MIDSTREAM Monitor

Jan. 30, 2015 | Volume 33 | Issue 4

‘This Ain’t Our First Rodeo’

By Brian Mothersole, Hart Energy

Barry Davis, CEO of EnLink Midstream Partners LP, speaks at Hart Energy’s Marcellus Utica Midstream Conference. Source: Hart Energy

In the energy industry, as in marriage, 90% of times are good, according to Barry Davis, CEO of EnLink Midstream Partners LP. While analysts have mourned the precipitous drop in oil prices, Davis thinks you can always get back to that 90%.

“No matter where we are in this cycle, we will rebound,” he said on Jan. 28 at Hart Energy’s Marcellus Utica Midstream Conference. “This is a great industry, and we’ve never seen a cycle that we couldn’t come out of.”

His speech centered on the expected and the unexpected. He calmly asked people in the audience to raise their hands if they thought they'd be where they are now, with gas under $3 per million British thermal units (MMBtu) and oil sub-$50 per barrel. No hands were raised.

"Life is full of the unexpected and lots of ups and downs. No matter how many times we have heard, 'It's different this time,' we will never overcome the fact that life is a series of cycles, and in this industry we will never overcome the fact that this is a cyclical industry."

He offered some words of comfort, though.

"Well the good news is, this ain't our first rodeo."

He asked the questions: What is different with this cycle? Are the factors that led to this cycle different from the others? Is this cycle more dramatic? Has it happened faster? Importantly, will the recovery look like what we've seen in the past?

To answer these questions, he compared the price drop in oil to several other downturns from the past 30 years. The current downturn from last June to today represents a decline of 57% over 207 days, which is neither the fastest nor the most severe of the corrections. The oil price dropped 77% from July 2008 to February 2009 due to weak global demand. It took 472 days to recover 50% of the original oil price.

November 2000 through January 2002 saw a 51% correction in oil prices, and it took 143 days to get back to half of its erstwhile peak because of what Davis called the "Post-9/11 Effect" of a small recession and lower demand. Stepping back even further in time, Davis recalled a 49% drop in oil prices from October 1997 to June 1998. It took only 105 days to return to 50% of its pre-correction levels. That one he attributes to the Asian recessions.

Finally, he compared it to the decrease from November 1983 to April 1986 of 67%. It took 465 days to recover then. This last comparison is the most important for Davis because it is the only other price correction driven by supply rather than demand. OPEC changed its pricing structure, and much like today OPEC has created an oversupply of crude.

Based on these scenarios, Davis thinks we could see a rebound in crude oil prices between 90 days and a year.

"So we have good reason to be optimistic, and I am confident that we are going to see great days ahead."

He offered the possibility, however, that this time might be different.

"I said earlier, 'This ain't our first rodeo,' but it might be our first rodeo with shale-driven productions," he commented. "In fact, I think it's a possibility that instead of acting like the crude oil cycles of the past, crude oil may act like the natural gas of the last six or seven years."

While Davis suggested that the current situation with crude might look different than cycles in the past, he said, “That’s not what I believe is going to happen. I remain confident that oil is going to continue to act like oil because there are a lot of factors that affect it other than just domestic supply and demand. And also, I’m optimistic; I like to be optimistic. I would like to see a cycle that looks like the cycles of the past.”

While he predicted that there would be a 50% reduction in Marcellus-Utica activity levels this year compared with 2014, he was confident that the area would fare better in this downturn and in the recovery.

“That reduction is going to take all of that activity and reduce it to the core of the core in the best shale plays. The good news is when we look at the Marcellus-Utica, we believe it is the best of the best. It currently occupies, when thinking about it from an oil-price perspective, four of the top five positions in terms of economic return and resiliency to oil prices. When looking at it on the gas side, it actually holds six of the top nine positions.”

Long-term, he thinks the Marcellus and Utica will continue to be a major part of U.S. shale gas drilling, growing to capture 45% of the overall shale production from 34% this year.

So is this a rodeo we’ve seen before? Davis would certainly like to say so.

ExxonMobil: Gas, Liquids To Make Major Gains, Crude To Remain King

By Frank Nieto, Senior Editor

Though current energy headlines may focus on the downturn in crude, gas and liquids prices, the long-term outlook for these products is very bright, according to ExxonMobil Corp.'s latest long-term energy forecast: "The Outlook for Energy: A View to 2040."

