MIDSTREAM Monitor

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FEATURES

Kinder Morgan Writes Off $1 Billion In Value

By **DARREN BARBEE**, Hart Energy

The oil and gas downturn continues to sap value from midstream companies, including pipeline leviathan infrastructure company Kinder Morgan Inc. (NYSE:KMI).

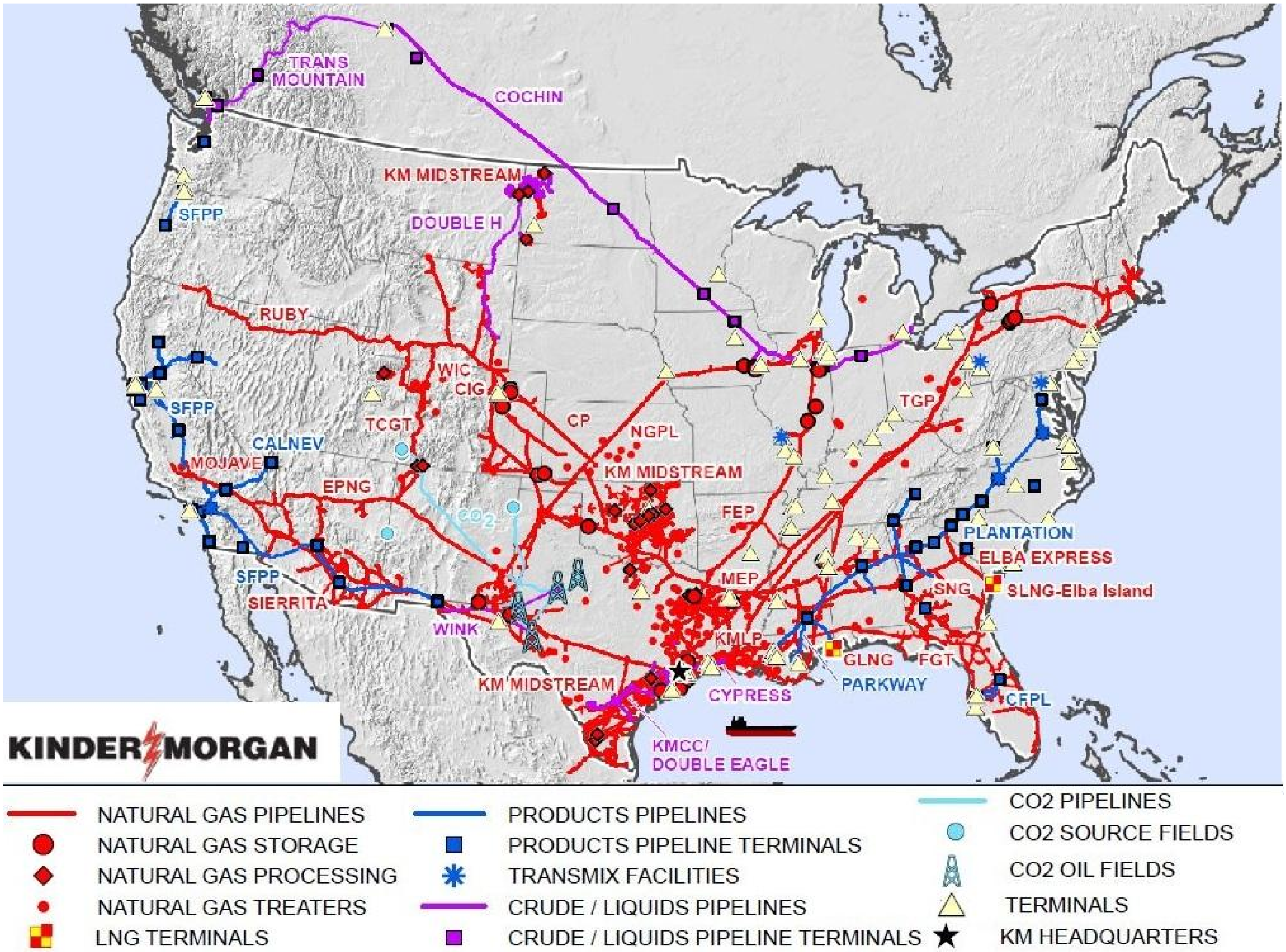
Kinder Morgan said Jan. 20 it will write down $1.15 billion in value due to a decline in the market value of KMI and similar midstream companies. The fair market value of the non-regulated midstream assets of natural gas pipelines indicates they are below book value, the company said.

