Infrastructure Solutions in the Powder River Basin
**Who We Are**

**THEN**
Meritage Midstream Services, LLC.
Substantial midstream assets in the Eagle Ford

**Capacity and Optionality**
Developed midstream solution in the Eagle Ford that provided capacity and market options

**Responsive**
Developed system to more than 150,000 MCFD with 200,000+ acres dedicated in just over 12 months
Assets were monetized in April 2012

**NOW**
Meritage Midstream Services II, LLC
Denver, Colorado
Led by executive team with over 150 years combined experience

**Formation & Funding**
Formed in July 2012 with initial $500 million equity commitment from Riverstone Holdings

**Focus**
- Pursuing greenfield opportunities and strategic acquisitions
- Infrastructure solutions that provide optionality: crude oil, natural gas liquids, natural gas and water
Powder River Basin Activity

New Permits by Resource

New Permits by Reservoir

Oil Directed Rigs 2009-2014
Powder River Basin Activity
Oil directed operating rigs

Source: RigData
Challenges to Infrastructure Expansion

- Volume
- Commodity Prices
- Gas Composition
- Well Locations
- Pad Development
- Facility Design
- Commodity Prices
- Volume

- Project Timing
- Human Resource
- Wildlife Stipulations
- Air Permitting
- Equipment Availability
- Weather
- Landowner Relations

Sources: State of Wyoming and Baker Hughes
Natural Gas Solutions: Responsive

ACQUISITION

Meritage acquired 100% of Thunder Creek Gas Gathering (“TCGS”) in August 2013 from Devon Energy and PVR Partners.

• Full control was essential for delivery of timely market solutions

Underlying strategy: repurpose select coal bed methane assets to associated gas gathering and processing systems.

• Compression fleet in excess of 76,000 hp
• Strategic pipeline and compressor station location

EXPANSION

Multiple expansions since August 2013

• Processing
  —October 2013: start up of 4-43 processing facility
  —March/April 2014: added 25,000 MCFD
  —August 2014: 70 MMCFD expansion

• Pipeline
  —175 miles of low and high pressure pipeline connecting four major development areas to processing

• Compression
  —Converted select CBM stations to rich gas gathering
  —Filed air permits for a number of greenfield stations

• Acquisition
  —Two additional third-party systems that complement our build-out
Thunder Creek
Today, 7 months later
Crude Oil Solutions: Innovative

Meritage joint ventured with Arch Coal to develop a crude by rail terminal, located at the Black Thunder Coal Mine.

The terminal is unique in its utilization of surplus rail capacity.

- **Storage, blending and rail loading services** for crude oil and condensate
- **Frac sand, tubulars, and diesel** as market demands
Developing a major NGL takeaway solution

**Launched open season in 2013**
- Due to shipper interest, open season extended to April 30, 2014

**Project details**
- 40,000 bpd initial capacity
  - Expandable to 80,000 bpd
- Interconnects to Overland Pass Pipeline and Front Range Express Pipeline
- Targeting optionality to Conway and Mont Belvieu