



ENERGY DATA STUDIO

SCALE YOUR INTELLECTUAL CAPACITY

East Daley PSX Acquisition of EPIC – What's Next January 2025

Request our 2025 Dirty Little Secrets Report

Coming end of January - we will go beyond the webinar discussions, providing a deeper analysis of the topics covered, including:

- **How commodities are intertwined**
- **Identifying opportunities**
- **Market dislocations**
- **Exclusive strategies**



We're coming to Houston January 27th – 29th!

Our team would love to meet with you and your team. If interested, please reach out to Zac Alwais – zalwais@eastdaley.com

Key Takeaways



- 1. A Bigger Game Being Played: The Bet on NGLs, petrochemical growth, light plastics**
- 2. The Deal: Why PSX**
- 3. PSX: Long NGL Pipeline Capacity / Short NGLs**
- 4. East Daley Ranks Likely PSX Targets in '25**
- 5. A Tour of the Salt Creek Property**

What's the Hub bub About NGLs

Global Demand by Product

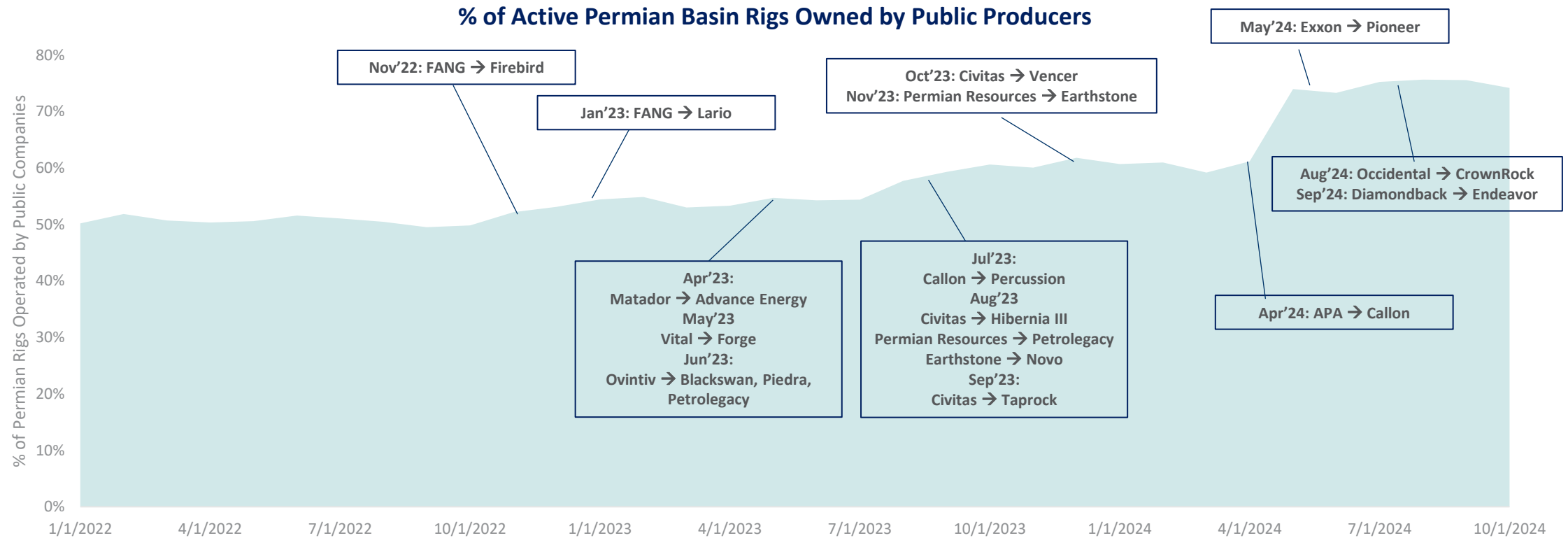
(thousand barrels per day)

	Demand				Annual Chg (kb/d)		Annual Chg (%)	
	2019	2023	2024	2025	2024	2025	2024	2025
LPG & Ethane							3.0	2.6
Naphtha	6 690	7 212	7 430	7 665	218	235	3.0	3.2
Motor Gasoline	26 858	26 863	27 264	27 306	401	42	1.5	0.2
Jet Fuel & Kerosene	7 914	7 145	7 469	7 653	324	184	4.5	2.5
Gas/Diesel Oil	28 344	28 426	28 168	28 344	- 258	176	-0.9	0.6
Residual Fuel Oil	6 207	6 509	6 554	6 566	44	13	0.7	0.2
Other Products	11 498	11 232	10 931	10 894	- 301	- 37	-2.7	-0.3
Total Products	100 651	101 978	102 840	103 838	862	998	0.8	1.0