For the quarter, KMI's net loss after its impairment and other items was $609 million compared with net income of $566 million for the fourth quarter of 2014. Though company executives say there is a disconnect between the company's performance and shareholders' perception, the company plans to cut dividends, focus on the highest-return projects and cut spending by nearly $1 billion.

Richard D. Kinder, executive chairman, said he was disappointed by the company's stock performance, which declined by 65% in 2015.

On a Jan. 20 earnings call, Kinder seemed somewhat exasperated by the gap between KMI's performance and its stock price. He noted that the company's free cash flow after operating, interest and capital expense is about $5 billion.

"Our fundamental businesses are doing well, notwithstanding the current weakness in our industry," Kinder said."The fundamentals don't seem to matter in this 'Chicken Little the sky is falling' market, but they should to prudent long-term investors."



However, KMI did announce some strategy changes.

For one, it will cut $900 million from its 2016 capex, resulting in 2016 spending of $3.3 billion. The budget is based on WTI prices of $38 per barrel and an average 2016 Henry Hub price of $2.50 per million British thermal units.

The company will also high-grade its capital investments by reducing its capital investments backlog by $3.1 billion from the third quarter of 2015, with more reductions expected.

KMI will also selectively enter joint venture projects as appropriate.

KMI’s board also approved slashing its fourth-quarter cash dividend to $0.125, down from $0.51 per share in the third quarter of 2015.

“The decision to reduce our dividend was very difficult and was a direct result of the rapid and significant disconnect between the performance of our business and the performance of our stock,” Kinder said. He added that the company does not expect to tap the equity markets to fund growth projects now or beyond 2016.

In October, KMI completed a 32 million depository share offering that generated net proceeds of $1.5 billion.

Kinder Morgan Business Segment 4Q15 performance			
Earnings ($MM)	4Q15	4Q14	Change
Natural Gas Pipelines	1,098	1,057	4%
CO_2	292	369	-26%
Terminals	257	277	-8%
Products Pipelines	289	225	22%
Kinder Morgan Canada	43	44	-2%
Source: Kinder Morgan Inc. company reports, oilandgasinvestor.com			

Overall, KMI's results exceeded expectations despite its impairment charge.

In 2015, KMI reported $4.7 billion in distributable cash flow before certain items available to common shareholders, a 79% increase from 2014's $2.6 billion. The increase was primarily related to the KMI merger transactions completed in November 2014.

In 2016, KMI expects to declare dividends of $0.50 per share and generate $4.9 billion of distributable cash flow available to equity holders. The company also anticipates generating $4.7 billion of distributable cash flow available to common shareholders, with roughly $3.6 billion of cash flow in excess of its dividend.

KMI's adjusted EBITDA was $1.98 billion compared with Wall Street's consensus of $1.9 billion. Discretionary cash flow of $1.23 billion beat Deutsche Bank Markets Research estimates of $1.1 billion. Without the asset value write-off, fourth-quarter net income was $491 million compared with $664 million for the same period in 2014.

"We think this update should help placate investor concerns, allowing the focus to turn back to the fundamentals," said Kristina Kazarian, analyst, Deutsche Bank.

Darren Horowitz, analyst, Raymond James, said KMI's results beat its model and the Street despite commodity market challenges.

"With KMI being the first midstream entity to report, the fourth-quarter 2015 results are perhaps most informative simply to 'take the temperature' of midstream performance in a choppy energy macro-environment," he said.

Kinder Morgan is the largest energy infrastructure company in North America, with interest or operations spanning 84,000 miles of pipelines and about 165 terminals.

