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114th Congress Starts With Keystone Fireworks

By Frank Nieto, Senior Editor



The fight over TransCanada Corp.'s Keystone XL has long been a political battle royal involving the U.S., Canada, Republicans, Democrats, the oil and gas sector and environmentalists, but it seems that the struggle is intensifying as the new Republican-controlled 114th Congress begins its work.

For the past few months, GOP leadership has made it clear that the passage of the long-delayed crude pipeline was at the forefront of its agenda, with the House expected to pass a bill related to the project by the end of this week.

A bipartisan bill to approve the project was introduced in the Senate on the first day of this Congress by Sen. Joe Manchin, D-W.Va. and Sen. John Hoeven, R-N.D. with 60 co-sponsors. However, the Senate energy committee canceled its previously scheduled hearings related to the project due to objections from Sen. Dick Durbin (D-Ill.).

It is expected that Democrats not currently supporting the bill are attempting to add various riders and amendments to the proposed legislation. These additions are coming from two different directions: some are seeking to make it more palatable for lawmakers to add support while others are intended to lessen the bill's support.

These additions would ensure that:

At least a large majority of the pipeline be built from U.S. produced steel;

None of the crude transported on the pipeline be exported from the U.S.;

The majority of the workforce employed on the project be U.S. laborers; and

An even amount of biofuels and renewable projects be supported in some fashion.

Additionally, just an hour into the new Congress, the White House announced that President Obama would veto any bill seeking to approve the project prior to State Department approval.

"I can confirm for you that if this bill passes this Congress, the president wouldn't sign it," White House Press Secretary Josh Earnest said during his daily press briefing on Jan. 6. "There's already a well-established process in place to consider whether infrastructure projects like this are in the best interest of the country," he added in reference to the continued study of the project by the State Department.

John Kneiss, director, Hart Energy's Stratas Advisors, said it is unlikely that Congress would be able to overturn a presidential veto.

"I'm quite certain that the full Senate will pass legislation authorizing construction of the Keystone XL pipeline with at least six Democrats supporting the legislation," he said. "Passage through the House will be easier, with more than 20 Democrats voting for the bill. Can it get to a veto-proof vote? It will be close, but it's not likely," he told *Midstream Business*.

He added that it is unlikely that any negotiations will be held at this time between the White House and Congress to ensure that a veto is not used.

Indeed, Earnest said during the press briefing that the administration considers Congress' decision to place Keystone XL legislation so high on its agenda as a sign that it are not willing to work with the White House. "It raises questions about the willingness of Republicans to work with this administration when you consider that the very first bill introduced is one that the president opposes," he said.

"I am disappointed that the president will not allow this Congress to turn over a new leaf and engage in the legislative process to improve an important piece of legislation," Manchin said in a press statement.

“His decision to veto such a common sense bill prior to the unfolding of regular congressional order and the offering of amendments appears premature and does little to mitigate the congressional gridlock. It is time that we address the critical issues of moving America toward energy independence and fostering job growth and economic prosperity.”

The cost of the 1,179-mile pipeline, which would transport crude from the Canadian oil sands in Alberta to Nebraska and then onto the Gulf Coast via existing pipe, has increased from \$5.4 billion to about \$8 billion, according to TransCanada CEO Russ Girling.

The continued rise in projected costs due to the long delays of the Keystone XL is becoming frustrating for the company, according to Girling. “The review process for Keystone XL has been anything but a ‘well-established process.’ For decades the normal process to review and make a decision on an infrastructure project like Keystone takes two years. The review for our base Keystone pipeline took exactly this long just a few years ago. We are well over the six-year mark reviewing the final phase of Keystone with seemingly no end in sight. The bar continues to move again and again ... To be clear this is just a pipeline. Not the first. Not the last—just a safe and reliable pipeline that delivers energy Americans need. It’s time to make a decision,” he said in a press release.

Another Bad Winter Takes Hold

By Paul Hart, Editor-In-Chief



North American weather maps this week have been colorful. They feature lots of purple and blue as forecasters project lots of snow, ice and brutal wind chills. The Wednesday forecast map issued by the U.S. National Weather Service also featured a big orange blob—a blizzard warning—across the Dakotas and Minnesota.

