditions; changes to the expected construction costs and timing of projects and planned investments, and the ability to obtain regulatory and other approvals with respect thereto; completion of midstream infrastructure by competitors; disruptions due to equipment interruption or failure, including electrical shortages and power grid failures; the suspension, reduction or termination of MPC's obligations under MPLX's commercial agreements; modifications to earnings and distribution growth objectives; the ability to manage disruptions in credit markets or changes to credit ratings; compliance with federal and state environmental, economic, health and safety, energy and other policies and regulations and/or enforcement actions initiated thereunder; adverse results in litigation; changes to MPLX's capital budget; other risk factors inherent to MPLX's industry; risks related to MPC as set forth below, including those related to MPC's acquisition of Andeavor or the potential merger, consolidation or combination of MPLX with ANDX; and the factors set forth under the heading "Risk Factors" in MPLX's Annual Report on Form 10-K for the year ended Dec. 31, 2017, and in MPLX's Forms 10-Q, filed with the Securities and Exchange Commission (SEC). Factors that could cause MPC's actual results to differ materially from those implied in the forward-looking statements include: the risk that the cost savings and any other synergies from the Andeavor transaction may not be fully realized or may take longer to realize than expected; disruption from the Andeavor transaction making it more difficult to maintain relationships with customers, employees or suppliers; risks relating to any unforeseen liabilities of Andeavor; the potential merger, consolidation or combination of MPLX with ANDX; future levels of revenues, refining and marketing margins, operating costs, retail gasoline and distillate margins, merchandise margins, income from operations, net income or earnings per share; the regional, national and worldwide availability and pricing of refined products, crude oil, natural gas, NGLs and other feedstocks; consumer demand for refined products; the ability to manage disruptions in credit markets or changes to credit ratings; future levels of capital, environmental or maintenance expenditures, general and administrative and other expenses; the success or timing of completion of ongoing or anticipated capital or maintenance projects; the reliability of processing units and other equipment; business strategies, growth opportunities and expected investment; share repurchase authorizations, including the timing and amounts of any common stock repurchases; the adequacy of capital resources and liquidity, including but not limited to, availability of sufficient cash flow to execute business plans and to effect any share repurchases or dividend increases, including within the expected timeframe; the effect of restructuring or reorganization of business components; the potential effects of judicial or other proceedings on MPC's business, financial condition, results of operations and cash flows; continued or further volatility in and/or degradation of general economic, market, industry or business conditions; compliance with federal and state environmental, economic, health and safety, energy and other policies and regulations, including the cost of compliance with the Renewable Fuel Standard, and/or enforcement actions initiated thereunder; the anticipated effects of actions of third parties such as competitors, activist investors or federal, foreign, state or local regulatory authorities or plaintiffs in litigation; the impact of adverse market conditions or other similar risks to those identified herein affecting MPLX or ANDX; and the factors set forth under the heading "Risk Factors" in MPC's Annual Report on Form 10-K for the year ended Dec. 31, 2017, and in MPC's Forms 10-Q, filed with the SEC. We have based our forward-looking statements on our current expectations, estimates and projections about our industry. We caution that these statements are not guarantees of future performance and you should not rely unduly on them, as they involve risks, uncertainties, and assumptions that we cannot predict. In addition, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. While our management considers these assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. Accordingly, our actual results may differ materially from the future performance that we have expressed or forecast in our forward-looking statements. We undertake no obligation to update any forward-looking statements except to the extent required by applicable law. Copies of MPLX's Form 10-K and Forms 10-Q are available on the SEC website, MPLX's website at http://ir.mplx.com or by contacting MPLX's Investor Relations office. Copies of MPC's Form 10-K and Forms 10-Q are available on the SEC website, MPC's website at http://ir.marathonpetroleum.com or by contacting MPC's Investor Relations office.

Non-GAAP Financial Measures

Adjusted EBITDA, distributable cash flow (DCF), distribution coverage ratio and leverage ratio are non-GAAP financial measures provided in this presentation. Adjusted EBITDA and DCF reconciliations to the nearest GAAP financial measures are included in the Appendix to this presentation. Distribution coverage ratio is the ratio of DCF attributable to GP and LP unitholders to total GP and LP distributions declared. Leverage ratio is consolidated debt to last twelve months pro forma adjusted EBITDA. These non-GAAP financial measures are not defined by GAAP and should not be considered in isolation or as an alternative to net income attributable to MPLX, net cash provided by operating activities or other financial measures prepared in accordance with GAAP. Certain EBITDA forecasts were determined on an EBITDA-only basis. Accordingly, information related to the elements of net income, including tax and interest, are not available and, therefore, reconciliations of these forward-looking non-GAAP financial measures to the nearest GAAP financial measures have not been provided.

Appendix

Organic Growth Capital Projects

Gathering & Processing Segment

MPLX ENERGY LOGISTICS

Processing and Fractionation	Shale Resource	Capacity	Est. Completion Date
Omega 1 Expansion	Cana-Woodford	45 MMcf/d	2Q19
Sherwood 12 Processing Plant[b]	Marcellus	200 MMcf/d	2Q19
Sherwood 13 Processing Plant[b]	Marcellus	200 MMcf/d	3Q19
Sherwood C2 Fractionation	Marcellus	20,000 BPD	3Q19
Torñado Processing Plant	Delaware	200 MMcf/d	3Q19
Omega 2 Processing Plant	Cana-Woodford	120 MMcf/d	4Q19
Hopedale 5 C3+ Fractionation	Marcellus & Utica	80,000 BPD	4Q19
Smithburg 1 Processing Plant	Marcellus	200 MMcf/d	1Q20
Apollo Processing Plant	Delaware	200 MMcf/d	2Q20
Preakness Processing Plant	Delaware	200 MMcf/d	2021
Smithburg Processing[b] – site layout for 6 total plants	Marcellus	1,000 MMcf/d	TBD
Gulf Coast C2+ Fractionation	Delaware	300,000 BPD	TBD

Gathering	Est. Completion Date
Marcellus/Utica Rich- and Dry-Gas Gathering[a]	Ongoing
Western Oklahoma - STACK Rich-Gas and Oil Gathering	Ongoing

[a]Utica Rich- and Dry-Gas Gathering is a joint venture between MarkWest Utica EMG's and Summit Midstream LLC. Dry-Gas Gathering in the Utica Shale is completed through a joint venture with MarkWest and EMG.
[b]Sherwood Midstream investment

Seeking Alpha α

Dividend Ideas | Basic Materials

MPLX's Safe And Growing 10% Yield Makes It A Strong Buy

Oct. 31, 2019 11:03 AM ET13 comments | 9 Likes

by: Samuel Smith

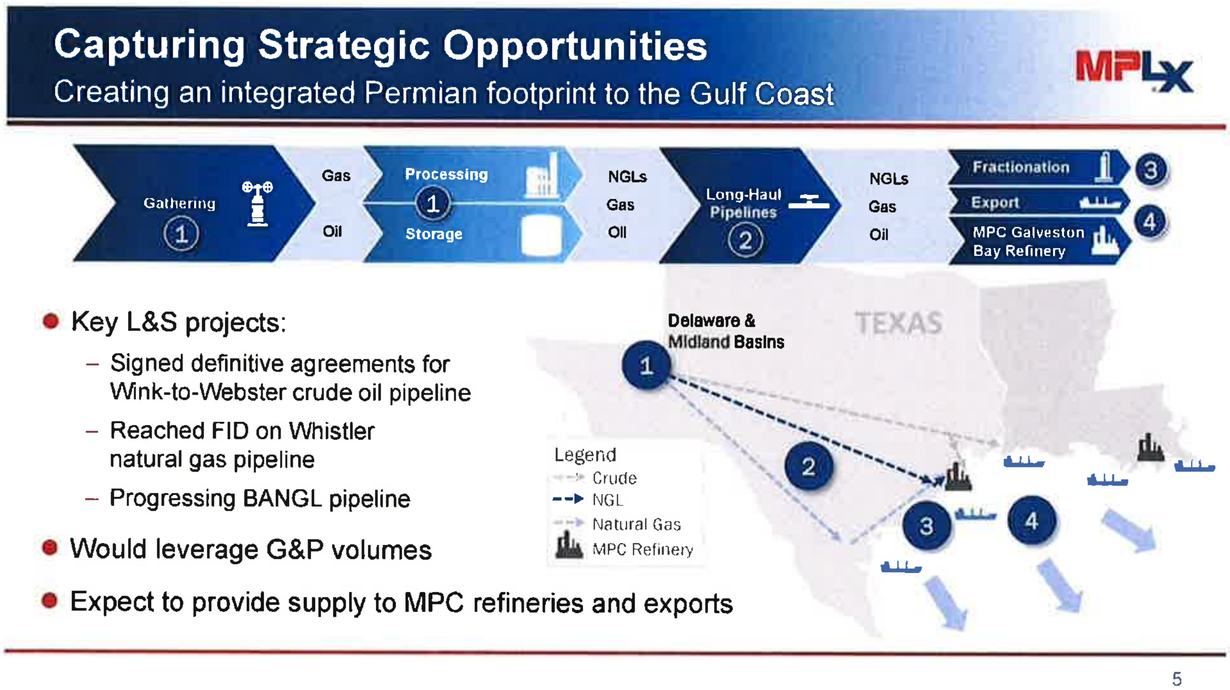
Summary

- MPLX owns a high quality portfolio of moat-worthy assets.
- It possesses an investment grade balance sheet.
- The tax-deferred distribution now yields above 10% and is well-covered by distributable cash flow.
- Management is taking a different path in the space by focusing on pruning the portfolio and streamlining CapEx in order to enhance investor capital returns and balance sheet improvement.
- An easily covered double-digit yield backed by high quality assets, growth, and an investment grade balance sheet is a no-brainer in today's low interest rate, richly valued environment.

While many investors are shying away from MPLX (MPLX) due to its potentially disadvantageous relationship with Marathon Petroleum (MPC) as well as its recently announcement cutbacks in capital expenditures, the return potential far outweighs the risks here, and I personally like the direction management is headed with focusing on paying down debt and buying back units instead of plunging headlong into continued aggressive capital spending. MPLX's easily covered double-digit yield backed by high quality assets, expected continued distribution growth, and an investment grade balance sheet make it a no-brainer buy in today's low interest rate, richly valued environment.

High Quality Assets

MPLX operates in two segments: Logistics and Storage – which relates to crude oil and refined petroleum products – and Gathering and Processing – which relates to natural gas and natural gas liquids.



Source

MPLX derives the majority of its distributable cash flow, or DCF, from its logistics assets, which operate under 5-10 year contracts on take-or-pay terms, making them very stable in terms of cash flow and commodity-price resistant. The company's gas gathering contracts are even longer-term at 10-15 years with much of that capacity also under take-or-pay contract terms. As a result, the majority of MPLX's cash flow is locked in under stable, commodity-resistant long-term contracts.

Additionally, MPLX's economies of scale and network of strategically located assets give it competitive advantages and combine with its long-term fixed fee contract structure to give it earnings stability. By integrating its asset network, it should unlock further opportunities for value chain capture. This will be facilitated through its nationwide footprint that enables connectivity to key supply sources and demand hubs. Additionally, MPLX's broader, integrated system increases capability to capture value from market dislocations and the value chain integration enhances profitability and elevates businesses beyond the sum-of-their-parts.

Recent Results

The company's 2nd quarter results had EBITDA of $920 million, reflecting 6% year-over-year growth and distributable cash flow of $741 million, providing a distribution coverage ratio of 1.36x.

The company also continued to advance key strategic initiatives in the Permian basin such as the Whistler natural gas pipeline as well as participation in the Wink-to-Webster crude oil pipeline. MPLX also closed on the Andeavor Logisitics merger on July 30th. While this deal will not do much for MPLX, and potentially even increase its risks by giving it greater exposure to California, it should not hurt it much either, and does not change my overall investment thesis.

Growth Outlook

MPLX has recently been viewed as a fairly strong growth company given the attractive near-term growth outlook for Appalachian gas production (where its assets are well positioned to capitalize) and the substantial growth runway to develop a significant asset base at the developing NGL market hub in the northeastern United States which could eventually give it NGL exporting capabilities.

However, management put a damper on that by announcing in its latest earnings call that they plan on "streamlining" (read: reducing) capital spending to focus on only the most attractive projects. In fact, they also may well work with MPC to "optimize" (i.e., downsize) their portfolio. The additional cash from the reduced capex and asset divestitures could then be recycled into debt reduction and even unit buybacks.