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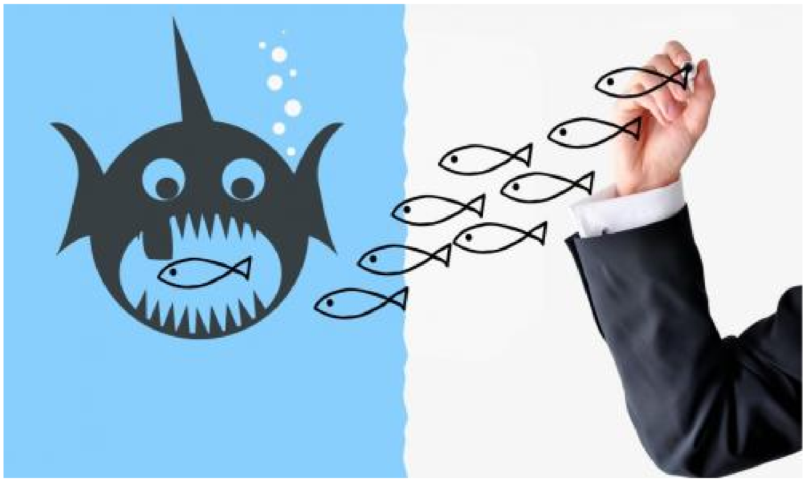
Consolidation, Commodity Prices To Drive Energy M&A

By **JOSEPH MARKMAN,** Hart Energy

Global M&A in 2016 will likely surpass the hyperactive deal making that totaled $4.7 trillion in 2015, but whether the energy industry will see a surge in activity is yet unclear, according to two recent reports.

A Mergermarket report showed a 27.2% reduction in total number of deals in the energy sector in 2015 compared to 2014. The value of those deals was down by 6.8% to $547.7 billion. Low commodity prices are leading to increased scrutiny of MLPs, the report said, and will contribute to a shakeout.



"While midstream MLPs are expected to weather the storm, upstream MLPs will pursue a variety of survival strategies in a prolonged low oil and gas price environment, but not all will make it," said Mergermarket.

KPMG LLP's survey of global executives found a bullish outlook for M&A. Among energy leaders, 47% identified consolidation of core businesses and competition as the leading driver for deals this year. The second trend, picked by 43% of respondents, is the persistence of lower oil prices.

The top two challenges that energy executives perceive are valuation disparity between buyers and sellers (47%), and the general economic environment (42%). However, executives in all industries pointed to large cash reserves (51%) as the leading driver of M&A followed by the availability of credit on favorable terms (36%).

"Strong balance sheets tend to determine the method of financing deals," the KPMG report said. Michael Underhill, founder and chief investment officer of Wisconsin-based Capital Innovations and author of "Handbook of Infrastructure Investing," echoed that sentiment.

"The market's focus has shifted from companies' slowing growth prospects, which have characterized much of 2015, to the need for efficient capital allocation given pockets of balance sheet stress in 2016," he told Hart Energy recently. "Companies are not being paid to grow dividends in this environment. Instead, we believe those with strong balance sheets and the best access to capital should continue to outperform their peers."

KPMG's survey showed an expectation that megadeals—those valued at $50 billion or more—are on the rise. Among factors that could inhibit M&A, executives included concerns such as:

- Slowing economic growth (42%);
- Rising interest rates (27%); and
- Lack of suitable targets (26%).

LNG's Future Demands Flexibility

By **LEN VERMILLION**, Hart Energy

LNG was on the minds of the industry representatives attending the European Gas Conference this week in Vienna. According to a report by Reuters, industry players cited the need for buyers and sellers to embrace flexible trading practices, including cargo swaps, to cut costs and avert a boom-and-bust scenario.

LNG is a hot topic in the beginning of 2016 as both U.S. and Australian supplies begin to ship, adding more LNG to the market in the face of weak demand and high production costs.

“Everybody has to change their game. If they don’t they are going to get left behind. Buyers and sellers must work together or we will have boom-and-bust.”

— David Ledesma, Oxford Institute for Energy Studies

Cheniere Energy is expected to ship the first U.S. cargo from Sabine Pass in March or April. Meanwhile, Australia’s three coal seam gas-to-LNG plants in Queensland have begun to ship cargoes to Asian markets, which are already experiencing a 2% decline in year-over-year demand, according to a recent report by Wood Mackenzie.

