



# Texas Crude Oil and Condensate Logistics and Export Opportunities

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# Forward-Looking Statements

Portions of this document constitute forward-looking statements as defined by federal law. Although management believes any such statements are based on reasonable assumptions, there is no assurance that actual outcomes will not be materially different. Among the key risk factors that may have a direct impact on the partnership's results of operations and financial condition are: (1) its ability to identify growth projects and to complete identified projects on time and at expected costs; (2) price fluctuations and changes in demand for refined petroleum products, crude oil and natural gas liquids, or changes in demand for transportation, storage, blending or processing of those commodities through its existing or planned facilities; (3) changes in the partnership's tariff rates or other terms imposed by state or federal regulatory agencies; (4) shut-downs or cutbacks at refineries or other businesses that use or supply the partnership's services; (5) changes in the throughput or interruption in service on pipelines or other facilities owned and operated by third parties and connected to the partnership's terminals, pipelines or other facilities; (6) the occurrence of operational hazards or unforeseen interruptions; (7) the treatment of the partnership as a corporation for federal or state income tax purposes or the partnership becoming subject to significant forms of other taxation; (8) an increase in the competition the partnership's operations encounter; (9) disruption in the debt and equity markets that negatively impacts the partnership's ability to finance its capital spending and (10) failure of customers to meet or continue contractual obligations to the partnership. Additional information about issues that could lead to material changes in performance is contained in the partnership's filings with the Securities and Exchange Commission, including the partnership's Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2016 and subsequent reports on Forms 8-K and 10-Q. Forward-looking statements made by the partnership in this presentation are based only on information currently known, and the partnership undertakes no obligation to revise its forward-looking statements to reflect events or circumstances learned of or occurring after today's date.