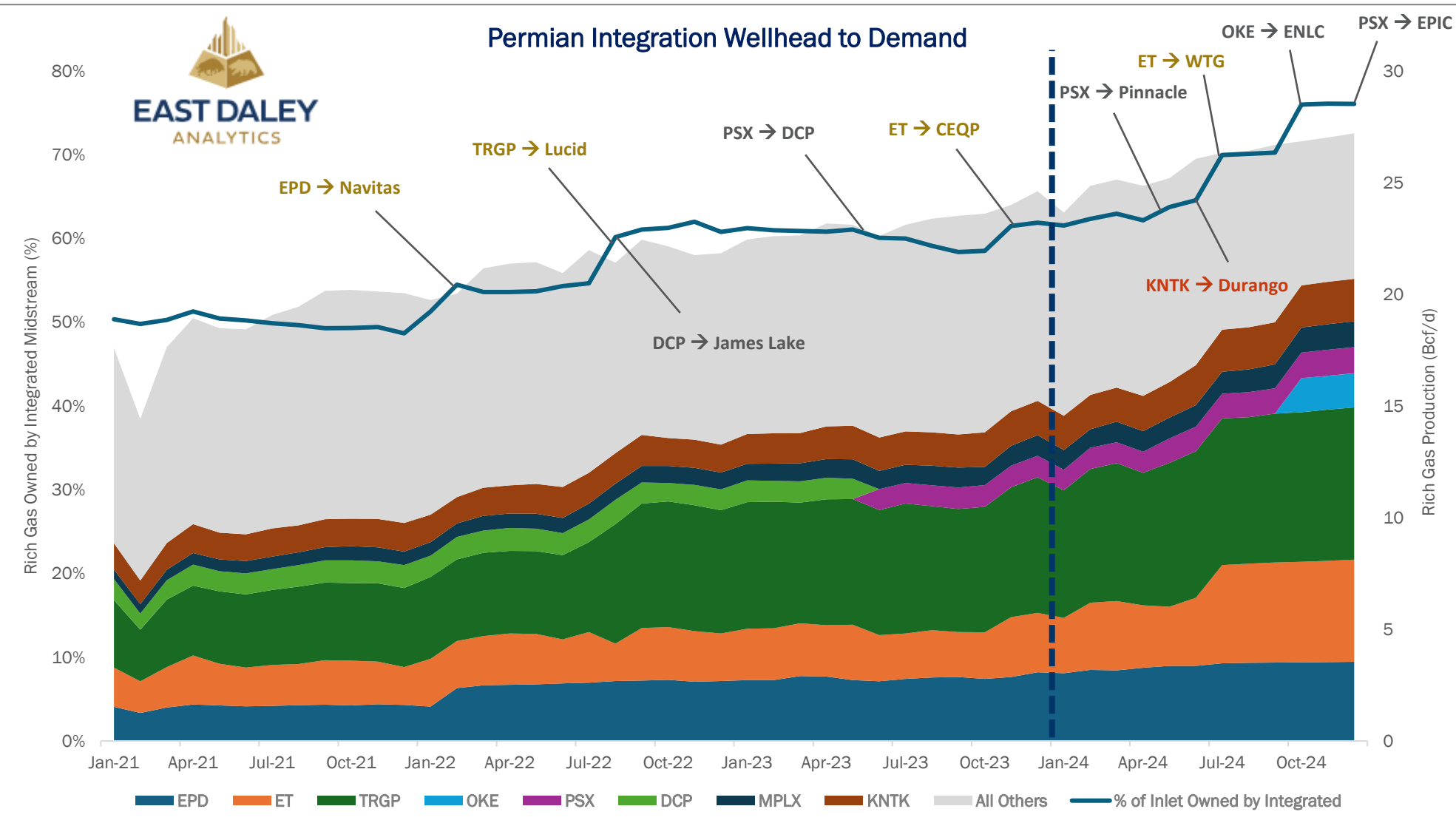
Source: IEA

“In keeping with recent years, LPG and ethane are the region’s mainstay growth products, increasing by 110 kb/d in 2024 and 80 kb/d in 2025, compensating for stagnation or declines in other products.” – IEA regarding OECD Product Demand