Still, MPLX is investing in several growth projects to capitalize on its attractive growth outlook and expects many of them to come online by the end of 2020. These include the reversal of the Capline pipeline from Illinois to Louisiana, the Omega 1 Expansion and Omega 2 Processing Plant, Sherwood Processing Plant and Fractation, Smithburg Procession Plant, Apollo Processing Plant, Preakness Processing Plant, the Gulf Coast C2+ Fractation, Marceullus/Ultica Rich - and Dry - Gas Gathering, and Western Oklahoma - STACK Rich-Gas and Oil Gathering, among others. Most of these will be coming online this year, producing significant additional DCF/unit growth in the coming years.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2018

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission file number 001-35714

MPLX LP

(Exact name of registrant as specified in its charter)

Delaware	**27-0005456**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

200 E. Hardin Street, Findlay, Ohio 45840
(Address of principal executive offices)

(419) 421-2414
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Units Representing Limited Partnership Interests	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of common units held by non-affiliates as of June 30, 2018 was approximately $9.8 billion. This amount is based on the closing price of the registrant's common units on the New York Stock Exchange on June 29, 2018. Common units held by executive officers and directors of the registrant and its affiliates are not included in the computation. The registrant, solely for the purpose of this required presentation, has deemed its directors and executive officers and those of its affiliates to be affiliates.

MPLX LP had 794,158,848 common units outstanding at February 15, 2019.

DOCUMENTS INCORPORATED BY REFERENCE:

None

receipt, storage, blending, additization, handling and redelivery of refined petroleum products are located primarily in the Midwest, Gulf Coast and Southeast regions of the United States, and have a combined total shell capacity of approximately 23.7 million barrels. We also own tank farm assets at certain MPC refineries which include approximately 56 million barrels storage capacity, in addition to 48 rail and truck racks, 21 docks, and gasoline blenders. Our marine business owns and operates 23 boats, 256 barges, and third-party chartered equipment and includes a Marine Repair Facility ("MRF"), which is a full-service marine shipyard located on the Ohio River adjacent to MPC's Catlettsburg, Kentucky refinery. Our fuels distribution business provides MPC with a broad range of scheduling and marketing services. Additionally, we have ownership in various joint-interests, including LOOP LLC, the only U.S. deep-water oil port, located offshore of Louisiana, which is used to import and export crude oil. We have completed the Robinson Butane Cavern project, Texas City tank farm expansion project, and major expansion work on the Ozark pipeline system as well as increasing our overall pipeline capacity across a variety of other pipeline systems. Our L&S assets are integral to the success of MPC's operations.

We generate revenue in the L&S segment primarily by charging tariffs for transporting crude oil, refined products and other hydrocarbon-based products through our pipelines and at our barge docks delivering to domestic and international destinations, and fees for storing crude oil and refined products at our storage facilities. Our marine business generates revenue under a fee-for-capacity contract with MPC. Our fuels distribution business provides services related to the scheduling and marketing of products on behalf of MPC, for which it generates revenue based on the volume of MPC's products sold each month. We are also the operator of additional crude oil and refined product pipelines owned by MPC and third parties for which we are paid operating fees. For the year ended December 31, 2018, approximately 92 percent of L&S segment revenue and other income was generated from MPC. In this segment, we do not take ownership of the crude oil or products that we transport and store for our customers, and we do not engage in the trading of any commodities. However, we could be required to purchase or sell hydrocarbon-based volumes in the open market to make up negative or positive imbalances.

G&P:

We operate several natural gas gathering systems with the scope of gathering services that we provide dependent upon the composition of the raw or untreated gas at our producer customers' wellheads. For dry gas, we gather and, if necessary, treat the gas and deliver it to downstream transmission systems. For wet gas that contains heavier and more valuable hydrocarbons, we gather the gas for processing at a processing complex. The capacities of these gathering systems are supported by long-term, fee-based agreements with major producer customers. Our natural gas processing complexes remove the heavier and more valuable hydrocarbon components from natural gas. This allows the residue gas remaining after extraction of the NGLs to meet the quality specifications for long-haul pipeline transportation or commercial use. Once natural gas has been processed at a natural gas processing complex, the heavier and more valuable hydrocarbon components, which have been extracted as a mixed NGL stream, can be further separated into their component parts through the process of fractionation. Our NGL fractionation facilities separate the mixture of extracted NGLs into individual purity product components for end-use sale. Our fractionation facilities for propane and heavier NGLs are supported by long-term, fee-based agreements with our key producer customers. All NGLs, other than purity ethane as discussed below, produced at our Cadiz Complex, Seneca Complex, Harmon Creek Complex, Majorsville Complex, Mobley Complex and Sherwood Complex are gathered to the Houston Complex or to the Hopedale Complex through a system of NGL pipelines to allow for fractionation into purity NGL products. NGLs other than purity ethane produced at the Bluestone processing plant are also fractionated at the Bluestone Complex into purity NGL products. We can also gather NGLs produced at a third party's processing facilities to the Houston, Hopedale and Bluestone Complexes for fractionation.

As a result of the volume of natural gas production from the liquids-rich areas of the Marcellus and Utica Shales, we recover ethane from the natural gas stream for producer customers, which allows them to meet residue gas pipeline quality specifications and downstream pipeline commitments. Depending on market conditions, producer customers may also benefit from the potential price uplift received from the sale of their ethane. We have connections to several downstream ethane pipeline projects from many of our systems as follows:

- We transport purity ethane produced at the Majorsville Complex, Mobley Complex and Sherwood Complex to the Houston Complex on a FERC pipeline.
- We deliver purity ethane to Sunoco Logistics Partners L.P.'s ("Sunoco") Mariner West pipeline ("Mariner West") from the Harmon Creek Complex, Houston Complex and Bluestone Complex.
- We deliver purity ethane to Enterprise Products Partners L.P.'s Appalachia-to-Texas Express pipeline from the Houston Complex and the Cadiz Complex.
- Sunoco developed the Mariner East project ("Mariner East"), a pipeline and marine project that originates at our Houston Complex. In December 2014, Mariner East began transporting propane to Sunoco's terminal near Philadelphia, Pennsylvania ("Marcus Hook Facility") where it is loaded onto marine vessels and delivered to international markets. In May 2016, Mariner East began transporting purity ethane in addition to propane to the Marcus Hook Facility.
- In December 2018, phase two of Mariner East, a pipeline from our Houston and Hopedale Complexes in western Pennsylvania and eastern Ohio, respectively, began transporting propane and butane to the Marcus Hook Facility where it is loaded onto marine vessels and delivered to domestic and international markets.

As production in geographic regions and market demand continues to evolve, so do our planned capital expenditures. The following table summarizes our properties that are expected to be constructed or have planned expansions in upcoming years. For a full list of our gas processing facilities, fractionation facilities, natural gas gathering systems, NGL pipelines and natural gas pipelines see Item 2. Properties—Gathering and Processing.

Plant	Existing capacity	Planned capacity expansion	Expected in-service of expansion capacity	Geographic Region
Processing (MMcf/d):				
Sherwood Complex	2,200	400	2019	Marcellus Operations
Smithburg Complex	—	1,200	TBD	Marcellus Operations
Western Oklahoma Complex	500	165	2019	Southwest Operations
Torñado Complex	—	200	2019	Southwest Operations
Apollo Complex	—	200	2020	Southwest Operations
Preakness Complex	—	200	2021	Southwest Operations
Fractionation (mbpd):				
Hopedale Complex	240	80	2019	Marcellus/Utica Operations
De-ethanization (mbpd):				
Sherwood Complex	60	20	2019	Marcellus Operations

A significant portion of our business comes from a limited number of key customers. For the year ended December 31, 2018, revenues earned from two customers are significant to the segment, each accounting for 15 percent of G&P operating revenues and seven percent of consolidated operating revenues, respectively.

MPLX LP (MPLX) Q3 2019 Earnings Call Transcript

MPLX earnings call for the period ending September 30, 2019.

Motley Fool Transcribers (MFTranscribers)
Oct 31, 2019 at 7:30PM

MPLX LP (NYSE:MPLX)
Q3 2019 Earnings Call
Oct 31, 2019, *11:00 a.m. ET*

IMAGE SOURCE: THE MOTLEY FOOL.

Contents:

Prepared Remarks:

Operator

Welcome to the MPLX Third Quarter 2019 Earnings Call. My name is Ilan, and I will be your operator for today's call. [Operator Instructions]

And I would now like to turn the call over to Kristina Kazarian. Kristina, you may begin.

Kristina A. Kazarian -- *Vice President, Investor Relations*

Good morning, and welcome to the MPLX Third Quarter 2019 Earnings Webcast and Conference Call. The synchronized slides that accompany this call can be found on mplx.com under the Investor tab.

On the call today are Gary Heminger, Chairman and CEO; Mike Hennigan, President; Pam Beall, CFO and other members of the management team.

We invite you to read the safe harbor statements and non-GAAP disclaimer on Slide 2. It's a reminder that we will be making forward-looking statements during the call, and during the question-and-answer session that follows. Actual results may differ materially from what we expect today. Factors that could cause actual results to differ are included there as well as in our filings with the SEC. Please note that all financial and operational metrics that will be discussed on this call include full quarter results of Andeavor Logistics.

Now, I will turn the call over to Gary Heminger for opening remarks.

Gary R. Heminger -- *Chairman and Chief Executive Officer*

Thank you, Kristina, and good morning to everyone. Thank you for joining our call. As you may have seen earlier today, MPC announced the formation of a Special Committee of its Board of Directors, led by Mike Stice, to continue to evaluate alternatives to enhance value across its midstream business. The special committee will focus on analyzing valuation structures, leverage as well as other aspects. And we will continue to keep our unitholders updated as we go forward.

And before I turn the call over to Mike to go into details, and Pam further to go into the financial details, let me take a moment to congratulate Mike, as -- we announced this morning, Mike will be taking over tomorrow as CEO of MPLX and the Company is in very good hands with Mike's tremendous track record in the midstream space, but also his track record within the entire downstream industry. So congratulations to Mike, and I'll turn it over to you.

Michael J. Hennigan -- *President*

Thank you, Gary. I'm pleased to report that MPLX delivered strong results of the third quarter adjusted EBITDA of $1.3 billion, including full quarter results from ANDX. Our distributable cash flow of $1 billion for the quarter provided strong distribution coverage of 1.4 times, and we reported leverage of four times.

As noted in our last earnings call, we successfully closed our acquisition of Andeavor Logistics on July 30. This acquisition simplifies MPC's midstream structure into one public company, allowing us to high-grade our commercial opportunities and create a large scale diversified midstream company, anchored by fee-based cash flows. We progressed our slate of high return projects with advance our strategy of creating integrated crude oil and natural gas logistics systems from the Permian to the US Gulf Coast. We also high graded our growth capex portfolio and announced our projected 2020 growth capital target.

Our expected portfolio of projects demonstrates our continued focus on growing the L&S side of the business in key shale areas in the U.S. and leveraging downstream projects to support MPCs refineries, as well as the growing export market.

Turning your attention to Slide 4, I'd like to provide an update on our initiatives to optimize MPLX growth capex, that we introduced last quarter. As I mentioned previously, our first priority following the combination with ANDX was the high grade, the combined capital portfolio. We have completed plans to streamline our growth capital expenditures, focusing on the most attractive returns. For 2020, we are targeting growth capex of approximately $2 billion, this is approximately $600 million less and with the two prior midstream companies had projected in total. Virtually all of the reduced spending is in the G&P segment of our business.

In doing so, we believe we have selected the highest-return projects available to us which will best position us to deliver long-term value to our unitholders. Our target to spend approximately 75% of growth capex in the L&S segment continues to shift in our strategic direction over the last couple of years. At the same time, our G&P business remains an important part of our portfolio. Slowing Northeast growth allows our portfolio of premier G&P assets in the region to deliver positive cash flow, which can be deployed to our strategic investments, especially in the Permian.

Additionally, as Gary mentioned MPC announced that it's forming a special committee of its Board of Directors to continue to evaluate alternatives to enhance value across its midstream segment.

Moving to Slide 5, we highlight our strategy to create an integrated crude oil and natural gas logistics system from the Permian to the Gulf Coast. During the third quarter, design and construction of the Whistler natural gas pipeline has progressed. NEO purchase orders, construction agreements and compression purchase orders have all been signed. Let me just remind you, that this joint venture project is being designed to transport approximately 2 billion cubic feet per day of natural gas to approximately 475 miles of 42-inch pipe from Waha, Texas to the Agua Dulce market in South Texas.

We expect to ultimately deliver natural gas to MPC's Galveston Bay refinery. Supply for the Whistler Pipeline will be sourced from multiple upstream connections in the Permian Basin, including direct connections to plants in the Midland Basin through an approximately 50-mile, 30-inch pipeline lateral, as well as a direct connection to the 1.4 billion cubic feet per day Agua Blanca pipeline. We expect Whistler to be in service in the third quarter of 2021.

Last quarter, we announced our participation in the Wink to Webster Permian crude oil project, a 36-inch diameter pipeline with planned origination points in Wink and Midland, Texas. The pipeline will have destination points in the Houston market, including MPC's Galveston Bay Refinery. We have a 15% equity ownership in the Wink to Webster joint venture and the project continues to be targeted to be in service in early 2021.

As part of the ANDX acquisition, our Permian business now includes the Conan crude gathering system, a 250,000 barrel a day capacity system in Lea County, New Mexico and Loving County in Texas. Volumes on the system, continue to grow to new records averaging 205,000 barrels per day in the third quarter, up approximately 8% over the second quarter of 2019. And lastly, we continue to progress our Permian to Gulf Coast NGL pipeline called BANGL targeting FID by year-end to ensure a 2021 start-up.

