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Williams paying Hartree $1.95B in largest storage deal in years

Williams Cos. agreed to acquire 115 Bcf of storage and related assets from Hartree Natural Gas Storage, an affiliate of New York-based private equity firm Hartree Partners LP, for $1.95 billion. The deal, which will increase Williams' gas storage capacity by roughly a third, is the largest storage-focused acquisition in the U.S. in at least a decade. The Dec. 27 announcement also is the second consecutive time that Williams capped its year by announcing a $1 billion-plus acquisition.

The latest transaction includes six underground gas storage facilities in Louisiana and Mississippi as well as 230 miles of gas transmission pipeline and 30 pipeline interconnects to attractive markets, including LNG, along with connections to Williams' Transco, the nation's largest gas transmission pipeline. Williams entered 2023 with 290 Bcf of storage capacity.

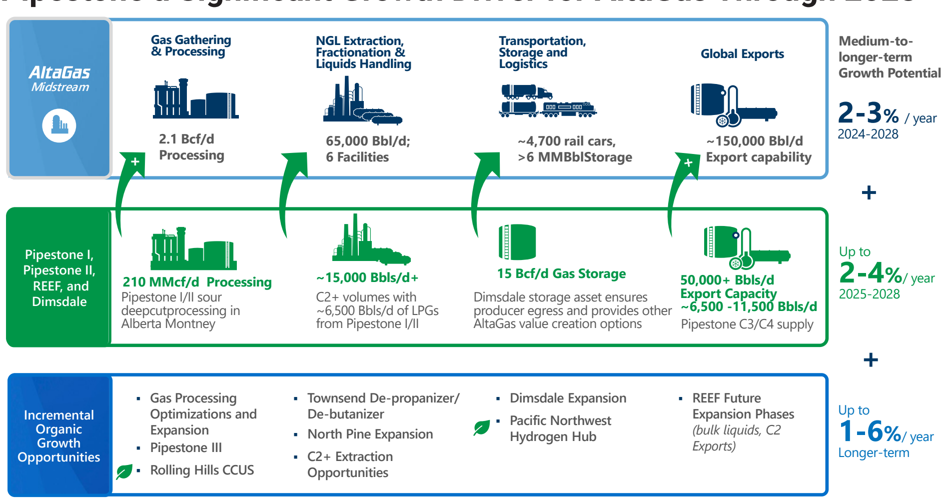
"This premier natural gas storage platform on the Gulf Coast fits squarely within our strategy to own and operate the best assets connected to the best markets to serve growing demand driven by LNG exports and power generation," Williams CEO Alan Armstrong said. He added that the storage assets "will also allow us to provide value to customers in markets with growing renewables adoption as daily peaks for natural gas increases the need for storage." ***Read more...***

Pipestone expansion is a go as AltaGas takes over from Tidewater

AltaGas Ltd. completed its acquisition of Tidewater Midstream & Infrastructure Ltd.'s Pipestone gas processing plant and associated storage and gathering assets in the Alberta Montney play and declared a positive FID on a Phase 2 expansion project that would add 100 MMcf/d and 20,000 bbl/d of capacity at Pipestone. The operational first phase has 110 MMcf/d of sour deep-cut gas processing capacity and 20,000 bbl/d of liquids handling capacity.

Pipestone Phase 2 is now 100% contracted under long-term take-or-pay agreements with marquee independent and investment grade producers, AltaGas said. In addition, all of the Pipestone Phase 2 customers that are already customers of Phase 1 have agreed to multi-year contract extensions, improving the plant's long-term commercial profile. With these new agreements, the company said its take-or-pay and fee-for-service midstream EBITDA mix is set to increase by 6% with a commensurate decrease in commodity-exposed EBITDA when Phase 2 comes online. The expansion will begin this year with most of the capital costs incurred on a fixed-price turnkey basis. ***Read more...***

Pipestone a Significant Growth Driver for AltaGas Through 2028



Source | AltaGas Ltd. 12/05/23 presentation via Enverus docFinder

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Pipelines & Projects

Trans Mountain refiles variance to avoid a two-year delay

After being denied a variance on a 2.3-km (1.4-mile) segment of the Trans Mountain pipeline expansion in the Fraser Valley between Hope and Chilliwack, British Columbia, on Dec. 5, Trans Mountain Corp. submitted a new variance request for the same segment Dec. 14. Trans Mountain seeks to use NPS 30 pipe in a 42-inch ream rather than the previously approved plan for NPS 36 in a 48-inch ream.

In the new variance application, the company said that without the variance and under a worst-case scenario, completion of the pipeline could take another two years, costing the company billions. But if the variance is granted, the project would still be able to meet its planned 1Q24 in-service date.

The original variance request had been expedited, with the Canada Energy Regulator's ruling lacking any reasoning initially. On Dec. 20, the CER issued its reasons, stating that Trans Mountain did not adequately address safety concerns about pipeline integrity and environmental impacts.

