

# MIDSTREAM

## Monitor

Feb. 6, 2015 | Volume 33 | Issue 5

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## Propane Is The Hook For Sunoco Logistics

*By Frank Nieto, Senior Editor*



**Hank Alexander, VP of business development at Sunoco Logistics, discussed major projects during Hart Energy's Marcellus-Utica Midstream Conference. *Source: Hart Energy***

PITTSBURGH – When thinking about the Marcellus and Utica shales, people generally don't think of Philadelphia, but more and more the City of Brotherly Love is becoming an integral part of the midstream in the Northeast by providing crucial outlets for producers.

The Mariner East system is designed to help producers get NGL to market, but also export volumes. "The Mariner East is the pipeline takeaway solution for Marcellus-Utica liquids," Hank Alexander, VP of business development at Sunoco Logistics, said during Hart Energy's recent Marcellus-Utica Midstream Conference.

Mariner East is being built in two phases and will grow in importance as production forecasts for Appalachian Basin continue to grow. Liquids production is expected to reach more than 800,000 bbl/d by 2016 and nearly 1.2 million bbl/d by 2020.

The \$3 billion Mariner East project will provide the Northeast with a world class NGL hub along with processing at Marcus Hook. “We are repurposing Marcus Hook as an NGL hub to bring Marcellus-Utica shale NGL for distribution to international, domestic and Pennsylvania markets. Our goals are to provide the highest netbacks possible with proximity to premium markets while creating additional opportunities, jobs and spending in Pennsylvania.”

According to Sunoco Logistics, Mariner East will help create processing and manufacturing jobs at the Marcus Hook Industrial Complex while helping to make more propane available to meet winter heating demand in the region.

Phase 1 of the project includes the construction of a 50-mile pipeline connected to existing lines to transport 70,000 bbl/d of ethane and propane from Houston, Pa., to Marcus Hook when it comes online in the fourth-quarter 2014. Mariner East 2 will increase the capacity to transport NGL by 205,000 bbl/d while adding 350 miles of pipeline that will parallel the Mariner East 1 pipeline. This new pipeline will include gathering from eastern Ohio, West Virginia through Pennsylvania to the Marcus Hook Industrial Complex and other delivery points in Pennsylvania when it comes online in the fourth-quarter of 2016.

A major part of the conversion of the Marcus Hook facility from a refinery to an NGL processing center is the ability to provide a long-term supply of propane to both the Northeast region and the Northwest Europe export market.

According to Alexander, local demand for propane is increasing as refineries and local propane terminals are closing and propane storage in the area is still short of market demand. “We are evaluating additional manufacturing opportunities, such as a PDH unit.”

Alexander said that the location was perfect for a petrochemical project as it has existing infrastructure, lower capex, plenty of dock capacity and an uncrowded ship channel. While domestic manufacturing and petrochemical opportunities are increasing, global opportunities are attractive. He noted that the global propylene market is expected to grow by 33 million metric tons by 2020.

“Export options help balance the market, and Marcus Hook offers the ideal location with distribution flexibility with access to local, coastal and international markets. The distribution options at Marcus Hook will yield the highest netback to producers,” he said.

The facility’s fully refrigerated tanks will be capable of loading VLGC’s at 25,000 bbl/hour and offers lower VLGC rates to Europe than the Port of Houston and comparable costs to ship to Japan as the Port of Houston.

“The Port of Houston has several issues not found at Marcus Hook, including a two-day dock window, channel congestion, slower loading rates and potential fog and hurricanes that could delay traffic,” Alexander said.

# Utilities To Midstream: You've Got A Friend In Us

By Joseph Markman, Associate Editor



**From left: Hart Energy's Paul Hart, Mark James of American Electric Power and Jack Lewnard of Chesapeake Utilities Corp. discuss how their sector can work with the midstream at the Marcellus-Utica Midstream Conference & Exhibition in Pittsburgh. Source: Hart Energy**

PITTSBURGH – That friend request awaiting your response won't be found on any social media site—it's a sincere expression of mutual interest from a utility sector eager to work with the midstream.