Industry players at the conference said the combination of supply and weak demand leads to an uncertain future, Reuters reported.

David Ledesma, an independent gas consultant and senior research fellow at the Oxford Institute for Energy Studies, told the conference, "everybody has to change their game. If they don't they are going to get left behind. Buyers and sellers must work together or we will have boom-and-bust."

Importers are already seizing the chance to wring concessions from existing producers wary of losing market share, according to the Reuters report. Global LNG buyers will seek to change the way long-term contracts are structured in the US$120 billion annual trade, such as by loosening restrictions on cargo diversions and reducing imports below agreed floors. Pricing disputes could take a backseat.

Meanwhile, sellers will need to be more flexible about where they send their cargoes due to low margins and prices. According to Chong Zhi Xin, principal analyst for Southeastern Asia and Australasia gas and power research at Wood Mackenzie, that’s already happening.

“Sellers started to look further afield to emerging markets in the Middle East and Africa and new opportunities in Asia, while buyers exercised more caution in contracting. Jordan, Egypt and Pakistan all issued new tenders, which were met with intense interest,” he said in a previously released Wood Mackenzie report. “The emergence of these three new market entrants alone resulted in 5.8 million tons of LNG imports last year, via fast-tracked floating storage and regasification unit (FSRU) developments—a trend we expect to continue in 2016 as access to new customers and regasification capacity remain key.”

Buyers must also meet sellers half way when striking deals in an environment where future market uncertainty could make new projects too costly and risky, according to Reuters’ report.

Andrew Walker, vice president of strategy at Cheniere, told the conference he expected to see more swaps and other strategies between buyers and sellers to reduce costs and improve LNG trade, according to Reuters. "We are a 50-year-old industry that has had relatively few cycles and experiences of cycles," he told the audience. "As we try and draw that line forward it is difficult because we don't have a history of cost reduction. But if we don't we are going to have a less bright future than we ought to."

(Reporting by Michael Kahn, Reuters)

FRAC SPREAD

Frac Spread: Crude Awakening

By **FRANK NIETO**, Hart Energy

WTI crude stocks rose less than expected according to the latest data from the U.S. Energy Information Administration (EIA), which caused prices to improve after suffering a 12-year decline to fall below $30 per barrel (/bbl). However, there are still major headwinds facing oil markets in 2016 as certain international sanctions against Iran were lifted on Jan. 16 that will allow the country to increase its crude exports.

According to Barclays Capital, Iran is expected to boost crude exports by a minimum of 500,000 bbl/d this year.

The investment firm stated that it is likely international investments from the West into Iran will be announced beginning next month, but will proceed slowly given current prices and remaining trade sanctions against Iran. These restrictions limit direct investments into Iran from U.S. companies as well as prohibit U.S. dollar trade with Iran.

"The primary sanctions remain in place and limit the trade of certain goods that contain U.S. content, including for the oil and gas industry. Upstream and downstream technologies will have to be in compliance with U.S. export controls. Many of the deals being considered at this time are going to be engineering based, so investors must be aware of how much of that content is from the U.S. and subject to special restrictions," Barclays said in a Jan. 17 research note.

RESIN PRICES – MARKET UPDATE – JANUARY 22, 2016

TOTAL OFFERS: 25,132,128 lbs		SPOT		CONTRACT	
Resin	Total lbs	Low	High	Bid	Offer
LLDPE - Film	6,817,432	0.51	0.62	0.48	0.52
HDPE - Blow Mold	4,934,120	0.48	0.59	0.46	0.5
LDPE - Film	4,100,556	0.525	0.66	0.5	0.54
HDPE - Inj	3,028,612	0.54	0.605	0.47	0.51
PP Copolymer - Inj	1,713,312	0.585	0.675	0.605	0.645
HMWPE - Film	1,625,128	0.54	0.62	0.48	0.52
LLDPE - Inj	1,512,760	0.55	0.625	0.49	0.53
PP Homopolymer - Inj	789,472	0.535	0.62	0.51	0.55
LDPE - Inj	610,736	0.57	0.665	0.59	0.63

Source: Plastics Exchange – www.theplasticsexchange.com

Regardless of the amount of Iranian crude that makes it to the global market, this increase will have a negative impact on an already struggling market. It is possible that some of the decline in crude prices has been driven by the impending lifting of sanctions against Iran and there could be some improvement once the actual impact of this increase in exports from Iran is actually felt in the months ahead.