It all sounds familiar. The bitter winter of 2013-2014 and its infamous polar vortex reversed a recent trend of mild cold seasons across the continent. This winter appears to be another cold one.

As furnaces kick on and power plants run full out, it remains to be seen whether this cold season will have an equally severe impact on natural gas and NGL demand and prices. Duke Energy this week asked customers to reduce electricity usage as it struggles to meet demand. “The forecasted conditions are very similar to those we experienced last January during the polar vortex, and are affecting a large portion of the country,” said Nelson Peeler, vice president of transmission system operations. “We currently have sufficient generation resources to meet our customers’ energy needs, but we know from experience that conditions can change quickly, and we need to be prepared.”

Last winter resulted in astronomical citygate prices for gas, particularly in bitter cold New York and New England, and a propane shortage across much of the Midwest.

The fall of 2014 was cooler than normal, according to the National Climatic Data Center. Its data for the four weeks ended Dec. 4 showed all of the continental U.S. east of the Rockies, except New England, below average. The deep South was particularly cool with Alabama and Mississippi having their second-coolest Novembers on record, going back to 1895. Eighteen states marked top-10 coldest months in the period, the agency said.

That chill translated into early—and heavy—snow. “The November contiguous U.S. snow cover extent was the largest on record,” the data center reported. “Over 50% of the Lower 48 had snow on the ground in mid-November.” The early cold, coupled with still-warm water in the Great Lakes, led to some astounding lake-effect snows. Buffalo, N.Y. recorded 65” of snow for the month with flooding when the weather finally warmed.

In contrast, the central Rockies and Pacific Northwest enjoyed normal temperatures. California served as the outlier, notching its ninth -warmest November on record. Nevada and Arizona were slightly warmer than average. Alaska also was warmer than normal.

For the first 11 months of 2014, the U.S. overall was 0.2 F above the 20th Century average—or just about normal. However, it was the nation’s coolest 11-month period since 1997 and reversed recent warm years. Precipitation, overall, was slightly above average.

For the winter months of 2015, the weather service has projected colder-than-normal weather for the Midwest and South. The Rockies, Great Plains and upper Midwest will be near normal, the agency said. The West Coast will continue warm while New England—with its lingering gas pipeline capacity constraints—may get lucky this time with a warmer-than-normal winter forecasted. The southern half of the nation should be wetter than normal with drier weather in the Pacific Northwest and Midwest, the weather service said.

Those brutal cold fronts falling out of the Arctic hit the northern half of the continent first and Environment Canada predicts a colder-than-normal winter for Ontario, Quebec and Labrador. Canada's West Coast and the Maritimes are projected to turn out warmer than normal. The Prairie Provinces will be about average, it forecasted.

Art Of The Steal: Hackers Already Know What You Know

By Joseph Markman, Associate Editor



Richard Garcia, senior consultant with Delta Risk LLC, is accustomed to skeptical if not dismissive responses to a particular piece of advice that he offers: Companies concerned about cyber-security should invite federal agents to check out their systems.

“Now, people say, ‘I don’t want the government coming in looking at my stuff,’” he told the crowd at API’s recent “Ninth Cybersecurity Conference” in Houston. “Well hell, you got the Chinese in there. Why not let the FBI?”

Garcia, former assistant director of the FBI and global security manager for Shell, was once tasked with keeping tabs on Robert Hanssen, the former agent who spied for Soviet and Russian intelligence for 22 years. He is professionally conditioned to be suspicious, but that does not equate to paranoia over the threat from criminals working on the inside.

“If somebody is someplace doing something and they shouldn’t be there, then why?” he asked. “Don’t be naïve, just don’t assume anything. You’ve got to be able to protect what’s going on in your company.”

That means that companies cannot afford to ignore the threat to their systems simply because they are not engaged in the development of technology. Strategy is a valuable target as well, and not just for domestic competitors.