"We have seen 30% growth in industrial sales in those counties that serve your industry," said Mark James, vice president of economic and business development at Columbus, Ohio-based American Electric Power, describing areas in the Marcellus, Utica, Eagle Ford, Permian and Cline shale plays, among others. "Compare that to the rest of our system, which has seen 1% growth in industrial sales."

James told attendees at Hart Energy's recent Marcellus-Utica Midstream Conference & Exhibition that his company relies on natural gas for 23% of its power generation capacity and sees that share growing to 28% in the next few years, although there are no plans to abandon coal, which accounts for 66%.

"We have designed transformers that we drag onto your sites to serve temporarily until we build [infrastructure] for you," he said. "The electric industry has certainly responded to the needs of the shale gas industry."

Jack Lewnard, vice president for business development at Dover, Del.-based Chesapeake Utilities Corp., joined James onstage for the discussion and cited benefits of partnerships between utilities and players across the energy value chain.

“We’re looking to leverage our expertise in managing pipes, permitting, compression to both upstream and downstream,” he said. “You see utilities taking positions in gathering here in the Marcellus and also in the Utica, investing in some of the infrastructure that’s necessary and hopefully freeing up some of the capital for the producer companies that can then focus on drilling and let the unregulated subsidiaries manage some of the gathering buildout.

“At the end of the day, your product is our product,” he said, “so we have a mutual interest to succeed.”

Lewnard also pointed to opportunities stemming from the low price of natural gas.

“What’s interesting is that compressed natural gas is now being touted as not just a fuel replacement for trucks and vehicles but as a new way to deliver gas,” he said. “It’s what several utilities are doing and we’ve looked at this in Delmarva [Peninsula incorporating Delaware and parts of Maryland and Virginia] as well. If you compress natural gas and put it into tube trailers and deliver it to industrial and commercial sites, it’s surprising that the low cost of natural gas today makes it cost-effective against propane and heating oil.”

This kind of “virtual pipeline” system was developed and is common in places like Australia and Africa to serve customers— typically in remote areas—not connected by infrastructure.

Of great interest to many in the Pittsburgh crowd was the prospect of converting coal-fired plants to natural gas. That’s a potentially tender subject in Appalachia, which dates its connection to the coal industry to the late 18th century.

“We don’t have any [conversion plans] on the drawing board,” James said. “Suffice to say we are building new capacity and we do not expect to build coal. The nation doesn’t have a tolerance for the time and the cost associated with nuclear, so it’s likely to be gas.”

But Lewnard dangled the as-yet unrealized promise of conversion on a large scale.

“Coal-fired boilers, if they were to convert to natural gas, represent 10% to 20% of the current industrial load for natural gas in the United States,” he said. “So there is a market out there for coal conversions, not at the utility scale but at the industrial scale.”

By contrast, the prospect of ethane-fired power generation was seen by the two as a misguided notion.

“Clearly, the customers we have in this industry are asking every day, ‘Is there an opportunity?’” James said. “For me, I’ll have to say, ‘To heck with power gen, let’s get a cracker located somewhere in this region with all the downstream opportunities that come from ethane.’ It’s what we’d really love to see happen in the Utica-Marcellus area.”

“As a chemical engineer, I couldn’t agree more,” Lewnard affirmed. “I’d hate to see us burning ethane. It’s kind of like burning dollar bills to keep yourself warm.”

Lewnard acknowledged that ethane could readily be substituted and likely present a similar emissions profile to natural gas. It would also generate higher efficiency when used in a gas turbine system, but with prices the way they are, it's not the most economically advantageous proposition.

"The value creation from turning ethane into plastic and products is going to be much higher," he said.

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## Lessons Learned From LNG Market Leaders

*By Brandy Jules, Hart Energy*



**James Reddinger, COO and CFO of Stabilis Energy, shared lessons he learned from LNG fuel production during a three-panel discussion at Hart Energy's World LNG Fuels Conference. *Source: Hart Energy***

HOUSTON – A panel of LNG market leaders shared lessons they have learned from LNG fuel production during a three-panel discussion at Hart Energy's World LNG Fuels Conference on Feb. 3.