Permian Production: A Public Good



NGL Supply Gobbled Up by Integrated



- 1) PSX acquired Pinnacle for 25 Mb/d of NGL production + to fill Sand Hills, Sweeny frac & storage, and Freeport LPG export
- 2) ET acquired WTG for 185 Mb/d of NGL production + growth for its frac, storage, export in Nederland and Mt. Bel
- 3) OKE acquired ENLC for 200 Mb/d of NGL production + growth for its frac, storage, and potential export project

So what then did PSX acquire EPIC for?

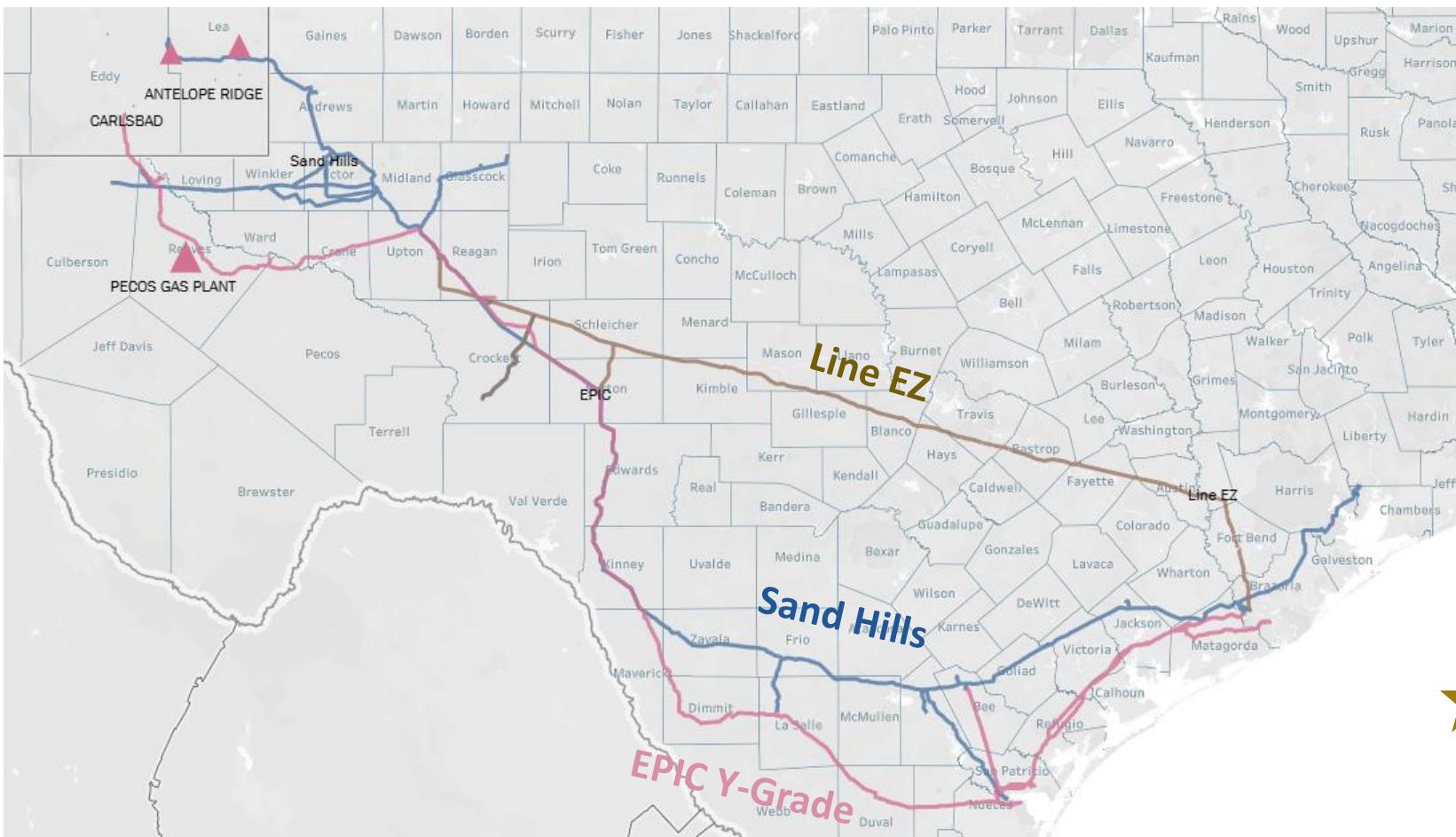
- Sand Hills is nearly full already...why?