Much of the gains are due to advancements in developing nations, especially China and India. Together these countries are expected to account for half of the world's energy growth due to increased populations and an expanding middle class. Additional growth will come from Brazil, Mexico, South Africa, Nigeria, Egypt, Turkey, Saudi Arabia, Iran, Thailand and Indonesia.

"Over the next few decades, population and income growth—and an unprecedented expansion of the global middle class—are expected to create new demands for energy. We see global energy consumption rising by about 35% from 2010 to 2040," the report said. This growth accounts for improved efficiency, as without improved heating and transportation technology the forecast would be 140% growth instead.

Though population growth is an important factor in determining energy demand growth, it is the convergence of population and economic growth that really drives energy demand. "The Brookings Institution estimates 2.8 billion people will join the middle class between 2010 and 2030, and almost all of them will live in developing countries," the report said. ExxonMobil noted that 80% of new middle-class entrants will come from these countries. This corresponds with where the bulk of energy growth will occur with the report anticipating 70% coming from these same nations.

Perhaps the most interesting part of this growth story is that despite the anticipation for economic growth in OECD nations, energy consumption is not expected to grow as energy demand will decrease by 7% despite an expected 80% increase in GDP during the study's timeframe. The bulk of the overall demand growth will occur in the first half of the study, from 2010 to 2025.

This is due to improved efficiency across all sectors. While improved economics equates to more vehicles on the road, increased efficiency means that energy demand from these vehicles isn't keeping pace with the increased usage of the vehicles themselves.

"Driving the growth in energy for transportation—in every region—is commercial transportation: heavy-duty vehicles, marine, aviation and rail … Remarkably, energy demand for cars and other personal vehicles is expected to rise only slightly from 2010 to 2040, as fuel economy improvements in passenger cars over time essentially offset a steep rise in the number of cars in the world," the report said. Car ownership is expected to increase with the rise of the middle class in developing nations with China accounting for about 40% of the global fleet increase and India, Brazil and Indonesia also accounting for much of the growth. By 2040, it is expected that China's light-duty vehicles fleet will increase to 400 million, which is very impressive considering that this figure was only 60 million as of 2010.

These figures are still well off auto ownership growth found in OECD nations on a per capita basis and ExxonMobil anticipates the country following the growth found in South Korea, where vehicle growth per capita is limited by high population density and government policies that support public transportation.

Efficiency gains are the primary reason why the expected energy demand growth is projected to be slower than in the previous 30-year period from 1980 to 2010. The report states that efficiency is expected to nearly double from an average of 25 miles per gallon (mpg) in 2010 to 45 mpg in 2040 with hybrid light-duty ownership increasing from 1% in 2010 to 33% in 2040 on a global basis.

By 2025, heavy-duty vehicles will surpass light-duty vehicles as the largest energy consuming segment of the transportation sector, which will support increased demand for natural gas as it emerges as a competitive alternative fuel to diesel.

"While the initial cost of natural gas trucks – equipped for either compressed natural gas (CNG) or liquefied natural gas (LNG)—can be tens of thousands of dollars higher than conventional diesel trucks, in some markets, prices of natural gas relative to diesel over time may provide significant cost savings on fuel. In addition, natural gas can provide benefits in reducing emissions," according to the report.

Natural gas is also expected to become the fuel of choice for electric generation as ExxonMobil anticipates heavy industry use of natural gas to nearly double. "With the availability of technologies like energy-efficient variable speed motors, the growth in gas production in many regions, and a global emphasis on clean air and emissions reduction, we expect the rest of the world to increasingly turn to electricity and natural gas to fuel their industrial growth," the company said.

NGL is expected to make significant gains on naphtha as the favored petrochemical feedstock by 2040 with demand increasing by 125%, while naphtha demand is expected to increase 70% during the same period. In the middle of this study, it is expected that NGL will surpass naphtha as the most preferred feedstock before leveling off and sharing that designation with naphtha by the end.