“Every nation on earth has an urgent need to secure oil and gas, every nation on earth,” said John Hultquist, Washington-based senior manager for cyber espionage threat intelligence at iSight Partners. “It is a strategic problem for almost every nation on earth, including several of our major adversaries, like the Iranians. They want to know what the market is like. They want to know how to move their oil. Everybody has an interest in understanding that marketplace and the commercial sector, even more than the government sector, is where that knowledge exists.”

For example, China’s recent five-year plan lists six top priorities. Two of them are energy-related.

“The landscape is constantly shifting,” he said. “Right now, what’s going on? The price of oil is dropping. America is becoming an incredible producer of oil and gas. All those changes create questions, questions that have to be answered by policymakers who can task intelligence resources.”

Blind-sided

Companies initiating operations in a new global region need to be aware of the players and the playing field, Hultquist said. For example, one of his financial clients recently set up shop in India, a part of the world in which Indian and Pakistani teams constantly target each other. That client instantly became a target of both groups, both of which were seeking information from a third party to gain an edge.

Another third-party risk involves the area seeing the most significant increase in cyber espionage: climate change. Hultquist stressed that while it involves government-to-government negotiations, it is not an exclusively governmental problem.

“Obviously if your organization has some say in the problem, if you’ve got people in Washington, DC, on K Street and you’re talking to them, the adversary wants to know what they’re thinking,” he said.

Art of the steal

Closer to home, it has become more difficult to back up that poker face in during project talks when your partner knows the cards in your hand.

“One of the big things we see for oil and gas, and we had actually seen targeted activity around them, is joint ventures,” Hultquist said. “We see parties of joint ventures constantly targeted by these guys. They want to know what the other guys are thinking. They want to know your negotiating points. We’ve heard stories of people walking into negotiations and the other side knows precisely their number, and they’re able to take them right to the edge in negotiations. That’s the efficiency of this capability.”

Fighting back

Your enemy might be sitting in Pyongyang, North Korea, or in your rival's headquarters down the street or in a cubicle 50 feet from your office. What can you do about it?

Know the location of your company's crown jewels. Find out who has access and the methods of protecting them, Garcia advises. Then question those responsible to find out how to better protect them. That's right—trust but verify.

Develop a long-term plan: Jay McGowan, Washington-based cyber-security expert who served in the Department of Homeland Security and Department of Defense, supports a holistic approach to getting a handle on data across the entire enterprise. It includes knowing how to protect trade secrets and sensitive data; auditing and monitoring networks and maintaining records; and policies for mobile devices and access, as well as social media.

Create a contingency plan: McGowan suggested conducting penetration tests on your infrastructure and asking vendors to do the same. He said it was important to establish document creation, retention and destruction policies.

RBN Energy: Low Oil Prices May Squeeze Infrastructure Projects

By Deon Daugherty, Associate Editor



With price set as the theme for the year, analysts at RBN Energy LLC have produced a list of predictions for 2015, including where prices are heading and what happens “when they get there.”

“Price relationships are out the window, as are drilling budgets,” wrote Rusty Braziel, RBN chief, in a recent report. “Over the next few months, these markets will be going through some of the most dynamic changes in years, with unpredictable consequences.”

Still, Braziel said, market turmoil can’t keep RBN from making a few guesses about energy expenses in 2015.

RBN’s No. 1 “prognostication for 2015” is that the times when gas was cheap compared to crude oil are going to stay in the industry’s rearview mirror. For the last five years of the shale revolution, natural gas abundance has driven prices to record lows, especially relative to crude oil, which shot up to more than \$100 per barrel (bbl) last year.

“In one way or another, that price relationship has been the primary driver behind tens of billions [of dollars] in infrastructure investment—pipelines, processing plants, petrochemical facilities, export terminals, industrial plants, you name it. Cheap gas justifies those capital expenditures,” Braziel said.

In this relationship, gas has been cheap relative to high-dollar oil. RBN called it the “Great Divide” and measured the relationship in a ratio between the WTI crude price at the Cushing, Okla., hub divided by the Henry Hub gas price. RBN found that from January 2011 to November 2014, the ratio average 27X. In April 2012, the ratio hit an all-time high of 54X when gas was \$1.93 per million Btu and crude was selling for \$103/bbl. By the end of 2014, however, the ratio had dropped to 15X, which was the lowest level since 2010.

