

# MIDSTREAM

## Monitor

NOV. 18, 2016 | VOLUME 34 | ISSUE 46

### NEW ADMINISTRATION

## Green Light!

### Trump Expected To Move Quickly On Projects

By **JOSEPH MARKMAN**, Hart Energy

**T**he Trump administration will move quickly to enable forward progress for energy infrastructure and pipeline projects, Washington insider and energy expert Joseph McMonigle predicted during a webinar Nov. 11.

“We’ve been saying since the summertime that if Trump won, you could see the Keystone [XL] Pipeline approved on Day One or the first week of his administration,” said McMonigle, president of **The Abraham Group LLC**. “We expect that to be the case, and indeed, they’ve kind of signaled that they’re ready to do that.”

The president-elect promised to “absolutely approve [Keystone XL], 100%” during the campaign, but indicated during that time that he would

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## Will Mr. Hamm Go To Washington? Maybe Not

Harold Hamm may be the front-runner to be the next U.S. secretary of energy, but a leading industry observer doubts he would accept the post.

Joseph McMonigle, president of **The Abraham Group LLC** and former chief of staff at the Department of Energy (DOE), said in a **Hedgeye Risk Management LLC** webinar that he thinks the shale pioneer would be unlikely to surrender his position as CEO of the company he founded, Continental Resources Inc. (NYSE: **CLR**), even for a cabinet post.



Hamm

McMonigle also said that he expects President Trump to tackle infrastructure issues, particularly pipelines, in the first three to six months of his administration. He considers certain Obama administration initiatives, like the Clean Power Plan and the Paris Agreement on climate change, to be in trouble.

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## PROJECTS from Page 1

want to renegotiate the terms of permitting, suggesting that he would seek a cut of the profits for the U.S. Treasury.

McMonigle dismissed the notion.

“I just sort of write that off as Trump-speak and campaign rhetoric,” he said. “The bottom line is he will be approving that quite quickly, I think, to show that he is taking decisive action and things are going to change pretty quickly.”

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Mark Cooper, a spokesman for TransCanada Corp. (NYSE: **TRP**), told Canada’s *Financial Post* one day after the U.S. presidential election that the company was developing its proposal for Keystone XL for the new administration and was fully committed to the project.

The Dakota Access Pipeline (DAPL), the target of nationwide protests that have resulted in arrests at the North Dakota construction site, can also be expected to gain swift approval under the next administration.

McMonigle considers the review of construction permits by the Army Corps of Engineers—after the Corps had already granted approval—to be on “very shaky legal ground,” and said Energy Transfer Partners (NYSE: **ETP**) would probably win a court case if the approvals were denied.

More likely is a state of limbo to play out until the next president is sworn in on Jan. 20, McMonigle said. ■



Nichols



Cramer



Landrieu



Torette

## DOE from Page 1

Assuming Hamm chooses Oklahoma City over Washington, he might use his influence with the president-elect to move Larry Nichols, co-founder and former chairman and CEO of Devon Energy Corp. (NYSE: **DVN**), into the position, McMonigle said.

Continental has not returned calls from Hart Energy seeking comment on Hamm’s plans.

Another potential candidate is Rep. Kevin Cramer, R.-N.D., who is a member of Trump’s energy policy team.

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“Trump likes him a lot,” McMonigle said. “He was an early supporter of Trump’s. He comes from an energy background. He was a state public utility commissioner in North Dakota and he comes from a state where there’s a lot of upstream development.”

Filling the secretary of energy post could give the president-elect a chance to include a Democrat in his administration. Former Sen. Mary Landrieu, D.-La., is known as a strong supporter of the industry. She was also one of the few who welcomed Trump to the state when it suffered major flooding during the campaign.

Key to Trump’s victory was his success in Pennsylvania, which could put Christine Torette in line for the position. A longtime Republican official and co-chair of Trump’s Pennsylvania campaign, Torette introduced Trump in September at the Shale Insight conference in Pittsburgh, hosted by the gas trade group Marcellus Shale Coalition. —**JOSEPH MARKMAN**, Hart Energy

FEATURES

# Dealmakers Tudor, Pickering, Holt To Combine

Perella Weinberg Partners (PWP) and Tudor, Pickering, Holt & Co. (TPH) have agreed to merge, confident that together they can jumpstart growth with a combined \$12 billion in assets under management.

The agreement's financial terms weren't disclosed in a Nov. 14 press release. The transaction will add nearly \$2 billion of assets under management to PWP's asset management business and accelerate growth through the combination of TPH's energy investment offerings and PWP's asset management business.

Combined, the firms say they will accelerate growth strategies by joining TPH's energy investment products and research and PWP's advisory services and asset management platform.

—DARREN BARBEE, Hart Energy

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## MIDSTREAM CONNECT

**Gregory Meece**, partner with **Thompson & Knight LLP**, discusses energy royalty disputes and the all-encompassing desire in all aspects of the industry for stability.

"When times are good, people sue," he said.

"When times are bad, people sue more."

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## FRAC SPREAD

## Let It Snow, Let It Snow, Let It Snow

By JOSEPH MARKMAN, Hart Energy

Oh the weather has not been frightful, so natural gas demand's been less than delightful.

