



Pipeline Market Overview

Evaluating of North American production flows to the USGC

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Argus Crude & Refined Products Exports:

Infrastructure, Economics & Shipping

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WHO WE ARE

- ARB Midstream is a privately-held, growth-oriented company, providing complete midstream and marketing solutions for crude oil, LPGs and refined products
- ARB is building a portfolio of midstream assets that resolve infrastructure bottlenecks in the most profitable North American oil plays
- ARB is supported by a management team and Board of Directors with combined energy industry experience of over 150 years

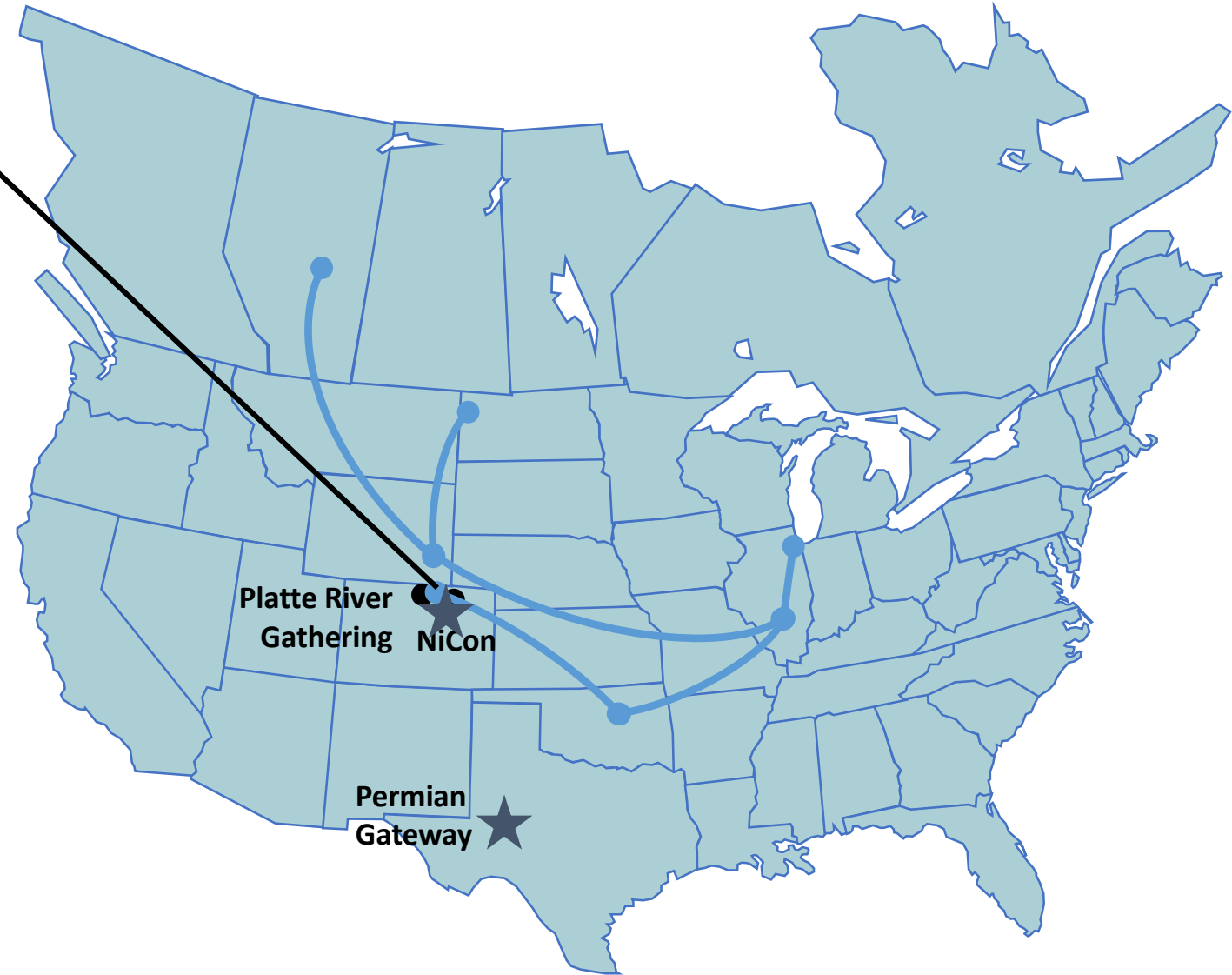
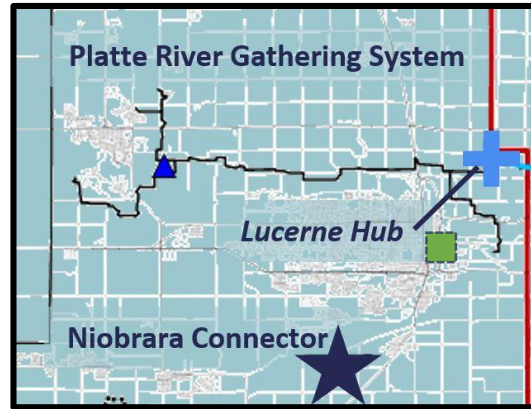


Creating Value in Midstream Markets



- **Analyze:** Every step in ARB's strategy is rooted in proprietary analytics that are used to understand and predict market opportunities, and to reduce risk and improve capital efficiency within individual projects. ARB's analytics are complemented by the extensive industry experience of the company's leadership team.
 - **Identify:** ARB uses proprietary, in-house research to pinpoint infrastructure bottlenecks and under-served regions that are backed by oil plays with long-term, sustainable production economics.
 - **Execute:** ARB efficiently deploys capital as an early mover in its target markets by utilizing private financial backing, an experienced management team and custom analytics.
 - **Operate:** ARB develops assets with the intent of generating long-term, sustainable returns. ARB leverages an experienced operations team to run its assets safely and efficiently.

ARB's Operational & Marketing Footprint Focuses the North American Inland Corridor