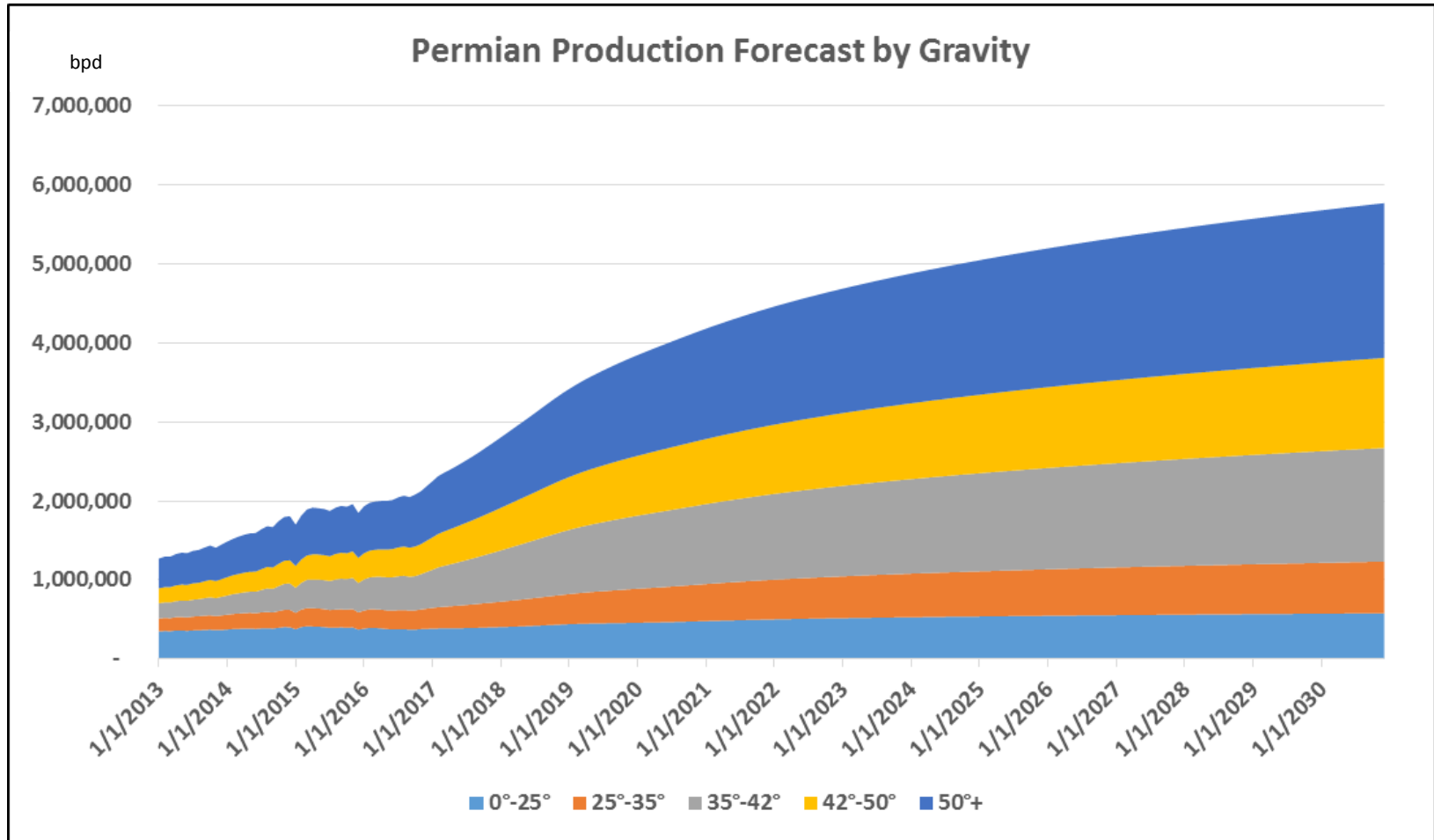
# Magellan Asset Portfolio



- Key petroleum infrastructure
- 13,000 miles of pipeline, including the nation's longest