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PERMIAN HIGHWAY PIPELINE

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Project Highlight: Permian Highway Pipeline (PHP)



PHP provides broad U.S. Gulf Coast market optionality for Permian production

Project Scope

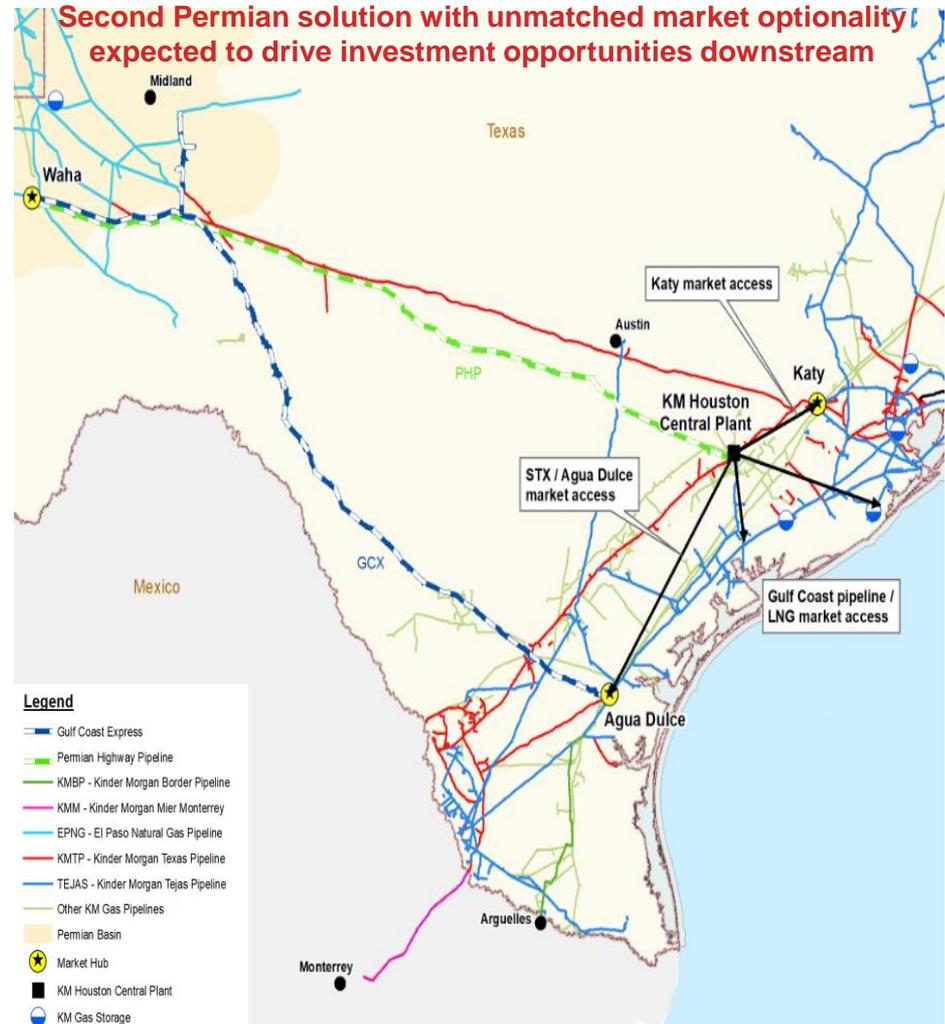
- Mainline: ~430 miles of 42" pipeline from the Waha to Katy, Texas areas with connections to the U.S. Gulf Coast and Mexico markets
- 300,320 HP of installed compression, increased 42,870 HP from original scope at FID due to expansion
- KM Texas Pipeline (KMTP) operator and constructor
- KM 40%, EagleClaw Midstream Ventures 40%, anchor shipper affiliate 20% ownership interest^(a)

Project Statistics

- Initial Capacity: 2.0 Bcfd
- Expansion Capacity: 0.1 Bcfd
- Capital (100%): ~\$2.1 billion
- In-Service: October 2020
- Minimum contract term: 10 years