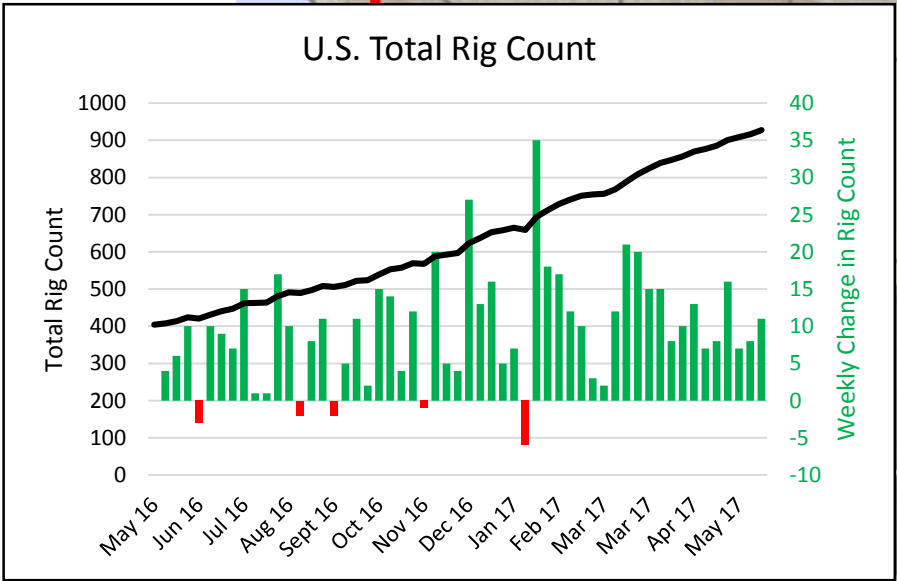
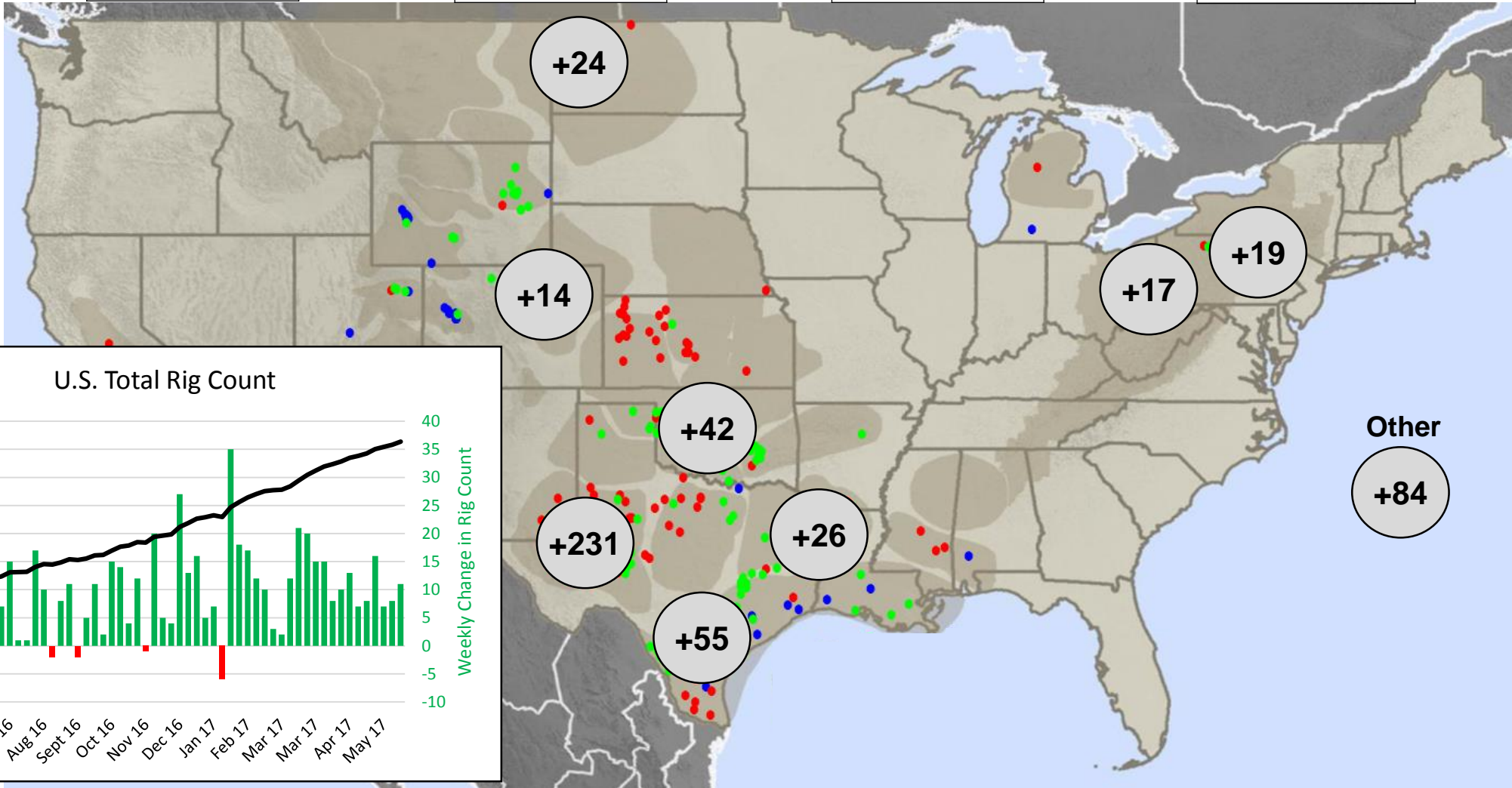
Observations

- Over the past 12 months, active U.S. rig count has more than doubled from May 2016 lows
- At current rig count, North American crude oil production will grow an incremental 2MM by 2019
- The Gulf Coast (PADD 3) is the destination for incremental Canadian heavy production growth
 - PADD 3 has more than doubled consumption of Canadian crude from January 2014 to January 2017, and is expected to continue to grow
 - Currently 266,000 bpd of Canadian crude supply flows through PADDs 2 and 4 into PADD 3 for processing
- With the opening of the Dakota Access Pipeline, Bakken production flows via crude-by-rail, and pipeline volumes running through Cushing and via Mainline will be impacted
- Pipeline construction timing is critical, as Permian basin production could exceed currently available pipeline takeaway capacity over the next 12 months
- By 2019, with increasing domestic production and midstream developments, the Gulf Coast will have 1.85MMbpd of new production headed its way



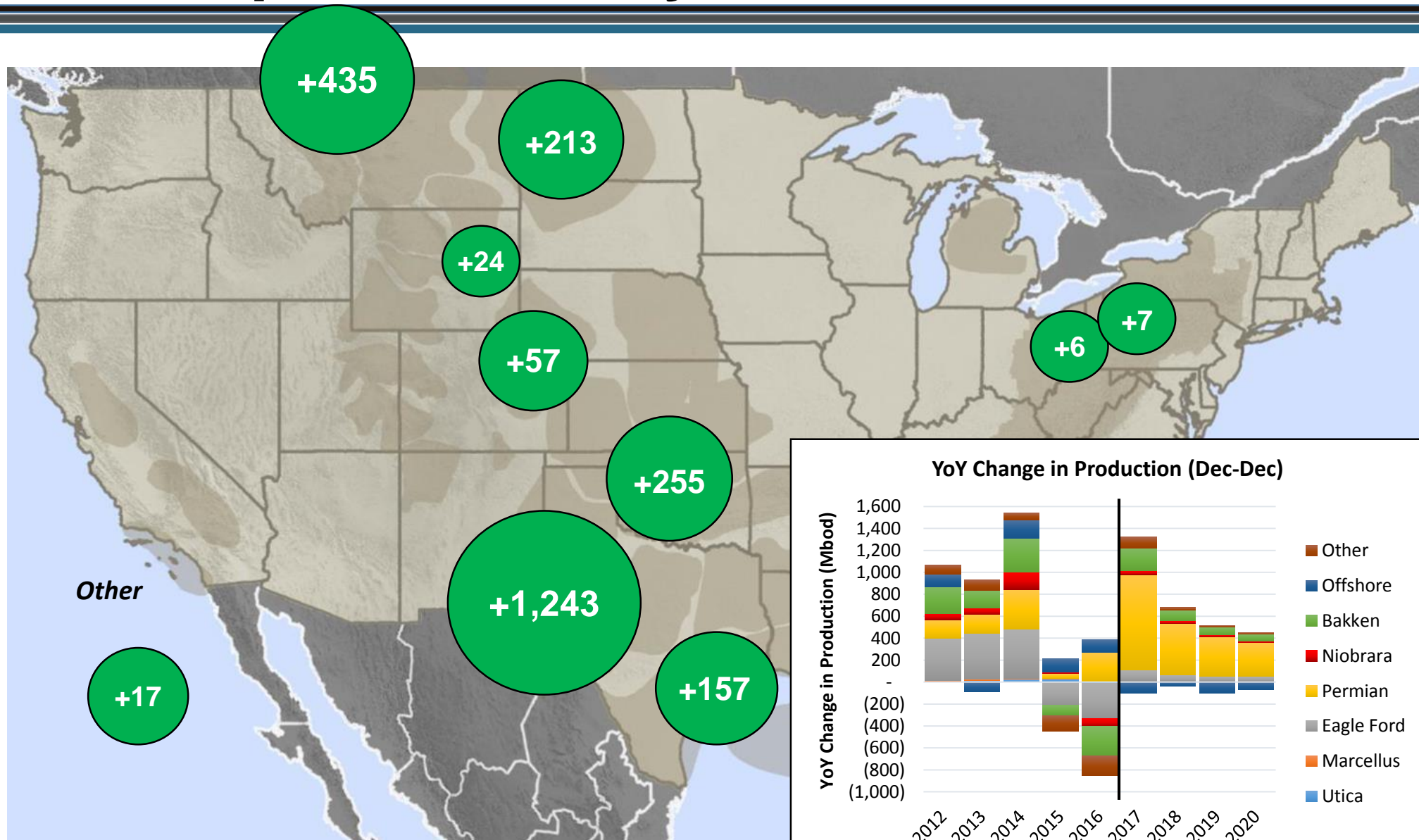
From May 2016 lows, U.S. shale basins continue to have rapid gains in rig count, with a record 22 consecutive weeks of increase