refined products pipeline system
- More than 100MM barrels of storage

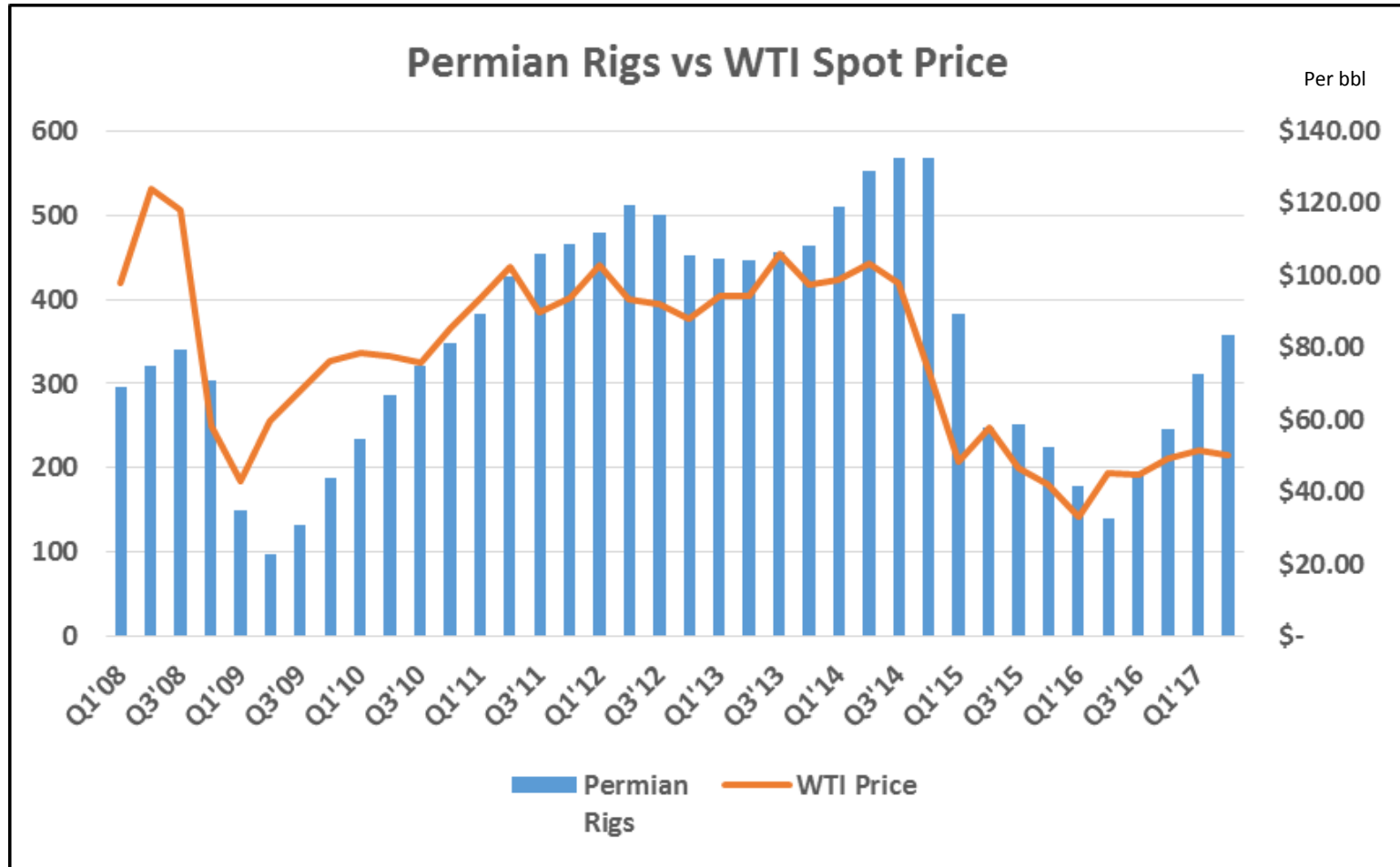
# DrillingInfo Production Curve by Gravity

