



Customer Focused  
Innovative  
Principled

Carlsbad Mayor's Energy Summit  
October 16, 2017

# Introduction



- Sendero Midstream Partners (“Sendero”) is an Energy Capital Partners (“ECP”) funded midstream company
- Significant Capital Commitment for midstream buildout
- Focused exclusively on midstream opportunities; no E&P affiliates or investments
- Management team has significant upstream and midstream industry experience
- Headquartered in Houston, Texas



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- Energy focused private equity firm founded in 2005 with \$13 billion of funds under management
  - Primarily focused on midstream energy infrastructure and power generation opportunities in North America; no E&P affiliates or investments
  - ECP senior management team has led energy investments across 150 assets, totaling nearly \$20 billion
  - Founded Summit Midstream Partners, L.P., (NYSE: SMLP)

# Management Team

Clay Bretches President					
Brad Boister Chief Commercial Officer					
Hal Bertram VP, Business Development					
Steve Noe VP, Engineering/Operations					
Greg Schilling VP, Asset Management					
Ed Sereno Chief Accounting Officer					
Wes Whatley Director of Plant Engineering/Construction					
Timothy Jones Director of Gathering Engineering/Construction					

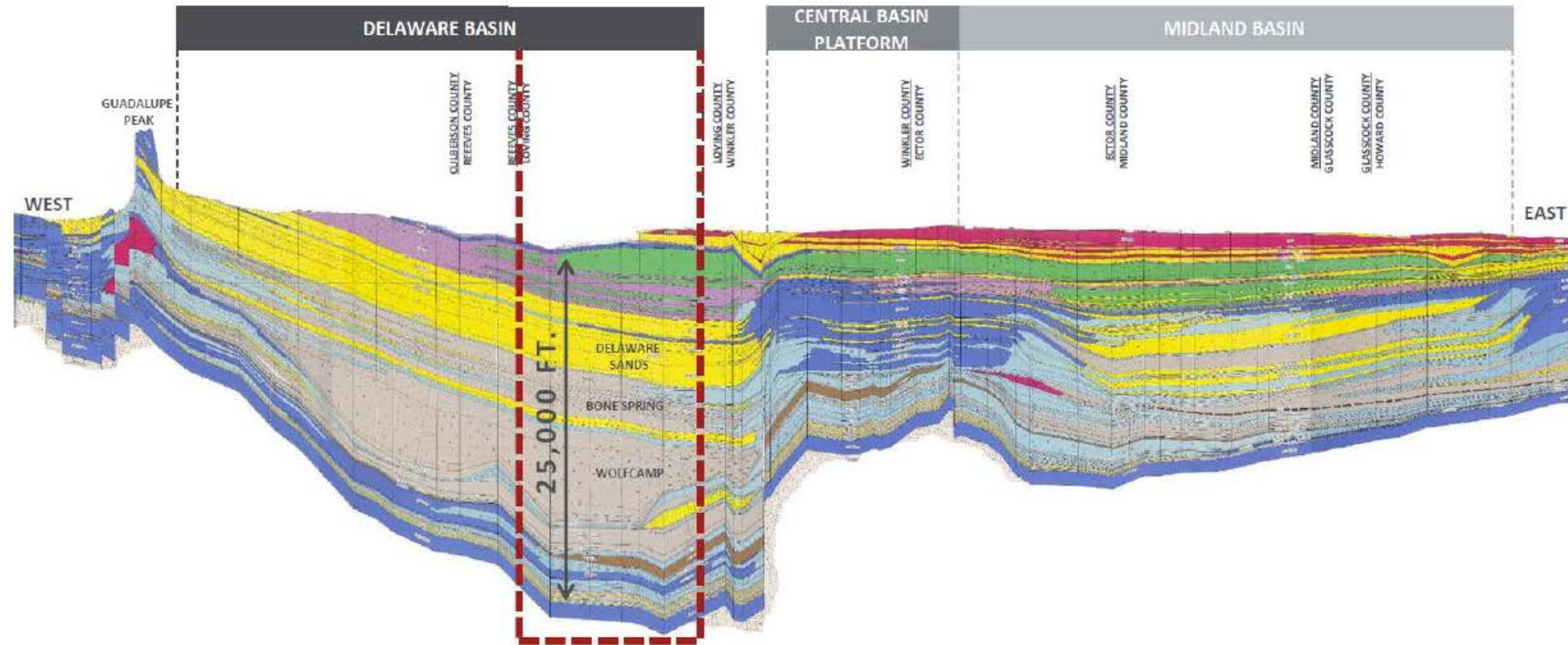
# Sendero Strategy

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- Focus on being a multi-commodity and multiple basin player
  - Gas – low/high pressure gathering, compression, dehydration and gas processing
  - Oil – oil gathering, storage, and trucking
  - Water – gathering and centralized high capacity Salt Water Disposal and Recycle terminals – economies of scale and operating efficiencies by serving multiple producers in an area; recycling important part of the business
- Build to achieve economies of scale
- Currently active in the Northern Delaware Basin as a result of favorable drilling economics and growing producer needs in a low oil price environment
  - Constructing gathering systems, compressor stations, processing plant and NGL take-away pipeline