All Rig Count	Hz Rigs	Ver Rigs	Dir Rigs
927	780	81	66



Source: BakerHughes

North America will bring on +2MMbpd of incremental production by 2019

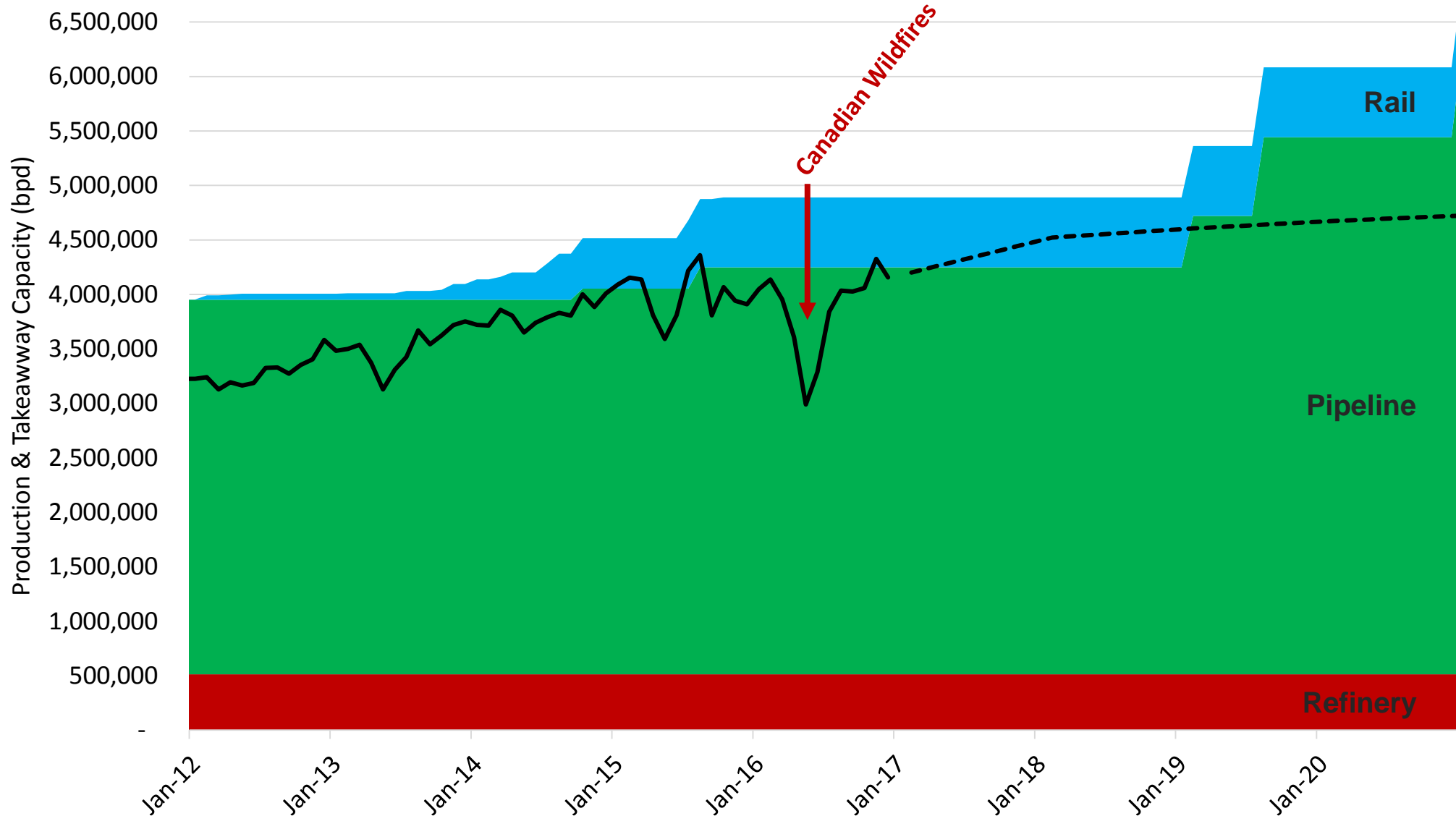


Source: ARB Analytics, CAPP, Drilling Info

Canada

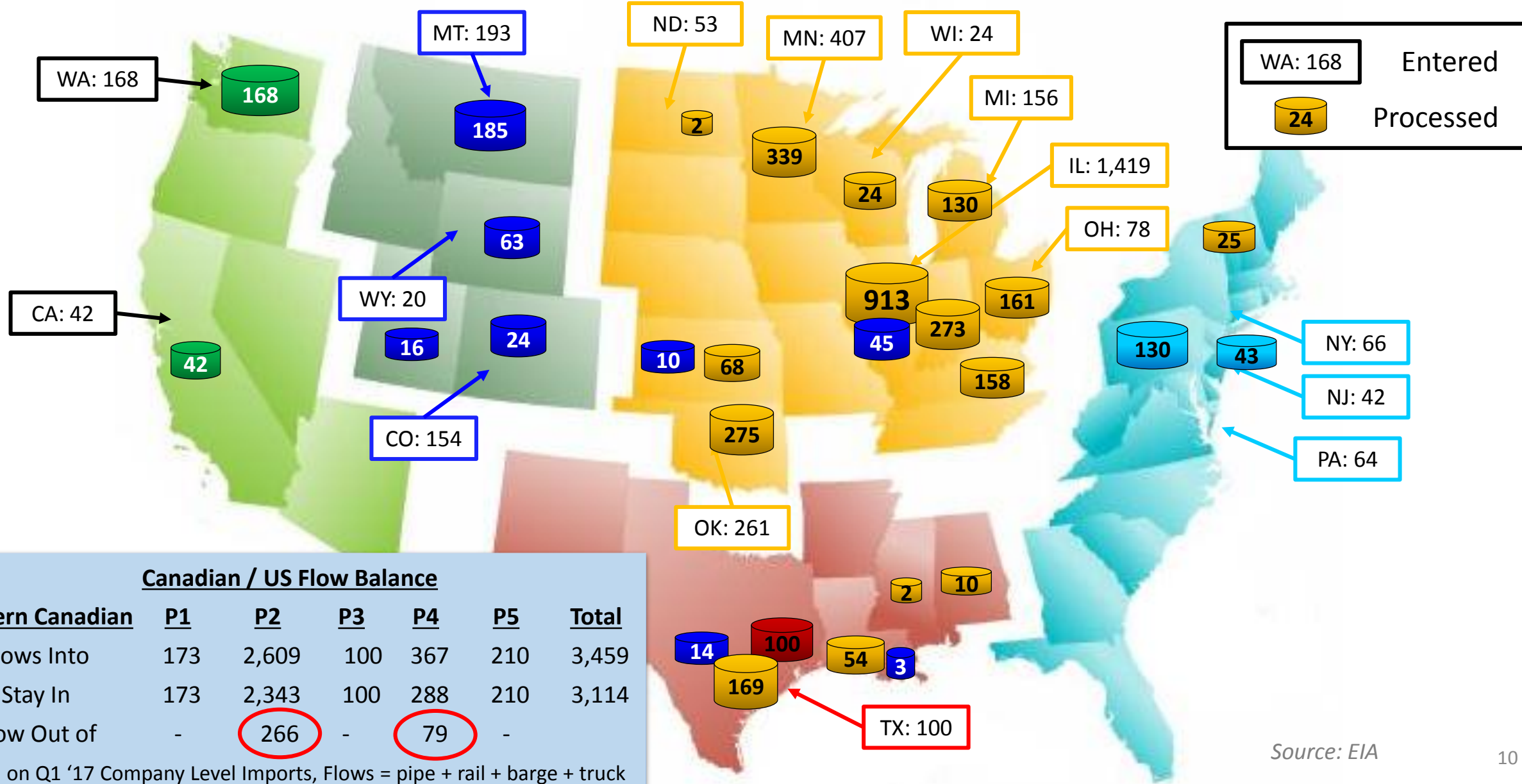