Slide 6 provides second quarter Logistics and Storage highlights for our new combined L&S business. Total pipeline throughputs averaged 5.2 million barrels per day, 54% increase over the same quarter last year and the year-on-year increase in throughput is primarily driven by the acquisition of ANDX. We are also providing quarter-over-quarter volume information to help provide an apples-to-apples view of our business, as if we had owned ANDX last quarter.

On a sequential basis, pipeline throughputs increased 2% versus the second quarter of 2019. Terminal throughput averaged 3.3 million barrels per day for the quarter, an increase of 123% versus the third quarter of 2018. The year-on-year increase in throughput for our terminals was primarily driven by the addition of ANDX tunnelling assets. On a sequential basis, terminal throughputs were flat versus the second quarter of 2019.

MPCs Capline reversal project progress with the purge of the main line initiated in October -- excuse me -- once reverse Capline will be capable of supplying discounted Mid-Continent and Canadian crudes at St. James, Louisiana, which has the direct connection to MPCs Garyville refinery. Capline is now expected to begin light crude service in the first half of 2021 with heavy crude service expected in 2022.

Slide 7 provides second quarter gathering and processing highlights for the new combined G&P business segment. Gathered volumes in our legacy MPLX gathering and processing business increased 12% year-over-year and 7% sequentially over the second quarter of 2019, primarily in the Marcellus, Utica basins. Total gathered volumes averaged 6.3 billion cubic feet per day, representing a 33% increase over the third quarter of 2018 and a 6% increase versus the second quarter of 2019, primarily driven by the ANDX acquisition. Processed volumes in our legacy MPLX gathering and processing business increased 13% year-over-year and 3% sequentially over the second quarter of 2019, primarily due to significant volume growth at our Sherwood and Harmon Creek complexes.

Total processed volumes increased 23% versus the same quarter last year to 8.8 billion cubic feet per day, primarily driven by the ANDX acquisition and sequentially processed volumes increased 3% over the second quarter of 2019. This month we placed the Sherwood 12 processing plant in the Marcellus and the Tornado processing plant in the Permian in service, adding 400 million cubic feet per day of incremental capacity.

We plan to commission Sherwood 13 later in the fourth quarter of 2019, bringing the total capacity of this complex to 2.6 billion cubic feet per day. We also have two additional plants under various stages of development in the Permian, which would add 400 million more cubic feet per day of incremental capacity. Once completed, this will bring our total Permian processing capacity to 1 billion cubic feet per day with approximately 125,000 barrels per day of liquids.

Volumes from our Permian gathering and processing operations would feed our planned Whistler natural gas and our proposed BANGL NGL pipelines. Fractionated volumes in our legacy MPLX gathering and processing business increased 5% year-over-year and 4% sequentially due to C2 and C3 fractionation capacity added in 2018 in the Marcellus and Utica basins. Total fractionated volumes averaged 547,000 barrels per day in the second quarter, representing a 12% increase over the third quarter last year and a 5% increase versus the second quarter of 2019, primarily driven by the ANDX acquisition.

As part of the acquisition, our G&P segment now includes the North Dakota NGL logistics hub in the Bakken. This project was built to transport mixed NGLs from a third-party processing plant in McKenzie County in North Dakota to our Belfield gas processing plan for fractionation and then to ship these purity NGL products on manifest and unit trains from our Fryburg rail terminal. The NGL Logistics hub project was completed in the second quarter of 2019 and all services including pipeline, fractionation and rail loading are fully operational.

Let me conclude my comments by summarizing our strategic direction related to capital spending. First, we continue to shift the portfolio more toward the L&S side of the business and less toward G&P. Our 2018 plan had roughly 85% of our growth capital targeted to the G&P processing area. Our 2019 plan was approximately 50-50 and we anticipate our 2020 growth capital will target approximately 75% of the spend in the L&S segment. Second, related to our Northeast G&P business, we continue to diversify the portfolio by investing less in the Northeast G&P business and more in the other areas of growth, particularly in the Permian. Our Northeast G&P business represents approximately 20% of our 2019 expected EBITDA and is projected to be cash flow positive for the first year since the MarkWest acquisition.

Third, with the high graded 2020 capital target we discussed earlier, we anticipate that outside of the Permian, all of our G&P basins in which we operate stocks haven't been good investments in recent years.

Midstream companies, on the other hand, could be big winners because they charge a fixed fee as volumes flow through their assets. That enables them to generate steadier cash flow, a growing portion of which they send back to investors via dividends. That's why investors interested in America's oil export boom should take a closer look at companies like Phillips 66 Partners, Enterprise Products Partners, and MPLX.

Matthew DiLallo owns shares of Enterprise Products Partners. The Motley Fool recommends Enterprise Products Partners. The Motley Fool has a disclosure policy.

This Ultra-High-Yield Dividend Stock Is a Screaming Bargain

This midstream company has sold off in the past year even though its cash flow continues rising.

Matthew DiLallo
Sep 14, 2019 at 4:37PM

MPLX (NYSE:MPLX) has lost more than 20% of its value in the last year. That slump is a bit of a head-scratcher, because the master limited partnership's cash flow per unit increased by more than 10% through the first six months of 2019 compared to the year-ago period. As a result, the company's valuation is at a bargain-basement level.

Further, with its unit price slumping, its dividend yield has risen to 9.4%, thanks also to a 6.4% increase in its payout over the past year. The combination of all those factors makes MPLX one of the more attractive income investment opportunities available right now.

IMAGE SOURCE: GETTY IMAGES.

A top-notch payout

Usually, when a dividend yield is around 10%, it's due to concerns about its sustainability. However, that's not the case with MPLX. For starters, the company produces very predictable cash flow backed primarily by fee-based contracts. Further, it has generated enough cash to cover its payout by 1.38 times so far this year, which is well above its 1.2 comfort level. The company adds even more support to its payout by having a solid investment-grade balance sheet that it backs with a conservative 3.9 leverage ratio. That's right below its 4.0 target. Because of those solid metrics, MPLX has the financial flexibility to fund its expansion projects.

Visible growth for the next few years

MPLX recently bolstered its growth prospects by acquiring affiliated MLP Andeavor Logistics. That transaction diversified its portfolio while enhancing its footprint in the fast-growing Permian Basin. Because of that, the combined company has the scale and asset base to build out integrated systems to gather, store, process, transport, and export natural gas, natural gas liquids (NGLs), and oil from that region.

On the natural gas side, the company is building three new processing plants in the Permian that will feed gas and raw NGLs into pipelines it has under development. The Whistler Pipeline will move the gas toward Texas' coast. Meanwhile, BANGL will ship NGLs in that same direction to a fractionation hub it's developing, which will separate them into pure products like ethane and propane. The company expects to finish both large-scale pipelines by 2021.

On the oil side, MPLX is expanding Andeavor's legacy oil gathering business in the Permian. It's also leveraging that system to pursue additional expansion opportunities further downstream. For example, it's investing in the Wink-to-Webster pipeline, which will move crude oil from the Permian to the Gulf Coast when it starts up in 2021. The company is also expanding its recently acquired Mt. Airy terminal, which will enable it to export more oil and refined products. That's one of several export projects it's working on as it seeks to take advantage of increased oil flows to the Gulf Coast.

These projects position MPLX to grow its cash flow at a healthy pace over the next few years. That should enable it to continue increasing its distribution to investors.

A bottom-of-the-barrel valuation

Typically, when a company pays a well-supported and growing dividend and has visible expansion prospects, it trades at a premium valuation. However, that's not the case with MPLX.

The company is currently on track to generate about $3.66 per unit of cash flow for 2019. However, with units recently trading at around $28.50 apiece, it implies that MPLX sells for less than eight times cash flow. That's dirt cheap considering that most of its midstream peers fetch at least 10 times their cash flow.

A dirt cheap income stream

Units of MPLX have sold off in the past year, which doesn't make much sense, especially since its recent merger with Andeavor Logistics enhanced its growth prospects without negatively affecting its ability to continue increasing its high-yield dividend. Now the company's sell-off looks like a great buying opportunity, since investors are getting not only a much cheaper price but also a higher yield. That sets dividend investors up to earn an even better total return in the coming years.

Matthew DiLallo has no position in any of the stocks mentioned. The Motley Fool has no position in any of the stocks mentioned. The Motley Fool has a disclosure policy.

Investor Presentation

September 2019

Forward-Looking Statements and Additional Information

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws regarding Marathon Petroleum Corporation (MPC) and MPLX LP (MPLX). These forward-looking statements relate to, among other things, MPC's acquisition of Andeavor and include expectations, estimates and projections concerning the business and operations, strategy and value creation plans of MPC and MPLX. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, that could cause future outcomes to differ materially from those set forth in the forward-looking statements. You can identify forward-looking statements by words such as "anticipate," "believe," "could," "design," "estimate," "expect," "forecast," "goal," "guidance," "imply," "intend," "may," "objective," "opportunity," "outlook," "plan," "policy," "position," "potential," "predict," "priority," "project," "prospective," "pursue," "seek," "should," "strategy," "target," "would," "will" or other similar expressions that convey the uncertainty of future events or outcomes. Such forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the companies' control and are difficult to predict.

Factors that could cause MPC's actual results to differ materially from those implied in the forward-looking statements include: the risk that the cost savings and any other synergies from the Andeavor transaction may not be fully realized or may take longer to realize than expected; disruption from the Andeavor transaction making it more difficult to maintain relationships with customers, employees or suppliers; risks relating to any unforeseen liabilities of Andeavor; risks related to the acquisition of Andeavor Logistics LP by MPLX, including the risk that anticipated opportunities and any other synergies from or anticipated benefits of the transaction may not be fully realized or may take longer to realize than expected, including whether the transaction will be accretive within the expected timeframe or at all, or disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; the ability to complete any divestitures on commercially reasonable terms and/or within the expected timeframe, and the effects of any such divestitures on the business, financial condition, results of operations and cash flows; future levels of revenues, refining and marketing margins, operating costs, retail gasoline and distillate margins, merchandise margins, income from operations, net income or earnings per share; the regional, national and worldwide availability and pricing of refined products, crude oil, natural gas, NGLs and other feedstocks; consumer demand for refined products; the ability to manage disruptions in credit markets or changes to credit ratings; future levels of capital, environmental or maintenance expenditures, general and administrative and other expenses; the success or timing of completion of ongoing or anticipated capital or maintenance projects; the reliability of processing units and other equipment; business strategies, growth opportunities and expected investment; share repurchase authorizations, including the timing and amounts of any common stock repurchases; the adequacy of capital resources and liquidity, including but not limited to, availability of sufficient cash flow to execute business plans and to effect any share repurchases or dividend increases, including within the expected timeframe; the effect of restructuring or reorganization of business components; the potential effects of judicial or other proceedings on the business, financial condition, results of operations and cash flows; continued or further volatility in and/or degradation of general economic, market, industry or business conditions; compliance with federal and state environmental, economic, health and safety, energy and other policies and regulations, including the cost of compliance with the Renewable Fuel Standard, and/or enforcement actions initiated thereunder; the anticipated effects of actions of third parties such as competitors, activist investors or federal, foreign, state or local regulatory authorities or plaintiffs in litigation; the impact of adverse market conditions or other similar risks to those identified herein affecting MPLX; and the factors set forth under the heading "Risk Factors" in MPC's Annual Report on Form 10-K for the year ended Dec. 31, 2018, filed with the Securities and Exchange Commission (SEC).

Factors that could cause MPLX's actual results to differ materially from those implied in the forward-looking statements include: the risk that anticipated opportunities and any other synergies from or anticipated benefits of the Andeavor Logistics (ANDX) acquisition may not be fully realized or may take longer to realize than expected, including whether the transaction will be accretive within the expected timeframe or at all; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; risks relating to any unforeseen liabilities of ANDX; the amount and timing of future distributions; negative capital market conditions, including an increase of the current yield on common units; the ability to achieve strategic and financial objectives, including with respect to distribution coverage, future distribution levels, proposed projects and completed transactions; the success of MPC's portfolio optimization, including the ability to complete any divestitures on commercially reasonable terms and/or within the expected timeframe, and the effects of any such divestitures on the business, financial condition, results of operations and cash flows; adverse changes in laws including with respect to tax and regulatory matters; the adequacy of capital resources and liquidity, including, but not limited to, availability of sufficient cash flow to pay distributions and access to debt on commercially reasonable terms, and the ability to successfully execute business plans, growth strategies and self-funding models; the timing and extent of changes in commodity prices and demand for crude oil, refined products, feedstocks or other hydrocarbon-based products; continued/further volatility in and/or degradation of market and industry conditions; changes to the expected construction costs and timing of projects and planned investments, and the ability to obtain regulatory and other approvals with respect thereto; completion of midstream infrastructure by competitors; disruptions due to equipment interruption or failure, including electrical shortages and power grid failures; the suspension, reduction or termination of MPC's obligations under MPLX's commercial agreements; modifications to financial policies, capital budgets, and earnings and distributions; the ability to manage disruptions in credit markets or changes to credit ratings; compliance with federal and state environmental, economic, health and safety, energy and other policies and regulations and/or enforcement actions initiated thereunder; adverse results in litigation; other risk factors inherent to MPLX's industry; risks related to MPC; and the factors set forth under the heading "Risk Factors" in MPLX's Annual Report on Form 10-K for the year ended Dec. 31, 2018, and Form 10-Q for the quarter ended June 30, 2019, filed with the SEC.