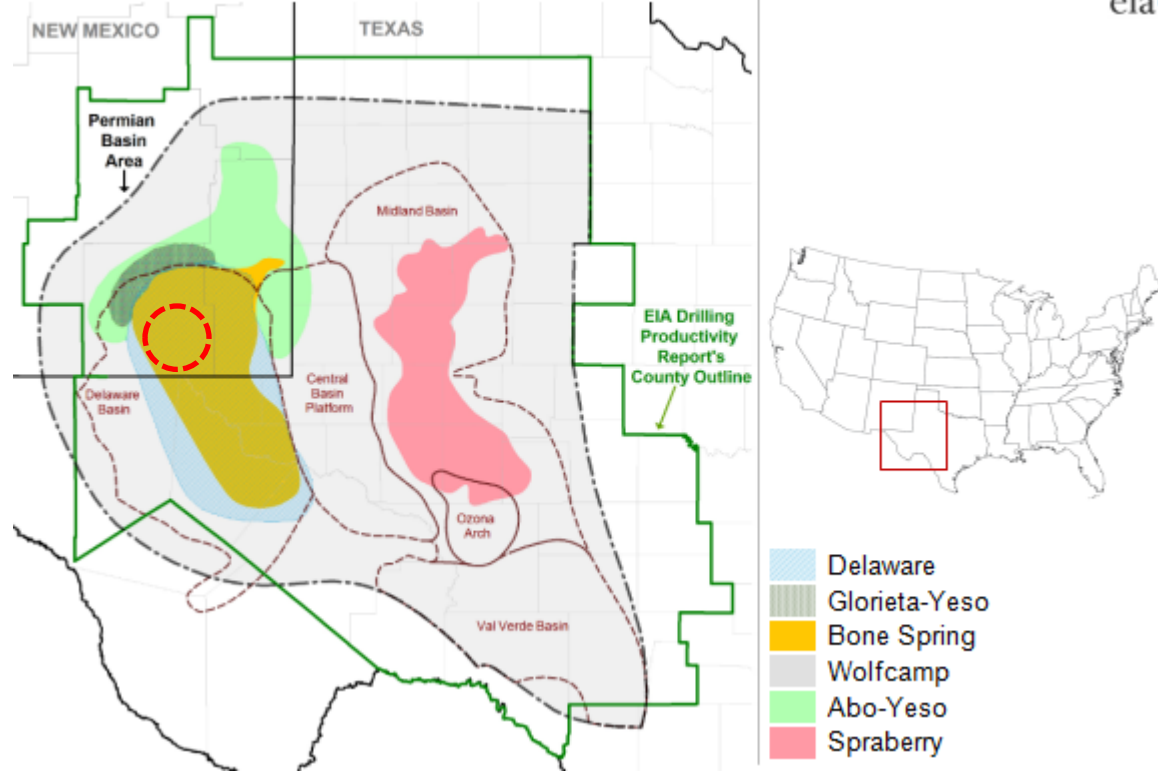
# Permian Basin Overview

# Delaware Basin – Multi-Bench Geology



# Improved Productivity = Low Break-evens

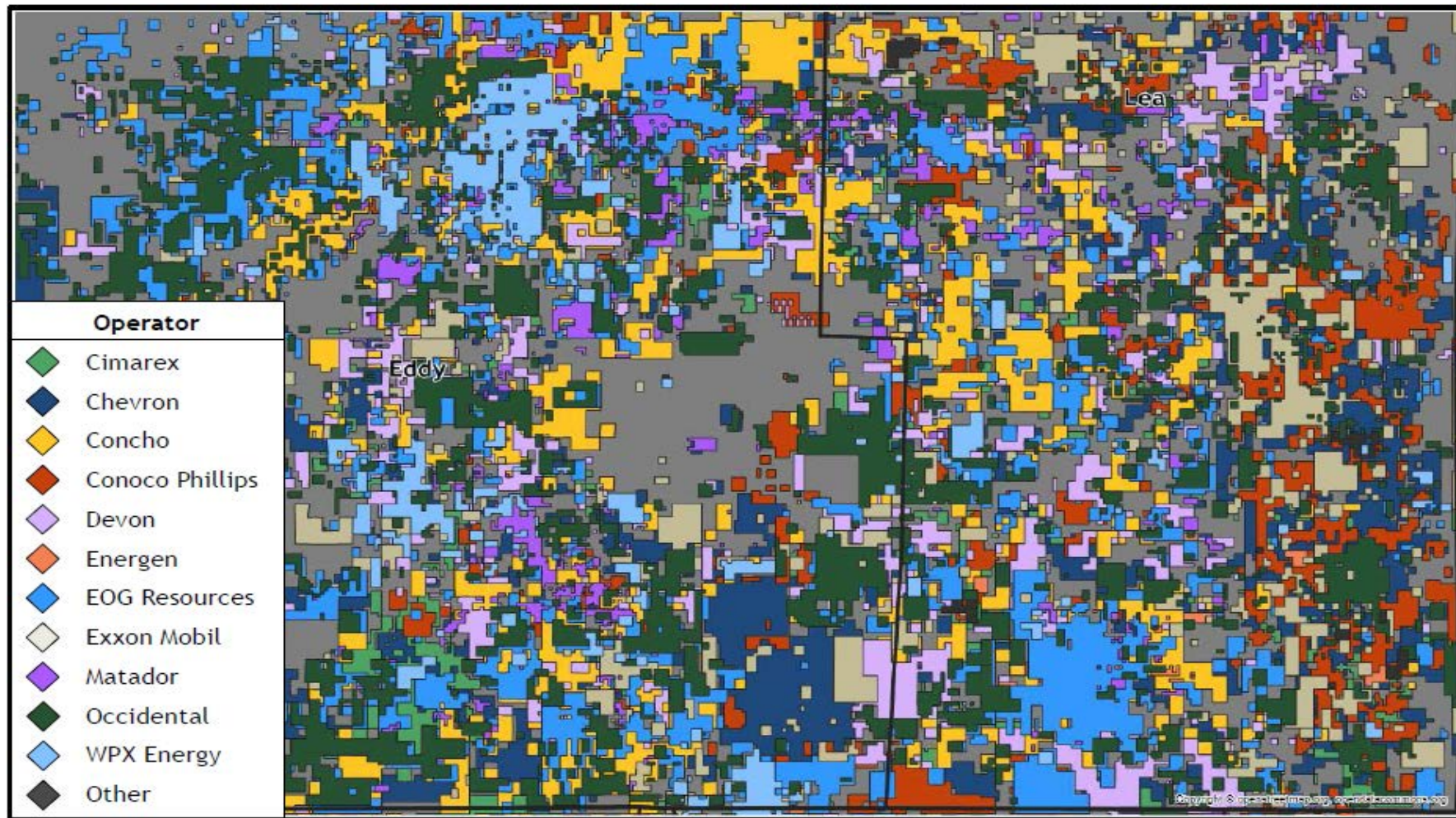
Selected oil-producing formations in the Permian Basin



- Significant improvements have been and continue to be made across the basin
  - Average, Estimated Ultimate Recoveries (EURs) for Bone Springs and Wolfcamp have increased by about 30%
- Operators are incorporating more technology and raw materials into wells today, which is reflected in well productivity
- The Wolfcamp boasts industry leading break-evens as low as \$30/bbl, a primary reason the basin has kept more rigs active and recovered faster than other tight oil areas