Pipelines out of Western Canada will be full, and rail will be required to clear the market over the next 24 months



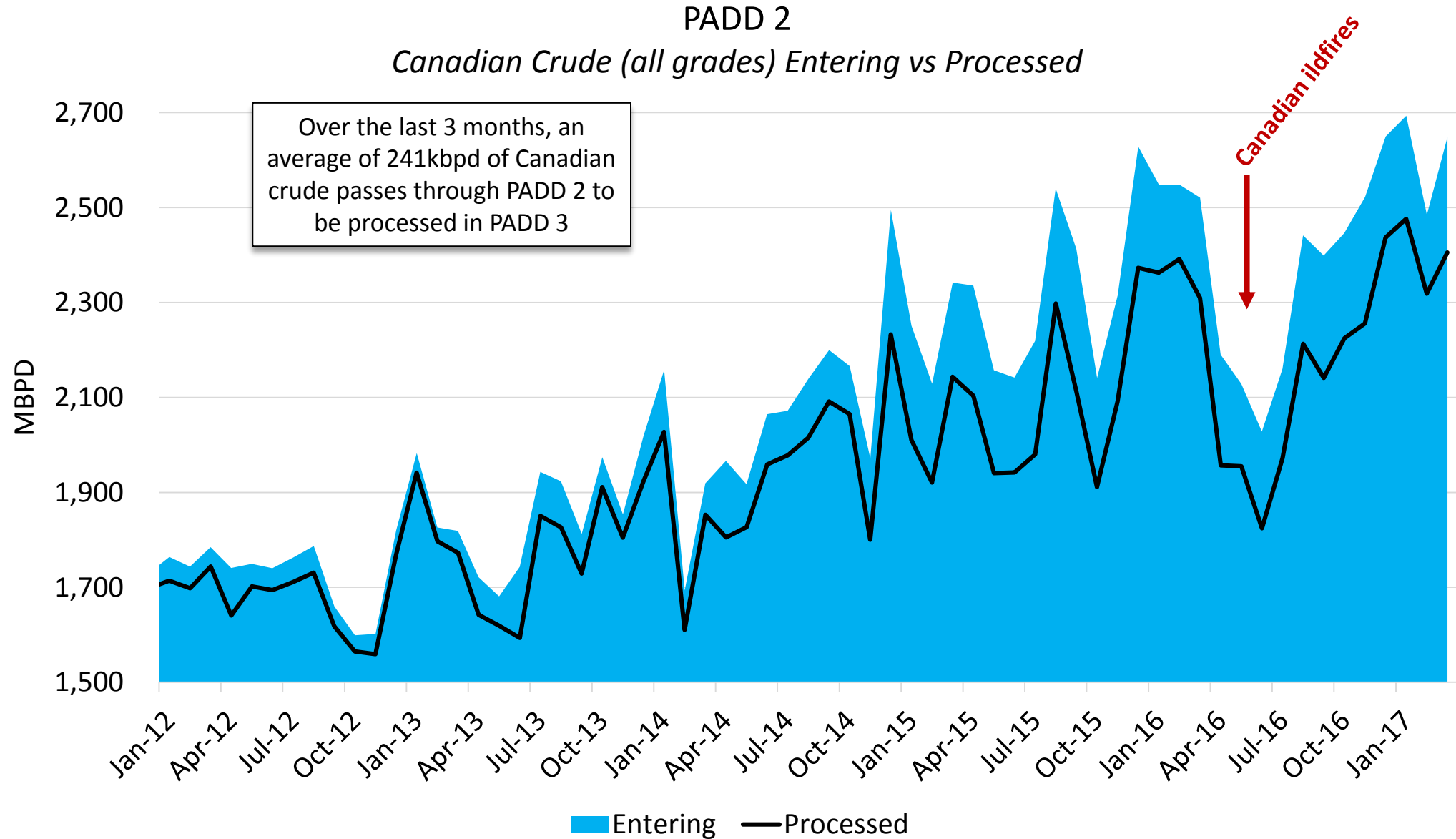
Source: EIA, CAPP, ARB Analytics

Only PADD 4 and PADD 2 flow Canadian crude to other PADDs, and flows through PADD 2 into PADD 3 will increase as Canadian supply grows