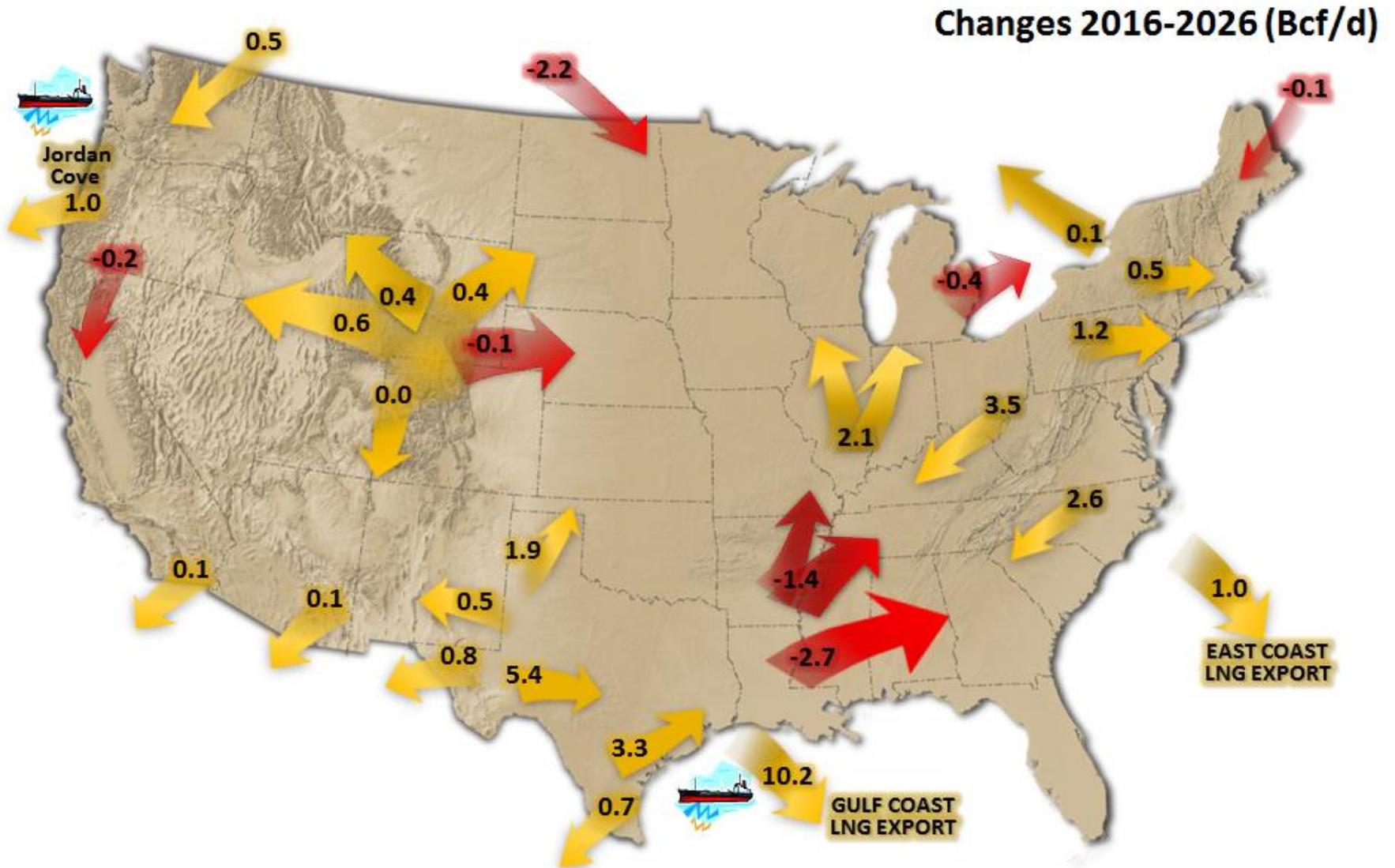
Current Status

- Final investment decision to proceed made September 2018
- Initial capacity fully-subscribed and under long-term, binding agreements
- Pipeline and compression procured
- Awarded pipeline construction contracts on all spreads
- In commercial discussions with shippers for expansion capacity