Further improvements could be felt as U.S. producers continue to cut production as they adjust to lower prices below the breakeven point. According to Barclays, higher prices will be necessary to match supply with demand beginning in 2017.

CURRENT FRAC SPREAD (CENTS/GAL)				
JANUARY 22, 2016	**Conway**	**Change from Start of Week**	**Mont Belvieu**	**Last Week**
Ethane	14.20		14.09	
Shrink	13.53		13.46	
Margin	0.67	130.39%	0.63	-12.65%
Propane	28.65		31.70	
Shrink	18.69		18.59	
Margin	9.96	-5.49%	13.11	-8.16%
Normal Butane	41.70		44.38	
Shrink	21.15		21.05	
Margin	20.55	-20.23%	23.33	-15.62%
Isobutane	48.50		44.55	
Shrink	20.32		20.22	
Margin	28.18	-16.74%	24.33	-14.54%
Pentane+	68.25		69.00	
Shrink	22.62		22.51	
Margin	45.63	-13.74%	46.49	-14.02%
NGL $/Bbl	13.86	-9.24%	14.14	-11.36%
Shrink	7.45		7.42	
Margin	6.40	-12.75%	6.73	-13.04%
Gas ($/mmBtu)	2.04	-5.99%	2.03	-9.78%
Gross Bbl Margin (in cents/gal)	13.99	-12.61%	15.17	-12.81%
NGL Value in $/mmBtu (Basket Value)				
Ethane	0.78	-3.27%	0.78	-9.91%
Propane	0.99	-5.82%	1.10	-9.12%
Normal Butane	0.45	-13.59%	0.48	-12.95%
Isobutane	0.30	-12.55%	0.28	-12.44%
Pentane+	0.88	-11.32%	0.89	-12.68%
Total Barrel Value in $/mmbtu	3.41	-8.44%	3.52	-11.01%
Margin	1.37	-11.87%	1.49	-12.62%

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 NGPL Midcontinent zone, Mont Belvieu based on Houston Ship Channel.

NGL PRICES						
Mont Belvieu	**Eth**	**Pro**	**Norm**	**Iso**	**Pen+**	**NGL Bbl**
Jan. 13 - 19, '16	14.09	31.70	44.38	44.55	69.00	$14.14
Jan. 6 - 12, '16	15.64	34.88	50.98	50.88	79.02	$15.96
Dec. 30, '15 - Jan. 5, '16	15.24	38.68	57.15	57.08	90.73	$17.63
Dec. 23 - 29, '15	14.20	37.05	53.40	53.75	87.35	$16.76
December '15	14.83	38.66	56.87	57.47	92.65	$17.69
November '15	17.42	42.69	62.15	62.99	99.61	$19.47
4th Qtr '15	17.50	42.15	60.09	60.57	97.59	$19.11
3rd Qtr '15	18.26	40.99	54.16	55.19	100.10	$18.80
2nd Qtr '15	17.93	46.30	58.11	59.66	126.14	$21.48
1st Qtr '15	18.38	53.01	66.35	67.81	110.53	$21.94
Jan. 14 - 20, '15	20.04	47.13	71.95	73.45	95.68	$20.93
Conway, Group 140	**Eth**	**Pro**	**Norm**	**Iso**	**Pen+**	**NGL Bbl**
Jan. 13 - 19, '16	14.20	28.65	41.70	48.50	68.25	$13.86
Jan. 6 - 12, '16	14.68	30.42	48.26	55.46	76.96	$15.27
Dec. 30, '15 - Jan. 5, '16	14.45	34.23	54.40	62.13	89.45	$17.03
Dec. 23 - 29, '15	11.00	33.20	50.30	56.65	87.75	$15.87
December '15	13.32	33.23	54.07	60.36	91.32	$16.79
November '15	14.46	39.04	59.60	67.26	96.71	$18.51
4th Qtr '15	14.90	38.06	57.31	64.04	95.84	$18.20
3rd Qtr '15	15.47	36.28	48.59	54.34	99.10	$17.59
2nd Qtr '15	15.50	40.55	52.40	56.80	121.50	$19.89
1st Qtr '15	17.81	49.00	66.13	76.84	106.32	$21.49
Jan. 14 - 20, '15	19.38	45.65	82.63	87.50	96.75	$21.85