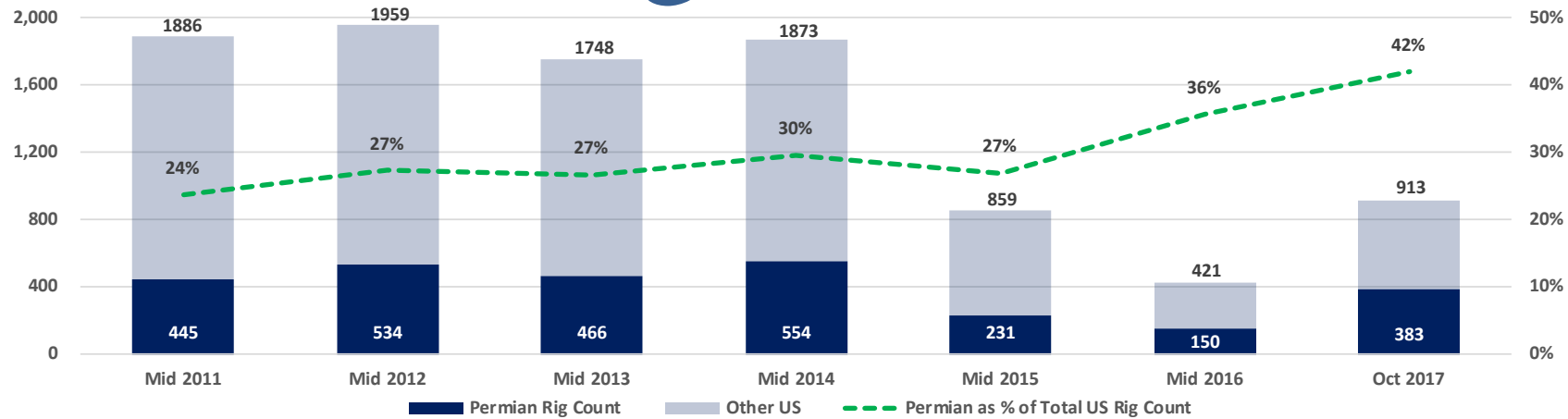


# New Mexico – Diversity of Producers



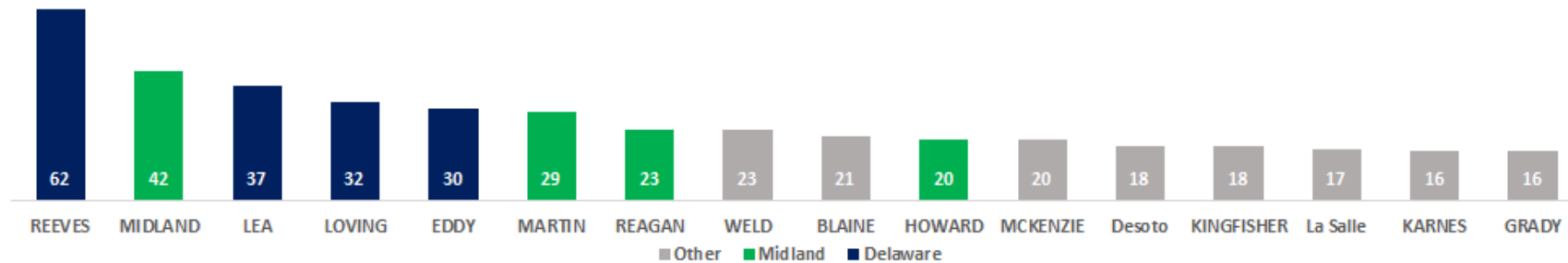
Source: Tudor Pickering Holt & Co, 1Derrick, Company Presentations,