LPG is also expected to make major gains over the study's time period as they replace wood and dung for cooking and heating in Africa and Asia Pacific where it will grow by 200% and 75% respectively while increasing its global usage by 55%, the highest growth rate for any oil-based residential fuel. LPG is expected to make up more than 80% of residential oil demand in 2040.

Perhaps the largest difference involving the energy industry over this 30-year period isn't the improved economies and population growth, but the fact that North America will become a net exporter of natural gas—by 2025 North America will be a "significant" exporter and by 2040, the continent will rival Asia Pacific's LNG exports.

"This shift, unthinkable a decade ago, is a remarkable example of the combined potential of technology and trade to enhance global energy and economic prosperity," the report said.

ExxonMobil states that North American liquids production will increase by more than 10 million barrels per day of oil equivalent (MMboe/d) through 2040, or more than 65% with demand decreasing about 1 MMboe/d due to light-duty transportation efficiency.

Natural gas demand will increase by 65% from 2010 to 2040, the largest volume growth of any energy source, the report said.

Though other energy sources are expected to make considerable gains in the market, crude oil will remain the world's top energy source as ExxonMobil anticipates demand increasing by nearly 30% as commercial transportation and chemical industry demand grows.

Crestwood Midstream: $2 Billion Worth Of Projects On The Docket

By Joseph Markman, Associate Editor

Crestwood Midstream Partners, which has relied on mergers and acquisitions over the last decade to grow to $2.87 billion in market capitalization, is focused on organic projects in the infrastructure-starved Northeast.

“We’ve got a lot of long-term growth potential—$2 billion worth of projects nationwide across all our business segments,” Edmund Knolle, the company’s vice president of business development, told a record crowd at Hart Energy’s Marcellus-Utica Midstream Conference and Exposition. “About a quarter of that is in the Marcellus, and approximately half of that is Northeast storage and transmission.”

Crestwood already claims a leadership position in rail and truck transportation, boasting one of the largest fleets of both in the Marcellus. The company is one the top U.S. movers of NGL, particularly in the Northeast.

Knolle joined other conference speakers in urging a calm, realistic approach to the current downturn in oil and gas prices, but for the most part he said his job description does not include terms such as slow-down. “This is a cyclical business. Things change. Part of our job at Crestwood is to provide our customers with a way to manage that risk and provide them with attractive exposure to areas like the Marcellus,” he said.

In the central New York oil and gas region alone, Crestwood counts numerous growth opportunities, including:

- Expansion of its MARC I pipeline, which connects its Stagecoach South Lateral to Transco's Leidy Line to accommodate additional supply from Wilmot.
- Feelers from producers, marketers and power generators about expansion of its North/South Pipeline lateral.
- The 30-mile proposed 30-inch MARC II Pipeline, which would supply 1 billion cubic feet per day (Bcf/d) to the PennEast Pipeline.

From a geographical point of view, "it's a relatively small footprint," Knolle said. "We've got a lot going on in within approximately 60 to 70 miles between Millennium [Pipeline] and Transco [system]. We are FERC-regulated. We connect to most of the major gathering systems in the area, but we are different than a gathering system because we are FERC-regulated, [which means that] we're a larger-diameter pipeline and held to a slightly different level of service."

Crestwood is well-positioned in regional storage through what Knolle calls "happy coincidence." The company owns 35 Bcf of Marcellus storage, incorporating four underground storage facilities.

"Originally these assets were developed for storage to serve [local distribution companies (LDCs)] in the market, because we all know, back in the early '90s, there was practically no production in this area," he said. "Producers had left a long time ago except for a few, like National Fuel [Gas Co.] and Talisman [Energy Inc.] that have been around."

Those facilities are connected to the Millenium Pipeline, Kinder Morgan's Tennessee Gas Pipeline, Dominion Transmission Inc.'s system and Williams Cos.' Transco pipeline system, making them extremely well positioned to serve LDCs in the market, especially with Crestwood's storage located geographically closest to New York City. In fact, New York's Consolidated Edison Inc. (Con Ed) is one of the company's largest storage customers.

"Historically, this asset was developed to serve LDCs in the region with a seasonal load," Knolle said. "Today, we're really a producer-driven asset. Producers are, by and large, the largest shippers on our system. They don't use a lot of storage. The storage is primarily by the LDCs and then the marketers in between."