- Production forecast by gravity for the Permian Basin

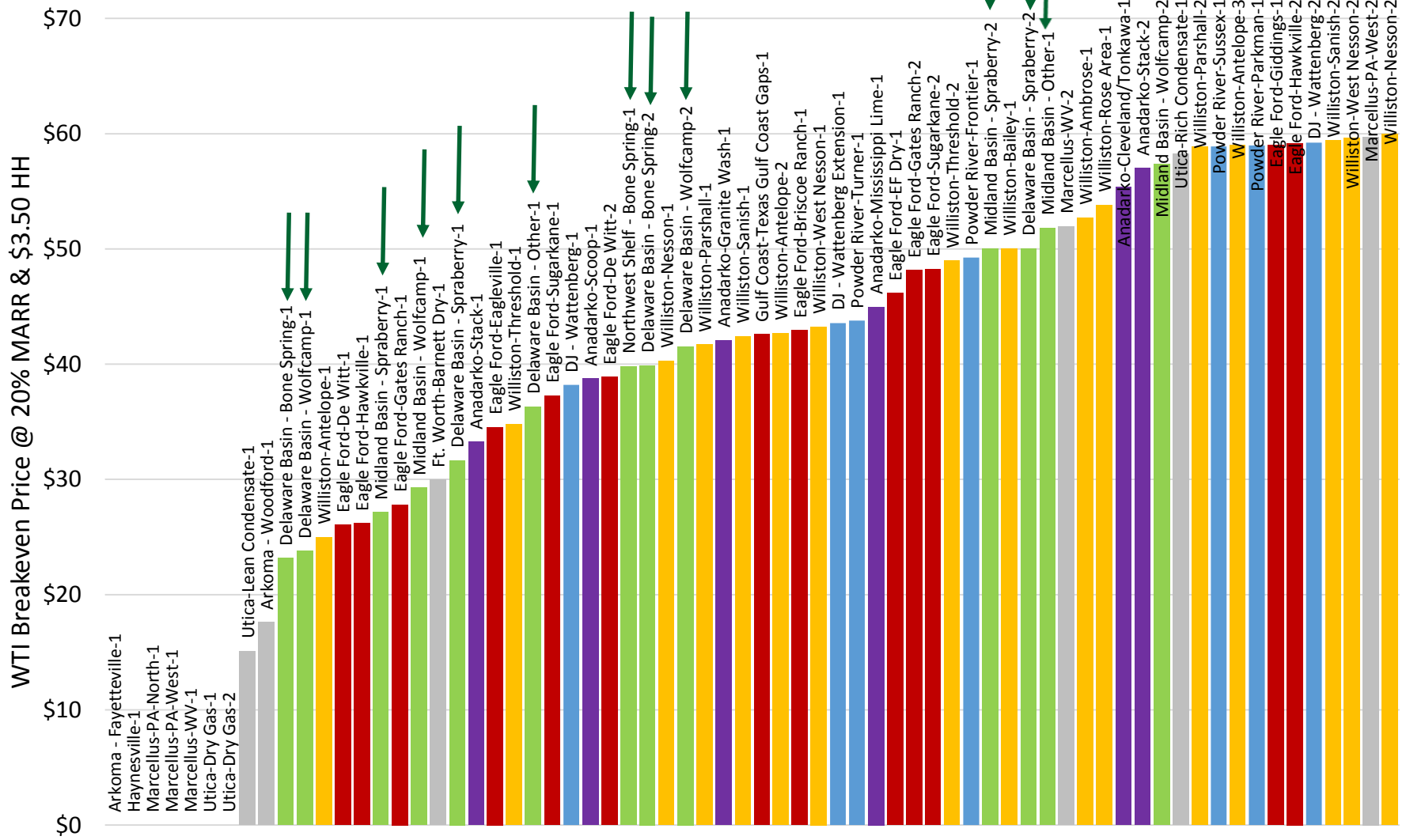


# Permian Rig Activity

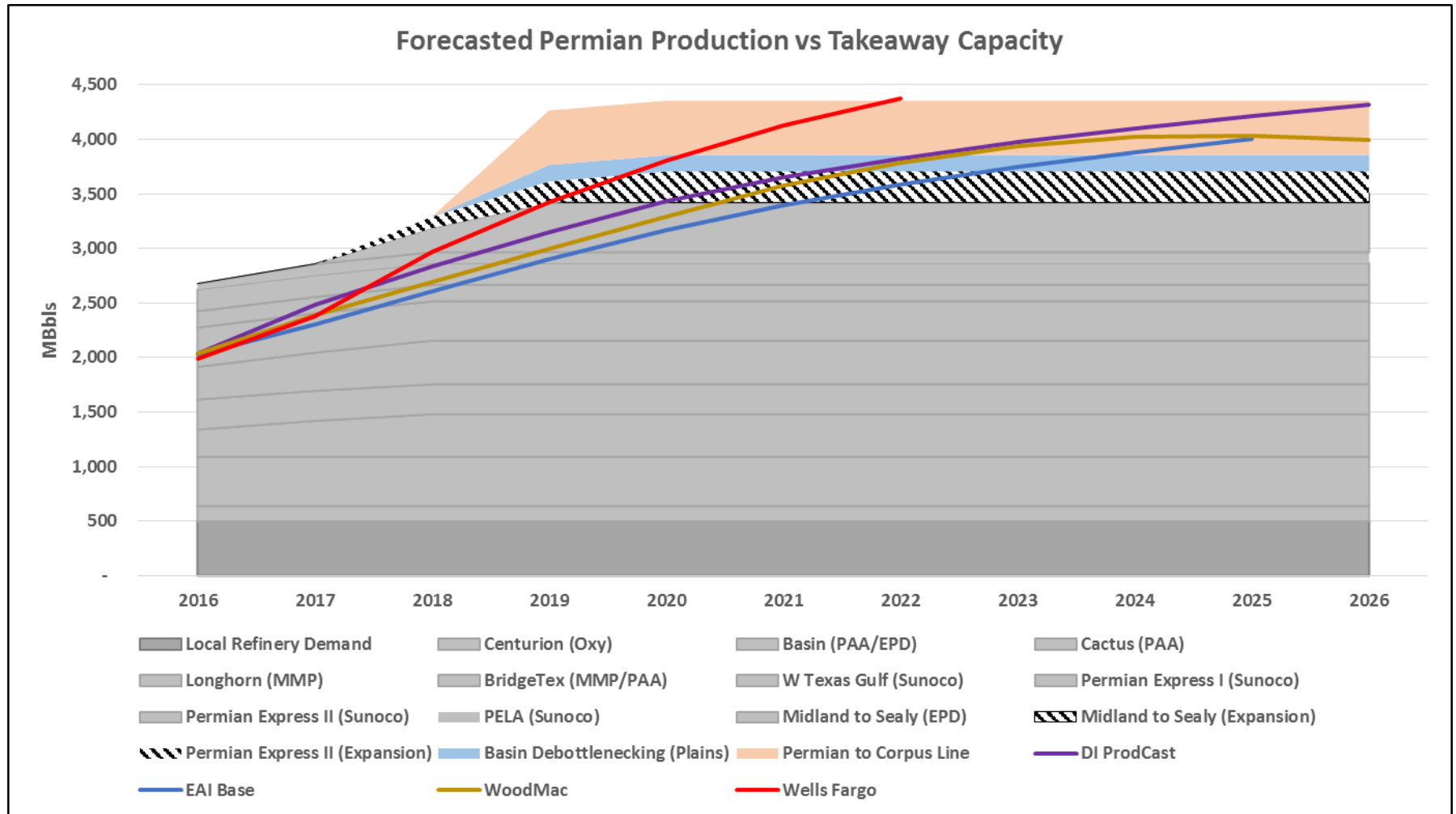
- Rig deployments in the Permian are rebounding toward their pre-crash levels
  - Increased rig efficiency has enabled operators to drill more wells with one rig