A sustained period of sub-$40 oil prices might not have a profound impact on demand, but it will have devastating effects on the supply side," the investment firm said in a Jan. 18 research note. Low prices could result in 50% year-on-year declines in North American E&P budgets for 2016, which would greatly reduce production.

NGL prices are also negatively impacted by depressed natural gas prices, which fell at both Conway and Mont Belvieu despite colder temperatures. The Conway price was down 6% to $2.04 per million Btu (/MMBtu) while the Mont Belvieu price dropped 10% to $2.03/MMBtu. Though there have been colder-than-normal temperatures in the Northeast and Midwest, forecasts are predicting warmer temperatures in February and storage levels remain very high.

Lower gas and crude prices are driving down prices on both the light and heavy end of the NGL bbl. with prices down across the board at both hubs. Compared to the same time last year, NGL prices have fallen heavily from what was considered at the time to be a very down period.

It is unlikely that NGL prices will receive much of a bump the rest of winter and are expected to experience another downturn in the spring shoulder season with storage overhangs from this moderate winter.
Should demand pick up or not fall off as heavily as expected during this time, it is possible that prices remain firm or possibly improve before the first-half of the year ends. It is expected that gas and liquids prices will begin to improve in the second-half of the year as cooling demand improves and more cracking and export capacity comes online.

The theoretical NGL bbl price fell 9% at Conway to $13.86/bbl with a 13% decline in margin to $6.40/bbl and the Mont Belvieu price was down further at 11% to $14.14/bbl with a 13% drop in margin to $6.73/bbl.
The most profitable NGL to make at both hubs remained C5+ at 46 cents per gallon (/gal) at Conway and 47 cents/gal at Mont Belvieu. This was followed, in order, by isobutane at 28 cents/gal at Conway and 24 cents/gal at Mont Belvieu; butane at 21 cents/gal at Conway and 23 cents/gal at Mont Belvieu; propane at 10 cents/gal at Conway and 13 cents/gal at Mont Belvieu; and ethane at 1 cent/gal at both hubs.

The EIA reported a 178 billion cubic feet withdrawal of natural gas from storage the week of Jan. 15, which reduced storage levels to 3.297 trillion cubic feet (Tcf) from 3.475 Tcf the previous week. This was 24% greater than the 2.668 Tcf posted last year at the same time and 17% higher than the five-year average of 2.824 Tcf.

MORE TOP STORIES

No Sign Saudi Arabia Will Ride To Oil Market Rescue

Low oil prices have pushed top exporter Saudi Arabia to hasten difficult economic reforms and cut spending on popular benefits, but it has few options beyond sticking with a strategy to defend its market share—no matter how low prices sink.

A return of Iranian crude to the market after sanctions were lifted may now plunge prices to new lows after a 19-month drop of 76% that caused Riyadh's $54 billion fiscal surplus in 2013 to swing to a $98 billion deficit last year.

Saudi Arabia's reduced economic circumstances are already obvious in government spending cuts and a first rise in subsidised petrol prices for a decade, but Riyadh's new rulers, King Salman and his two heirs, show no sign of changing course.

Khaled al-Falih, chairman of state oil company Saudi Aramco, reinforced the stance again on Jan. 21 when he said the kingdom could withstand low crude prices for a "long, long time" and that it would not act alone to support the market.