The larger producers connected to Crestwood include Anadarko, Cabot, Chief, Chesapeake, Statoil, Mitsui and Southwestern.

So how sunny is Crestwood's outlook in the Northeast? Pretty bright, especially considering the flexibility that its system offers to snare the best price, Knolle said.

"Today we're taking about 1.2 Bcf/d onto our system and moving it across different pipes depending on what the basis differentials are. Sometimes we're moving it north, sometimes we're moving it south," he said.

Already near the top, according to a Bentek ranking, Crestwood is continuing to grow because demand, despite an overall gloomy oil and gas price environment, is still heading north.

"In the last 40 days we hit a peak of 1.9 Bcf/d," he said. "Expect to see that a whole lot more often. This year we're going to be adding approximately 500 MMcf/d of receipt capacity."

In the next few years, Crestwood expects to hit 2.3 Bcf/d.

"Producers still expect to see higher volumes, even in this price environment," he said. "The gathering companies that we're connected to have their hands full and there seem to be plenty of opportunities to bring more gas on our system."

Energy Transfer's Merger With Regency Could Set Tone For The Year

By Deon Daugherty, Associate Editor

2015 could indeed be the year of MLP consolidation.

In an $18 billion deal, Energy Transfer Partners LP (ETP) and Regency Energy Partners LP (RGP) have agreed in January to a unit-for-unit transaction, plus a one-time cash payment to Regency holders, including the assumptions of debt and other liabilities of $6.8 billion. The deal is expected to close during the second quarter.

As for whether this means other companies are planning to roll-up their MLPs into a single entity, a la Kinder Morgan Inc. (KMI), analysts say the move falls more into the bucket of MLP consolidation, not simplification, which was a key KMI goal.

Hinds Howard, vice president and senior financial analyst at CBRE Clarion Securities in Radnor, PA., said it makes sense to roll them up now because of the relative valuations of Regency compared to Energy Partners.

"[Energy Transfer] has been trading very well in this downturn, so its multiple relative to [Regency's] makes the deal neutral today for ETP unit-holders. That was the main deterrent to this deal happening the last several years," he explained.

Regency has significant funding needs, but it's not in a good position to issue equity. Consequently, for Regency to get its growth capex financed, the company was going to have to issue equity to Energy Transfer Equity LP (ETE) or do something like this merger, Howard said.

"For ETP, it's a neutral deal for now, [but] it's very positive for ETE. It will be significantly accretive to ETE even after the [incentive distribution rights] IDR givebacks, because it is taking its [general partner] interest in RGP (which is lower in the IDR splits) and adding it to ETP (which is higher in the IDR tiers). It adds commodity price exposure to ETP, but hopefully it's a good time to buy commodity price exposure (hopefully near the bottom)."

Howard said there are no significant obstacles in the way of the deal. Other, similarly situated conglomerates such as Sunoco's wholesale distribution unit and its liquids pipeline could make sense for merging, he said, "but there was much more overlap with RGP and ETP's assets."

Or, as Ethan Bellamy at Robert W. Baird puts it, "At last, my love has come along. After literally years of waiting, we finally get the rollup of RGP into ETP, courtesy of energy sector volatility, the oil plunge, and the M&A weapon of choice, IDR givebacks," he write in a note to investors.

"We like the deal across the Energy Transfer family on increased simplicity. We don't expect much near-term fundamental impact. We expect the deal to get done with minimal if any sweetener required."

As for the rest of the MLP pack, Bellamy said market volatility is creating new opportunities, and the firm wouldn't be surprised to see two or three mergers per quarter.

"Who could get bought? Think any small- or mid-cap MLP, particularly those that are struggling," he said.

Frac Spread: Propane Anchors NGL Prices

By Caryn Livingston, Assistant Editor

In spite of cold temperatures and the anticipation leading up to the winter storm dubbed "Blizzard 2015" in the Northeast, NGL prices fell almost across the board last week, with propane prices standing out as the only bright spot. As propane makes up a large share of the theoretical NGL barrel (bbl), its gains helped to anchor the NGL barrel's price.