Starting off the discussion was James Reddinger, COO and CFO of Stabilis Energy. Stabilis is leading producer and distributor of LNG used to fuel high-horsepower (HHP) engines in the oilfield and pressure pumping operations. Reddinger honed in on Stabilis' first LNG plant, which is scheduled to open in mid-February in George West, Texas.

"It takes a lot of time and effort to piece together the entire LNG value chain itself," he said.

Reddinger also mentioned in his presentation that it takes time to find fuel, equipment and services operators. He also said that one-stop providers make it easier for customers. For HHP engine users, Reddinger said that they must maintain a long-term point of view, and that LNG as a fuel works.

LNG investors and lenders should also maintain a long-term point of view, Reddinger noted, adding that developing new markets requires risk capital.

Ray Letchem, president of Spectrum LNG, said he's "convinced that LNG can do great things." Spectrum is a small producer with LNG plants in Alaska and Arizona, two in development in Stroud, Okla., and another in Arizona.

Don Gongaware, COO of Seattle-based Plum Energy, talked about investors' expectations, business development and project executions. "All three of these areas need to align," Gongaware said.

Communication and coordination are important, Gongaware said, adding that regular and open discussions are fundamental to preventing surprises. "These are probably the biggest things that, in my opinion, we need to spend time on and get better at," Gongaware said.

Plum Energy's LNG project in North Dakota is expected to start up in mid-February.

# Tracking Legislation That Could Affect Midstream

By Theresa Ward, Group Managing Editor



**John Kneiss, director, Stratas Advisors, told attendees at Hart Energy’s Marcellus-Utica Midstream Conference that chances of a compromise between the White House and Congress are dim. Source: Hart Energy**

PITTSBURGH – The chances of the 114th Republican-led Congress reaching compromise with the White House on key legislation are dim, according to John Kneiss, director, Stratas Advisors.

Kneiss, an energy public policy expert with more than 25 years of experience who is based in Washington, spoke at Hart Energy’s Marcellus-Utica Midstream Conference on Jan. 28.

In the past a divided government, where one party controlled the Congress and the other party held the White House, has resulted in a more pragmatic government where “things got done,” Kneiss said. However, he does not think that will happen now.

“But the good news is gridlocked government can’t do much harm,” he added.

Some progress, however, is being made. Since Congress convened on Jan. 6, the Senate has approved more than 24 amendments, compared to 2014 in which only seven made it through the same body.

## On The Federal Front

Kneiss outlined proposed federal legislation making its way on Capitol Hill that could affect and assist the midstream community:

- H.R. 351 (Rep. Johnson, R-Ohio) and S. 33 (Sen. Barrasso, R-Wyo.) would require the Department of Energy to issue final decisions on LNG export license applications within 60 days, which would expedite judicial review; and
- H.R. 161 (Rep. Pompeo, R-Kan.) would accelerate the Federal Energy Regulatory Commission's review of infrastructure/pipelines (passed in House; administration veto threatened).

Regulatory action to watch is the Environmental Protection Agency's (EPA) methane and volatile organic compound (VOC) emissions control, which is part of the Climate Action Plan to reduce emissions by 45% by 2025 only for new and modified oil and natural gas wells, according to Kneiss.

"Of course, the sections of the Clean Air Act that the agency is using may allow them to proceed to develop controls for existing systems," Kneiss said.

Another regulatory issue Kneiss explained is the EPA's ozone National Ambient Air Quality Standard. The EPA has proposed lowering the standard from 75 parts per billion (ppb) to between 65 ppb and 70 ppb.

"If they said 65 ppb, it would put as much as 90% of the country in a non-attainment status. It would dramatically increase areas throughout the country that would have to monitor for ground-level ozone, and states would have to modify their implementation plans for how they intend to control VOC emissions, including methane. That could limit manufacturing and E&P. It could be one of the most costly regulatory standards ever developed," Kneiss said. Most of Pennsylvania, Ohio and West Virginia would be brought into regulatory requirements, he added.