It means other oil-producing nations and investors in shale and traditional energy firms should not expect the kingdom to ride to the market's rescue, nor should private Saudi companies dependent on high government spending.

When the 2016 budget was announced in a glitzy TV studio in December, the minister responsible shed the gold-trimmed camel-hair cloak worn by important Saudis for formal occasions in an effort to project an air of austerity and hard work.

Belt-tightening is difficult in a country where the ruling dynasty's mandate for power comes not from votes but largesse, though some officials have hinted they saw the low oil prices as an opportunity to pass reforms they regarded as long overdue.

Some drivers queued to fill their tanks on the cheaper petrol before prices went up in late December, but those approached by Reuters appeared sanguine about the change. How they may cope with new forms of parsimony will become evident in coming years.

But whether austerity provides useful cover for economic change, the reality of today's oil market means Riyadh has little choice but to endure its reduced circumstances.

Coastal GasLink, BC First Nations Sign Agreements

The Coastal GasLink Pipeline project signed long-term project agreements with Nadleh Whut'en First Nation and West Moberly First Nations, TransCanada Corp. said Jan. 20.

Coastal GasLink proposed to construct and operate a 670-kilometer natural gas pipeline from the Groundbirch area near Dawson Creek, British Columbia, to the proposed LNG Canada export facility near near Kitimat, British Columbia.

The CA$4.8 million project is a key component of TransCanada's capital growth plan, which includes more than CA$13 billion in proposed natural gas pipeline projects. To date, Coastal GasLink has had 15,000 interactions and engagements with Aboriginal communities along the proposed pipeline route, and Aboriginal people have completed one-quarter of the fieldwork, TransCanada said.

"We have worked closely with the Coastal GasLink team to ensure our culture, the environment, safety and economic benefits are considered," said Chief Roland Willson, West Moberly First Nations.

The project will provide more than 2,000 jobs during construction, and 32% of the project’s total cost will be spent locally in British Columbia.

Coastal GasLink has now secured 11 project agreements and is concluding agreements with other First Nations along the pipeline route.

Montreal Mayor, Municipal Leaders Oppose Energy East Pipeline

Montreal Mayor
Denis Coderre

The influential mayor of Montreal and leaders representing 81 nearby municipalities said on Jan. 21 they oppose TransCanada Corp's proposed Energy East pipeline because of environmental and economic concerns.

Energy East, which would take up to 1.1 million barrels of oil per day from Alberta and Saskatchewan to the east coast, is facing increasing political problems as environmental and aboriginal groups ramp up protests against the project.

TransCanada and Alberta's landlocked oil sands industry are looking to Energy East as a means to reach international markets after the company's Keystone XL pipeline project to the United States was rejected by President Barack Obama last year.

Montreal Mayor Denis Coderre, a former federal Liberal cabinet minister, said in a press conference he would oppose the pipeline during future hearings by provincial and national energy boards over concerns the route could endanger forest and agricultural land.

Dates for the hearings are not yet known, Coderre said.

In an interview later with Reuters, Coderre said the Energy East project generates inadequate economic spinoffs and creates environmental risks for the Greater Montreal region, which has about four million people and accounts for half of Quebec's GDP.

"It didn't pass the test at all," he said by phone.

While local opponents of the pipeline may carry moral and public clout, they cannot block the project. The Canadian government will make the final decision based on recommendations from the National Energy Board. But environmentalists said the prospects of the project going ahead looked dim.

"To date, since we launched this project two years ago, we've made 700 changes to the route. We are responsive to the concerns and questions."

— Tim Duboyce, Spokesman, Energy East

"Facing growing opposition, TransCanada's Energy East project appears to be dead in the water, even before the regulatory review has started," Adam Scott, a spokesman with Environmental Defence, said in a statement.

A TransCanada spokesman said the Calgary-based company is expecting hearings to be held in 2016 and a final report from the NEB to be published in 2017, although those dates are not definitive.

In December, TransCanada filed an amended application to remove an export terminal in Quebec - one of two originally planned for the project - because of opposition by environmentalists.