Propane rose 3% at Conway to 47 cents per gallon (gal), its highest price since the week of Dec. 17, 2014. At Mont Belvieu, the price rose 7% to 51 cents/gal, the highest it's been since it was 52 cents/gal the week of Dec. 24, 2014. Propane storage levels decreased by 1.9 million barrels (MMbbl) to 69.3 MMbbl for the week ending Jan. 23, according to the U.S. Energy Information Administration (EIA). However, propane prices are likely to face setbacks during the coming months unless the price of crude oil rebounds because despite the slight withdrawal, propane inventories are at more than double year-ago levels of 31.674 MMbbl.

According to En*Vantage, strong propane exports and petrochemical demand will be necessary to keep margins up. "As we have been stating, the Marcellus/Utica, where there is limited bulk storage, will be very vulnerable to extreme excesses of propane this spring and summer. The challenge will be to evacuate as much propane from the region either through exports from the East Coast or by rail, truck and barge to the Gulf Coast, Southeast and Midwest where it can be stored, consumed or exported," the firm said in its *Weekly Energy Report* for Jan. 29.

After last week's gains, ethane experienced another setback, falling 7% at both hubs to 18 cents/gal at Conway and 19 cents/gal at Mont Belvieu. This is likely due in part to the complete shutdown of Boardwalk Pipeline Partners LP's Evangeline Ethylene Pipeline, because of another leak near Lake Charles, La. Ethane is under additional strain as cracking capacity is hampered by plant turnarounds,

including Chevron Phillips Chemical Co.'s Port Arthur, Texas, plant, which is expected to remain down until early to mid-February.

Butane and isobutane both declined 12% at Conway and 2% at Mont Belvieu. C_{5+} prices remained fairly stable, posting a 3% loss at Conway and a 4% gain at Mont Belvieu.

Natural gas prices continued to fall, with losses of 5% at Conway and 4% at Mont Belvieu. Investment bank Simmons & Co. International said in its Jan. 30 *Morning Energy Note* that it expects gas prices to remain low in the near term. "Despite January likely reaching a monthly power plant consumption record (22.9 Bcf/d [billion cubic feet per day] through 1/28), production continues to overwhelm demand and the weekly withdrawal figure was below consensus expectations for the second week in a row. Oil rigs are dropping from the market at an alarming pace, but a slowdown in associated gas production will take months to manifest," the note said.

The theoretical NGL bbl price decreased by 4% at Conway to $20.84/bbl with a 4% loss in margin to $11.42/bbl while the Mont Belvieu price increased 0.1% to $20.94/bbl with a 4% gain in margin to $10.97/bbl.

The most profitable NGL to make at both hubs remained C_{5+} at 66 cents/gal at Conway and 65 cents/gal at Mont Belvieu. This was followed, in order, by isobutane at 51 cents/gal at Conway and 44 cents/gal at Mont Belvieu; butane at 46 cents/gal at Conway and 42 cents/gal at Mont Belvieu; propane at 23 cents/gal at Conway and 26 cents/gal at Mont Belvieu; and ethane at 1 cent/gal at both hubs.

The EIA reported that natural gas storage levels decreased by 94 Bcf to 2.543 trillion cubic feet (Tcf) the week of Jan. 23, down from 2.637 Tcf the previous week. This was 15% higher than the 2.219 Tcf posted last year at the same time and 3% below the five-year average of 2.622 Tcf.

NGL PRICES						
Mont Belvieu	Eth	Pro	Norm	Iso	Pen+	NGL Bbl
Jan. 21 - 27, '15	18.63	50.58	70.28	71.68	95.06	**$20.94**
Jan. 14 - 20, '15	20.04	47.13	71.95	73.45	95.68	**$20.93**
Jan. 7 - 13, '15	18.94	45.08	63.54	64.68	92.58	**$19.63**
Dec. 31, '14 - Jan. 6, '15	17.95	46.15	63.08	64.00	93.00	**$19.59**
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. 22 - 28, '14	41.66	153.36	157.26	160.76	211.18	**$51.54**
Conway, Group 140	Eth	Pro	Norm	Iso	Pen+	NGL Bbl
Jan. 21 - 27, '15	18.00	47.12	72.36	77.10	94.70	**$20.84**
Jan. 14 - 20, '15	19.38	45.65	82.63	87.50	96.75	**$21.85**
Jan. 7 - 13, '15	17.03	40.70	66.36	72.32	95.48	**$19.53**
Dec. 31, '14 - Jan. 6, '15	16.50	39.35	65.28	69.38	93.68	**$19.03**
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. 22 - 28, '14	13.30	396.66	154.62	162.62	211.12	**$76.17**