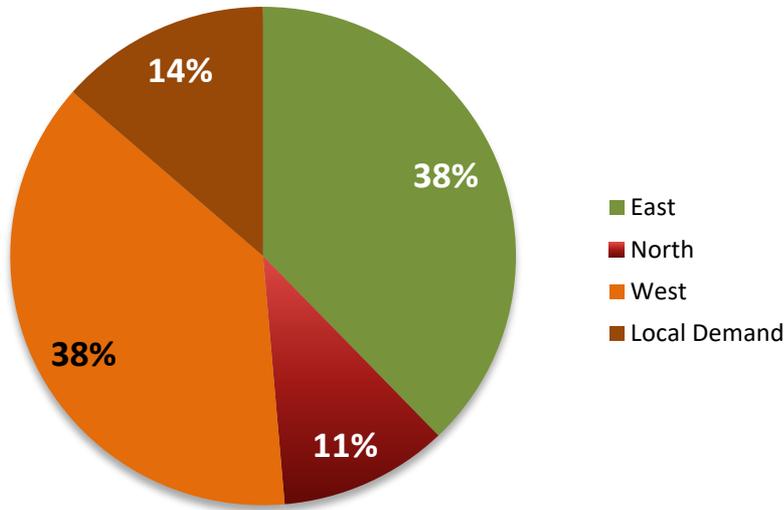
a) KM and EagleClaw's ultimate ownership interest may vary between ~27% and 40%, depending on outcome of equity ownership options held by an additional anchor shipper affiliate.

Flow Changes

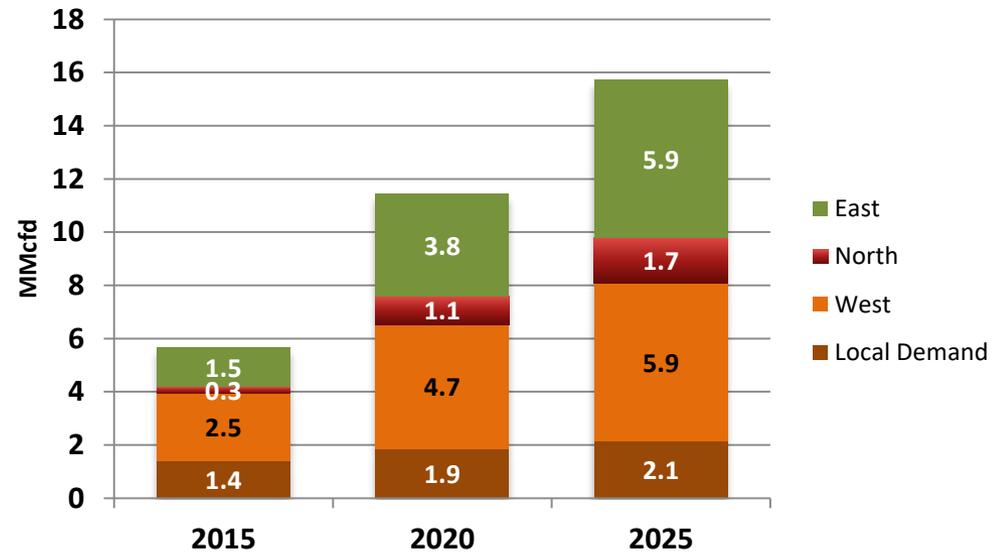


Permian Gas Supply Destinations

2025 Permian Destination Mix



Permian Destination by Volume



Western markets and Mexico are the high value markets for Permian gas, but they are demand limited