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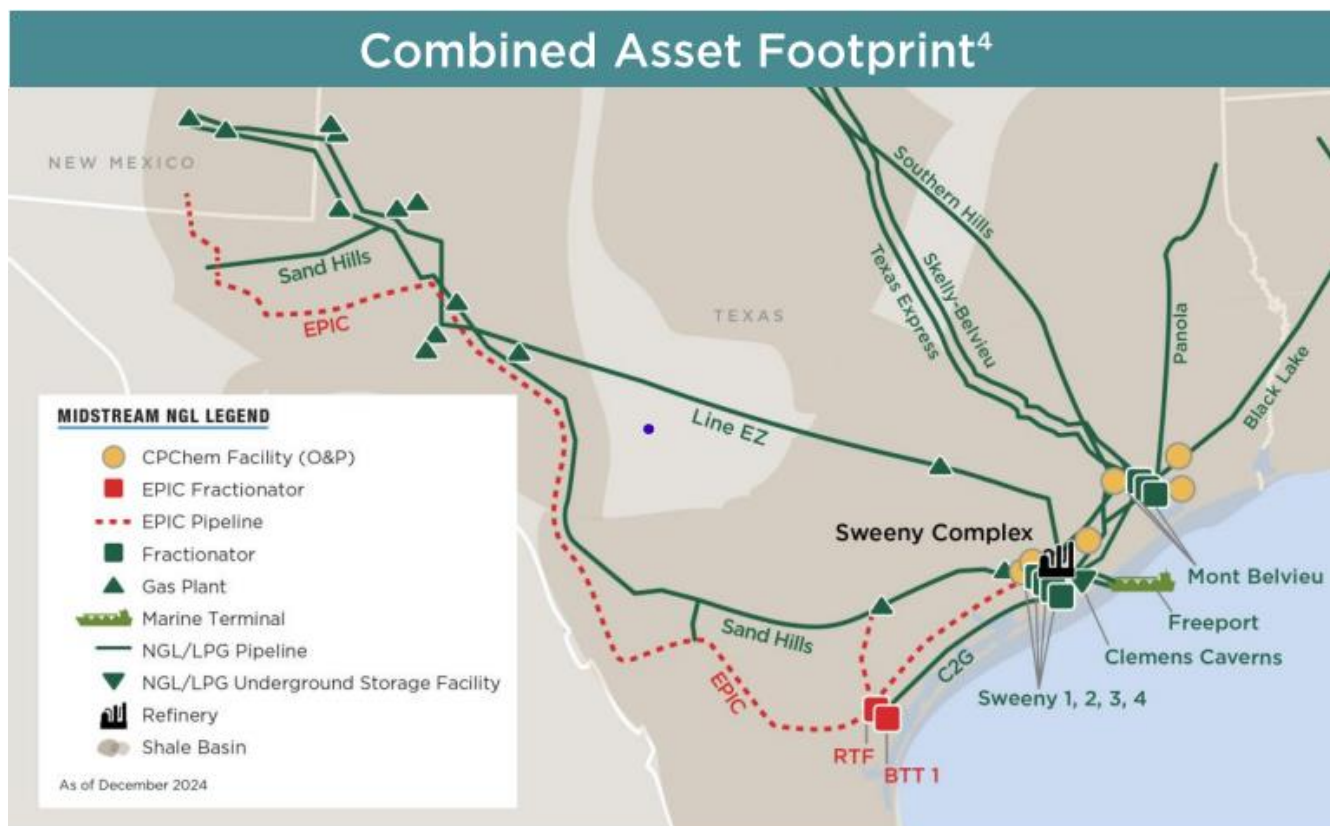
The EPIC / PSX Deal



What: \$2.2B acquisition that elevates the company's status as one of a few major integrated NGL players:

1. The NGL pipeline has a capacity of 175 Mb/d and will be expanded to 350 Mb/d
2. Two fractionation units near Corpus Christi with 170 Mb/d of capacity, expandable to 280 Mb/d.
- ★ 3. A purity product distribution system that can move purity NGL products bi-directionally between Corpus Christi, Sweeny and Mont Belvieu. The asset system has a capacity of 450 Mb/d

Why PSX



Feature	PSX Advantage
Downstream Infrastructure	Access to the Sweeny Complex, Freeport export facility, and Mont Belvieu
Growth Opportunities	Supports pipeline expansion (175 Mb/d → 350 Mb/d) and additional fractionation capacity (170 Mb/d → 350 Mb/d)
Market Connectivity	Bi-directional optimization between Corpus Christi, Sweeny, and Mont Belvieu
Integration Synergies	Aligns with PSX's wellhead-to-market strategy (via DCP Midstream)

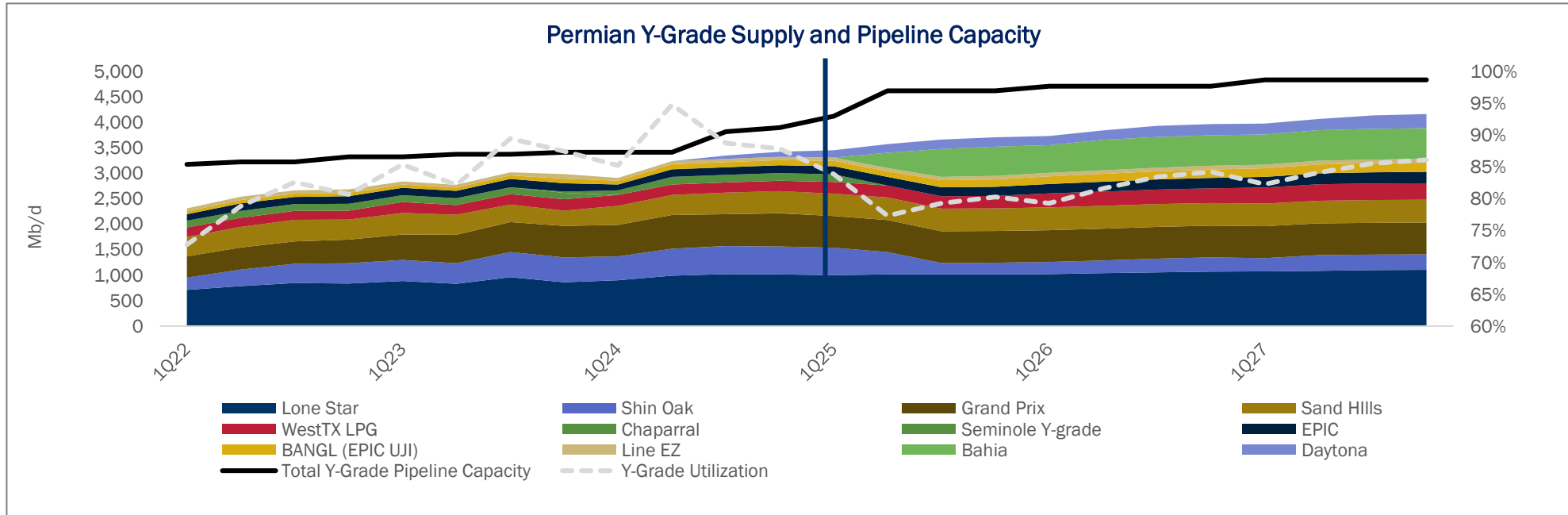
- “EPIC fits us like a glove.” – Mark Lashier, PSX CEO
- EDA believes this transaction makes EPIC the pipeline with the most optionality rather than one tied to a second-tier hub.

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Long Pipe / Short NGL Barrels



- **Potential Problem:** There is more pipeline capacity than NGL production
- Specifically, for PSX, the 22% NGL production to pipeline capacity ratio is the lowest for the large integrated players
- **Solution:** NGL-rich targets exist that PSX could acquire to quickly shore up owned NGL barrels.