CURRENT FRAC SPREAD (CENTS/GAL)				
January 30, 2015	**Conway**	**Change from Start of Week**	**Mont Belvieu**	**Last Week**
Ethane	18.00		18.63	
Shrink	17.11		18.10	
Margin	0.89	30.11%	0.53	58.49%
Propane	47.12		50.58	
Shrink	23.63		25.01	
Margin	23.49	13.78%	25.57	20.59%
Normal Butane	72.36		70.28	
Shrink	26.75		28.31	
Margin	45.61	-16.04%	41.97	-1.49%
Isobutane	77.10		71.68	
Shrink	25.70		27.19	
Margin	51.40	-14.77%	44.49	-1.71%
Pentane+	94.70		95.06	
Shrink	28.61		30.28	
Margin	66.09	-0.58%	64.78	0.76%
NGL $/Bbl	20.84	-4.60%	20.94	0.08%
Shrink	9.42		9.97	
Margin	11.42	-3.85%	10.97	3.61%
Gas ($/mmBtu)	2.58	-5.49%	2.73	-3.53%
Gross Bbl Margin (in cents/gal)	25.54	-3.11%	25.05	4.45%
NGL Value in $/mmBtu (Basket Value)				
Ethane	0.99	-7.12%	1.03	-7.04%
Propane	1.64	3.22%	1.76	7.32%
Normal Butane	0.78	-12.43%	0.76	-2.32%
Isobutane	0.48	-11.89%	0.45	-2.41%
Pentane+	1.22	-2.12%	1.23	-0.65%
Total Barrel Value in $/mmbtu	5.11	-4.25%	5.21	0.10%
Margin	2.53	-2.96%	2.48	4.42%

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

RESIN PRICES – MARKET UPDATE – JANUARY 30, 2015					
TOTAL OFFERS: 18,794,912 lbs		SPOT		CONTRACT	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow Mold	3,358,256	0.585	0.675	0.55	0.59
HDPE - Inj	2,910,072	0.55	0.695	0.61	0.65
LDPE - Film	2,839,152	0.67	0.71	0.62	0.66
LLDPE - Film	2,523,680	0.665	0.715	0.62	0.66
PP Homopolymer - Inj	2,267,036	0.65	0.73	0.62	0.66
HMWPE - Film	1,675,496	0.635	0.715	0.6	0.64
PP Copolymer - Inj	1,555,380	0.62	0.79	0.63	0.67
LDPE - Inj	968,736	0.645	0.735	0.66	0.7
LLDPE - Inj	697,104	0.715	0.76	0.64	0.68

Source: Plastics Exchange – www.theplasticsexchange.com

Watco Acquires Kinder Morgan Terminals

Watco Cos. LLC agreed to acquire 31 terminal operations from Kinder Morgan Terminals. Watco Terminal and Port Services will operate the locations, including 14 traditional rail to truck transload and switching facilities; 13 operations on inland waterways servicing bulk and break-bulk customers to and from barge, truck and rail; three sites providing deepwater transloading with material handling activities; and one inland river tank farm. Consideration for the terminals will be provided through an equity interest exchange with closing occurring in multiple phases beginning in first-quarter 2015.

Watco also named Will Patterson and Derek Penner as Terminal and Port Services senior vice presidents of marketing and sales. Patterson will focus on creating organic revenue growth across the company's terminal network and the Greensport Industrial Park in Houston. Penner will manage the terminal services' marketing effort for the Energy By Rail terminal network.

Watco is based in Pittsburg, Kan. and Kinder Morgan is based in Houston.

Pembina Pipeline Announces $600 Million Public Note Offering

Pembina Pipeline Corp. has agreed to offer $600 million of senior unsecured medium-term notes. The offering will be conducted in two tranches consisting of $450 million in senior unsecured medium-term notes, series 5 having a fixed coupon of 3.54% per annum, paid semi-annually, and maturing on Feb. 3, 2025, and $150 million through the re-opening of its 4.75% medium-term notes, series 3, due April 30, 2043.