# U.S. & Permian Rig Count



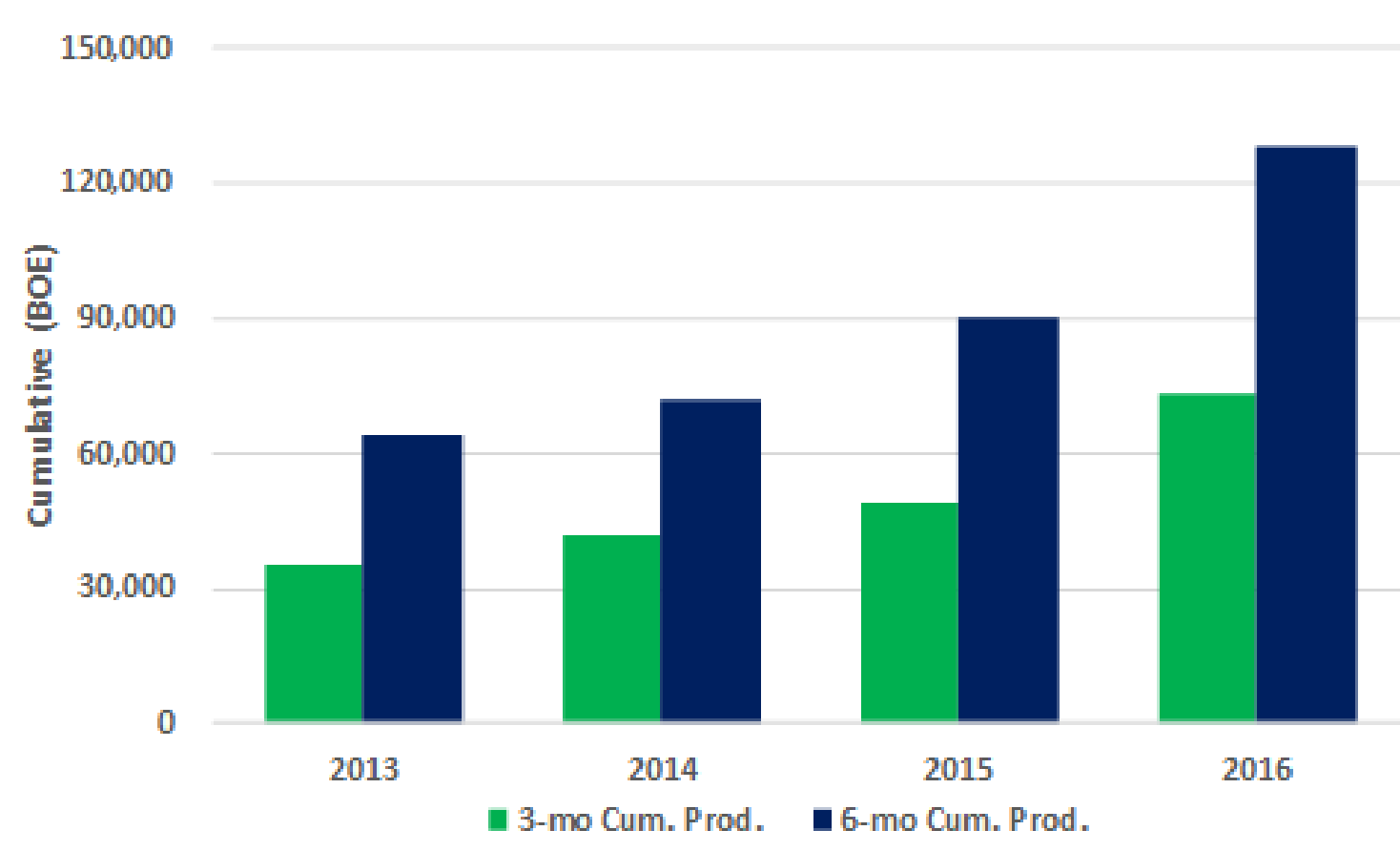
- **42%** of all U.S. rigs drilling at the moment are based in the Permian basin, up from the 2011 through 2015 average of **27%**
  - The Permian is improving more quickly than other basins due to significant productivity & efficiency gains

## Top 15 Counties by Horizontal Rigs (Oil)



- The top 7 U.S. counties by rig count are in the Permian; with 4 of the top 5 in the Delaware