# U.S. Breakeven Comparison



# Takeaway Capacity vs. Production



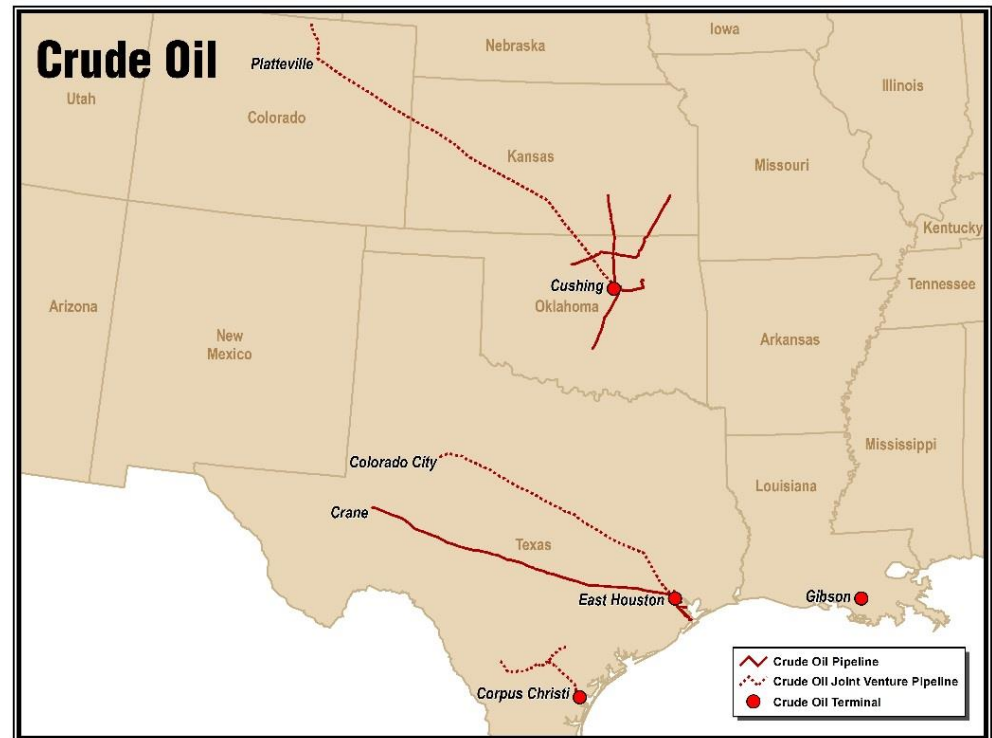


# Magellan's Base Crude Oil Assets



# Magellan's Crude Oil Infrastructure

- 2,200 miles of active crude oil pipelines
- 26MM barrels of total crude oil storage including 17MM barrels used for contract storage
  - Significant storage provider in Houston and Cushing
- Magellan's focus has been on new pipeline projects and expansions in the Permian, Eagle Ford, Eaglebine and DJ basins
- Looking at new growth opportunities in other unconventional basins



# Magellan's Service Objective

## What Makes Magellan Different?

- Independent Service Provider
  - We do not compete with our customers
- Pipeline objective is to maintain same quality of crude from origin to destination
  - Transparent with quality data
- Continually exploring new opportunities to meet the growing needs of our customers
  - Partnering to construct new pipeline and gathering infrastructure
  - Developing new terminalling and marine infrastructure



# Magellan's Permian to Gulf Coast Pipelines & Projects

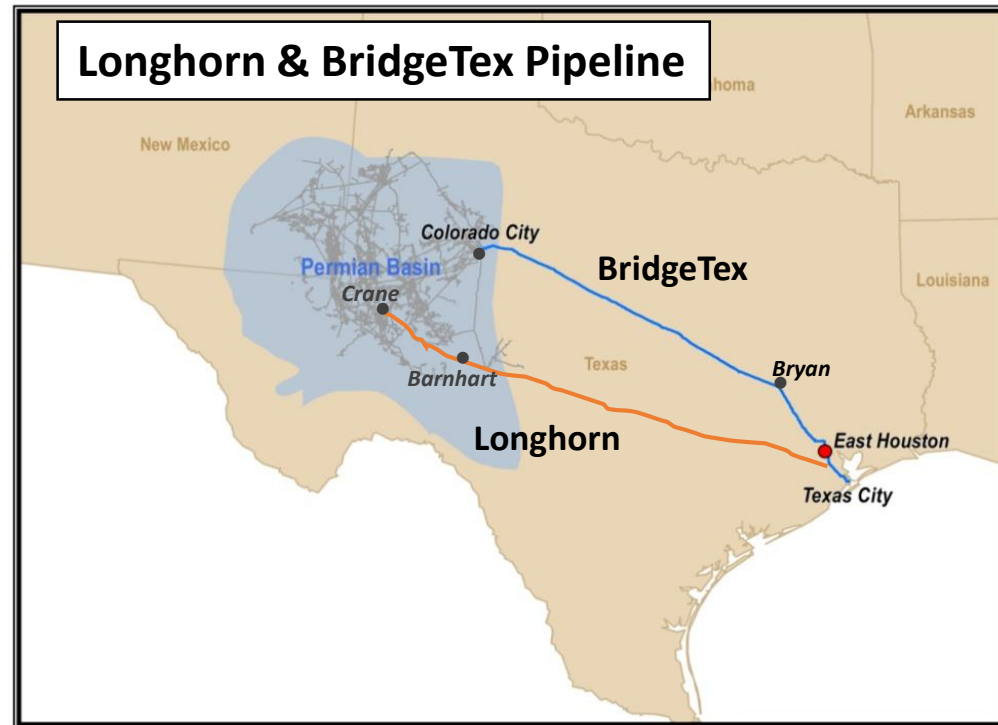
# Longhorn & BridgeTex Pipeline

## Longhorn Pipeline

- Capable of transporting up to 275k bpd with origination points in Midland, TX, Crane, TX, and Barnhart, TX
- Three product grade segregations offered (WTI, WTS, Condensate)
- Pipeline fully subscribed with 10% reserved for Spot Shippers