We have based our forward-looking statements on our current expectations, estimates and projections about our industry. We caution that these statements are not guarantees of future performance and you should not rely unduly on them, as they involve risks, uncertainties, and assumptions that we cannot predict. In addition, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. While our management considers these assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. Accordingly, our actual results may differ materially from the future performance that we have expressed or forecast in our forward-looking statements. We undertake no obligation to update any forward-looking statements except to the extent required by applicable law. Copies of MPC's Form 10-K and Forms 10-Q are available on the SEC website, MPC's website at https://www.marathonpetroleum.com/Investors/or by contacting MPC's Investor Relations office. Copies of MPLX's Form 10-K and Forms 10-Q are available on the SEC website, MPLX's website at http://ir.mplx.com or by contacting MPLX's Investor Relations office.

Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures. Reconciliations to the nearest historical GAAP financial measures are included in the Appendix to this presentation. These non-GAAP financial measures are not defined by GAAP and should not be considered in isolation or as an alternative to net income attributable to MPC or MPLX, net cash provided by (used in) operating, investing and financing activities, Speedway income from operations or other financial measures prepared in accordance with GAAP. Certain forecasts were determined on an EBITDA-only basis. Accordingly, information related to the elements of net income, including tax and interest, are not available and, therefore, reconciliations of these forward-looking non-GAAP financial measures to the nearest GAAP financial measures have not been provided.

MPC – Who We Are: An Integrated, Diversified Business

Midstream

Growing Earnings Profile

High-Returning Project Focus

Integration Enhances Value

Strategic Alignment with Refining

Retail & Marketing

Balances Earnings Profile

Flexible Product Placement Platform: Retail, Wholesale, and Brand

Leading Technology and Loyalty Programs

Refining

Low-Cost, High Utilization

Return-Enhancing Projects

Leader in Safety and Environmental Stewardship

Midstream

Roadmap to Creating Superior Value – Midstream

Capture Full Midstream Value Chain

Participate across value chain to diversify business and enhance margins

Alleviate in-basin bottlenecks

Connect supply to global demand markets

Enhance Cash Flow Stability

Long-haul pipelines to add further stable cash flow

Export facilities meet significant, growing market needs

Leverage existing assets for incremental third-party business

Grow in Premier Basins

Permian: significant growth opportunities across all hydrocarbons

Marcellus: disciplined growth to support key producers

Leverage MPC Relationship

Fosters further growth opportunities

Enhances projects via volume commitments

Provide logistics solutions to MPC's nationwide refining footprint

Financial Discipline

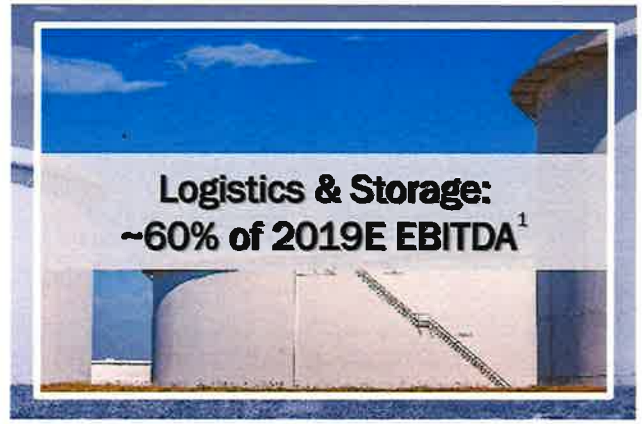
Self-funding equity portion of capital investments

Target mid-teen returns on growth investments

Maintain investment grade credit profile

MPLX's Business Mix

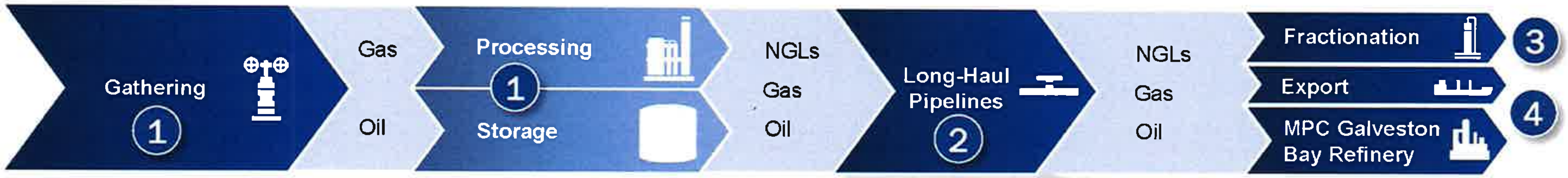
- Successfully combined MPLX and Andeavor Logistics creating leading, large-scale diversified midstream company anchored by fee-based cash flows
- High-grading growth capital expenditures with focus on L&S
  - Strategy of creating integrated crude oil and natural gas logistics systems from Permian to USGC
- Harvesting G&P cash flows to drive free cash flow generation
  - Northeast G&P only ~20% of total 2019E EBITDA[1]

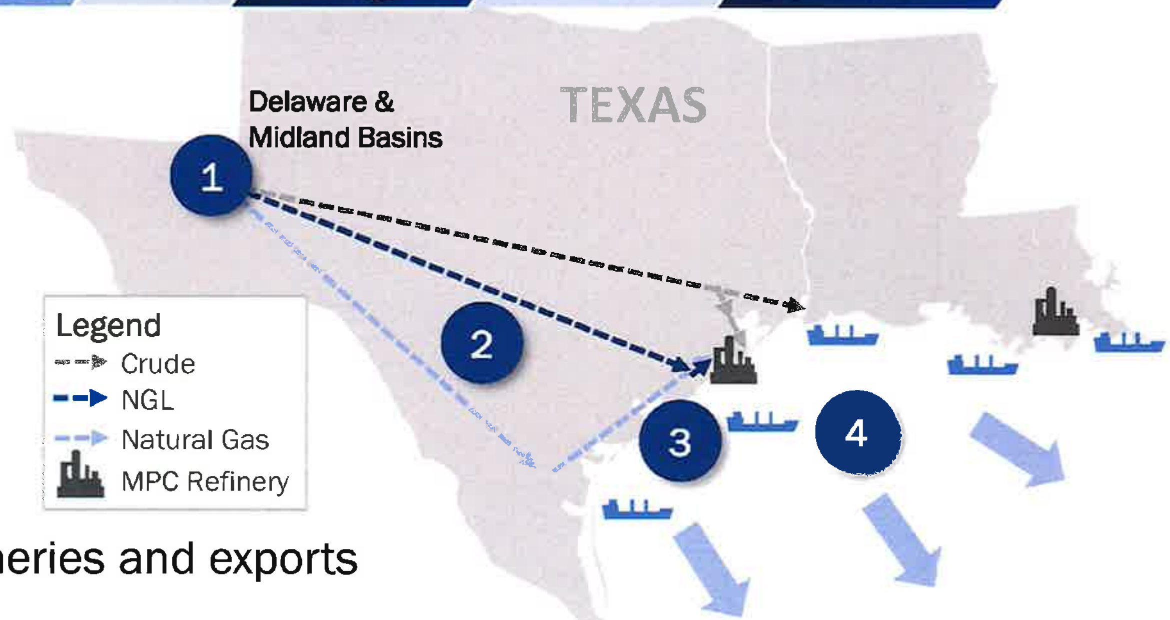


[1] 2019 estimate pro-forma for ANDX transaction

Capturing Strategic Opportunities

Creating an integrated Permian footprint to the Gulf Coast

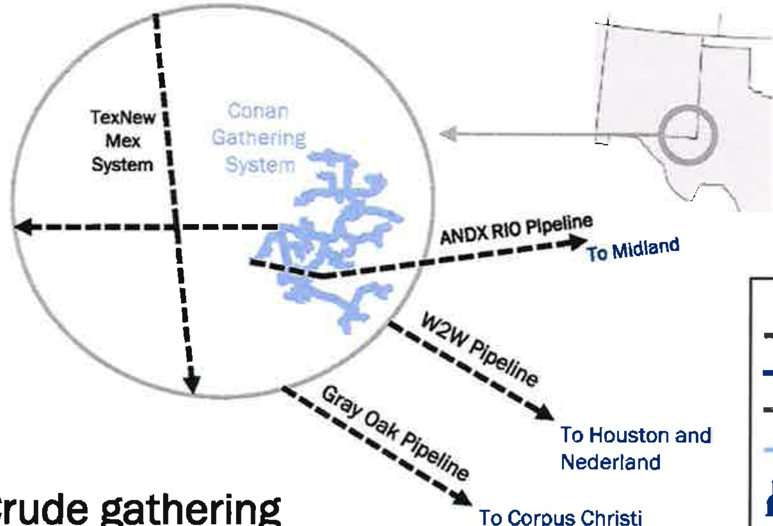


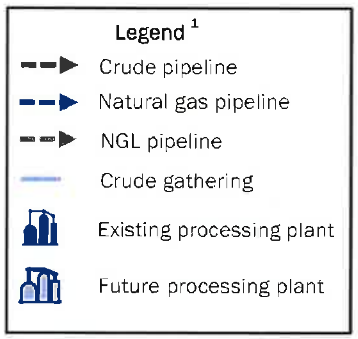


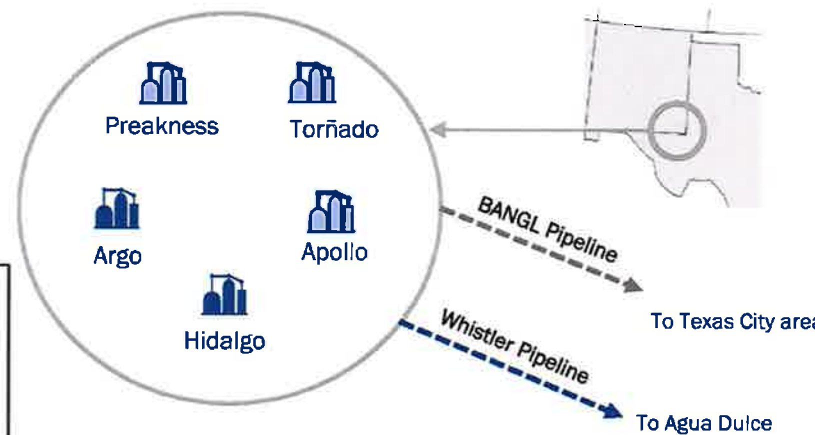
- Key L&S projects:
  - Signed definitive agreements for Wink-to-Webster crude oil pipeline
  - Reached FID on Whistler natural gas pipeline
  - Progressing BANGL pipeline
- Would leverage G&P volumes
- Expect to provide supply to MPC refineries and exports

Permian G&P Feeds Downstream Opportunities

Gathering systems create significant growth opportunities in the Permian







Crude gathering

- Conan Gathering system connects refineries to well-head
- Provides volumes for planned Gray Oak, Wink-to-Webster pipelines

Natural gas gathering & processing

- Existing plants: Hidalgo, Argo
- Future plants: Apollo, Torñado, Preakness
- 200 MMcfd plants provide volumes for planned Whistler and BANGL pipelines

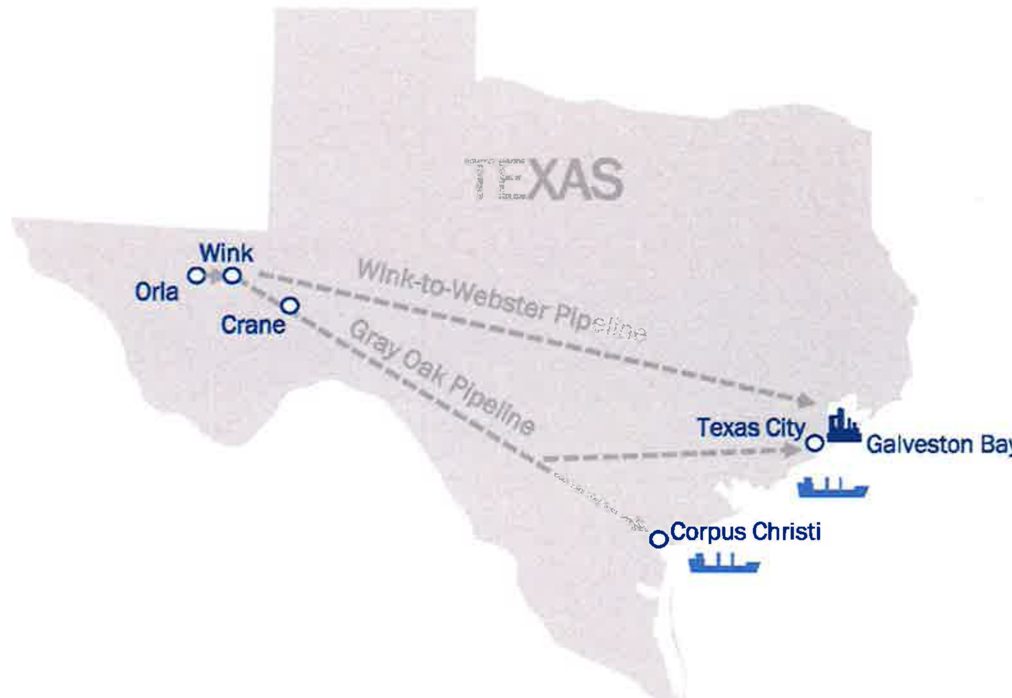
[1] Pipelines are shown pictorially only to show flow paths; some pipelines are new and/or proposed, including Gray Oak, Wink-to-Webster, Whistler, BANGL