This has implications that will trickle throughout the midstream value chain. As RBN notes, NGL prices are down relative to gas, too, and that cuts into gas processors’ profits. Gas prices are also down compared to ethane, which may create problems for ethane-only crackers.

“There are all sorts of ramifications from a shrinking crude-to-gas ratio for any investment based on cheap gas, such as LNG export economics, the economics of new ethanol and methanol plants, and of course, gas-to-liquids plants designed to take cheap gas and make liquid fuels,” Braziel said. “None of those ramifications are good for investors.”

Frac Spread: NGL Prices Lose Value

By Frank Nieto, Senior Editor



The temperatures being experienced in much of the U.S. to start 2015 are an unwelcome cold blast from the past for most Americans, but gas and liquids producers are hoping that they bring a price surge similar to last winter's. While temperatures are in the same range as last year's infamous polar vortex, thus far the surge in prices hasn't occurred yet.

Short of an extended cold front it is extremely unlikely gas and propane prices will begin to approach the levels they had last year due to the degree they've fallen in the past few months. Though storage was worked off in fairly short order last winter, prices were much stronger at that time.

Indeed, Conway propane was four-times as valuable and Mont Belvieu propane was nearly three-times as valuable at the start of 2014 as current values. Natural gas prices were \$1 per million Btu (/MMBtu) greater than their current levels.

The propane storage overhang is so large that it will require a combination of both heating and export demand to be worked off. In order to encourage LPG exports, propane prices will likely have to continue to follow crude prices.

Thus far prices have not had a problem tracking with West Texas Intermediate (WTI) crude as Conway propane—which typically posts the largest gains in the fall and winter due to increased crop-drying and heating demand—fell to its lowest level in more than a decade. Following a 15% decrease, the price fell to 39 cents per gallon (/gal), the lowest it has been since it was the same price the first week of August 2002. The Mont Belvieu price was supported a bit more by LPG exports as it fell 10% to 46 cents/gal, the lowest it has been since it was 45 cents/gal the week of Aug. 29, 2002.

While new construction of midstream infrastructure is a positive for the near-term, it is having an impact on netbacks at the moment while transportation and fractionation costs have increased to cover construction costs. With NGL prices tracking lower, it is making it even harder for producers as margins are further hampered.

Traditionally ethane required a frac spread margin of more than 6 cents/gal to achieve true profitability once transportation and processing costs were factored in. Newbuild costs have helped to drive this level up slightly in some parts of the country, which further hampers an extended ethane price rebound.

Ethane prices leveled off at Mont Belvieu where they fell 1% to 18 cents/gal, but experienced a 10% decline at Conway to 17 cents/gal with limited trading. After nearly reaching a nil margin the final week of 2014, ethane collapsed as margins fell 79% at Conway and 47% at Mont Belvieu. In short, it's highly unlikely that ethane will be profitable in the near term.

The biggest question mark in regards to where the NGL market is headed is, of course, when does the free fall in crude oil prices stop? This is an especially tough question to answer given that there are strong indications that the market is overreacting to negative news regarding crude fundamentals.

While global and domestic production and storage levels are high, the U.S. Energy Information Administration (EIA) reported that crude reserves decreased by more than 3 million barrels (MMbbl) when industry expectation were for slightly less than a 1 MMbbl build. This indicates that domestic demand is stronger than expected, but WTI crude only experienced a minimal price improvement. At some point, crude prices will hit their floor and begin a recovery. While it is possible this floor has been reached, it is just as likely that prices will bounce off that floor several times before coming back to life.

Theoretical NGL bbl prices fell to their lowest levels at Conway and Mont Belvieu since 2008 as they were down 14% to \$19.03/bbl with a 26% drop in margin to \$8.25/bbl at Conway while the Mont Belvieu bbl fell 9% to \$19.59/bbl with a 22% decrease in margin to \$8.19/bbl. This should further encourage a pullback in liquids drilling and give the market more time to work off excess volumes during a price recovery.