Ticker	Est. 4Q24 NGL Production ¹	Permian Egress Capacity	Permian Expansion Project	Timing	Expansion Capacity	Total Capacity Including Expansions	NGL Production / Pipe Capacity (%) ²
ET	804	1,015	Lone Star	1Q26	90	1,105	73%
EPD	666	700	Bahia	2Q25	600	1,150	58%
TRGP	926	625	Daytona	3Q24	400	1,025	90%
OKE	200	230	WestTX NGL	1Q25	230	460	43%
PSX / EPIC Combined	193	721	EPIC NGL	2Q25 / EOY26	175	896	22%
MPLX	136	125	BANGL	1Q25	75	200	99%
Total	2,924	3,416			1,570	4,836	

- (1) Includes estimated Permian & Eagle Ford NGL production
 (2) Utilization rate includes expansion capacity

All Others 1,232

Total 4,156

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Potential Targets

Criteria	Salt Creek	MTDR San Mateo	Vaquero	Howard / DVN	Brazos	Canes
NGL Outlets	EPIC, Shin Oak	EPIC, Lone Star	EPIC, Grand Prix, Chaparral, Lone Star	EPIC, WestTX NGL	EPIC, BANGL, Lone Star, WTX NGL	EPIC, PSX
LTM NGL Production	40 Mb/d	42 Mb/d	35 Mb/d	60 Mb/d	45 Mb/d	30 Mb/d
Supply Growth Outlook	Flat/Moderate	Flat/ Moderate	Growth	Growth	Growth	Flat/Declining
Primary Producer Customers	Petro-Hunt, CIVI, EOG	MTDR, OXY, Mewbourne	FANG, OXY, APA	DVN	FANG, PR, COP	PR, Triple Crown, Discovery

Few Observations:

- All G&P asset systems listed above are in the Delaware except for Brazos (Delaware & Midland) and Canes
- There remain a couple of publicly traded midstream companies like Western Midstream (WES) and Kinetik (KNTK) that could also be targets similar to the OKE/ENLC deal
- The appeal in any of these asset systems is the ability to either (1) defensively lock up NGL supply already accessed by Sand Hills or EPIC (e.g. Canes) or (2) be proactive in securing NGLs from systems that direct them to competing pipelines when those contracts roll off.

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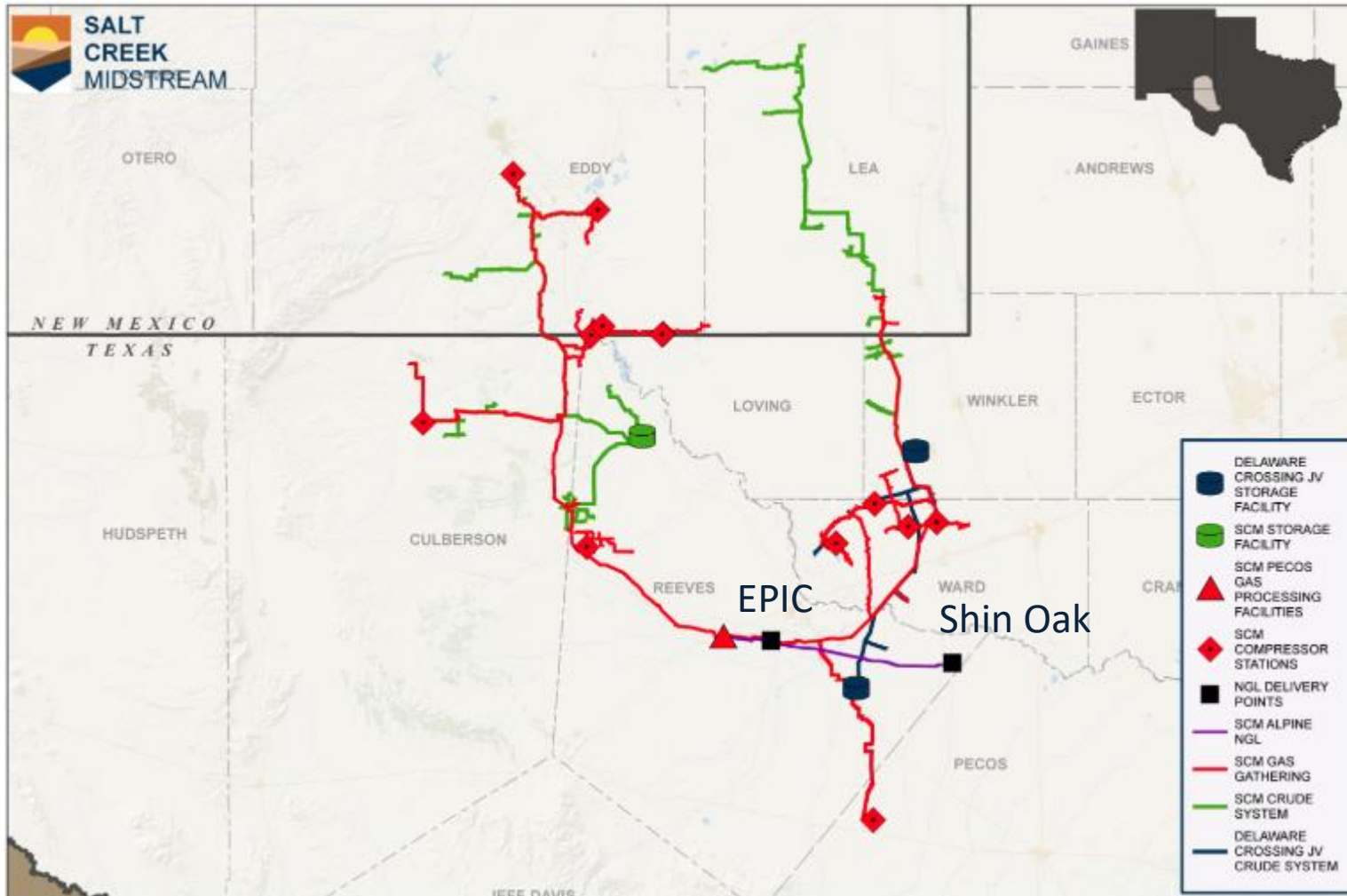