Permian Crude Pipelines

Investments in long-haul pipelines generate stable, fee-based midstream income and also help lower feedstock costs for MPC refineries

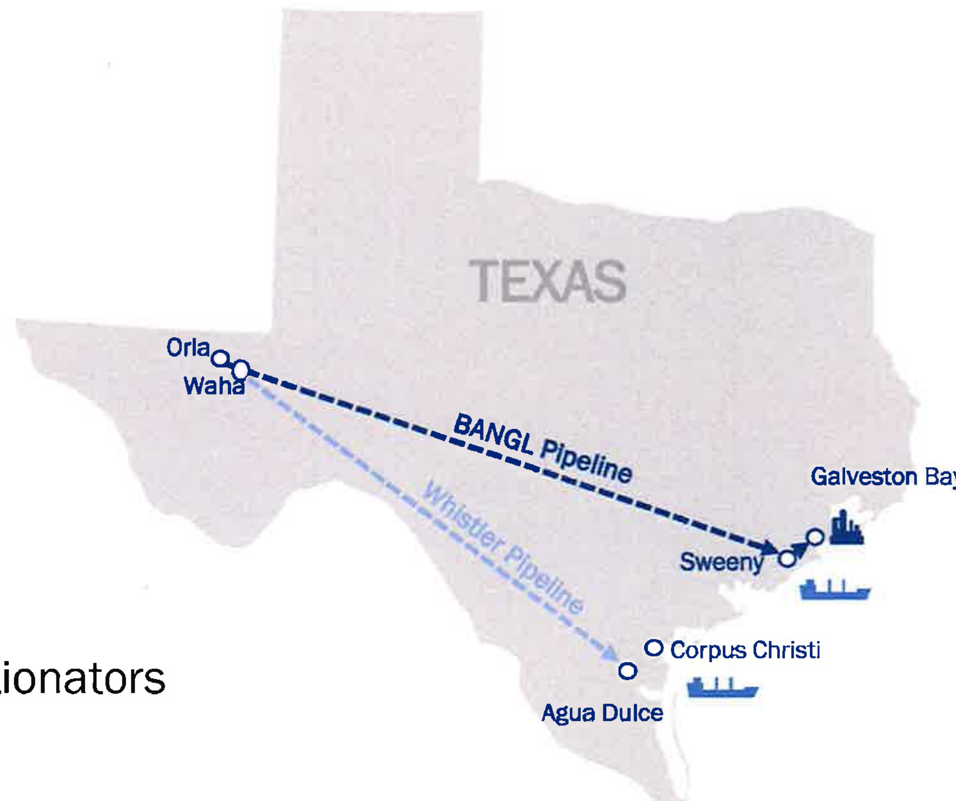
- Gray Oak Pipeline
  - MPC, Diamondback Energy, PSXP
  - ~850 mile, 30" diameter
  - Anticipate in-service 4Q19

- Wink-to-Webster Pipeline (W2W)
  - Signed definitive agreements with partners ExxonMobil, Plains All American, Lotus Midstream, Delek, and Rattler Midstream
  - 36" mainline with 1.5 MMBPD capacity
  - Anticipate in-service first half of 2021



Permian Natural Gas and NGL Pipelines and Fractionation

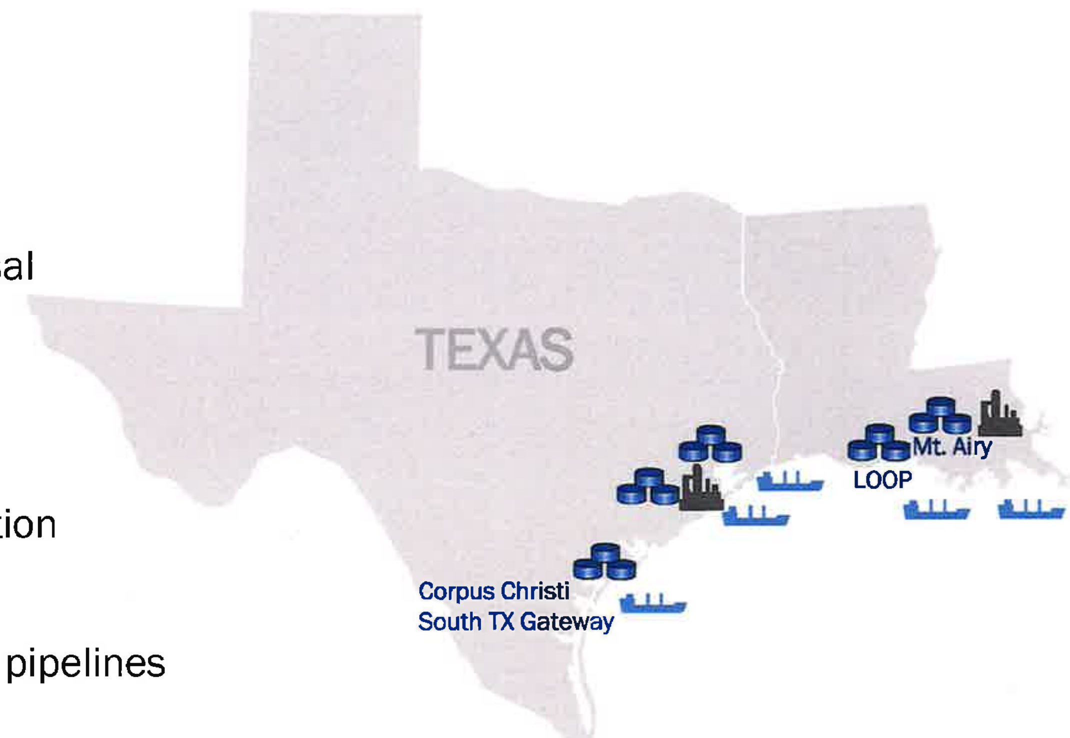
- Whistler Residue Gas Pipeline
  - JV with White Water Midstream and others
  - 42” pipeline with ~2.0 Bcf/d capacity
  - Anticipate in-service 3Q21
- BANGL Pipeline (Belvieu Alternative NGL)
  - JV with White Water Midstream and others
  - 24” pipeline with ~500 MBPD capacity
  - Anticipate in-service early 2021
- Gulf Coast fractionation – three potential fractionators with 150 MBPD C2+ capacity each



Expanding Export Capabilities

Export facilities create ability to generate third party revenue and meet global demand for crude, refined products, and NGLs

- Currently in service
  - Mt. Airy, LA: acquired in 3Q18
  - LOOP: expansion with planned Capline reversal
- Planned projects
  - South Texas Gateway: operational in conjunction with Gray Oak Pipeline construction
  - Texas City: hub for planned W2W and BANGL pipelines



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APPALACHIA	Natural Gas Pipelines	**GULF COAST GAS PLAYS**	Natural Gas Pipelines	**U.S. Gulf & East Coast LNG Terminals**
Marcellus	Natural Gas Processing	*Fayetteville*	Natural Gas Processing	
Utica	Natural Gas Storage Infrastructure	*Haynesville*	Natural Gas Storage	
U.S. Gulf & East Coast LNG Terminals	Purity Ethane+ Processing & Pipeline Infrastructure	*U.S. Gulf & East Coast LNG Terminals*	NGL Pipelines	
	NGL Pipelines		NGL Fractionation	
	NGL Fractionation		Other NGL Infrastructure	
	NGL Storage Infrastructure			
	Crude & Condensate Infrastructure	**MID-CONTINENT PLAYS**	Crude Oil Pipelines	
		Barnett	Crude Oil Storage Infrastructure	
BAKKEN-ROCKIES	Crude Oil Pipelines	*Mississippi Lime*	Natural Gas Pipelines	
Bakken	Liquids Logistical Infrastructure	*Panhandle*	Natural Gas Processing	
Rockies	Liquids Storage	*Woodford*	Natural Gas Storage	
	Natural Gas Pipelines	*U.S. Gulf & East Coast LNG Terminals*	NGL Pipelines	
	Natural Gas Processing		NGL Fractionation	
	Natural Gas Storage		NGL Marine Export Infrastructure	
	NGL Pipelines		Other NGL Infrastructure	
	NGL Fractionation & Processing Infrastructure			
	Refineries in the Bakken and Rockies Plays	**PERMIAN**	Crude Oil Pipelines	
			Crude Oil Storage	
			Crude Processing	
EAGLE FORD	Crude Oil Pipelines		Liquids Logistical Infrastructure	
U.S. Gulf & East Coast LNG Terminals	Crude Oil Storage Infrastructure		Natural Gas Pipelines	
	Liquids Logistics Infrastructure		Natural Gas Processing	
	Condensate Pipelines		Natural Gas Storage	
	Condensate Processing Infrastructure		NGL Pipelines	
	Natural Gas Pipelines		NGL Fractionation	
	Natural Gas Processing		NGL Infrastructure	
	NGL Pipelines			
	NGL Extraction & Fractionation			
	Other NGL Infrastructure			

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Crude oil & condensate pipeline infrastructure serving the Permian region