Natural gas prices continue to hover at about \$3/MMBtu, but could see improvement in the near term due to the solid storage withdrawals resulting from frigid temperatures. The EIA reported that gas storage levels were down 131 billion cubic feet to 3.089 trillion cubic feet (Tcf) the week of Jan. 2 from 3.22 Tcf the previous week. This was 9% above the 2.839 Tcf figure posted last year at the same time and 2% below the five-year average of 3.156 Tcf. The National Weather Service's forecast for the week of Jan. 14 anticipates normal weather temperatures, which should continue to deplete storage levels and support gas prices.

NGL PRICES						
Mont Belvieu	Eth	Pro	Norm	Iso	Pen+	NGL Bbl
Dec. 31, '14 - Jan. 6, '15	17.95	46.15	63.08	64.00	93.00	\$19.59
Dec. 24 - 30, '14	18.16	51.50	68.25	69.68	105.48	\$21.53
Dec. 17 - 23, '14	18.31	55.12	70.30	72.10	109.56	\$22.43
Dec. 10 - 16, '14	16.30	54.06	67.68	69.16	115.94	\$22.21
December '14	17.25	55.54	72.72	74.08	116.89	\$23.00
November '14	23.50	88.90	111.20	112.90	164.60	\$34.22
4th Qtr '14	20.22	76.90	96.73	98.28	149.25	\$30.10
3rd Qtr '14	23.19	103.92	123.69	128.39	212.20	\$40.27
2nd Qtr '14	29.26	106.55	124.12	130.23	222.81	\$42.31
1st Qtr '14	34.50	129.51	137.62	141.49	212.60	\$46.16
Jan. 1 - 7, '14	29.69	124.28	138.90	143.00	206.65	\$44.50
Conway, Group 140	Eth	Pro	Norm	Iso	Pen+	NGL Bbl
Dec. 31, '14 - Jan. 6, '15	16.50	39.35	65.28	69.38	93.68	\$19.03
Dec. 24 - 30, '14	18.25	46.15	79.40	81.73	106.73	\$22.08
Dec. 17 - 23, '14	19.27	51.86	83.76	82.00	111.60	\$23.49
Dec. 10 - 16, '14	15.05	52.36	76.36	78.00	115.90	\$22.66
December '14	16.52	53.04	83.35	86.00	117.65	\$23.68
November '14	20.00	95.80	113.00	129.00	156.50	\$34.68
4th Qtr '14	18.69	78.64	102.72	113.19	146.37	\$30.77
3rd Qtr '14	20.38	104.99	123.51	140.07	207.90	\$40.18
2nd Qtr '14	26.26	105.44	121.26	163.00	221.62	\$42.62
1st Qtr '14	25.46	169.48	132.08	147.10	216.86	\$49.93
Jan. 1 - 7, '14	17.00	143.25	142.73	145.55	202.78	\$44.98

CURRENT FRAC SPREAD (CENTS/GAL)				
January 9, 2014	Conway	Change from Start of Week	Mont Belvieu	Last Week
Ethane	16.50		17.95	
Shrink	19.56		20.69	
Margin	-3.06	-79.25%	-2.74	-46.87%
Propane	39.35		46.15	
Shrink	27.02		28.58	
Margin	12.33	-33.64%	17.57	-26.29%
Normal Butane	65.28		63.08	
Shrink	30.59		32.35	
Margin	34.69	-28.01%	30.73	-16.81%
Isobutane	69.38		64.00	
Shrink	29.38		31.08	
Margin	40.00	-22.71%	32.92	-16.86%
Pentane+	93.68		93.00	
Shrink	32.72		34.60	
Margin	60.96	-16.88%	58.40	-18.88%
NGL \$/Bbl	19.03	-13.82%	19.59	-9.01%
Shrink	10.78		11.40	
Margin	8.25	-25.56%	8.19	-21.96%
Gas (\$/mmBtu)	2.95	-1.99%	3.12	3.31%
Gross Bbl Margin (in cents/gal)	17.89	-26.63%	18.42	-22.55%
NGL Value in \$/mmBtu (Basket Value)				
Ethane	0.91	-9.59%	0.99	-1.16%
Propane	1.37	-14.73%	1.60	-10.39%
Normal Butane	0.71	-17.78%	0.68	-7.58%
Isobutane	0.43	-15.11%	0.40	-8.15%
Pentane+	1.21	-12.23%	1.20	-11.83%
Total Barrel Value in \$/mmbtu	4.62	-13.65%	4.87	-8.45%
Margin	1.67	-28.64%	1.75	-23.90%