## BridgeTex Pipeline

- 50/50 joint venture between Magellan and Plains
- Capable of transporting over 300k bpd from Colorado City, TX
- Four product grade segregations offered (WTI, WTS, Eaglebine Select, Condensate)
  - Expansion Capabilities to ~450k bpd from the Permian Basin

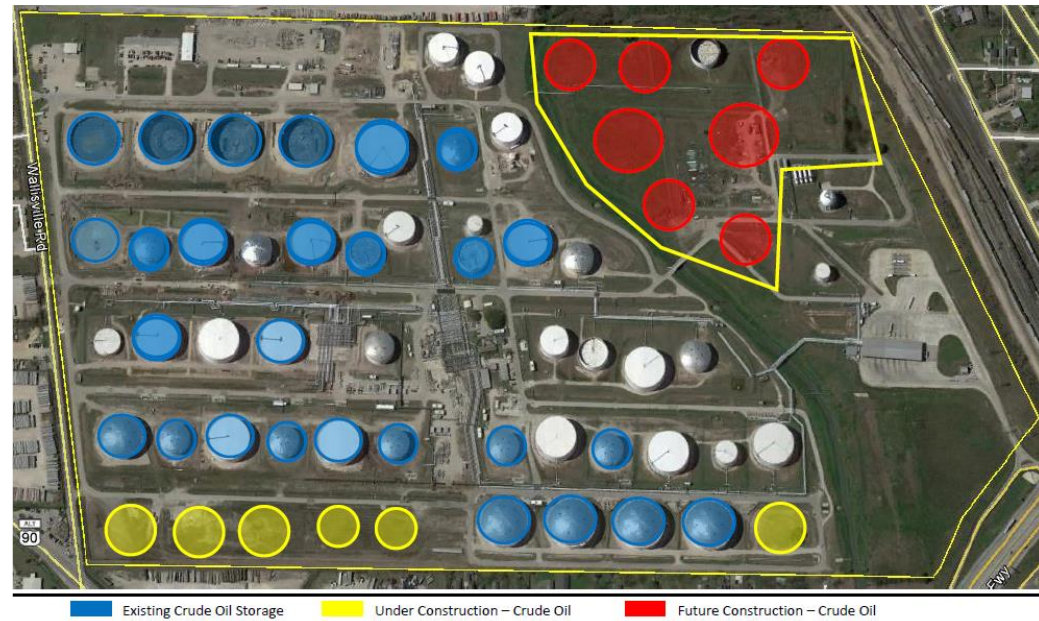


# BridgeTex Expansion Project & Open Season

- **Expansion Overview:**
  - On January 24, 2017 BridgeTex announced its plans to expand the pipeline's capacity from the Permian Basin to 400k bpd
  - The first phase of the expansion capacity is expected to be available late 2Q 2017
  - An additional Expansion Project is expected to increase the capacity from the Permian basin from 400k bpd to ~450K bpd
  
- **Expansion Open Season Overview:**
  - Open Season is anticipated to launch in 2Q 2017
  - Incentive Rates will be offered
  - Multiple origin sources offered from the Permian Basin
  - Destination of the Houston Gulf Coast Area with access to Magellan's Houston Distribution System and the Seabrook Logistics Marine Terminal
  - Multiple tier level commitments with various term options