Travelers who have places to go through the Northeast during the week of Thanksgiving might disagree if forecasts of rain, snow and gusty winds bearing down on the region from the upper Midwest are accurate. But

CURRENT FRAC SPREAD (CENTS/GAL)				
NOVEMBER 18, 2016	Conway	Change from Start of Week	Mont Belvieu	Last Week
Ethane	16.68		19.13	
Shrink	14.23		14.52	
<b>Margin</b>	2.45	-38.37%	4.61	-6.78%
Propane	48.78		51.74	
Shrink	19.66		20.07	
<b>Margin</b>	29.12	-7.39%	31.67	-2.08%
Normal Butane	69.65		69.38	
Shrink	22.26		22.72	
<b>Margin</b>	47.39	-4.36%	46.66	-1.25%
Isobutane	80.60		78.45	
Shrink	21.38		21.82	
<b>Margin</b>	59.22	-5.82%	56.63	-2.67%
Pentane+	101.70		101.06	
Shrink	23.80		24.29	
<b>Margin</b>	77.90	1.91%	76.77	4.68%
NGL \$/Bbl	21.25	-3.89%	21.70	-3.31%
Shrink	7.84		8.00	
<b>Margin</b>	13.41	-4.58%	13.70	0.18%
Gas (\$/mmBtu)	2.15	-2.70%	2.19	-8.76%
Gross Bbl Margin (in cents/gal)	30.27	-4.89%	31.47	-0.02%
NGL Value in \$/mmBtu (Basket Value)				
Ethane	0.92	-10.32%	1.05	-8.29%
Propane	1.69	-5.56%	1.80	-4.78%
Normal Butane	0.75	-3.84%	0.75	-3.84%
Isobutane	0.50	-5.01%	0.49	-4.45%
Pentane+	1.31	0.79%	1.30	1.10%
Total Barrel Value in \$/mmbtu	5.18	-4.63%	5.39	-3.99%
<b>Margin</b>	3.03	-5.96%	3.20	-0.42%

Price, Shrink of 42-gal NGL barrel based on following: Ethane, 36.5%; Propane, 31.8%; Normal Butane, 11.2%; Isobutane, 6.2%; Pentane+, 14.3%, Fuel, frac, transport costs not included. Conway gas based on Midwest region, Mont Belvieu based on Houston region. Shrink is defined as Btus that are removed from natural gas through the gathering and processing operation.

Conway, Kan., hubs in the past week, prices of individual components did turn up sharply as the five-day period ended.

Still, ethane was down 31.5% from its peak four weeks ago at Mont Belvieu and down 26.7% at Conway in the same time frame. Expanding margins in October, as petrochemical companies stocked up for future needs, resulted in extraction levels that exceeded demand, En\*Vantage said. ■

the warmer-than-expected fall weather has been a prime driver in natural gas prices and, consequently, NGL prices.

Last week's record high natural gas storage figures didn't help, either.

Storage of natural gas in the Lower 48 rose by 30 billion cubic feet (Bcf) in the week ended Nov. 11, the [U.S. Energy Information Administration](#) reported. The increase, just over the Bloomberg consensus average prediction of 29 Bcf, results in a total of 4.047 Tcf. That's a 1.3% increase over the 3.996 Tcf total at this time in 2015 and 5.6% above the five-year average of 3.831 Tcf.

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On a sunny note, Paris (the one in France, not Texas) is beset with overcast skies and expecting snowstorms over the next few days. Colder weather in Western Europe widens LNG spreads, improving the economics of shipping from the U.S. Gulf Coast to Europe, En\*Vantage analysts wrote.

So how long before natural gas prices recover? They already have. Prices at the Houston Ship Channel hub, used to gauge prices for Mont Belvieu, Texas, bounced up by 23% earlier this week from their trough on Nov. 11.

So, while prices of the hypothetical NGL barrels were the lowest since September at both the Mont Belvieu and

## TOP STORIES

### Nueva Era Pipeline LLC Closes On \$353.3 Million Project Financing

Nueva Era Pipeline LLC closed on \$353.3 million in project financing for the construction of the Nueva Era Pipeline project, which will transport natural gas from parent Howard Midstream Energy Partners' (HEP) Webb County hub in South Texas directly to Monterrey, Nuevo Leon, Mexico.

The Nueva Era Pipeline is a 50:50 joint venture (JV) between HEP and Mexico's Grupo CLISA, HEP said Nov. 16.

Construction began earlier in 2016 on the roughly-200-mile pipeline, which will transport about 600 million cubic feet per day (MMcf/d) of natural gas to end users in northern Mexico. The capacity is expandable to 900 MMcf/d.

Mexico's Comision Federal de Electricidad electric utility will transport 504 MMcf/d for 25 years as the anchor shipper. This will help fuel combined-cycle power plants in Escobedo and Huinala, near Monterrey.

The pipeline is expected to be completed and in service in the second half of 2017.

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### Federal Authorities Call For More Review On Dakota Access Pipeline

Federal authorities deferred a final decision on a controversial North Dakota section of the Dakota Access Pipeline on Nov. 14 in a statement that highlighted concerns about the "repeated" dispossession of tribal lands in the country's past.

The Departments of the Army and Interior, in a joint statement, said that while their previous decisions to grant construction were consistent with legal requirements, they wanted to have additional discussions with the Standing Rock Sioux Tribe due to concerns about protecting Lake Oahe, a culturally sensitive and federally owned water source.

The \$3.7 billion Dakota Access construction project has drawn steady opposition since last summer from the Standing Rock Sioux, along with environmental activists, who claim it could pollute nearby water supplies and destroy sacred historical sites.

Standing Rock Sioux Chairman Dave Archambault II said on Nov. 14 that he was "encouraged" by the decision, even though it was not 100% what the Tribe had hoped for.

—REUTERS

### NTSB Investigates Illinois Gas Pipeline Explosion That Kills One

The U.S. National Transportation Safety Board said Nov. 17 it is investigating a natural gas pipeline explosion that killed one and injured 11 in Canton, Ill.

The explosion occurred at 5:45 p.m. Nov. 16 near the main square in the town of 15,000 people in central Illinois, local officials said. Several buildings were damaged and a two-block area was evacuated.

—REUTERS

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