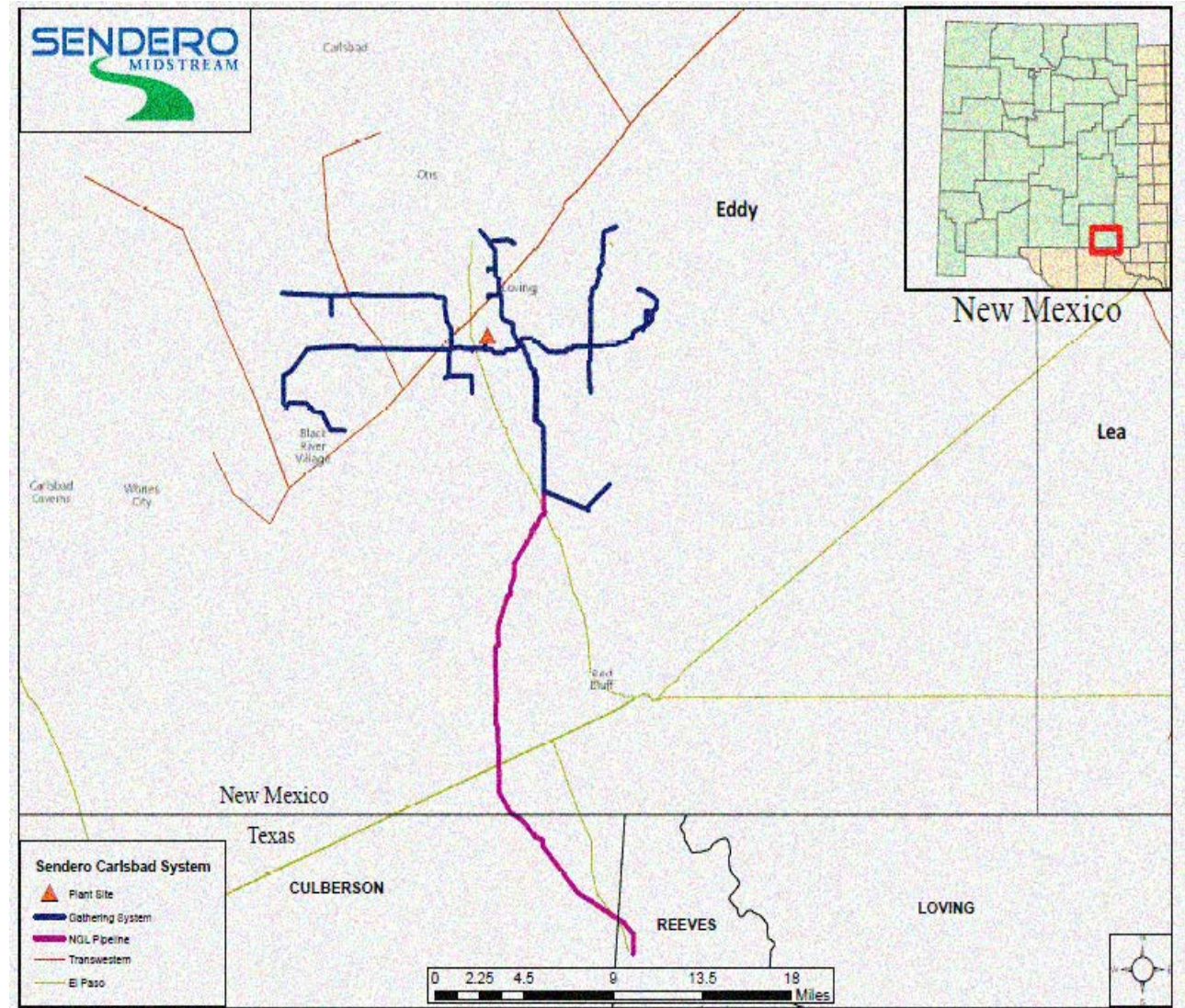
# Initial Production Rates Rapidly Increasing





# Sendero Assets

- Sendero Carlsbad Gathering System - currently under construction to meet the growing needs of area producers
  - Commenced construction January 2017
  - Initial service October 2017
  - 100 miles of low and high pressure pipelines
  - 30,000+ HP of compression
  - 130 MMcf/d high recovery cryogenic plant
  - Multiple residue connections
  - 30 mile Natural Gas Liquid (NGL) pipeline – multiple NGL connections and markets





## Sendero Carlsbad Gathering System –Construction Photos

Pecos Dehydrator and Compressors



Completed Pecos Filter Sep; MRU's in E



Journey Lateral



Pecos River Drill



## Sendero Carlsbad Plant –Construction Photos

Stabilizer NGL Surge Tank



Insulating Cryogenic Area Pipe



Installing Dehydrator



Installing Top Headers on Slug Catcher



# Job Growth in New Mexico

## ⇒ The Oil and Gas Industry brings higher earnings to New Mexico Employees

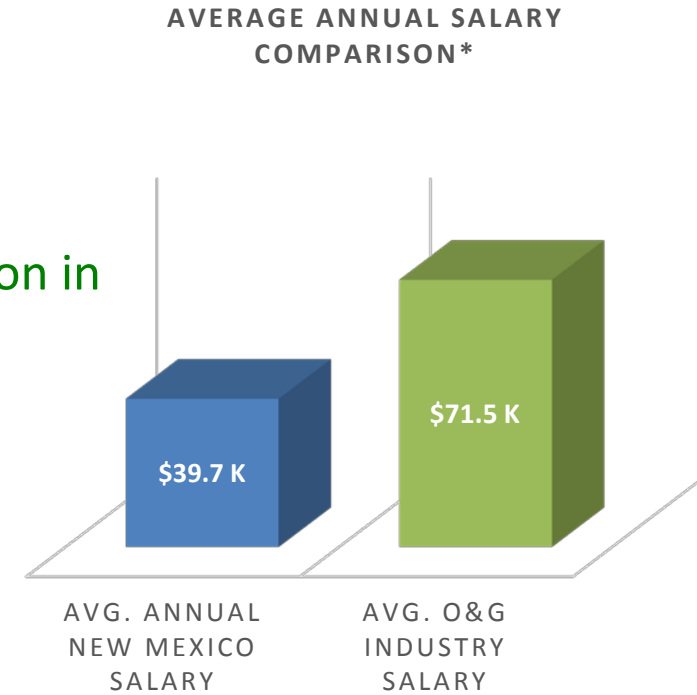
- The average employee in New Mexico earns \$39,660/annually
- The average O&G employee in New Mexico earns \$71,505/annually