Tim Duboyce, a spokesman for Energy East, said by phone from Calgary that TransCanada officials would be willing to meet with Coderre and seek feedback over safety and environmental concerns during future consultations, including one planned in Quebec.

"To date, since we launched this project two years ago, we've made 700 changes to the route," he said on Jan. 21. "We are responsive to the concerns and questions."

He said the main Energy East pipeline does not cross into the territory of Montreal. One interconnection line, however, attaches to a refinery operated by Suncor Energy on the eastern end of Montreal Island.

Regulators Cancel Plan To Burn Methane Leaking From Aliso Canyon Storage Area

Air quality regulators agreed on Jan. 21 to scrap a proposal to capture and burn off some of the methane spewing into the air from a subterranean pipeline rupture that has forced thousands of Los Angeles residents from their homes since October.

But the five-member hearing board of the South Coast Air Quality Management District, meeting for a third time this month to review the problem, delayed action again on a larger plan for addressing the gas leak, ranked as the worst ever in California.

The board instead scheduled a fourth meeting for Jan. 23, at a venue closer to affected neighborhoods, to take more testimony and possibly vote on the proposed abatement order.

The stench of odorized methane fumes has sickened scores of people and led to efforts to temporarily relocate more than 6,000 households from the Porter Ranch community of northern Los Angeles at the edge of the leaking Aliso Canyon gas storage field.

The draft abatement order originally called for Southern California Gas Co., owner of the facility, to install a system to siphon off and incinerate a portion of the escaping methane. But the air quality board stripped out that requirement after the company's engineers raised safety concerns, as did local and state agencies, board spokesman Sam Atwood said.

The proposal still would impose additional monitoring and reporting requirements, and order SoCal Gas to withdraw as much of its remaining gas reserves at the site as it can as quickly as possible while maintaining reliable supplies for customers.

KLR Group Files IPO For Blank-Check Acquisition Company

KLR Group LLC has filed a registration statement for the IPO of its blank-check KLR Energy Acquisition Corp. KLR Energy Acquisition was formed for mergers, capital stock exchanges, asset acquisitions, stock purchases, reorganization or similar business combinations with one or more businesses or entities.

The firm plans to raise $130 million through the offering of 13 million units sold at $10 per unit, according to Securities and Exchange Commission (SEC) filings on Jan. 19.

EarlyBirdCapital Inc. is sole book-running manager. KLR Group is a full-service investment and merchant bank focused on the natural resources sector, including E&P companies, service providers and midstream carriers and processors.

The firm has offices in Houston and New York.

Siting Permit For Dakota Access Pipeline Approved

The North Dakota Public Service Commission (PSC) approved a siting permit for the Dakota Access Pipeline, which will carry crude oil across the state, the commission said Jan. 20.

The entire project will cost about $3.78 billion, with nearly $1.41 billion estimated for the North Dakota portion. The pipeline will start at the Stanley Tank terminal and will exit the state southeast of Westfield, N.D. The pipeline's capacity between the Stanley Tank terminal and the Ramberg Tank terminal is 100,000 barrels per day (Mbbl/d), and between the Watford City Tank terminal and the South Dakota state line, it is 600Mbbl/d. There will be six tank terminals—at the starting point near Stanley, N.D., near Tioga, N.D., near Epping, N.D., near Trenton, N.D., near Watford City, N.D., and near Johnson's Corner.

Other above-ground facilities will include about 59 block valves and inline inspection tool launch and receiver sites.

A SCADA system will be installed to monitor pressure and volumes in and out of the pipeline. Operations will be continuously monitored by a control center.

All valves will be installed with remote actuators to allow them to be closed remotely in the event of an emergency, and emergency response equipment will be Epping, Williston, Watford City and Bismarck.

The PSC delineated 35 additional safety and reclamation requirements that include guidelines for landscaping and maintenance of land, fencing, gates and drainage tile that could be damaged during construction.

The pipeline will be bored at both locations where it crosses the Missouri River, and under the Little Missouri River, the Knife River, the Heart River and both crossings of Cherry Creek in order to minimize environmental impacts.

The company will work with the North Dakota State Historical Preservation Office to avoid and mitigate impacts to cultural resources.

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