



NEWS RELEASE

# Crestwood and SWEPI Enter into Long-Term Gas Gathering Agreement in the Permian - Delaware Basin

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Shell dedicates approximately 100,000 acres in Loving, Reeves and Ward counties, Texas to Crestwood under a long-term gas gathering agreement

Joint venture with First Reserve to finance the gathering system and pursue other growth opportunities in the Delaware Basin

HOUSTON--(BUSINESS WIRE)-- Crestwood Equity Partners LP (NYSE: CEQP) ("Crestwood") announced today that it has entered into a long-term agreement with SWEPI LP ("SWEPI"), a subsidiary of Royal Dutch Shell plc, to construct, own and operate a natural gas gathering system in Shell's operated position in the Permian - Delaware Basin. The system will be owned through Crestwood's previously announced joint venture with First Reserve, Crestwood's indirect general partner and largest unitholder, which was formed to finance and own midstream infrastructure in the Delaware Basin. Crestwood estimates the full build-out of the gas gathering system will cost approximately \$180 million. Project development activities are underway with a targeted initial in-service date on or before July 1, 2017.

SWEPI will provide Crestwood with a dedication of approximately 100,000 acres and gathering rights for SWEPI gas production across a large acreage position in Loving, Reeves and Ward counties, Texas. The initial gathering system is designed for gas production of approximately 250 million cubic feet per day and will include 194 miles of low pressure gathering lines, 36 miles of high pressure trunklines, and centralized compression facilities which are expandable over time as production increases. Crestwood will provide gathering, dehydration, compression and

liquids handling services on a fixed fee basis. Additionally, Shell has the option to purchase up to a 50 percent equity interest in the system prior to September 1, 2017.

Robert G. Phillips, Chairman, President and Chief Executive Officer of Crestwood's general partner, stated, "We are pleased to enter into this important, long-term gathering agreement with SWEPI in the prolific Permian Basin where Shell has been developing its premier Delaware Basin acreage position since 2012. This agreement demonstrates Crestwood's strong operating track record in the Marcellus, Bakken, Barnett and Delaware basins and our leading commitment to customer service, safe and reliable operations and environmental stewardship."

Mr. Phillips continued, "Importantly, the Delaware Basin joint venture with First Reserve will provide Crestwood with additional financial flexibility to invest in this great long-term growth project while maintaining a disciplined balance sheet and strong distribution coverage. With the financial structure from our joint venture and the targeted in-service date for the new natural gas gathering system, we expect the investment will be accretive to Crestwood as early as late 2017 and, in any event, fully accretive to Crestwood in 2018. Additionally, with First Reserve's support and incremental capital commitment to the joint venture, Crestwood is very well positioned financially to execute on the SWEPI opportunity and other midstream opportunities in the Delaware Basin, including the previously announced 3-stream gathering system in Reeves, Loving, & Culberson counties, Texas which remains under exclusivity with an anchor shipper."

## First Reserve Joint Venture

First Reserve, a leading global private equity and infrastructure investment firm exclusively focused on energy, and Crestwood have previously announced the formation of a joint venture to finance and own midstream projects in the Delaware Basin. Under the terms of the joint venture, which will be owned 50% by Crestwood and 50% by First Reserve, First Reserve will fund 100% of the initial capital requirements during the early-stage build-out of the gathering system, after which Crestwood will fund 100% of capital requirements until such time as both parties have funded an equal amount of capital. Additionally, Crestwood and First Reserve will make an initial pledge up to a combined \$500 million for the joint venture to pursue incremental midstream infrastructure growth opportunities in the Delaware Basin, including the previously announced 3-stream gathering system currently under exclusivity with an anchor shipper. Crestwood will fund its portion of capital with internally generated cash flow and borrowings under its revolving credit facility.

Gary Reaves, Managing Director of First Reserve, stated, "First Reserve is pleased to partner with Crestwood to develop a premier gas gathering system in the core of the Delaware Basin. The joint venture with Crestwood serves as a strong platform for Crestwood and First Reserve to pursue incremental opportunities in the Delaware Basin which, in our view, is currently the most attractive onshore resource play in the United States. As general partner of Crestwood, we remain highly committed to the success of Crestwood and view the opportunity as recognition of

Crestwood's ability to capture greenfield projects and operate as an industry leading midstream provider of gathering services."

## Forward-Looking Statements

This news release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities and Exchange Act of 1934. The words "expects," "believes," "anticipates," "plans," "will," "shall," "estimates," and similar expressions identify forward-looking statements, which are generally not historical in nature. Forward-looking statements are subject to risks and uncertainties and are based on the beliefs and assumptions of management, based on information currently available to them. Although Crestwood believes that these forward-looking statements are based on reasonable assumptions, it can give no assurance that any such forward-looking statements will materialize. Important factors that could cause actual results to differ materially from those expressed in or implied from these forward-looking statements include the risks and uncertainties described in Crestwood's reports filed with the Securities and Exchange Commission, including its Annual Report on Form 10-K and its subsequent reports, which are available through the SEC's EDGAR system at [www.sec.gov](http://www.sec.gov) and on our website. Readers are cautioned not to place undue reliance on forward-looking statements, which reflect management's view only as of the date made, and Crestwood assumes no obligation to update these forward-looking statements.

## About Crestwood Equity Partners LP

Houston, Texas, based Crestwood Equity Partners LP (NYSE: CEQP) is a master limited partnership that owns and operates midstream businesses in multiple unconventional shale resource plays across the United States. Crestwood Equity is engaged in the gathering, processing, treating, compression, storage and transportation of natural gas; storage, transportation, terminalling, and marketing of NGLs; and gathering, storage, terminalling and marketing of crude oil.

## About First Reserve

First Reserve is a leading global private equity and infrastructure investment firm exclusively focused on energy. With over 30 years of industry insight, investment expertise and operational excellence, the Firm has cultivated an enduring network of global relationships and raised approximately USD \$31 billion of aggregate capital since inception. Putting these to work, First Reserve has completed more than 575 transactions (including platform investments and add-on acquisitions) on six continents. Its portfolio companies span the energy spectrum from upstream oil and gas to midstream and downstream, including resources, equipment and services and infrastructure. Visit us at [www.firstreserve.com](http://www.firstreserve.com) for more information.

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