## ⇒ The Oil and Gas Industry contributes both directly and indirectly to job creation in New Mexico

- 39,200 direct jobs created
- 66,400 indirect jobs supported by the Industry

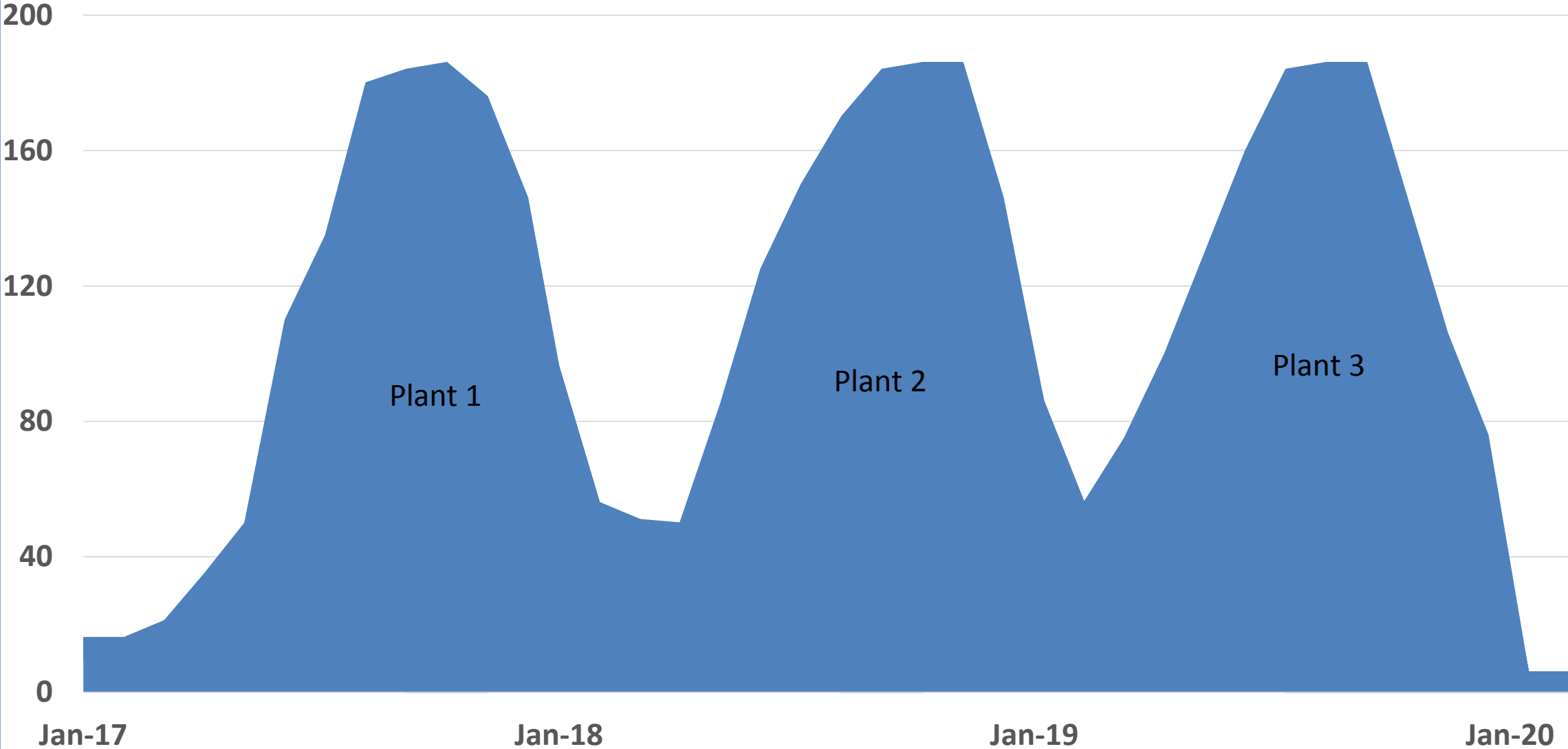
## ⇒ The Oil and Gas Industry significantly supports the State's Overall Economic Activity

- \$11.3 billion of the New Mexico Economy is supported by the Industry
- 14.2% of the entire New Mexico Economy is supported by the Industry



