



# EagleClaw Midstream Permian Highway Pipeline Project

Corporate Communications | January 2021

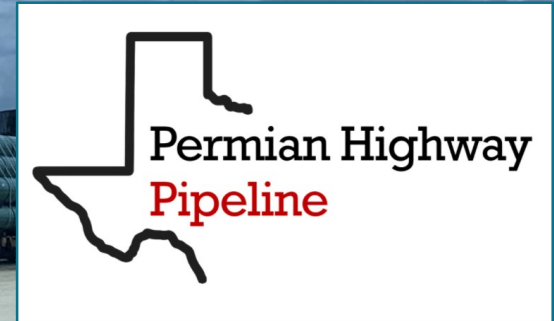


## Overview: A Texas Pipeline in 2021

The ~\$2 billion Permian Highway Pipeline (PHP) Project provides much-needed takeaway for increased natural gas production in the Permian.

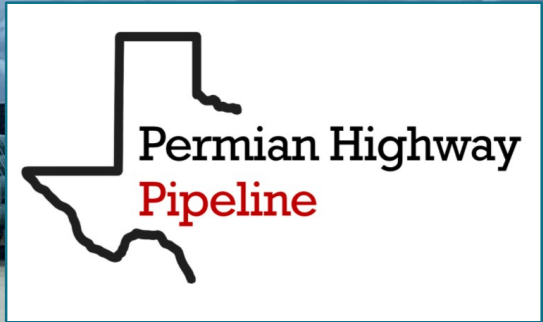
PHP is designed to transport up to ~2.1 billion cubic feet per day (Bcf/d) of natural gas from Waha to Katy, Texas area, with connections to the U.S. Gulf Coast and Mexico markets.

## Overview: About the PHP Project



The Permian Highway Pipeline (PHP) Project reduces natural gas from flaring (burned off as unusable), a common industry practice when excess gas is emitted during production.

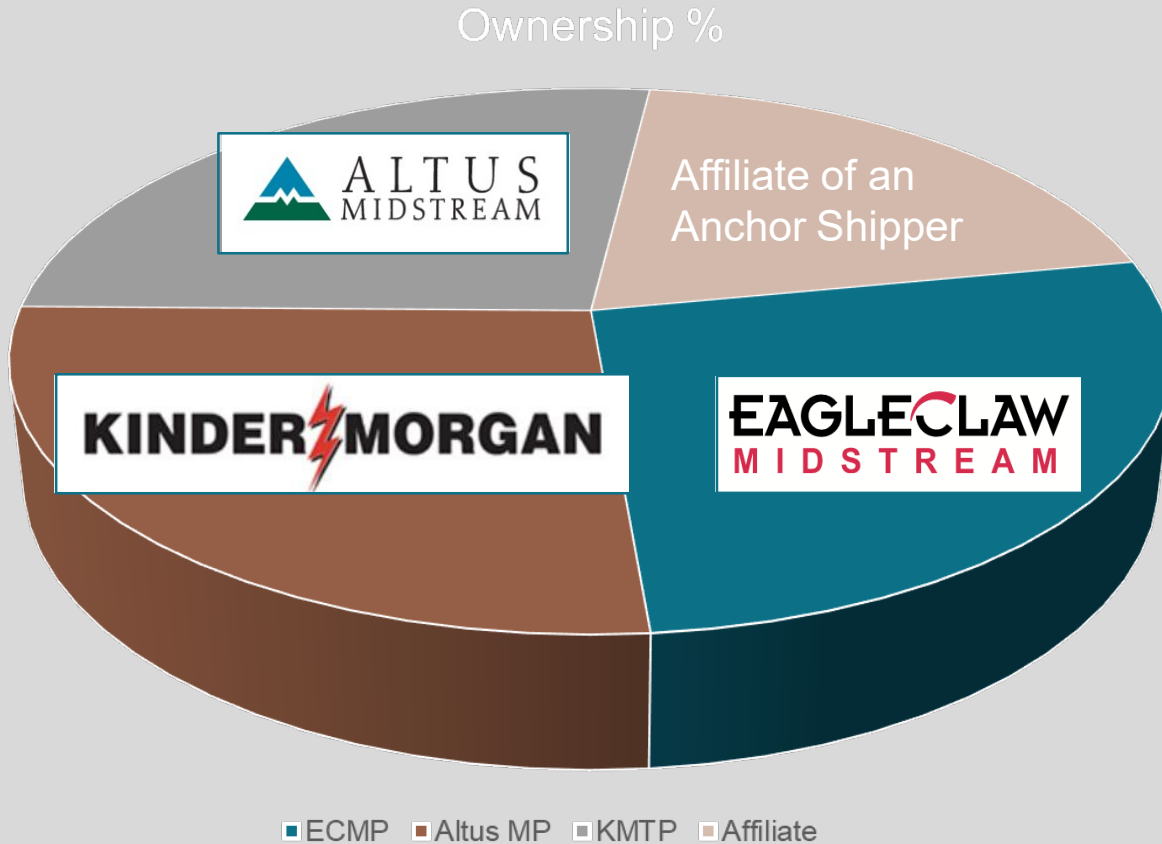
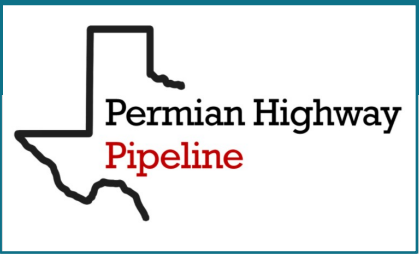
Capacity is ~2.1 billion cubic feet per day (Bcf/d) of natural gas through approximately 430 miles of 42-inch pipeline from the Waha, Texas area.