### **State Regulations**

Kneiss expects states to step up actions on best practices, increase disclosures for fluids used in drilling and disposal of backflow water, increase recording-keeping and data-reporting. He also highlighted severance tax changes in Ohio and Pennsylvania.

"Interesting recent developments are advisory commissions that are being put in place by states with increased drilling production to help guide the regulatory programs. Certainly permit application requirements will expand. The bottom line is companies will need to ensure adequate regulatory affairs, compliance and safety staffing.

"I know most of you think that a compliance staffer is a cost, but his or her good work could help you with litigation," Kneiss said.

### **Uncertainty Ahead**

Going forward, he said that there will be increasing sophistication by plaintiffs and how they file lawsuits, and there are deeper pockets to help support the plaintiffs. "Some of the legal principles involved in shale development aren't really established." As a result, Kneiss said that court rulings and outcomes are very uncertain.



What energy legislation is the President likely to veto? “Anything that moves through Congress that affects the executive branch and how the EPA carries out its mandate, including climate change, greenhouse-gas rules, regulations that try to undercut the EPA’s development of the ozone standard,” Kneiss said. “These are all pieces of legislation that if the economic impacts are great enough, there may be enough votes in the Senate to get them through. In the House, the Republican majority is sufficient for anything they want to adopt to move to the other chamber.”

Stratas Advisors is a Hart Energy company.

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## Frac Spread: Crude Uptick Lifts Pentanes-Plus Prices

*By Frank Nieto, Senior Editor*



Improvements in crude prices helped push C<sub>5+</sub> prices back over the \$1 per gallon (/gal) threshold, but the rest of the NGL barrel (bbl) and natural gas prices retreated during the week of Jan. 28. However, the overall NGL bbl price held firm at both hubs.

West Texas Intermediate crude prices surpassed \$50/bbl, the NGL bbl held firm at just under \$21/bbl at both Mont Belvieu and Conway and natural gas prices fell to less than \$2.50/MMBtu at both hubs. However, there were more positives than negatives for the week as even the large decrease in gas prices should result in improvements. Demand is expected to increase as the drop in gas prices is

encouraging power generators to convert to natural gas from other energy sources while also increasing industrial demand.

According to PIRA Energy Group, improved demand is helping to rebalance the market. “Amid lower prices and a more competitive position in the fuels market, PIRA has increased its gas demand growth projection for 2015. The increases are led by a modest recovery in industrial use and a more competitive position for gas relative to coal. Add in higher stock injections, and we are looking at a relatively positive story on the demand side for the first time since 2010,” the company said in a research note.

The trend for ethane remains relatively strong as frac spread margins improved again after a down week and were positive at both hubs for the third straight week. Although the margins are thin, their outlook should continue to improve as continued rejection and increased cracking capacity help to work off excess storage and balance the market. However, if gas prices take a 180 degree turn anytime soon these efforts could be undone.

Despite colder temperatures and improved heating demand, gas prices are unlikely to experience this quick turnaround as the winter season has less than two months left with forecasts anticipating warmer temperatures. In addition, limited export demand is also undercutting gas price improvements.

The product with perhaps the biggest turnaround from last year is propane, which had record demand from both the home heating and LPG export markets. This year, heating demand isn't as high, LPG export demand has dwindled significantly and there is a large storage overhang. The Mont Belvieu price is down by more than \$1/gal from last year while the Conway price is off last year's price by almost \$2.40/gal.

It's a staggering fall and it is expected prices will remain flat or possibly decrease further before it gets better as storage builds. This could be especially challenging to work off in the summer as demand is much lower during that season and is when storage is typically reloaded. Consequently lower prices may be necessary to encourage more LPG exports to Europe.

The most profitable NGL to make at both hubs was C<sub>5+</sub> at 76 cents/gal at Conway and Mont Belvieu. This was followed, in order, by isobutane at 53 cents/gal at Conway and 43 cents/gal at Mont Belvieu; butane at 45 cents/gal at Conway and 41 cents/gal at Mont Belvieu; propane at 25 cents/gal at Conway and 27 cents/gal at Mont Belvieu; and ethane at 3 cents/gal at Conway and 2 cents/gal at Mont Belvieu.