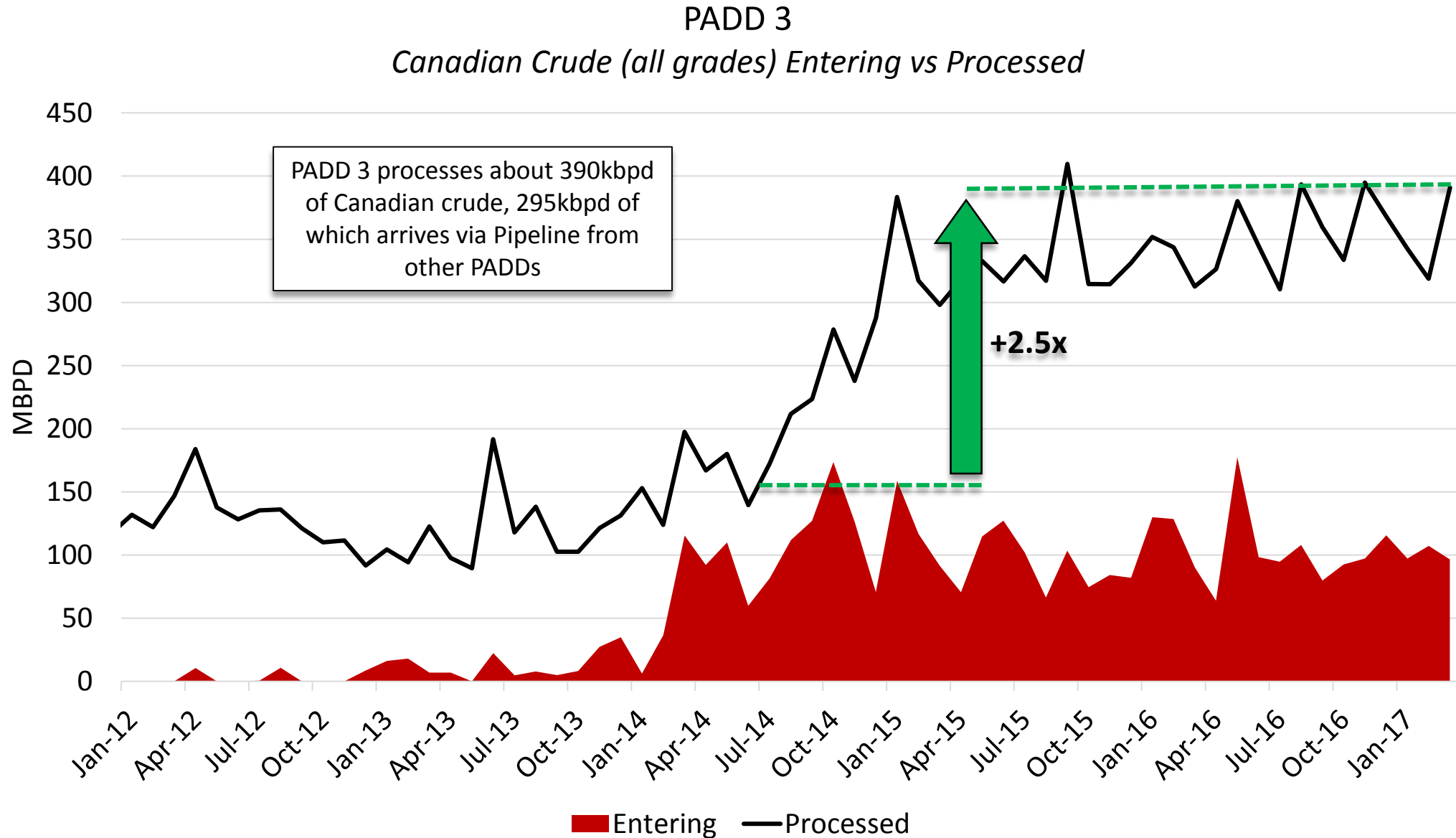


Source: EIA

More Canadian crude than ever is flowing through PADD 2 to GC Markets



PADD 3 has more than doubled Canadian crude consumption from 2014 to 2017



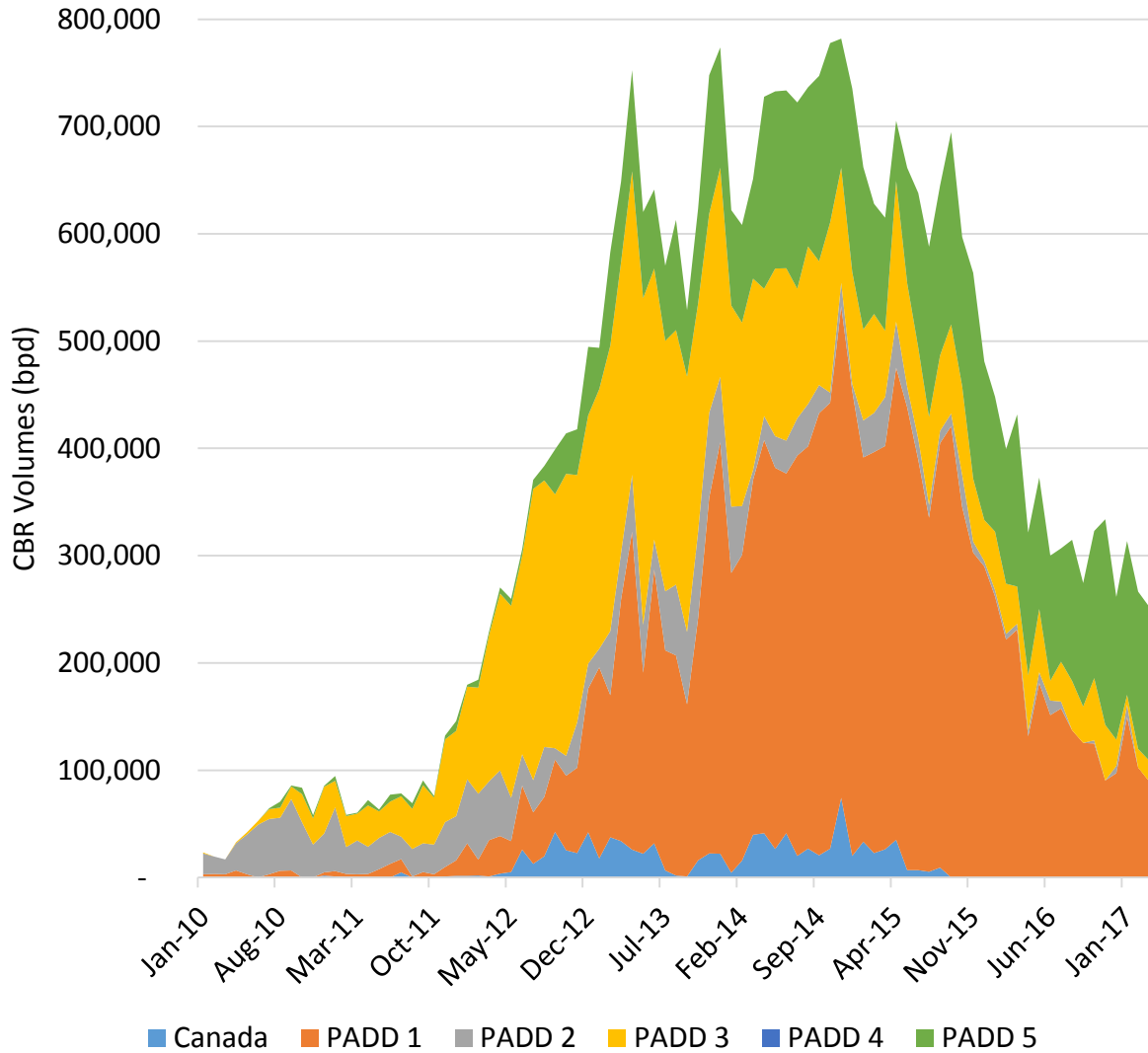
Rockies



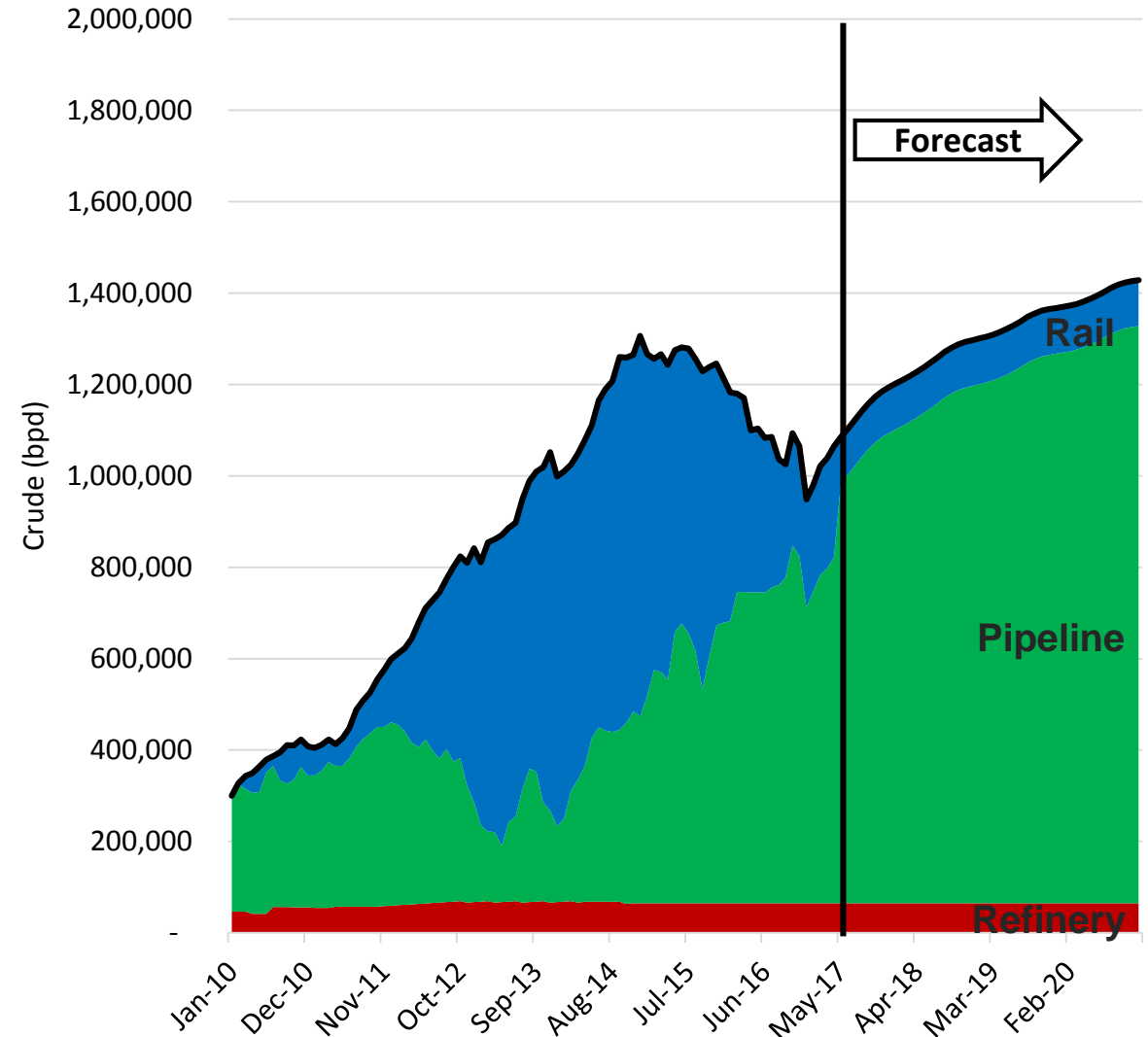
Once dominated by crude-by-rail movements, the opening of DAPL will change the crude flow landscape of the Bakken