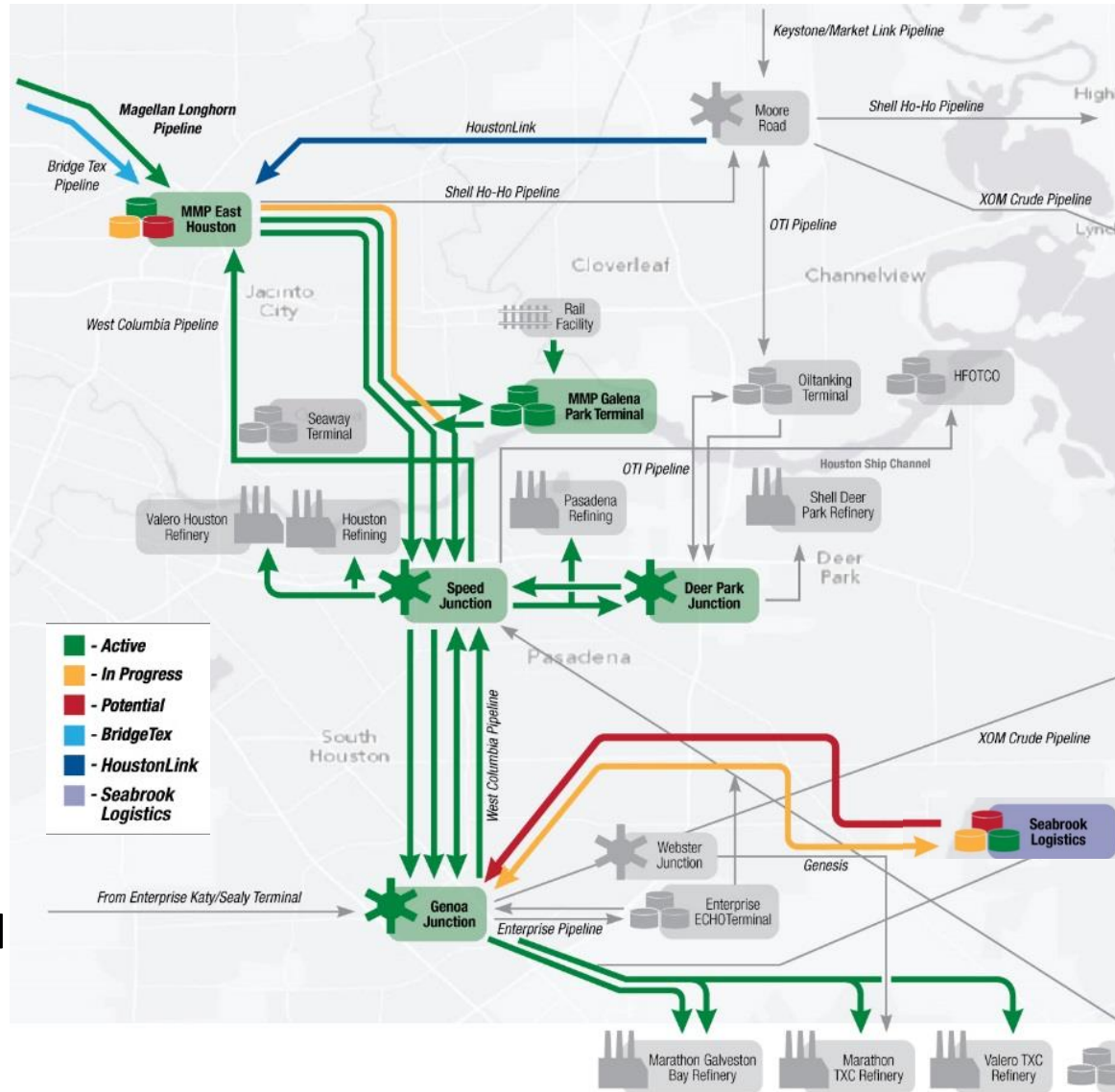
# Magellan's East Houston Terminal

- Crude oil storage capacity
  - Operational: 7.2MM bbls
  - Under construction: 2.4MM bbls
- Room for over 2.5MM bbls of additional storage
- Delivery point for Longhorn, BridgeTex and HoustonLink (connection between MarketLink and Magellan East Houston)
- Origin point for Shell HoHo pipeline and Magellan's Houston crude oil distribution system
- Trading location for Argus MEH pricing



# Houston Crude Oil Connectivity

- Magellan's Houston distribution network is one of the most comprehensive systems to deliver crude oil in the Houston Gulf Coast area
- Access to all inbound domestic crude production
- Delivery capabilities to all Houston and Texas City refineries, Third Party Marine Terminals, and Shell HoHo pipeline
- Expanding connectivity to and from Seabrook Terminal



# Seabrook Logistics Joint Venture – Marine Access

- 50/50 joint venture between Magellan and LBC Tank Terminals
- Phase 1 (now operational)
  - 700k bbls of crude oil storage
  - Aframax-capable dock – 45 ft draft
- Phase 2 (under construction) Mid 2018
  - 1.7MM bbls of crude oil storage
  - Connectivity to Magellan’s Houston crude oil distribution system
- Phase 3 (future construction)
  - 3.0MM bbls of crude oil storage
  - Second dock (sizing for Aframax which may be expandable to Suezmax)
  - Additional connectivity to Magellan’s Houston crude oil distribution system