Natural gas storage withdrawal levels are slowing down a bit as the U.S. Energy Information Administration reported a 115 billion cubic feet withdrawal for the week of Jan. 30, which put storage levels at 2.428 trillion cubic feet (Tcf). This was 24% higher than the 1.96 Tcf reported last year at the same time and 1% below the five-year average of 2.457 Tcf.

Storage withdrawals should be higher the week of Feb. 11 as the National Weather Service anticipates colder-than-normal temperatures along the East Coast into the Midwest and parts of the Gulf Coast. This will be somewhat balanced by warmer-than-normal temperatures along the West Coast.

<b>NGL PRICES</b>						
<b>Mont Belvieu</b>	<b>Eth</b>	<b>Pro</b>	<b>Norm</b>	<b>Iso</b>	<b>Pen+</b>	<b>NGL Bbl</b>
Jan. 28 - Feb. 3, '15	17.85	49.34	66.00	67.90	103.10	<b>\$20.90</b>
Jan. 21 - 27, '15	18.63	50.58	70.28	71.68	95.06	<b>\$20.94</b>
Jan. 14 - 20, '15	20.04	47.13	71.95	73.45	95.68	<b>\$20.93</b>
Jan. 7 - 13, '15	18.94	45.08	63.54	64.68	92.58	<b>\$19.63</b>
January '15	18.79	47.27	67.03	68.30	94.52	<b>\$20.28</b>
December '14	17.25	55.54	72.72	74.08	116.89	<b>\$23.00</b>
4th Qtr '14	20.22	76.90	96.73	98.28	149.25	<b>\$30.10</b>
3rd Qtr '14	23.19	103.92	123.69	128.39	212.20	<b>\$40.27</b>
2nd Qtr '14	29.26	106.55	124.12	130.23	222.81	<b>\$42.31</b>
1st Qtr '14	34.50	129.51	137.62	141.49	212.60	<b>\$46.16</b>
Jan. 29 - Feb. 4, '14	35.93	159.66	159.00	160.26	207.98	<b>\$51.27</b>
<b>Conway, Group 140</b>	<b>Eth</b>	<b>Pro</b>	<b>Norm</b>	<b>Iso</b>	<b>Pen+</b>	<b>NGL Bbl</b>
Jan. 28 - Feb. 3, '15	17.45	45.76	68.42	75.18	100.90	<b>\$20.76</b>
Jan. 21 - 27, '15	18.00	47.12	72.36	77.10	94.70	<b>\$20.84</b>
Jan. 14 - 20, '15	19.38	45.65	82.63	87.50	96.75	<b>\$21.85</b>
Jan. 7 - 13, '15	17.03	40.70	66.36	72.32	95.48	<b>\$19.53</b>
January '15	18.06	43.51	70.80	76.05	94.99	<b>\$20.33</b>
December '14	16.52	53.04	83.35	86.00	117.65	<b>\$23.68</b>
4th Qtr '14	18.69	78.64	102.72	113.19	146.37	<b>\$30.77</b>
3rd Qtr '14	20.38	104.99	123.51	140.07	207.90	<b>\$40.18</b>
2nd Qtr '14	26.26	105.44	121.26	163.00	221.62	<b>\$42.62</b>
1st Qtr '14	25.46	169.48	132.08	147.10	216.86	<b>\$49.93</b>
Jan. 29 - Feb. 4, '14	13.30	289.76	151.32	165.38	209.98	<b>\$63.27</b>