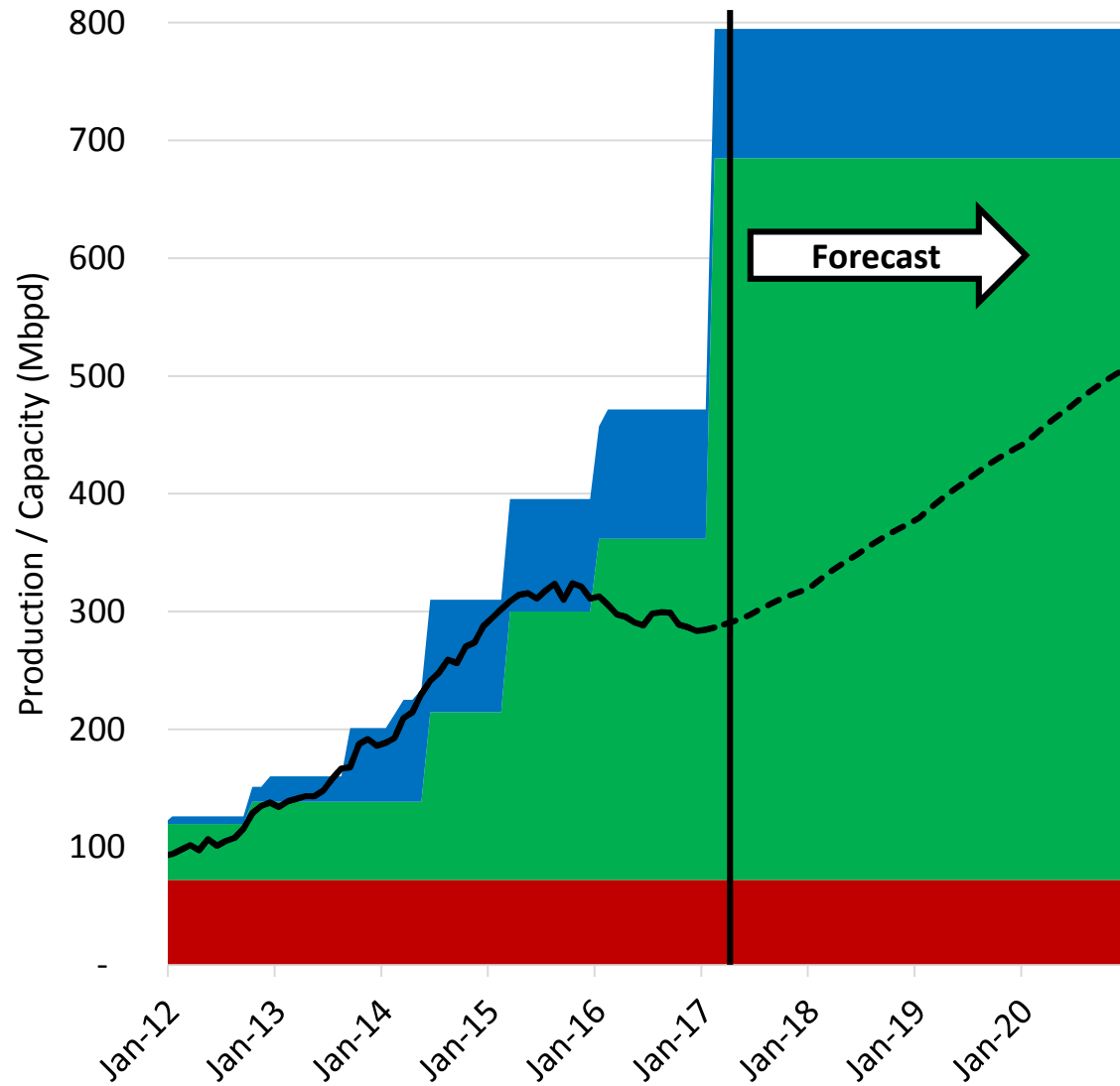
CBR out of PADD 2



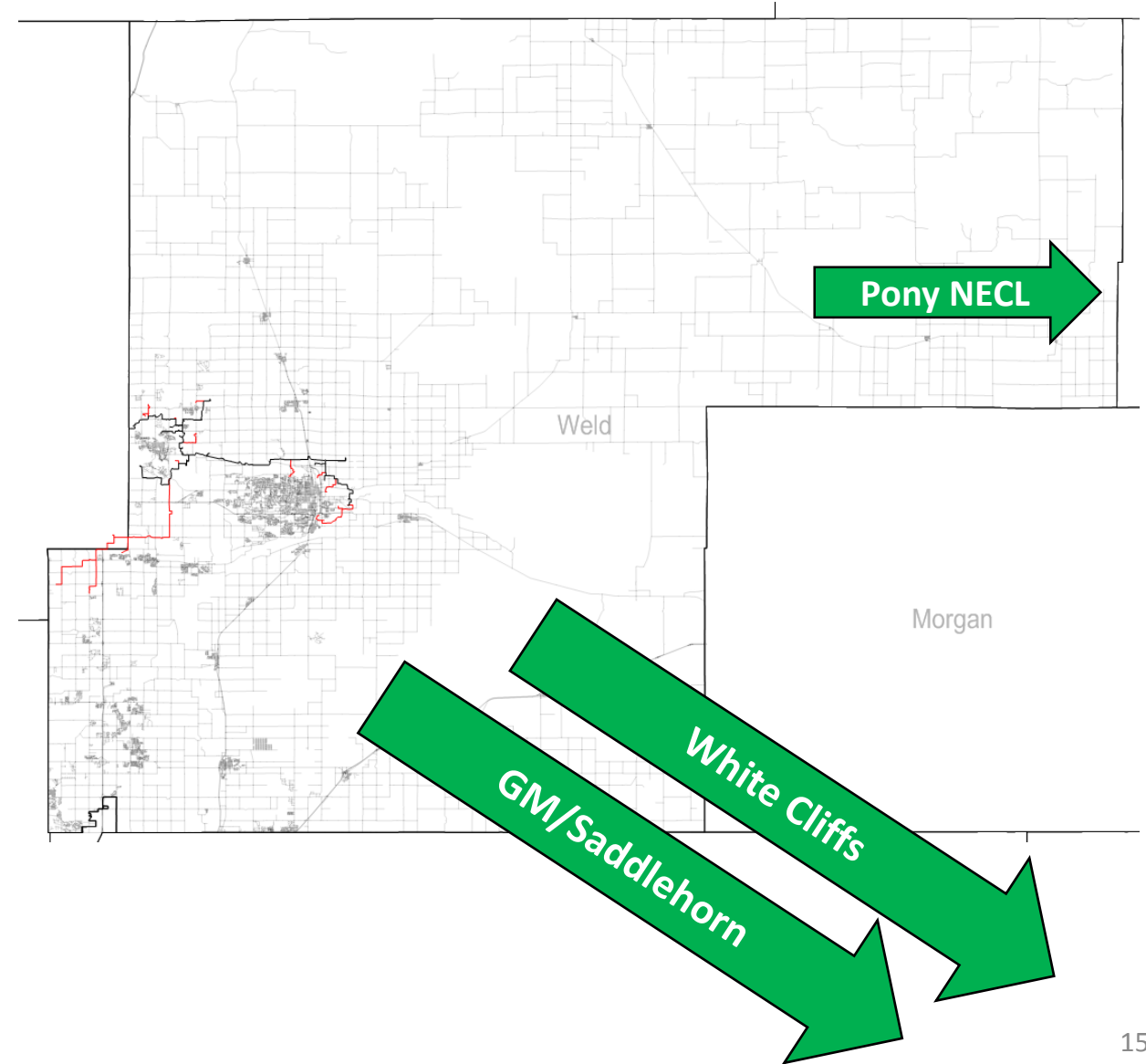
Bakken Crude Oil Movements and Takeaway Capacity by Type



DJ Basin production scenarios show production could grow an incremental 200kbpd by Dec 2020