Operator	Facility	Details	Capacity (Mbbl/d)	Start Date	Date Added / Updated
3Bear Energy, LLC	Hat Mesa System	The Hat Mesa System will initially consist of 60 miles of varying pipe sizes up to 10 inches and will gather crude oil from origination points in Lea County, New Mexico and deliver to destination points within Lea County, New Mexico. The company has launched a binding open season	-	2H18	May. 2018
DBM Oil Services, LLC (DBMOS) a subsidiary of Anadarko Petroleum Corporation (NYSE: APC)	DBMOS system	The DBMOS system is expected to have a gathering capacity of approximately 400,000 barrels of oil per day (BOPD) and a treating capacity of 120,000 BOPD by the end of 2018, increasing to 180,000 BOPD in 2019 with future expansions as needed.	400	2Q18	Dec. 2017
Andeavor (NYSE:ANDV)	Conan Crude Oil Gathering Pipeline system	The system will be approximately 130 miles in length and transport crude oil from origins in Lea County, New Mexico and Loving County, Texas to a terminal to be constructed in Loving County, Texas, where the gathering system interconnects with long-haul pipeline carriers. The first phase of the	250	Mid-2018	Aug. 2017
Plains All American Pipeline (NYSE:PAA) bought from Alpha Crude Connector LLC / JV b/t Frontier Midstream Services and Concho Resources Inc.	ACC Gathering System	A 400-mile pipeline serving the northern Delaware Basin in both Texas and New Mexico with gathering services into third party pipelines at Wink, TX. Commissioned in November 2015. But the company intends to conduct an additional Open Season.	100	Completed 4Q15	Feb. 2016
Plains All American Pipeline, L.P. (NYSE:PAA) and Noble Midstream Partners LP (NBLX) acquired from Advantage Pipeline LLC	Advantage Pipeline Project	75 miles of crude oil pipeline from the Delaware Basin near Pecos, TX, to Crane, TX. Operations began in mid-September on Phase I from Grandfalls, TX, into the Longhorn Pipeline interconnect at Crane, TX. Phase II will come online in 1Q14 and extend service west to Reeves	150	Initial leg completed Sept. 2013. Phase II in service	Nov. 2014
	Advantage Pipeline Expansion	In 2Q13, the open season was extended to accept additional shipper commitments for a 95-mile extension that will connect areas in New Mexico to the regional pipeline grid, including through Crane, TX. Extension capacity in the 100 Mbbl/d range by 2015.	100	2015	Nov. 2014
Buckeye Partners LP (NYSE: BPL)	South Texas Gateway Pipeline	The 600 Mbbl/d pipeline, which would be called South Texas Gateway, would deliver crude oil and condensate from Wink and Midland, Texas, to Buckeye Texas Partners LLC's existing refining and export facilities in Corpus Christi. The pipeline is expected to have a 30-inch diameter and a	600	Possibly Cancelled 2019	May. 2018
Brazos Midstream Holdings, LLC	Comanche I processing plant	The project also included the construction of 35 miles of crude oil gathering pipelines, two crude oil storage terminals with a combined capacity of 50 Mbbl and connections to multiple downstream crude oil pipelines	-	2Q17	May. 2017
Catalyst Midstream Partners, LLC jv (Howard Energy Partners LLC (HEP) and WPX Energy Inc. (NYSE:WPX))	Crude Oil Gathering	Catalyst's new system is expected to include approximately 50 miles of crude oil gathering and transportation pipelines designed with the capacity to handle 125,000 barrels per day.	125	4Q18	Dec. 2017
Crestwood Equity Partners LP (NYSE:CEQP)	Delaware Takeaway crude pipeline system ("Delta")	Crestwood Equity Partners LP is carrying out a non-binding open season to seek shipper support for the Delaware Takeaway crude pipeline system	200	2Q17	Nov. 2015
Delek Logistics Partners (NYSE:DKL)	Paline Pipeline	The 10-inch, 195-mile pipeline carries crude from the origin points of Hanks Station, Kilgore, Texas and Longview, Texas to the destination point of Nederland, Texas	35	2012	May. 2018
	Paline Pipeline Expansion	The pipeline was recently expanded	7	1Q18	May. 2018
Enbridge Corp. (NYSE:EBR) / Enterprise Products Partners LP (NYSE:EPD)	Seaway Pipeline - Phase 1	Seaway crude oil pipeline reversal project, from Cushing, OK, to the Jones Creek Terminal, Freeport, TX	150	Completed	Nov. 2014
	Seaway Pipeline - Phase 1.5	Capacity increase to 400,000 bbl/d with the addition of pumping expansions	+250	Completed	Nov. 2014
	Seaway Pipeline - Phase 2 Twinning	Seaway Twin: A 512-mile, 30-inch parallel pipeline along the Seaway to add 450,000 bbl/d capacity. The line started operations in 1Q15, a full year later than originally anticipated.	+450	1Q15	Feb. 2015
	Seaway Pipeline - Phase 3	Seaway Twin: Capacity could be increased from 450,000 bbl/d to 650,000 bbl/d.	200	Potential	May 2015
	Seaway Lateral 1	Seaway Lateral 1 to interconnect the Seaway terminus to ECHO	500	Completed 1Q14	Nov. 2014
	Seaway Lateral 2	Seaway Lateral 2 to interconnect the ECHO Seaway terminus to Beaumont / Port Arthur, TX, expected to be in service in July 2014.	500	3Q14	Nov. 2014
EnLink Midstream Partners, LP (NYSE: ENLK)/EnLink Midstream, LLC (NYSE: ENLC)	Greater Chickadee Crude Oil Gathering System	The project will include over 150 miles of high- and low-pressure pipelines that will transport crude oil volumes to several major market outlets and other key hub centers in the Midland, Texas, area. The project also includes the construction of multiple central tank batteries and pump, truck	62	Completed 2Q17	May. 2017
	Greater Chickadee Crude Oil Gathering System Expansion	The expansion will increase Greater Chickadee's operational capacity from approximately 62 Mbbl/d to approximately 100 Mbbl/d and will include additional capacity both on Greater Chickadee's trunkline and gathering pipelines.	38	4Q18	Aug. 2018
Energy Transfer Partners LP (NYSE:ETP)	Delaware Basin Crude Gathering Pipeline	Energy Transfer Partners, L.P. (ETP) announced that its affiliate, ETP Crude LLC ("ETP Crude"), will commence a binding Open Season for a new pipeline, the Delaware Basin Crude Gathering Pipeline ("Delaware Pipeline" or "Pipeline"), that will have the capacity to accept approximately 120	120	1H16	Aug 2015
	Ambel crude pipeline	Transports crude from Permian to Nederland, TX	40	Completed	Aug 2016
Energy Transfer Partners LP (NYSE:ETP), Regency Energy Partners LP (NYSE:RGP)	West Texas Gateway NGL pipeline Conversion (Lone Star NGL LLC)	The 570-mile, 12-inch NGL pipeline will be converted to dedicated crude & condensate service, providing 70 Mbbl/d to facilities near Corsicana, TX, and 100 Mbbl/d to those near Sour Lake, TX.	170	1Q17	Nov. 2014
Enterprise Products Partners LP (NYSE:EPD)	ECHO Lateral	55 miles of 36- and 24-inch pipelines announced in 2Q13 to link Echo to Southeast refineries.	TBD	4Q15	Aug. 2015
	Trinity Pipeline	Convert 39-mile, 8-inch CO2 pipeline from Reeves County, TX, to Lea County, NM, to crude oil service	54	-	Nov. 2014
	Midland-to-Echo (Sealy) Pipeline	A 416-mile, 24-inch diameter pipeline to transport crude oil and condensate from the company's Midland, Texas terminal to its Sealy storage facility west of Houston. The pipeline will have a capacity of 300 Mbbl/d. Line will batch shipments of West Texas South, West Texas Intermediate, light WTI and condensate. The pipeline will have a maximum capacity of 450 Mbbl/d	300	Completed 4Q17	May. 2016
	Midland-to-Echo (Sealy) Pipeline Expansion	The expansion increases the pipelines capacity to 575 Mbbl/d of batched grades and condensate.	275	Completed 2Q18	Apr. 2018
	Delaware Basin to Midland Terminal Pipeline	A 143-mile pipeline system, which is expected to deliver more than 300 Mbbl/d of crude oil and condensate from the Delaware Basin into Enterprise's Midland Terminal.	300	3Q18	Apr. 2018
	West Texas System Expansion	The system, transports crude oil from points in New Mexico to the company's terminal in Midland, Texas. The company announced a binding open season for expansion capacity.	-	3Q18	May. 2018
	Seminole Red Pipeline Conversion	The company plans to convert one of its natural gas liquids ("NGL") pipelines that transports NGLs from the Permian Basin to the Texas Gulf Coast to crude oil service.	200	2Q19	Jan. 2019
Holly Energy Partners (NYSE:HEP)	Crude oil pipeline system	Phase I expansion - 35-mile crude oil pipeline from HEP gathering facilities to Holly / Frontier Navajo refinery in New Mexico	25	Completed	Nov. 2014
		Phase II expansion - Reactivation and conversion of 70-mile, 8-inch petroleum products pipeline to crude oil service. Conversion is still ongoing, according to the partnership's 2013 10-K annual report. We expect this to go in service at the same time as the overall New Mexico crude pipeline expansion also discussed in the 10-K.	35	Aug. 2014 target	Nov. 2014
		HEP crude oil trunk line	35	Completed	Nov. 2014

		Phase II - Extension of the system with additional large-diameter, natural gas gathering lines and an interconnect to the El Paso natural gas pipeline	-	Completed	Nov. 2014

Source: Stratas Advisors, company information

*Blue text denotes updates since prior revision

Natural gas processing infrastructure serving the Permian region

Operator	Facility	Details	Capacity (MMcf/d)	Start Date	Date Added / Updated
Agave Energy Co. bought by Lucid Energy Group (private), backed (equity) by Encap Flatrock Midstream	Gas gathering and processing systems	Dagger Draw gas processing and treating plant delivers NGL to Chevron's West Texas Lateral	40	Completed	Nov. 2014
		Shoebar gas processing plant	-	Completed	Nov. 2014
		Red Hill gas gathering and treating plant in south Lea County	60	Completed	Nov. 2014
3Bear Energy LLC	Cryogenic natural gas processing plant	The 60 MMcf/d plant will serve Permian producers in the northern Delaware basin of Lea and Eddy Counties, NM	60	1Q18	Aug. 2017
AKA Energy Group LLC	Maljamar Gas Plant Expansion	The Maljamar gas plant expansion incorporates an increase in both gathering and field compression capacity by 75 MMcf/d. The expansion is currently in progress.	75	2015	Nov. 2014
American Midstream Partners (NYSE:AMID)	Yellow Rose plant	Martin County, TX, gathering and processing system - Part of the Costar Midstream acquisition. Offers 40 MMcf/d of cryogenic processing and 8.5 Mbbl/d of NGL fractionation capacity	40	Completed	Nov. 2014
Apache Corp. (NYSE:APA)	Gas processing plants	Acquired BP's two operated gas processing plants	-	Completed	Nov. 2014
	Diamond I	The processing plant will include will include liquid stabilization, slug catchers, gas treating, gas processing, and residue gas compression. Project to be completed during first half of 2019	200	1H19	Jun.2018
	Diamond II	The processing plant will include will include liquid stabilization, slug catchers, gas treating, gas processing, and residue gas compression. Project to	200	3Q19	Jun.2018
	Diamond III	The processing plant will include will include liquid stabilization, slug catchers, gas treating, gas processing, and residue gas compression. Project to be completed 3Q19	200	3Q19	Jun.2018
Brazos Midstream Holdings, LLC	Comanche I	The company commenced operation of a new 60 MMcf/d natural gas processing plant, several new compressor stations and approximately 150 miles of large diameter, low and high-pressure gas gathering pipelines	60	Completed 2Q17	May. 2017
	Comanche II	Brazos also announced it has begun construction of a second gas processing plant ("Comanche II"), which will add 200 MMcf/d of incremental processing capacity	200	Completed 1Q18	May. 2017
	Comanche III	The Company has secured a site for the plant and will begin construction in early 2018.	200	4Q18	Oct 2017
EnLink Midstream Partners LP (NYSE:ENLC)	Deadwood gas processing plant	Apache's 3Q call touted the full operation of the rail-connected natural gas processing plant now at 50 MMcf/d.	50	Completed	Nov. 2014
Canyon Midstream Partners LLC	James Lake System	Project includes a 70 MMscf/d cryogenic gas processing plant in Ector County, TX, fed by 40 miles of new high-pressure gathering trunklines and three compressor stations that will connect to low-pressure field gathering systems that Canyon is constructing for its anchor customer in Ector County and Andrews County, TX. Output gas will be delivered into the El Paso Natural Gas pipeline, and NGL will go to multiple interconnected third-party takeaway lines in Ector County. An early February company disclosure confirmed the plant's operational status occurred in Dec. 2014.	70	Dec. 2014	Nov. 2014
		Cryogenic turbo expansion train to add incremental +30 MMcf/d processing capacity. An early February company disclosure confirmed the plant's operational status occurred in Dec. 2014.	30	Dec. 2014	Nov. 2014
		Phase II - second cryogenic processing plant with a capacity of 100 MMcf/d. To be located in Martin County, TX. Will include 60 miles of 12-inch	100	1H16	Nov. 2014
Cimarex Energy Co. (NYSE:XEC)	JT Facility, Culberson County	The company is ramping the startup of this new processing facility in the focus area of the Horizontal Wolfcamp to handle 50 MMcf/d of gas production. The residue gas sales go to El Paso Permian, while NGL are trucked to various market points.	50	Completed	Nov. 2014
Crestwood Midstream Partners LP (NYSE:CMLP)	Las Animas Gathering Systems conversion	Conversion project from dry gas to rich gas service, including addition of a 10 MMcf/d JT skid	10	Completed	Nov. 2014
	Willow Lake processing plant	Addition of a 20 MMcf/d processing plant in Eddy County. (3Q14)	20	Completed	Nov. 2014
	Willow Lake Gathering & Processing complex	This gathering and processing system is part of the Phase II expansion of Crestwood's Willow Lake Project. The complex's processing capacity is slated to be upwards of 30 MMcf/d and would target the natural gas production of Eddy County, NM.	30	Completed 1Q16	May-16
	Delaware Ranch Plant	This plant is part of the Phase III expansion of Crestwood's Willow Lake Project. The facility is currently moth-balled but may be re-activated to provide an additional natural gas processing capacity of 120 MMcf/d if and when additional regional production warrants the increased capacity. In an early June 2014 presentation, the company indicated that it projects the facility might be in service around late-2015 / early-2016. The facility would provide service for producers in Eddy, Lea counties, New Mexico, and Culberson, Reeves, and Loving counties, Texas.	120	1Q16	Nov. 2014
	Orla Plant	A 200 MMcf/d cryogenic gas processing plant located near Orla, TX (the "Orla Plant") and related infrastructure required to connect the Willow Lake system to the plant (the "Orla Express Pipeline") and multiple third-party pipelines	200	Completed 3Q18	Jul. 2018
	Orla Plant II	Planning on the way		2020	Feb. 2020
EnLink Midstream Partners LP (NYSE:ENLC)	North Texas system	840 miles of pipeline, three processing plants and two treating plants	-	Completed	Nov. 2014
	North Midland Basin Processing system - acquired from Coronado Midstream LLC	3 processing plants in the North Midland Basin with a total processing capacity of 175 MMcf/d	175	Completed	Feb. 2015
	Delaware Basin System acquired from Matador Resources Company	Cryogenic gas processing plant is part of the Delaware Basin System recently acquired from Matador Resources Company.	35	Completed	Sep. 2015
		A second processing plant will be constructed at the facility.	120	TBD	Sep. 2015
DCP Midstream LLC (NYSE:DPM)	Processing plants	17 processing plants in the Permian	1,250	Completed	Nov. 2014
	Wolfberry - Roberts Ranch plant	Capacity expansion completed	125	Completed	Nov. 2014
	Processing plants in the Goldsmith / Triad system	Fullerton processing plant	70	Completed	Nov. 2014
		Goldsmith processing plant	160	Completed	Nov. 2014
		Pegasus processing plant	100	Completed	Nov. 2014
		Benedum processing plant (joint venture)	36	Completed	Nov. 2014
		Rawhide natural gas processing plant in Glasscock County, TX	75	Completed	Nov. 2014
		Restart Roberts Ranch processing plant	75	Completed	Nov. 2014
	Processing plants in southeast New Mexico system	Pecos Diamond plant	-	Completed	Nov. 2014
		Artesia plant	74	Completed	Nov. 2014
		Plant expansion in Artesia, NM	100	Completed	Nov. 2014
		Hobbs plant	40	Completed	Nov. 2014