<b>CURRENT FRAC SPREAD (CENTS/GAL)</b>				
<b>February 6, 2015</b>	<b>Conway</b>	<b>Change from Start of Week</b>	<b>Mont Belvieu</b>	<b>Last Week</b>
Ethane	17.45		17.85	
Shrink	14.92		16.31	
<b>Margin</b>	2.53	183.09%	1.54	190.55%
Propane	45.76		49.34	
Shrink	20.61		22.53	
<b>Margin</b>	25.15	7.08%	26.81	4.82%
Normal Butane	68.42		66.00	
Shrink	23.33		25.51	
<b>Margin</b>	45.09	-1.14%	40.49	-3.53%
Isobutane	75.18		67.90	
Shrink	22.41		24.50	
<b>Margin</b>	52.77	2.66%	43.40	-2.45%
Pentane+	100.90		103.10	
Shrink	24.95		27.28	
<b>Margin</b>	75.95	14.92%	75.82	17.03%
NGL \$/Bbl	20.76	-0.42%	20.90	-0.22%
Shrink	8.22		8.99	
<b>Margin</b>	12.54	9.79%	11.91	8.58%
Gas (\$/mmBtu)	2.25	-12.79%	2.46	-9.89%
Gross Bbl Margin (in cents/gal)	28.10	10.04%	27.15	8.40%
<b>NGL Value in \$/mmBtu (Basket Value)</b>				
Ethane	0.96	-3.06%	0.98	-4.19%
Propane	1.59	-2.89%	1.71	-2.45%
Normal Butane	0.74	-5.44%	0.71	-6.09%
Isobutane	0.47	-2.49%	0.42	-5.27%
Pentane+	1.30	6.55%	1.33	8.46%
Total Barrel Value in \$/mmbtu	5.06	-1.02%	5.16	-1.00%
<b>Margin</b>	2.81	10.99%	2.70	8.78%

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.

<b>RESIN PRICES – MARKET UPDATE – FEBRUARY 6, 2015</b>					
<b>TOTAL OFFERS: 28,461,092 lbs</b>		<b>SPOT</b>		<b>CONTRACT</b>	
<b>Resin</b>	<b>Total lbs</b>	<b>Low</b>	<b>High</b>	<b>Bid</b>	<b>Offer</b>
LDPE - Film	5,501,476	0.62	0.71	0.59	0.63
HDPE - Blow Mold	5,443,740	0.535	0.675	0.545	0.585
LLDPE - Film	4,422,992	0.615	0.715	0.59	0.63
HMWPE - Film	3,913,728	0.535	0.715	0.595	0.635
HDPE - Inj	3,703,728	0.52	0.695	0.595	0.635
PP Homopolymer - Inj	2,536,760	0.67	0.74	0.63	0.67
LLDPE - Inj	1,575,748	0.52	0.76	0.62	0.66
PP Copolymer - Inj	830,920	0.67	0.75	0.64	0.68
LDPE - Inj	532,000	0.645	0.69	0.64	0.68

Source: Plastics Exchange – [www.theplasticsexchange.com](http://www.theplasticsexchange.com)

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## **REX Pipeline Rupture Interrupts Gas Transmission**

The U.S. Energy Information Administration announced in a statement that the Rockies Express Pipeline (REX) continues to declare force majeure on its Segment 300 after a weld failure and pipe rupture on Jan. 29. REX is a large natural gas transmission pipeline connecting production in the Rockies to consumers as far east as Ohio. Segment 300 is located in Pike County, Mo., about 90 miles northwest of St. Louis. While 50 homes within a three-mile radius had to be evacuated for six hours, there were no reports of injuries or fire associated with this incident.

Segment 300 has a normal capacity of 1.8 billion cubic feet per day (Bcf/d), but during the force majeure, no gas is scheduled to travel through the segment. The force majeure remains in effect while repairs are underway, and the pipeline expects that service will be restored on or about Feb. 8.

Gas continued to flow on REX west of Segment 300 after the rupture, but at a much reduced pressure and volume. Eastbound flows on REX from the Rockies, which had averaged 1.2 Bcf/d for January, fell to 0.47 Bcf/d, according to data from SNL Energy.

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## Plains All American Announces New Crude, Condensate Pipelines

Plains All American Pipeline LP (PAA) announced that it would build two new Delaware Basin pipelines and related gathering systems. PAA also announced plans to expand its existing Blacktip station and to build a 20-inch loop line from Blacktip station to Wink, Texas. The expansions will support PAA's previously announced 24-inch Basin Pipeline loop from Wink to Midland and new 12" pipeline from Monahans to Crane, Texas. The new Delaware Basin pipelines, known as Avalon Extension and State Line, are backed by producer commitments.