Producers can now monetize gas by moving it through PHP to markets in the U.S. Gulf Coast and Mexico.

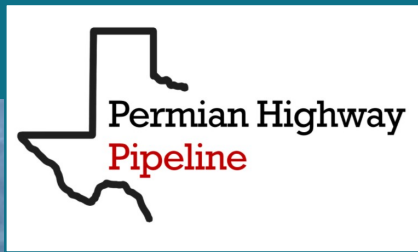
PHP began commissioning service in November (2020) with commercial service beginning January 1, 2021.

# JV Ownership – Managed as a JV, with KMTMP as operator



Kinder Morgan, EagleClaw Midstream and Altus Midstream each hold an ownership interest in PHP Project of approximately 26.7 percent, and an affiliate of an anchor shipper holds 20 percent interest.

<https://phpproject.com/>



**EAGLECLAW**  
MIDSTREAM

**KINDER MORGAN**

**ALTUS**  
MIDSTREAM

Affiliate of an  
Anchor Shipper

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EagleClaw Midstream, Kinder Morgan and Apache Corp.\* forged a joint venture agreement in 2018, in which Kinder Morgan would build and operate PHP.

EagleClaw holds a management seat on the Project team but has no daily operating responsibilities.

*\* Through its consolidated subsidiaries, Altus owns substantially all of the gas gathering, processing and transmission assets servicing production from Apache Corporation ("Apache") (NYSE, Nasdaq: APA) in the Alpine High play in the Delaware Basin and owns equity interests in four Permian-to-Gulf Coast pipelines.*

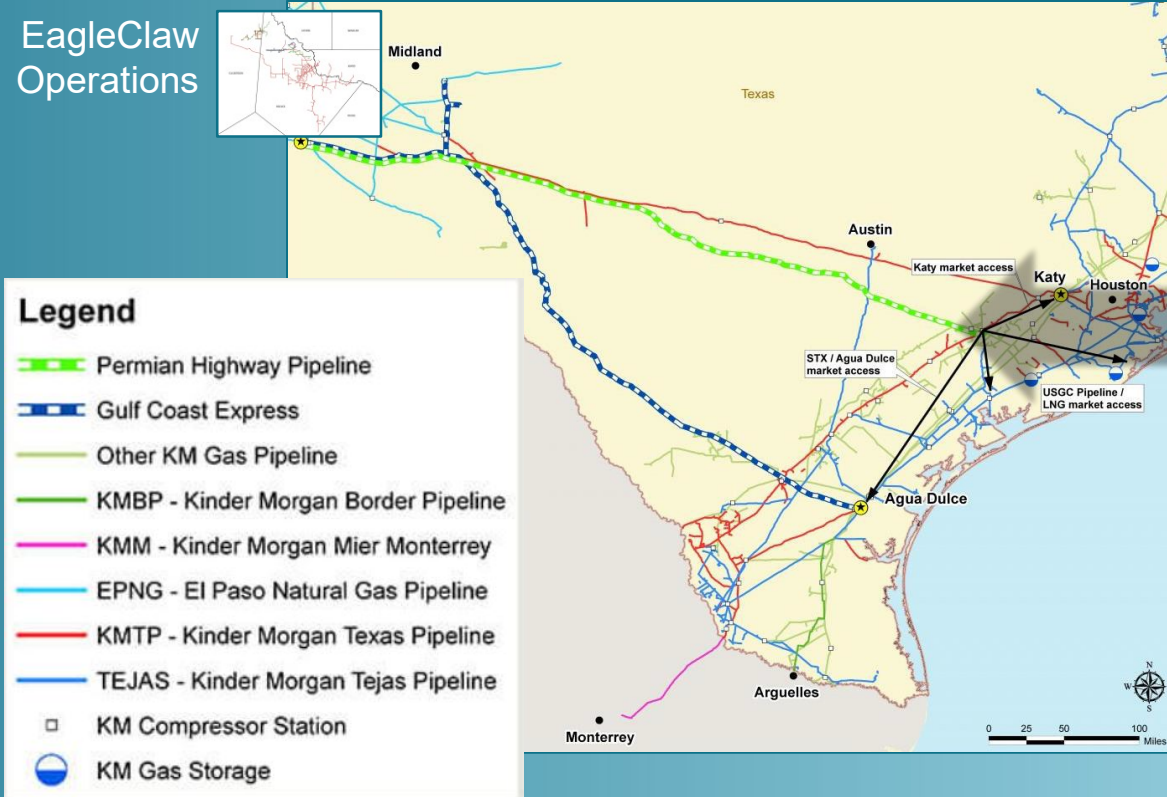
# How PHP Project Fits with EagleClaw's Growth Plans