		Linam Ranch plant	175	Completed	Nov. 2014
		Plant expansion at Linam Ranch, NM	50	Completed	Nov. 2014
		Zia plant - Reactivate	42	Completed	Nov. 2014
		Zia II plant - New sour natural gas plant and gathering system expansion to serve the Permian region. The project will increase DCP Midstream's presence in the region and is expected to have an NGL production capability of 30 Mbbl/d	200	Completed 1H15	Nov. 2015
		Eunice plant	105	Completed	Nov. 2014
		East Carlsbad plant	-	Completed	Nov. 2014
		Antelope Ridge plant	-	Completed	Nov. 2014
Blackstone Energy Partners acquired form EagleClaw Midstream Services, LLC	East Toyah Natural Gas System	EagleClaw recently acquired natural gas gathering and processing assets located in eastern Reeves County, Texas. The facilities include a gathering pipeline system as well as a refrigerated JT plant with a processing capacity of 30 MMcf/d, both assets of which are currently in operation.	30	Completed	Dec. 2014
	Toyah I	EagleClaw commissioned its Toyah I Natural Gas Processing Plant in Reeves County, Texas. The cryogenic plant has the capacity to process 60 MMcf/d and serves producers in the Permian's Delaware Basin	60	Completed 2Q16	May. 2016
	Toyah II	EagleClaw expects to install the Toyah II plant at the same location as customer demand increases	200	2Q18	May. 2018
	Processing Plant	EagleClaw also announced that it has purchased a second cryogenic processing plant with the capacity to process 200 MMcf/d	200	Completed	May. 2016
	Pecos I	Serves Reeves, Pecos and Ward counties, TX	60	July 2014	Sep. 2016
	Pecos II	EagleClaw has purchased and begun design on Pecos II, a 200 MMcf/d cryogenic processing plant to be located on the Pecos System and expected in service later this year	200	2Q18	May. 2018
	Northwest Toyah System	EagleClaw recently acquired natural gas gathering and processing assets located in northwest Reeves County, Texas. The facilities include 30 miles of gathering pipelines and a refrigerated JT plant with a processing capacity of 15 MMcf/d	15	Completed	Dec. 2014
Energy Transfer Partners LP (NYSE:ETP)	Gathering affiliates	Hydrocarbon dew-point conditioning plant	225	Completed	Nov. 2014
	Orla Processing Plant	200 Mmcf/d gas processing plant in West Texas	200	Completed 1H16	Nov. 2015
	Rebel Processing plant (formerly listed as the Glasscock County Processing Plant)	ETP announced the construction of a 130 MMscf/d cryogenic processing plant along with 100 miles of high- and low-pressure gathering lines into the plant to provide new service under a long-term agreement for Permian production from wells operated by XTO Energy Inc. Plant is expandable to 200 MMscf/d	130	3Q14	Nov. 2014
	Arrowhead processing plant	The company recently disclosed the processing plant came online	200	Completed 3Q17	Aug. 2017
	Arrowhead II	200 MMcf/d cryogenic processing plant in Midland Basin	200	Completed 4Q18	Feb. 2019
	Rebel Processing plant expansion	Company may expand the Rebel plant by an incremental 70 MMcf/d. Although the company has not disclosed when this may occur, we project that it will happen some time in 2015	70	2015	Nov. 2014
	Rebel II processing plant	In its recent Investor Presentation, the company disclosed plans to expand its Rebel facility	200	Competed 2Q18	Feb. 2019
	Panther Processing plant	The processing plant came online in 1Q17	200	Completed 1Q17	Aug. 2017
Energy Transfer Equity LP (NYSE:ETE)	Southern Union Gas Services	Cryogenic processing plants with additional high-pressure treating capacity	930	Completed	Nov. 2014
EnLink Midstream Partners LP (NYSE:ENLC)	Bearkat System Expansion, Phase I	New natural gas processing plant in Glasscock County with a processing capacity of 60 MMcf/d and associated high-pressure gathering system have been completed in late September.	60	3Q14	Nov. 2014
	Bearkat System Expansion, Phase II	New natural gas processing plant, referred to as the Ajax plant, and associated gathering facilities to be located near existing assets and tied into the Bearkat system. New plant will have a processing capacity of 120 MMcf/d, and is expected to be in service in the second half of 2015. Pipeline system expansion will include 23 miles of 12-inch high pressure gathering lines, and is expected to be in service in 1Q15	120	2H15	Nov. 2014
	Riptide Plant - acquired from Coronado Midstream LLC	Cryogenic processing plant to be located in central Martin County, Texas, in the heart of the North Midland Basin. Initial plans include a processing capacity of 100 MMcf/d, but the company will likely add compression and treating facilities that will expand the capacity up to 200 MMcf/d in short order	100	Completed 1H16	Aug. 2016
	Riptide Plant Expansion	EnLink disclosed that it has the majority of infrastructure in place to cost effectively expand the Riptide gas processing facility by an additional 100 MMcf/d as volumes continue to grow	100	TBD	Feb. 2017
EnLink Midstream Partners LP (NYSE:ENLC)/EnLink Midstream LLC (NYSE: ENLC)/NGP Natural Resources XI LP	Lobo II - acquired from Matador	Starting capacity of 60 MMcf/d, potential capacity of 120 MMcf/d. The facility will contribute to ngl's onto the Cajun Sibon	60	Completed 4Q16	Nov. 2016
	Lobo II Phase I	Expected to add an incremental 60 MMcf/d of capacity	60	Completed 2Q17	Aug. 2017
	Lobo II Phase II	Expected to add an incremental 30 MMcf/d of capacity	65	4Q17	May. 2017
	Lobo III	Expected to add an incremental 200 MMcf/d of capacity	200	1Q19	Nov. 2017
(Delaware Basin Gas Processing LLC) owned by	Delaware Basin Processing plant.	150 MMcf/d cryogenic natural gas processing plant to accommodate the growing production of NGL-rich natural gas in the Delaware Basin.	150	Completed 2H16	Aug 2016
Enterprise Products Partners LP (NYSE:EPD)	Orla "Delaware Basin" cryogenic gas processing plant	The new processing plant will have a nameplate capacity of 300 MMcf/d and the capability to extract more than 40 Mbbl/d of NGL	300	Completed 2Q18	May. 2018
	Orla II	The company is adding 300 MMcf/d of incremental capacity at its cryogenic natural gas processing facility. The plant will also have the capability to extract more than 40 Mbbl/d of NGL	300	Completed 4Q18	Oct 2018
	Orla III	The addition of a third processing train at Orla would increase inlet volume capacity to 900 MMcf/d and allow Enterprise to expand its natural gas liquids ("NGL") extraction capabilities by an incremental 40 Mbbl/d to 120 Mbbl/d	300	2Q19	Jan. 2018
	South Eddy processing plant	The company announced the start of commercial operations at the company's new cryogenic natural gas processing facility in Eddy County, New Mexico	200	Completed 2Q16	May 2016
	South Carlsbad Dew Point Plant	Natural gas processing plant listed by the EIA and located in Eddy County, New Mexico	200	Completed	Nov. 2014
	Mentone cryogenic processing plant	The company announced that they have begun construction of the Mentone cryogenic natural gas processing plant in Loving County, Texas. The facility, which is expected to begin service in the first quarter of 2020, will have the capacity to process 300 million cubic feet per day of natural gas and extract in excess of 40,000 barrels per day ("BPD") of natural gas liquids ("NGL")	300	1Q20	Oct 2018
	Carlsbad Chaparral Gas Plant	Natural gas processing plant listed by the EIA and located in Eddy County, New Mexico	40	Completed	Nov. 2014
Howard Midstream Energy Partners/WPX Energy Inc. (NYSE:WPX)	Cryogenic gas processing	The JV expect to complete the gas processing complex's first 200-MMcfd train during first-half 2018	200	1H18	Jun. 2017
	Cryogenic gas processing	The second 200-MMcfd train is expected to start up by mid-2019	200	Mid-2019	Jun. 2017
Hoover Energy (from Eagle Oil & Gas)	Gomez gathering system	402 miles of 4- to 16-inch steel pipeline in central, western and southern Pecos County. It interconnects with the Oasis Pipeline and Enterprise Texas Pipeline system. 100 MMcf/d amine treating plant	100	Completed	Nov. 2014
	Gomez gathering system	139 miles of 4- to 10-inch steel gathering system and 100 MMcf/d Selexol treating plant	-	Completed	Nov. 2014
Cogent Midstream, LLC	Big Lake Plant I	Cryogenic processing plant 10 miles SW of Big Lake (Reagan County, TX), connected to regional 450-mile p/l gathering / inter-plant system	200	1Q15	Nov. 2014