Closing of the offering is expected to occur on Feb. 2 and net proceeds will be used to reduce short term indebtedness of the company under its credit facilities, as well as to fund Pembina's capital program and for other general corporate purposes.

Pembina Pipeline is based in Calgary.

Knight Warrior Moves Forward With 160-Mile Eaglebine Pipeline Project

Knight Warrior LLC, a Texas limited liability company, has reached several key milestones and is moving forward with its 160-mile pipeline. The pipeline, which will link the emerging East Texas Eaglebine/Woodbine crude oil resource play to the Houston refining and export markets, is scheduled for startup in the second quarter of 2016. The project is backed by shipper commitments, including a transportation agreement with Vitol, a diversified multinational energy company, and SEI Energy LLC, a natural gas and crude oil marketer/producer services company with offices in Tennessee, Texas, Virginia and Oklahoma.

Knight Warrior also announced it has awarded contracts to Hatch Mott MacDonald LLC, Contract Land Staff LLC and Apex TITAN Inc. for engineering and design, land management and environmental services, respectively.

The Knight Warrior East Texas project will consist of a 160-mile, 16-inch diameter pipeline originating in Madison County continuing south through Walker, Grimes, Montgomery and Harris counties. The pipeline will have an initial capacity of 100,000 bbl/d, will be expandable up to 200,000 bbl/d and will serve Eaglebine/Woodbine crude oil producers via two origination stations located near North Zulch and Madisonville, with a third station near Roans Prairie planned to accommodate future production growth in the area. The pipeline will have the capability to segregate and batch crude oil in order to help producers capture value for this premium product. The pipeline is estimated to cost approximately $300

million, subject to final pipeline design and shipper commitments, and is anticipated to be financed using a combination of debt and equity.

Knight Warrior LLC is a subsidiary of Oklahoma City-based Blueknight Energy Partners LP.

Columbia Pipeline Partners Launches IPO

Columbia Pipeline Partners LP, a NiSource Inc. company, has announced the commencement of its initial public offering of 40,000,000 common units representing limited partner interests in Columbia Pipeline (CPPL), at an anticipated initial public offering price between $19.00 and $21.00 per common unit. CPPL also expects to grant the underwriters a 30-day option to purchase up to an additional 6,000,000 common units. It has been approved to list its common units on the New York Stock Exchange (NYSE) under the symbol "CPPL."

The common units being offered represent about 42.7% limited partner interest in the CPPL (or an about 46.2% limited partner interest if the underwriters exercise in full their option to purchase additional common units). Columbia Energy Group will own the remaining approximate 57.3% limited partner interest in CPPL (or about 53.8% limited partner interest if the underwriters exercise in full their option to purchase additional common units), CPPL's general partner and CPPL's incentive distribution rights.

Barclays and Citigroup will act as joint book-running managers and structuring agents for the offering. BofA Merrill Lynch, Goldman, Sachs & Co., J.P Morgan, Morgan Stanley and Wells Fargo Securities will also act as joint book-running managers. BNP PARIBAS, Credit Suisse, RBC Capital Markets, Fifth Third Securities, KeyBanc Capital Markets, MUFG, Mizuho Securities, Scotia Howard Weil and Huntington Investment Company will act as co-managers for the offering.

CPPL is based in Houston.

CorEnergy Closes Public Offering

CorEnergy Infrastructure Trust Inc. closed its underwritten public offering of 2 million depositary shares at a price of $25 per depositary share, the company said in a Jan. 27 statement. Each share offered represents one-hundredth of a share of its newly designated 7.375% series A cumulative redeemable preferred stock. The offering generated net proceeds of about $48 million after deducting underwriting discounts and other estimated offering expenses.

CorEnergy filed an application to list the depositary shares on the New York Stock Exchange under the symbol "CORRPrA." If the application is approved, CorEnergy expects trading to commence within 30 days of the offering's closing. CorEnergy expects to use the net proceeds from the offering to repay indebtedness under its revolving line of credit and for general corporate purposes.

Wells Fargo Securities, BofA Merrill Lynch and Stifel acted as the joint book-running managers for the offering.

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