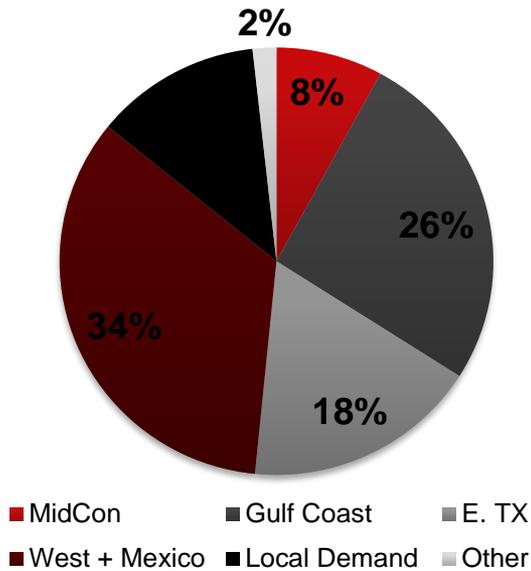
Local demand growth is driven by power generation and processing

LNG and Mexico exports (South TX) are key drivers for Gulf-directed Permian gas

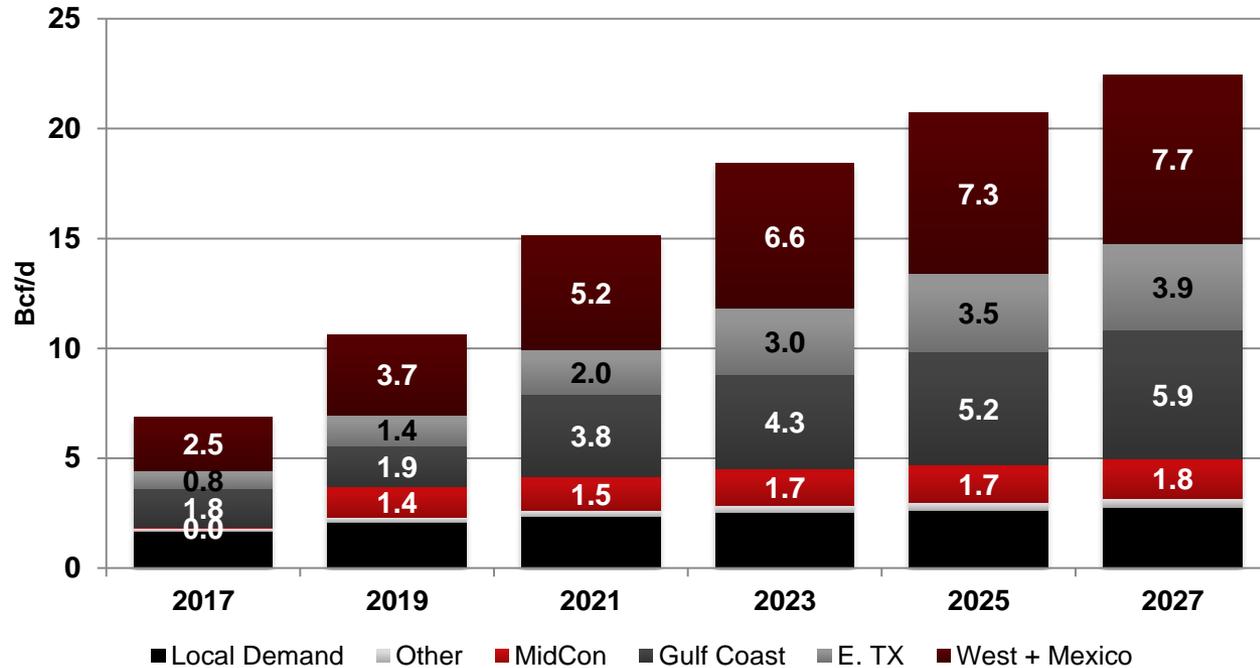
Midwest & North Central TX markets are "overflow" for Permian gas as pipe capacity is filled

Permian Gas Supply Destination

Permian Destination Mix (2027)



Permian Destination by Volume



E. TX and Gulf Coast are the key growth destinations for Permian gas

West + Mexico are the highest value destinations for Permian supplies

Midcontinent is the least favorable destination requiring Permian prices to be low enough to compete with Rockies, MidCon, Canada, and Marcellus

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