
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—Gray Reed & McGraw advised Crestwood Equity Partners LP (NYSE: CEQP) in connection with its entry into a long-term agreement with SWEPI LP, 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. Gray Reed attorneys Philip Jordan and Brock Niezgoda represented Crestwood in the transaction.

“This midstream infrastructure project is being built out in one of the most prolific basins in the continental US,” Jordan said. “And our firm is glad that we could help Crestwood close this transaction with Shell as it is one that is going to benefit both companies for many years to come.”

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.

“It’s exciting to be a part of a deal that produces great financial stability and where everyone wins,” Niezgoda said.

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 Gray Reed & McGraw

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