RESIN PRICES – MARKET UPDATE – JANUARY 9, 2014					
TOTAL OFFERS: 19,190,408 lbs		SPOT		CONTRACT	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow Mold	4,036,440	0.595	0.76	0.63	0.67
HDPE - Inj	3,836,004	0.56	0.77	0.66	0.7
LLDPE - Film	3,361,428	0.685	0.775	0.65	0.69
LDPE - Film	3,285,888	0.69	0.785	0.65	0.69
PP Homopolymer - Inj	1,631,404	0.73	0.8	0.7	0.74
HMWPE - Film	1,322,760	0.645	0.755	0.66	0.7
PP Copolymer - Inj	776,920	0.685	0.82	0.71	0.75
LLDPE - Inj	630,920	0.77	0.785	0.67	0.71
LDPE - Inj	308,644	0.71	0.735	0.7	0.74

Source: Plastics Exchange – www.theplasticsexchange.com

Keystone Pipeline Nebraska Path Cleared By State High Court

Bloomberg

TransCanada Corp.'s Keystone XL Pipeline faces one less hurdle after Nebraska's highest court cleared its path through the state, setting aside a challenge to the power of its Republican governor to dictate the route, and sending the matter back to Washington.

The project would send crude from Alberta's oil sands to a network junction in southeast Nebraska, for transport to Gulf Coast refineries. While the ruling is a victory for energy independence proponents, the project's fate remains uncertain. It now returns to President Barack Obama for approval, who deferred a decision citing the lawsuit.

The U.S. Senate Energy Committee Jan. 8 passed a measure by a vote of 13-9 forcing approval of the pipeline, setting up a confrontation with Obama, who has pledged to veto the legislation.

The full chamber is to take up the issue next week, Republican Majority Leader Mitch McConnell of Kentucky said. A final Senate vote isn't expected until later this month. The House is scheduled to vote today on similar legislation.

Democrats in both chambers say they have the votes to sustain a veto, though Keystone supporters say they are still trying to persuade colleagues.

The Obama administration had suspended a State Department review of the international pipeline while the Nebraska case was pending

Tall Oak Midstream Announces New STACK Gathering, Processing System

Tall Oak Midstream LLC announced that initial natural gas gathering operations are underway on the Tall Oak STACK System. The company's new gas gathering and processing system is designed to serve producers in Oklahoma's STACK (Sooner Trend, the Anadarko Basin and Oklahoma's Canadian and Kingfisher counties) play. The STACK play sits northwest of Oklahoma City and targets the Woodford and Mississippian-age shales.

Tall Oak is already gathering gas on its STACK system for multiple customers. The company expects to commission the system's first processing plant, named the Chisholm Plant, in the third quarter of 2015.

The Tall Oak STACK System serves producers targeting the STACK play's liquids-rich pay zones including the Upper and Lower Mississippian Meramec, Osage, Woodford Shale and Hunton formations. The system will also have the capacity to serve production from the Woodford and Springer shale plays and other portions of the South Central Oklahoma Oil Province, known as the SCOOP. Tall Oak's STACK System is anchored by long-term gathering and processing agreements with Felix Energy LLC and PayRock Energy LLC. Together, Felix and PayRock control more than 100,000 net acres in the STACK play. Both companies continue to expand their acreage positions and pursue aggressive regional development programs. Tall Oak is also in discussions with other producers in the area to bring gas onto the STACK System.

Tall Oak's initial STACK System will consist of 150 miles of high- and low-pressure natural gas gathering pipeline, multiple compressor stations and the Chisholm Plant, a state-of-the-art cryogenic processing plant with the capacity to process 100 million cubic feet of natural gas per day (MMcf/d). Located in Kingfisher County, the Chisholm Plant site will be able to accommodate multiple expansions that could bring total processing capacity to 400 MMcf/d to serve expanding production.