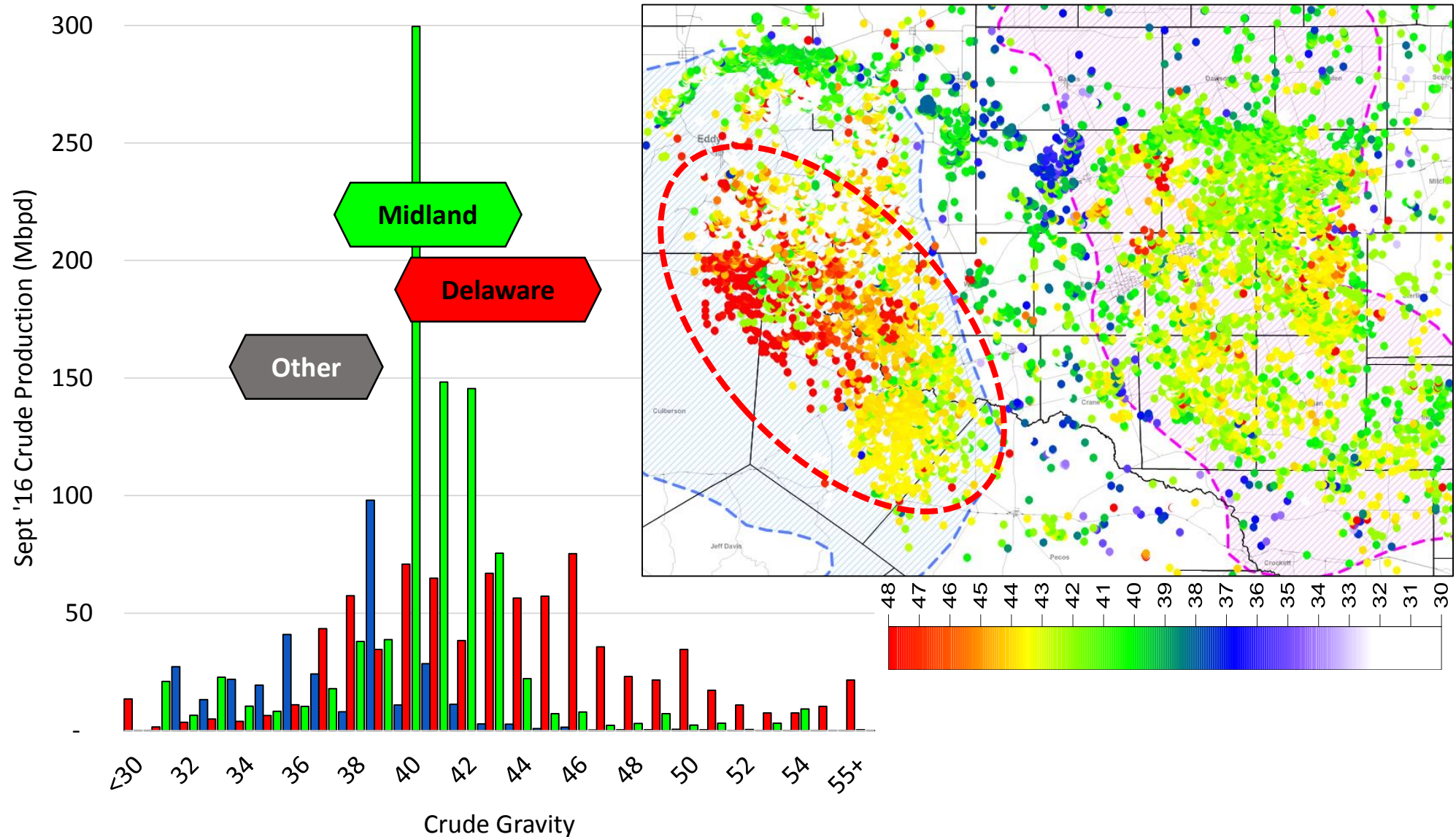
Source: ARB Analytics



Permian

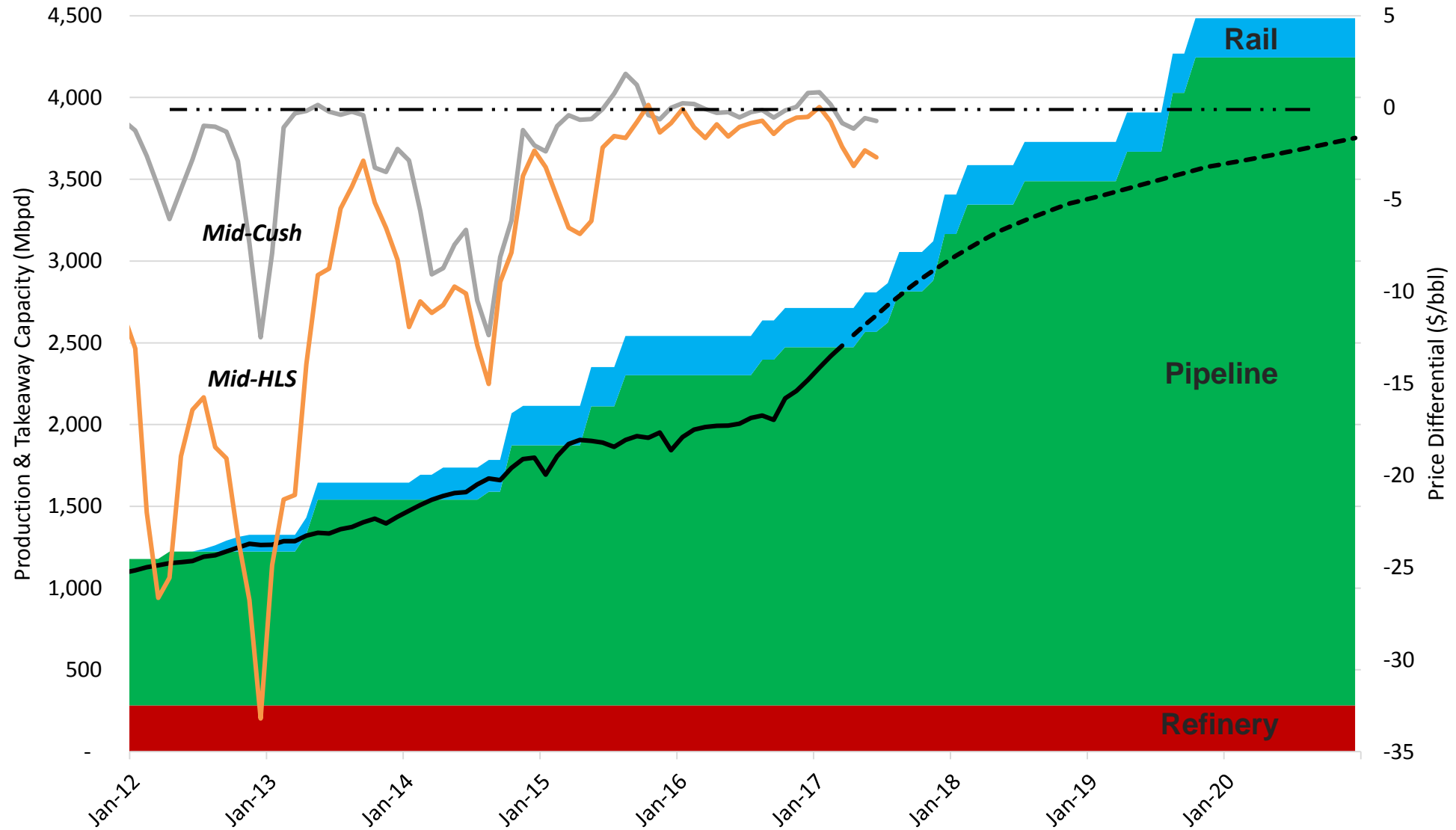


Crude quality varies across the Permian with the lightest bbls coming from the Delaware basin



Source: ARB Analytics, Drilling Info

With continued rapid growth forecasted, Permian basin will be short takeaway capacity through YE 2017