The 12-inch-diameter Avalon Extension Pipeline will extend the Avalon Pipeline by 32 miles. Currently, the pipeline runs from the PAA Avalon station in northwest Loving County to its Blacktip station in southeast Loving County, Texas. The extension will increase the pipeline's reach into Culberson County, Texas. The Avalon Pipeline is capable of transporting up to 100,000 barrels per day (bbl/d) of crude oil from northern Loving and Culberson counties. The line along with two new truck unloading facilities at Orla, Texas, and at Highway 285 are expected to be enter service in phases beginning in July 2015, with total system completion expected in September 2015.

The 16-inch-diameter State Line Pipeline will extend 60 miles to connect Culberson County to Wink running along the Texas-New Mexico state line. The pipeline is designed to connect Delaware Basin production in southern Eddy and Lea counties, New Mexico, and northern Loving, Reeves and Culberson counties, Texas, to the existing network of PAA Permian Basin assets. The pipeline will have a transportation capacity of up to 150,000 bbl/d of batched crude oil and condensate. State Line is expected to enter service in phases beginning in early 2016 and concluding in mid-2016, with completion of the associated gathering system planned for early 2016.

The Blacktip station expansion and pipeline loop will include construction of 200,000 bbl of new operational tankage with associated pumping to provide another 200,000 bbl/d of pipeline capacity from the Blacktip station to Wink. Completion of the Blacktip station expansion and loop pipeline is expected in August 2015.

## **Bucking Horse Gas Processing Plant Is Commissioned In Niobrara**

Williams Partners LP and Crestwood Midstream Partners LP announced the commissioning of the Bucking Horse gas processing facility in Converse County, Wyo. The plant adds 120 million cubic feet per day (MMcf/d) of processing capacity in the Powder River Basin Niobrara Shale play.

The Bucking Horse plant, along with the Jackalope Gas Gathering System (JGGS), is owned through a 50:50 joint venture between Williams Partners and Crestwood Midstream Partners. The facilities provide services under a long-term, fee-based agreement with Chesapeake Energy Corp. The JGGS includes about 184 miles of low-pressure gathering pipelines supported by a 311,000 acreage dedication from Chesapeake. Volumes through the Bucking Horse plant are expected to significantly ramp up throughout the rest of the first quarter. The plant will utilize much of its capacity as existing rich gas production is re-directed from third-party processing facilities and previously curtailed volumes along the JGGS begin to flow.

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## **EIA: Crude Inventory Rises By 6.3 MMBbl**

During the week of Jan. 30, U.S. crude oil inventories climbed by 6.3 million barrels (MMbbl) from the previous week to 413.1 MMbbl, the U.S. Energy Information Administration (EIA) said in a statement. That level is the highest reached for this time of year in at least the last 80 years, the EIA said.

During the same week, crude oil refinery inputs in the U.S. averaged more than 15.5 MMbbl per day, up 288,000 bbl from the previous week. Refinery operation was at 89.9% operable capacity.



# Williams Partners, Access Midstream Merger Closes

The Williams Cos. Inc., Williams Partners LP and Access Midstream Partners LP announced the closing of the merger between Williams Partners and Access Midstream. As part of the completion of the merger, Access Midstream Partners changed its name to Williams Partners LP and its units began trading under the symbol “WPZ” on Feb. 3.

The acquisition of Access Midstream by Williams and the subsequent merger with Williams Partners enhances Williams’ exposure to key production basins in North America. Williams Partners now features large-scale positions across three key components of the midstream sector, including:

- Natural gas pipelines: Transco, Northwest and Gulfstream represent the nation’s premier interstate pipeline network. Transco is the nation’s largest and fastest-growing pipeline system;
- Gathering and processing: Large-scale positions in growing gas supply areas in major shale and unconventional producing areas, including the Marcellus, Utica, Piceance, Four Corners, Wyoming, Eagle Ford, Haynesville, Barnett, Mid-continent and Niobrara. Additionally, the business includes oil and gas gathering services in the deepwater Gulf of Mexico; and
- NGL and petrochemical services: Unique downstream presence on the Gulf Coast and in western Canada provides differentiated long-term growth.

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