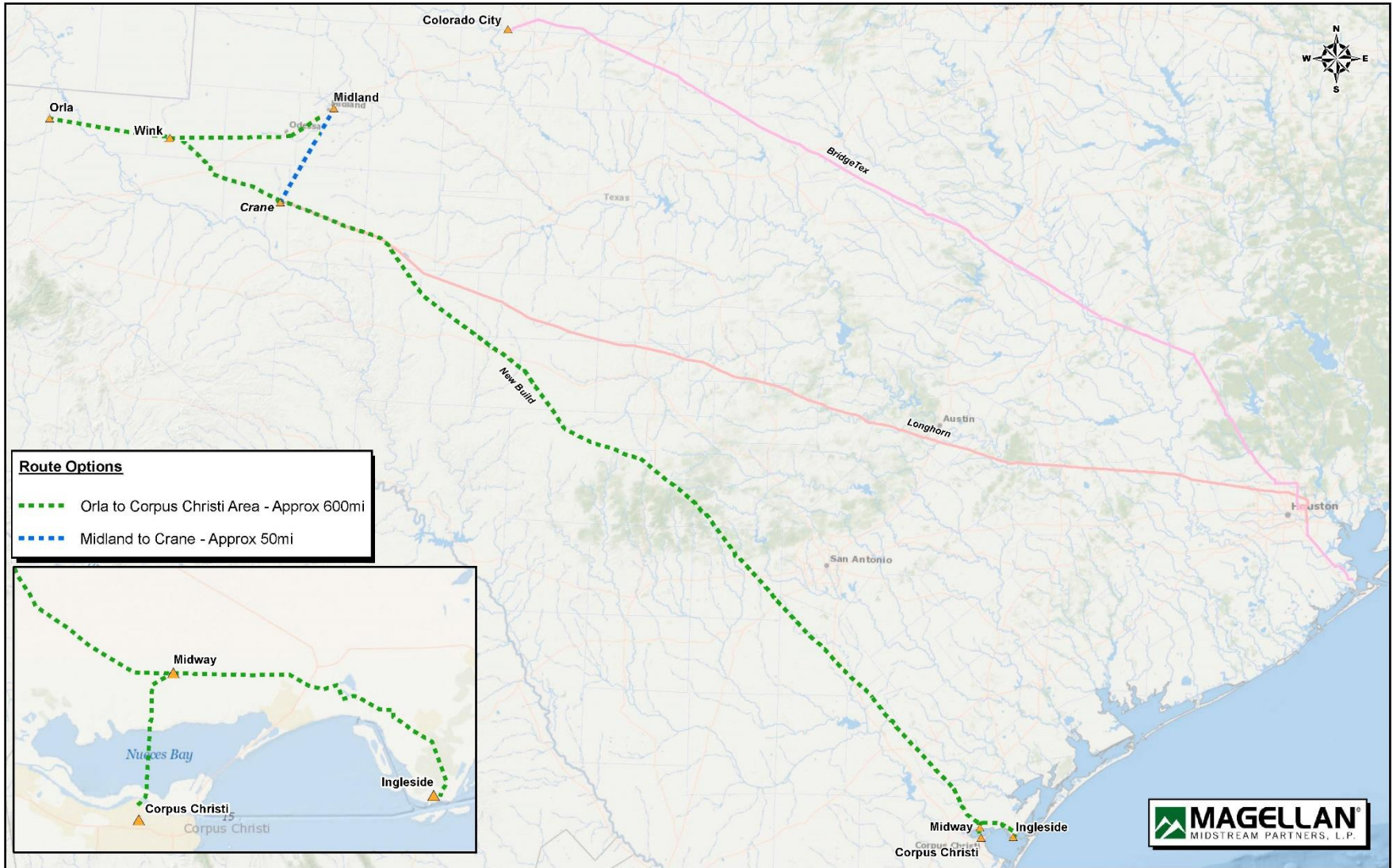


# Permian to Corpus Christi

## ■ Project Overview:

- Magellan would design, construct, own and operate a new pipeline system to deliver condensate and crude oil from the Permian Basin to the Corpus Christi area
- The project would provide potential shippers with significant marine export capability while leveraging Magellan's experience in building and operating long-haul pipelines, while remaining ratable and preserving product quality
- We also provide:
  - Connectivity to multiple crude oil markets including access to deep water docks (up to Suezmax) in the Corpus Christi area
  - Access to Corpus Christi Refiners and the Magellan Corpus Christi Splitter
  - Provides opportunity for batched segregations of condensate and crude oil from the Permian Basin to include offering an un-blended barrel from origin to destination
  - Ability to provide multiple origination points within the Permian Basin and destinations in Corpus Christi area
  - Opportunity for fungible or proprietary lease storage across multiple upstream and downstream assets and markets

# Proposed Permian Basin to Corpus Christi



# Magellan Corpus Christi

- Available space to build 4 private ship docks and more than 5MM bbls of additional storage



# Summary

- Magellan has a significant presence in the Texas crude oil and condensate markets as a transportation and logistics provider with long-haul takeaway capabilities from the production basins to Gulf Coast markets and marine export facilities.
- As Magellan continues to grow its presence in these areas through expansion projects, acquisitions and new builds we continue to remain focused on the following:
  - Reliability as a premium service provider
  - Maintaining product quality
  - Safety and compliance
  - Optimizing current connectivity and access
  - Providing access to new markets
  - Access to marine exports



# Any Questions?



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