	Big Lake Plant II	The company will construct a new refrigerated cryogenic processing plant at the same location as its current Big Lake Plant in Reagan County, Texas.	200	4Q19	Aug. 2018
Lucid Energy Group I	Midland Basin system	Silver Plant (Sterling County, TX) - cryogenic processing	120	Completed	Nov. 2014
		Munson Plant (Irion County, TX) - cryogenic processing		Completed	Nov. 2014
	South Carlsbad System processing: Red Hills cryogenic plant I	One of the assets bought from Agave Energy Co.	110	Completed	Sep. 2016
	South Carlsbad System processing: Red Hills cryogenic plant II	The company expects to expand the plant by 200 MMcf/d by mid-2017.	200	Completed Mid-2017	May 2017
	South Carlsbad System processing: Red Hills cryogenic plant III	The new plant has the capacity to process 200 million cubic feet per day (MMcf/d) and is expected to come into service in October 2018.	200	4Q18	Sep. 2018
	South Carlsbad System processing: Roadrunner I	The company has purchased the currently being constructed cryogenic processing plant for its South Carlsbad Gathering and Processing System ("South Carlsbad System") in the Delaware Basin.	200	1Q18	Jan. 2017
	Artesia Natural Gas Gathering and Processing System		185	Completed	May 2018
Navitas Midstream Partners, LLC	Spraberry processing plant	Spraberry processing plant, acquired from DCP Midstream	60	Completed	Nov. 2014
	The Newberry plant	The cryogenic plant will be located near its existing Spraberry processing complex to accommodate Encana and other producers' gas from Howard,	60	Completed 2Q17	Jun. 2018
	New Cryogenic plant	The 200 MMcf/d plant will serve the Midland basin	200	TBD	Jul 2018
San Mateo Midstream, LLC JV between Matador Resources Company (NYSE:MTDR) 51%/Five Point Capital Partners LLC 49%	Black River cryogenic processing plant	The company announced the successful start-up of the Black River cryogenic natural gas processing plant Matador built in its Rustler Breaks prospect area in the Delaware Basin of Eddy County, New Mexico.	60	Completed 3Q16	Aug 2016
San Mateo Midstream, LLC JV between Matador	Black River cryogenic processing plant expansion	The JV expanded the Black River Cryogenic Processing Plant in Matador's Rustler Breaks asset area from its current inlet capacity of 60 million	200	Completed 2Q18	Apr. 2018
San Mateo Midstream, LLC JV between Matador	Black River cryogenic processing plant expansion I	Construction of a 200 MMcf/d natural gas processing plant and associated infrastructure	200	Mid-2020	Feb. 2019
MPLX Energy Logistics	Culberson County, TX (Hidalgo Complex)	MarkWest will installed a 200 MMcf/d cryogenic gas processing plant that commenced operations in 2Q16	200	Completed 2Q16	May 2016
	Argo I	A 200 MMcf/d processing plant in Delaware Basin (Argo I) expected to be in-service in 2018	200	Completed 1Q18	May 2018
	Toñado Plant	The company will develop a 200 MMcf/d processing plant located in Loving County, Texas, called the Toñado plant, and natural gas gathering infrastructure primarily in Lea County, New Mexico.	200	3Q19	Jul. 2018
	Apollo Processing Plant	New plant planned for the Delaware Basin	200	2Q20	Feb. 2019
	Preakness Processing Plant	New plant planned for the Delaware Basin	200	2021	Feb. 2019
Occidental Petroleum Corp. (NYSE:OXY)	Century Plan, Pecos County, TX	To process and move high CO_2 gas. Also 13 gas plants in the Permian Basin.	-	Completed	Nov. 2014
Outrigger Energy LLC	Martin Gas Plant	Outrigger proposes to expand its natural gas processing capabilities in the Permian with the addition of the Martin Gas Plant.	30	2Q15	Nov. 2014
	Winkler Gas Plant	Outrigger will enlarge its presence in the natural gas processing market in the Permian upon its completion of its midstream system. The natural gas plant along with associated facilities will have a capacity up to 60 MMcf/d	60	2Q15	Nov. 2014
Producers Midstream, LP	Cryogenic processing plant	The company will construct and operate the midstream system consisting of more than 70 miles of pipeline, up to 40,000 horsepower of compression, and a new cryogenic natural gas processing complex with up to 200 million cubic feet per day of capacity to serve producers developing the prolific Wolfcamp, Bone Springs, and Avalon formations in the Delaware Basin	200	1Q18	Oct.2017
	Maverick Gas Plant	The 60 MMcf/d plant will serve Permian producers in the Delaware Basin	60	1Q18	Dec. 2017
Pinnacle Midstream, LLC	Sierra Grande Processing Plant	A 60MMcfd cryogenic gas plant located approximately 9 miles West of Orla, TX	60	Completed 3Q18	Aug. 2018
Prism Midstream LLC	Bedrock Plant	Gathering and processing system in northwest Crockett County, TX. Initial capacity of 120 MMscf/d, but expandable to 240 MMscf/d. Initial residue outlet to the Kinder Morgan West Texas Pipeline (100 MMscf/d capacity). Plans to build second residue outlet to the ETC Oasis Pipeline (1 Bcf/d capacity). Will connect to two of the three NGL outlets serving the Permian.	120	Mid-2015	Nov. 2014
Regency Energy Partners LP (NYSE:RGP) subsidiary of Energy Transfer Partners (NYSE:ETP)	Mi Vida Processing plant	The natural gas treatment plant located in Reeves County, Texas, will have a total natural gas processing capacity of 200 MMcf/d. Placed in-service 3Q15.	200	Completed 3Q15	Dec. 2015
Regency Energy Partners LP (NYSE:RGP), Anadarko Petroleum Corp. (NYSE:APC), Chesapeake Energy Corp. (NYSE:CHK)	Ranch JV expansion - Refrigeration Plant	Construction of a refrigeration plant (June 2012)	25	Completed	Nov. 2014
		Construction of a cryogenic processing plant	100	Completed	Nov. 2014
Regency Energy Partners LP (NYSE:RGP)	Southern Union Gas Services Red Bluff Project	Natural gas processing plant and associated gathering, compression and treating facilities. 60-mile pipeline to deliver up to 20,000 bbl/d of NGL into Lone Star's Express pipeline expansion.	200	Completed	Nov. 2014
Santa Fe Midstream LLC/Vermilion Cliffs Partners, LLC	Cryogenic Gas Processing Plant	A new 200 MMcfd cryogenic gas processing plant in Culberson County. Santa Fe will be the operator of the midstream assets.	200	TBD	Jan. 2017
Summit Midstream Partners, LP (NYSE: SMLP)	Lane Cryogenic Gas Processing Plant	The company is constructing a gathering and processing system with high and low pressure gathering and discharge pipelines, two compressor stations and a cryogenic processing plant with 60 MMcf/d of processing capacity. Summit's processing complex will have the ability to be expanded to over 600 MMcf/d of processing capacity, as warranted, to meet customer needs.	60	Completed 4Q18	Feb 2019
Salt Creek Midstream, LLC	Cryogenic Gas Processing Plant	Salt Creek is expected to have 260 MMcf/d of processing capacity, with additional expansion investments planned as producers are added to the system.	260	4Q18	Apr. 2018
	Cryogenic Gas Processing Plant Expansion	The company plans to add a second 200 Mmcf/d cryo processing plant and gas pipelines	200	TBD	Oct.2018
Stakeholder Midstream, LLC	Cryogenic Gas Processing Plant	The new facility will include front-end liquids handling, an amine treater and acid gas injection well, a cryogenic processing plant with the capacity to process 60 million cubic feet per day, and a nitrogen rejection unit.	60	3Q18	Sep 2017
Sendero Midstream Partners	Natural Gas Gathering and Processing System	Facilities will consist of both low and high pressure gas gathering pipelines, a highly-efficient 130 MMcf/day cryogenic processing plant and a natural gas liquids takeaway pipeline.	130	Completed 4Q17	Feb. 2018
	Natural Gas Gathering and Processing System Expansion	Sendero also plans to expand its gas processing facility with an additional 220 MMcf/d processing train as production in the area continues on its rapid upward trajectory.	220	TBD	Feb. 2018
Targa Resources Partners (NYSE:NGLS)	SAOU gas gathering and processing system	1,580-mile gathering pipeline and three processing plants - Sterling, Conger, Mertzon. Expansion of pipelines and processing in 2011 completed.	135	Completed	Nov. 2014
	SAOU gas processing plant expansion	30 MMcf/d throughput expansion	30	Completed	Nov. 2014
	SAOU High Plains cryogenic processing plant	Cryogenic processing plant in San Angelo, TX. A company disclosure in early 4Q14 revealed the commercial startup of the SAOU High Plains Cryogenic plant earlier in the year.	200	Completed mid-2014	Nov. 2014
	Sand Hills gas gathering and processing system	1,297-mile gathering pipeline and Sand Hills processing plants	150	Completed	Nov. 2014
	Western Sand Hills Processing plant	Cryogenic processing plant to be located in Winkler County, west of the Sand Hills plant.	300	1Q16	Nov. 2014
	West Seminole gathering system	12.5-mile gathering pipeline	-	Completed	Nov. 2014
	Versado Gas gathering system	3,250-mile gas gathering system in West Texas and New Mexico. Monument, Eunice and Sanders gas processing plants.	280	Completed	Nov. 2014
	Joyce Plant	The company announced that they plan to add a 200 MMcf/d processing plant	200	Completed 1Q18	Apr. 2018

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	Hopson Plant	The company announced that they plan to add a 250 MMcf/d processing plant	250	2Q19	Sep. 2018
	Pembrook Plant	The company announced that they plan to add a 250 MMcf/d processing plant	250	2Q19	Sep. 2018
	Johnson Plant	The company announced that they plan to add a 200 MMcf/d processing plant	200	3Q18	May. 2017
	Oahu Plant	The company announced that they plan to add a 60 MMcf/d processing plant	60	Completed 1Q18	Mar. 2018
	Wildcat Plant	The company announced that they plan to add a 60 MMcf/d processing plant	250	Completed 2Q18	Sep. 2018
	WestTX System	Cryogenic processing plants in the Permian Basin	255	Completed	Nov. 2014
		Edward plant expansion	200	Completed 3Q14	Nov. 2014
		Benedum cryogenic processing plant - The company plans to restart the idled plant	45	Restarted 2Q17	May 2017
		WestTX Plant I - The company plans to construct a new 250 MMcf/d cryogenic processing plant in WestTX	250	1Q19	Feb 2018
		WestTX Plant II- The company plans to construct a new 250 MMcf/d cryogenic processing plant in WestTX	250	3Q19	Feb 2018
		Midkiff Plant	60	Completed	Nov. 2014
		Midkiff Plant Expansion. Increasing overall plant capacity from 60 MMcf/d to 80 MMcf/d	20	2Q17	Nov 2016
		200 MMcf/d Driver Plant completed in 2Q13 but as of September still operating at 50% capacity	200	Completed	Nov. 2014
	Falcon Plant	A new 250 MMcf/d cryogenic natural gas processing plan	250	4Q19	Mar. 2018
	Peregrine Plant	A new 250 MMcf/d cryogenic natural gas processing plan	250	2Q20	Mar. 2018
	Sale Ranch system	Gas processing facility	25	Completed	Nov. 2014
	Buffalo Plant	The Buffalo plant will further add 200 MMcf/d of natural gas processing capacity in the Permian. The project was commissioned in 2Q16.	200	Completed 2Q16	May. 2016
Targa Resources Corp. (NYSE:TRGP)/ Sanchez Energy Corp.	Raptor Plant	The Raptor plant, which completed testing and startup in June, is now fully operational and receiving wet gas deliveries from SNMP affiliate Sanchez Energy Corp.'s Catarina field via the JV's 45-mile, high-pressure Carnero gathering pipeline	200	Completed 2Q17	Jul 2017
	Raptor Plant Expansion	Work already is under way to expand the Raptor processing plant to 260-MMcfd by the end of this year's third quarter	60	Completed 3Q17	Jul 2017
Vaquero Midstream	Caymus Processing Plant I	Vaquero placed into service a new 200 MMSCFD Cryogenic plant	200	Completed 3Q16	Jun 2016
	Caymus Processing Plant II	Vaquero commisioned a new 200 MMcf/d Cryogenic plant	200	Completed 2Q18	Jul 2017
WTG South Permian Midstream LLC, a subsidiary of WTG Gas Processing LP	Saint Lawrence plant	The company plan to construct a cryogenic natural gas processing plant with a nameplate capacity of 200 MMcf/d located near Saint Lawrence in Glasscock County, Texas. The Saint Lawrence plant expansion will include 45 miles of 16-in., high-pressure pipeline that will serve to interconnect WTG's existing gas gathering and processing installations in the area	200	3Q19	Aug. 2018
Western Gas Partners, LP	Ramsey System (acquisition from Nuevo Midstream, LLC)	Reeves County, TX, plant	20	Completed	Nov. 2014
			20	Completed	Nov. 2014
		Phase II (Ramsey II) - Cryogenic processing plant and a second amine treating facility	100	Completed	Nov. 2014
		Phase III (Ramsey III) - Cryogenic processing plant and a second amine treating facility. Online 2Q14.	200	Completed	Nov. 2014
		Phase IV (Ramsey IV) further expansion of 200 MMcf/d	200	Completed 2Q16	Nov. 2016
		Phase V (Ramsey V) further expansion of 200 MMcf/d	200	Completed 4Q16	Nov. 2016
		Phase VI (Ramsey VI)	200	Completed 4Q17	Feb 2017
	Mentone System	Mentone I Processing Plants	200	3Q18	Nov. 2017
		Mentone II Processing Plants	200	4Q18	Feb. 2018
Western Texas Gathering LP	Sale Ranch system	Plant's initial capacity	35	Completed	Nov. 2014
		Capacity expansion - online as of May 2013	85	Completed	Nov. 2014
		Potential addition of 40 MMcf/d through connection to Jameson Plant	40	–	Nov. 2014

Source: Stratas Advisors, company information

*Blue text denotes updates since prior revision

TOC

Natural gas storage infrastructure in the Permian region

Operator	Facility	Details	Capacity (Bcf)	Start Date	Date Added / Updated
Enstor Inc. (NYSE:SPI)	Waha facility	Salt cavern of 10 Bcf storage capacity near the Waha trading hub with pipeline access to markets. Peak injection capacity: 450 MMcf/d; peak withdrawal capacity: 800 MMcf/d	10	Completed	Nov. 2014
MidAmerican Energy Holdings Co. (NYSE:BRK.A)	(Northern Natural Gas) Five natural gas storage facilities	73 Bcf natural gas storage and 4 Bcf of LNG	73	Completed	Nov. 2014
ONEOK Partners LP (NYSE:OKE)	ONEOK WestTex Transmission	Intrastate pipeline system in the Texas Panhandle and Permian Basin and connected to its gas storage facility at Loop, TX	-	Completed	Nov. 2014

Source: Stratas Advisors, company information

*Blue text denotes updates since prior revision

NGL pipeline infrastructure serving the Permian region

Operator	Facility	Details	Capacity (Mbbl/d)	Start Date	Date Added / Updated
Agave Energy Co. bought by Lucid Energy Group (private), backed (equity) by Encap Flatrock Midstream	NGL pipeline	30-mile, 16-inch NGL pipeline from the Palo Duro facility to the Red Hills facility	-	Completed	Nov. 2014
SCM Alpine, LLC	Alpine Header System	The project will be comprised of two pipeline segments that originate at both the Salt Creek and Apache processing facilities in southern Reeves County, Texas. The pipeline will provide flexibility by transporting the NGLs to Waha, where it will have the ability to interconnect to downstream pipelines providing access to Mont Belvieu and Corpus Christi fractionation facilities	445	1Q19	May. 2018
Buckeye Partners, L.P. (NYSE:BPL)	NGL pipeline	The company is currently evaluating the possibility to add a long-haul NGL pipeline offering Permian Basin producers and processors a NGL takeaway to BTP's existing export facilities in Corpus Christi	TBD	TBD	Aug. 2017
Cimarex Energy Co. (NYSE:XEC)	JT Facility, Culberson County	The company is ramping the startup of this new processing facility in the focus area of the Horizontal Wolfcamp to handle 50 MMcf/d of gas production. The residue gas sales go to El Paso Permian, while NGL are trucked to various market points.	Completed	-	Nov. 2014
Regency Energy Partners LP (NYSE:RGP)	Southern Union Gas Services Red Bluff Project	Natural gas processing plant and associated gathering, compression and treating facilities. 60-mile pipeline to deliver up to 20,000 bbl/d of NGL into Lone Star's Express pipeline expansion.	Completed	20	Nov. 2014

October 22, 2019

1421 Pecos-Bartow-Toyah ISD-MarkWest Energy West Texas Gas Company, L.L.C.

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