Tall Oak is also building a natural gas gathering and processing system to serve producers in Oklahoma's Central Northern Oklahoma Woodford play, known as the CNOW play. Tall Oak's CNOW System consists of 250 miles of gas gathering pipeline and the Battle Ridge Plant, a 75 MMcf/d cryogenic processing facility with nitrogen rejection capabilities located in Payne County, Oklahoma. Tall Oak expects to bring the plant into service at the end of this month.

Today's announcement follows recent news that Tall Oak has secured a \$100 million credit facility, which can be expanded to \$150 million, bringing the company's total financing to more than half a billion dollars. In addition to the credit facility, Tall Oak is supported by \$400 million in private equity commitments from EnCap Flatrock Midstream and Tall Oak's management team.

Chevron Phillips Plans PE Pilot Plant In Oklahoma

By Brandy Jules, Hart Energy

Chevron Phillips Chemical Co. plans to build a polyethylene (PE) pilot plant at its research and technology facility in Bartlesville, Okla.

The value of the project was not disclosed.

The state-of-the-art pilot plant will provide “leading-edge research, including new catalyst and polymer development, as well as polymer performance enhancements,” according to a recent company announcement.

“As a global producer of polyethylene, we strive to support our customers with the latest technological advances and process improvements through the efforts of our research and development personnel,” said Don Lycette, Chevron Phillips vice president of research and technology.

The new site will utilize Chevron Phillips Chemical’s exclusive “MarTECH” loop-slurry process for PE production and MarTECH ADL (advanced dual-loop) technology, a proprietary dual-loop process that enables production of bimodal PE resins for advanced applications, according to the announcement.

“All MarTECH technology delivers reliable, high-reactor throughput while minimizing capital expense, operating costs and environmental impact, and it is utilized by numerous commercial reactor facilities worldwide,” the company further noted.

Chevron Phillips Chemical recently completed an ethylene expansion project at its Sweeny complex in Old Ocean, Texas.

Construction on the Oklahoma facility is expected to begin in 2015 and be completed sometime in 2017.

Pinnacle Midstream Receives \$20 Million Investment

Private equity fund BP Natural Gas Opportunity Partners LP committed \$20 million to Houston-based Pinnacle Midstream LLC. Pinnacle will acquire and develop midstream assets and provide related services in natural gas producing basins in the U.S.

Through strategic acquisitions and greenfield projects, Pinnacle plans to provide gathering, processing, treating and compression services. Pinnacle expects to focus its operations in Texas, New Mexico, Louisiana, Oklahoma and Mississippi.

Baker Botts M&A Numbers Hit \$250 Billion For 2014

Baker Botts advised clients on over 35 major M&A transactions (including spin-offs and split-offs) valued at nearly \$200 billion in second-half 2014. When combined with M&A deal volume and value from the first-half of the year (38 deals for a total value of \$56.6 billion), Baker Botts' totals exceeded \$250 billion, representing a 233% increase over 2013.

"Large energy transactions continued to lead the way in 2014," said David Kirkland, co-chair of the firm's corporate department.

"While deal volume increased, deal size is what really drove M&A totals to much higher levels than in 2013," said Kelly Rose, who also serves as co-chair of Baker Botts' corporate department. "We saw a significant increase in spin-off and split-off activity over the course of the year, and we expect activity in the area to continue into 2015."

Notable transactions from the second half of the year include:

Halliburton Co.—\$35 billion acquisition of Baker Hughes Inc.

Conflicts Committee of Kinder Morgan Energy Partners (KMP) and Special Committee of Kinder Morgan Management (KMR)—\$70 billion purchase of KMP, KMR and El Paso Pipeline Partners by Kinder Morgan, Inc. Collectively, the transaction represents the largest energy M&A transaction since the merger of Exxon and Mobil.

Conflicts Committee of Williams Partners L.P.—\$50 billion merger of Williams Partners with Access Midstream Partners L.P.

Noble Corporation—spin-off of Paragon Offshore plc. (BV of assets at the time of spin was \$3.5 billion).

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