Canadian government adds a C$1.75-2.0B loan guarantee for pipeline operator.

The CER held concerns about quality of materials, with Trans Mountain failing to show how the quality of material for the 30-inch pipe would meet the same standards as the pipe use on other segments of the pipeline. Trans Mountain also did not demonstrate how in-line inspections would be conducted for the 138.2-km (85.9-mile) portion of the pipeline extending from Hope to the Burnaby tank terminal. Lastly, the company did not address potential environmental impacts resulting from material quality changes and lack of inspection.

Canadian oil producers Canadian Natural Resources Ltd. and MEG Energy have also written to the CER to approve the latest variance request. Both hold long-term contracts to ship crude on the expansion.

The Trans Mountain expansion will boost the pipeline's capacity to 890,000 bbl/d from 300,000 bbl/d. In all, more than 600 miles of new pipeline will be installed, as well as 19 new storage tanks at existing terminals in Burnaby, Sumas and Edmonton and three new marine berths at the Westridge Terminal in Burnaby.

Separately, the Canadian government approved an additional C$1.75-2.0 billion ($1.3-1.5 billion) loan guarantee for Trans Mountain Corp. The guarantee was signed Nov. 30 but was not posted on Export Development Canada's website until Dec. 23.

While the guarantee does not mean public money is going straight to the state-owned pipeline operator, it provides reassurance to lenders and helps Trans Mountain secure loans at lower interest rates. The latest assurances bring the total of loan guarantees issued in 2023 to Trans Mountain to as much as C$8 billion.

Grupo Carso tapped to build northern Mexico pipeline

Grupo Carso subsidiary Gasoducto Centauro del Norte signed an agreement with Mexico's Federal Electricity Commission to build and operate a 258-mile gas pipeline in the country's north. The project will extend the Samalayuca-Sasabe gas pipeline to Mexicali in Baja California state, traversing Sonora state, to provide gas to existing power plants in Baja California and Sonora, as well as the González Ortega and San Luis Río Colorado combined cycle power plants, which are currently under construction.

A conglomerate controlled by the family of Carlos Slim, Grupo Carso has been expanding its presence in the energy sector recently. In September, the company acquired 49.9% of Talos Energy's Mexican subsidiary, which owns a stake in the offshore Zama oil field. And just before Christmas, the company entered an agreement to buy 50% in Lukoil-operated Ichalkil and Pokoch fields in Campeche state from PetroBal for $530 million. Control Empresarial de Capitales, which is also owned by the Slims, has acquired interests worth $327 million in energy firms such as Talos Energy and Harbour Energy plc, according to Grupo Carso.

A&D

Kinder Morgan closes $1.8B buy of NextEra's South Texas assets

Kinder Morgan has completed its $1.815 billion acquisition of NextEra Partners' South Texas subsidiary STX Midstream. STX's portfolio consists primarily of seven pipelines covering 462 miles and transporting 4.9 Bcf/d produced in the Eagle Ford to markets along the Gulf Coast and in Mexico. One of the primary assets was a 90% interest in the 120-mile, 2.2 Bcf/d NET Mexico pipeline, which connects Agua Dulce in South Texas with the U.S./Mexico border. Pemex affiliate MGI Enterprises owns the other 10%. Also included was the 158-mile, 1.1 Bcf/d Eagle Ford Midstream residue line, which runs from the Eagle Ford to Agua Dulce and interconnects to Kinder's existing Tennessee Gas Pipeline, Kinder Morgan Tejas Pipeline and Natural Gas Pipeline Co. of America system.

The purchase, initially announced Nov. 6, also gave Kinder an additional 109 miles of pipelines with 0.5 Bcf/d of capacity and primarily supply demand-pull customers like power plants and local distribution companies, as well as 50% of Dos Caminos LLC, a JV with Howard Energy Partners. Dos Caminos owns a 75-mile, 1.2 Bcf/d pipeline that delivers gas from the Eagle Ford to EFM and other Texas intrastate pipelines.

"We are pleased to add these assets to our natural gas portfolio to serve growing LNG, industrial, Mexico export and power generation demand markets on the U.S. Gulf Coast," Kinder natural gas pipelines president Sital Mody said. "These assets integrate well with our existing South Texas footprint and extend our direct connectivity in the lean area of the Eagle Ford Basin, allowing us to offer LNG customers greater access to desirable low-nitrogen natural gas supply."

The new portfolio has an average contract duration of more than eight years, and 75% of the business is supported by long-term take-or-pay contracts. Funded with cash on hand and short-term borrowings, the acquisition is expected to be accretive to preliminary 2024 budget guidance, with the purchase price coming in at 8.6x 2024 EBITDA and a long-term investment-to-EBITDA multiple of 7.0-7.5x.

Thank you!

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