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Salt Creek Midstream

Salt Creek Midstream



Background:

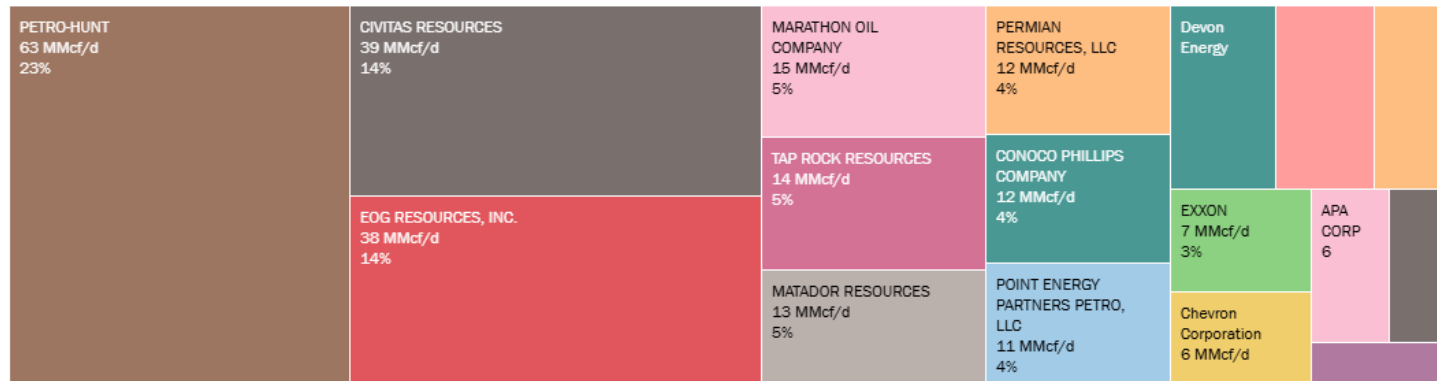
- Salt Creek Midstream was established in 2017 as a joint venture between ARM Energy Holdings LLC and funds managed by Ares Management.
- Pecos I (200/d) became operational in Apr'18 and Pecos II (200/d) became operational in mid'19. ***T&F contracts are generally structured under 10- or 15-year tenors which implies NGL contract rolls-offs between the 2028–2033-time frame.***

Current Asset Integration

- **Downstream NGL Connectivity:** EPIC, EPD's Shin Oak
- **Downstream Residue Connectivity:** KMI El Paso, OKE Roadrunner
- **Energy Data Studio Tools Referenced:** G&P System Analysis; Processing Capacity Analysis; Processing Plant Data; G&P Comparison Tool