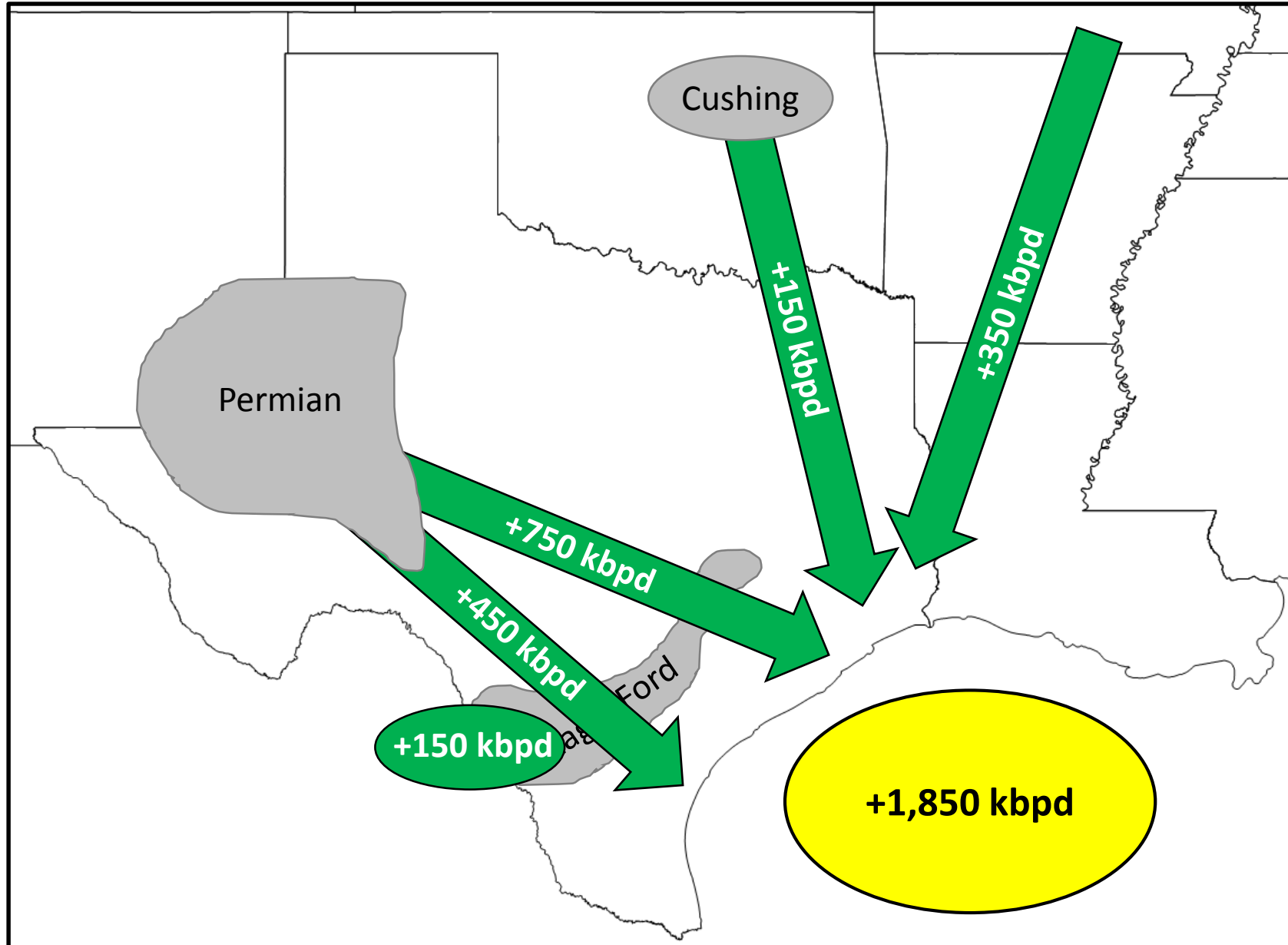


Source: ARB Analytics, Drilling Info, Market Research

Gulf Coast



By 2019, with increasing domestic production and midstream developments, the Gulf Coast will have 1.85MMbpd of new production headed its way



Conclusions

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