- Expands overall system capacity and capability
- Adds new service offering for customers with very long expected service life
- Further reinforces EagleClaw's leadership as both a major gas processor and gas pipeline company
- Fits well into our geographic focus on the Delaware Basin, the sweet spot of the Permian
- Diversifies cash flows by adding long-term, take-or-pay committed revenue with credit worthy counterparties

Source: Kinder Morgan c 2019 - <https://phpproject.com/maps/>

## From the Permian Basin to the Gulf Coast

EagleClaw  
Operations



PHP in relation  
to other KM  
pipelines  
across Texas.





# PHP Benefits & Impacts

# Benefits of PHP

- **Improved Flow** - The new pipeline will transport up to 2.1 billion cubic feet per day (Bcf/d) of natural gas through ~430 miles of 42-inch pipeline from the Waha, Texas area to U.S. Gulf Coast, Mexican and global markets.
- **Decreased Flaring** – Provides desired alternative to flaring Methane (CH<sub>4</sub>), a by-product of O&G production. Flaring or burning off CH<sub>4</sub> gas is harmful to the environment, reducing air quality and increasing greenhouse gas (GHG) emissions that impact climate change.
- **Global LNG Markets** - Permian-sourced natural gas can be gathered, shipped and marketed to customers across Texas, Mexico, the Gulf Coast and the world – as some of the gas will be compressed into liquid natural gas for commercial markets overseas.
- **Dedicated Quality** – Designed to transport only pipeline-quality natural gas.
- **More Jobs** – Directly generated an estimated 2,500 local construction and approximately 20 full-time jobs. Ongoing positions post-construction will continue to accelerate job creation from oil and gas activity throughout Texas.

# Benefits of PHP

- **Increased Income from Taxes** – Provides almost \$1 billion in additional oil and gas production revenue each year to the state and counties for schools, first responders and other vital needs. Individual leaseholders will receive more than \$2 billion per year in new oil and gas royalties.
- **Improves Residue Gas Pricing** for our customers, supporting future oil and gas development.
- **Steady Source of Funding** - Texas oil and gas taxes provide significant funding for TXDOT's highway fund, as well as the Permanent University Fund, which provides almost half the funding for Texas A&M and UT.
- **More Support for Texas** - In 2018, the oil & gas industry paid more than \$14 billion in state and local taxes and state royalties—equal to \$38 million a day—to fund schools, roads, universities and first responders throughout the entire state.

# Environmental Impacts & Concerns

**For PHP Project oversight and approval, federal and state agencies were involved including:**

- Railroad Commission of Texas
- Texas Commission on Environmental Quality
- U.S. Fish and Wildlife Service
- U.S. Army Corps of Engineers
- Texas Historical Commission
- Texas General Land Office
- Native American Tribes and Native American tribes, as applicable



## Environmental Impacts & Key Concerns

- PHP provides a necessary conduit for natural gas supplies that will help producers avoid flaring (burning off) gas instead of gathering, transporting and marketing it usefully.
- This is critical to reduce emissions from GHGs, including CO<sub>2</sub> and CH<sub>4</sub>.
- PHP route interconnects with other existing pipeline systems for efficient transit.
- It was purposely located in operationally feasible areas to minimize ecological impacts.
- Routing PHP through the Texas Hill Country provided the most direct route to key markets with access to additional connectivity for further transportation needs to Mexico and global markets.



# Photos of the PHP Project





## For More Information:

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