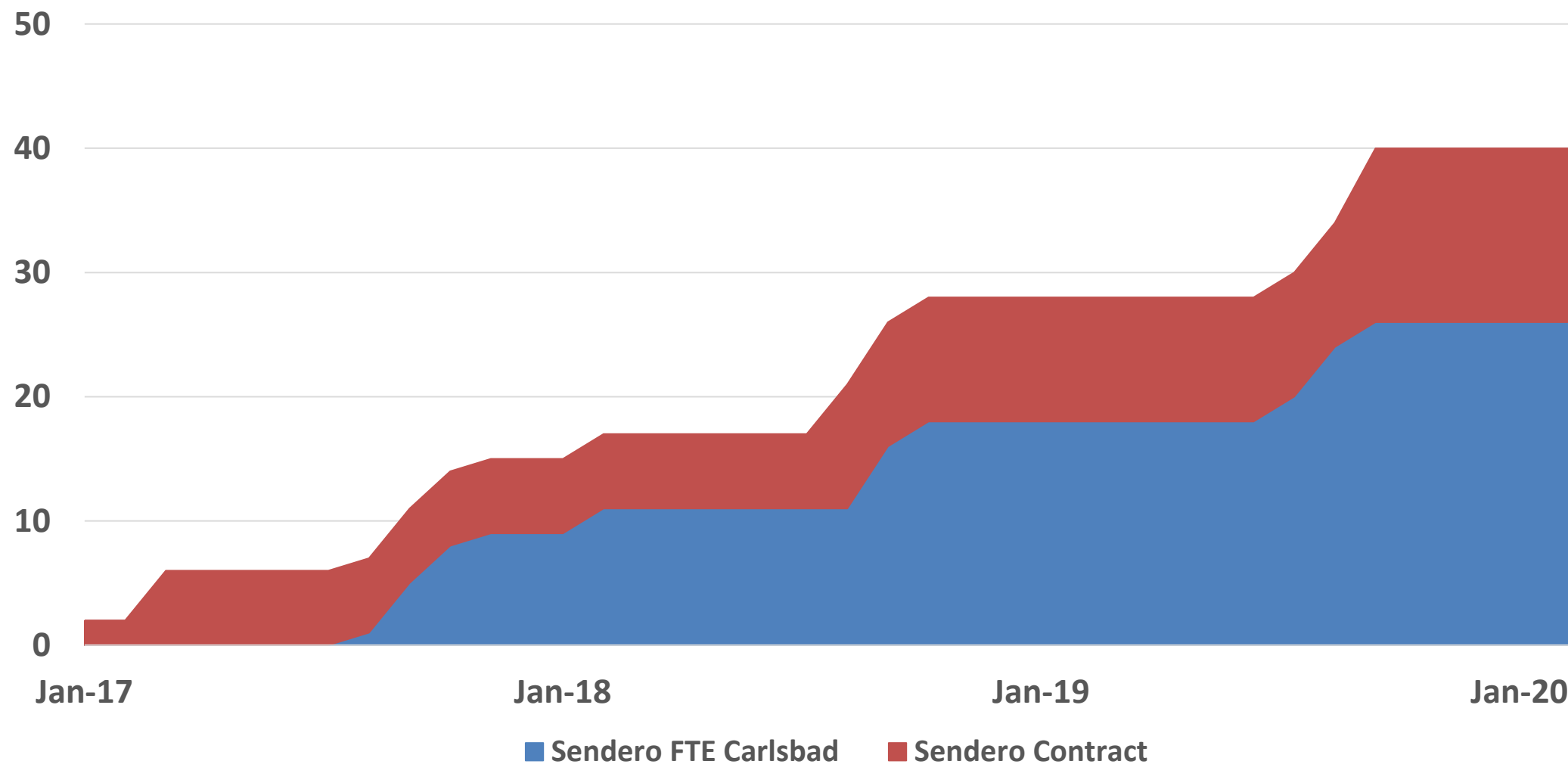
\*Study conducted by PriceWaterhouseCooper for the American Petroleum Institute

# Sendero Plant/System Construction Personnel





# Sendero Carlsbad Area Employees



# Final Points

- Sendero
  - is thrilled to be a part of the New Mexico landscape
  - Will be a responsible member of the community
    - Incorporating industry best practices for the environment, health and safety
    - Meeting and/or exceeding regulatory requirements
    - Using state of the art technology
    - Hiring locally
    - Engaging with the community
    - Embracing NMOGA Good Neighbor Initiatives

# Contact Us

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