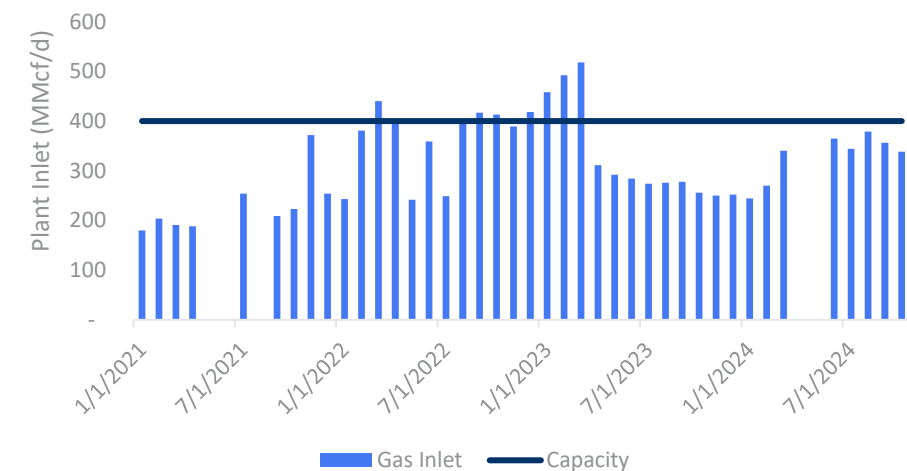
Salt Creek Midstream

Top Producers by Volume

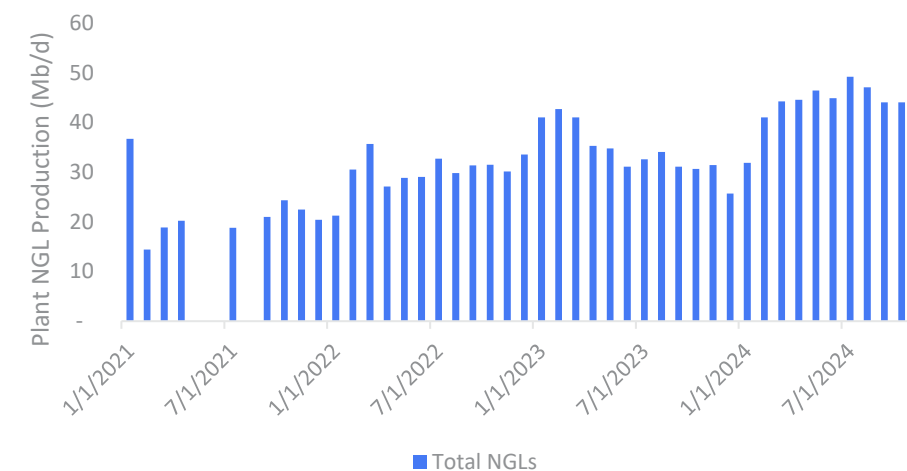


- **Petro-Hunt:**
 - Areas of focus in the Delaware include Loving, Culberson, Pecos and their drilling in Loving and Culberson overlaps with the Salt Creek G&P system.
 - Running a 3-rig program
 - However, current rigs are likely on Brazos, CEQP, and Vaquero/WES
- **Civitas**
 - Running a 3-rig program and talked about keeping production flat – all 3 rigs are running in Glasscock (2) and Martin (1) Counties
- **Risk:** Limited current drilling activity on the system – growth outlook limited – if drilling activity remains subdued it could offer about latent capacity to a PSX Delaware system at capacity
- **Upsides:**
 - Already hooked into EPIC, with the ability to divert more NGLs to EPIC or Sand Hills post-acquisition after contracts roll off Shin Oak
 - High pressure gas header systems that could easily connect the DCP Delaware system to their plants at Waha

Salt Creek Plant Inlet & Capacity



Salt Creek Plant NGL Production



Key Takeaways



- 1. EDA's view on PSX's acquisition of the EPIC NGL assets is favorable as it cements the company's position as a large integrated NGL player linking growing supply to demand markets (including exports)**
- 2. The transaction does leave PSX long pipe / short NGL plant production which is why...**
- 3. EDA believes PSX will be an active buyer of Permian Basin G&P asset systems to secure more NGL production to feed its downstream asset footprint**

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[Pipes, Plant Expansions Support Next Permian Growth Phase](#)
[Pinnacle Deal Lowers Volume Risk for PSX, Sand Hills Pipeline](#)
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