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EnLink Midstream LLC (ENLC)

Q3 2022 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning and welcome to the EnLink Midstream Third Quarter 2022 Earnings Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note this event is being recorded.

I would now like to turn the conference over to Brian Brungardt, Investor Relations Director for EnLink Midstream. Please go ahead.

Brian Joseph Brungardt

Director-Investor Relations, EnLink Midstream LLC

Thank you and good morning, everyone. Welcome to EnLink's third quarter of 2022 earnings call. Participating on the call today are Jesse Arenivas, Chief Executive Officer; Ben Lamb, Executive Vice President and Chief Operating Officer; and Pablo Mercado, Executive Vice President and Chief Financial Officer.

We issued our earnings release and presentation after the markets closed yesterday and those materials are on our website. A replay of today's call will also be made available on our website at www.enlink.com. Today's discussion will include forward-looking statements, including expectations and predictions within the meaning of the federal securities laws. The forward-looking statements speak only as of the date of this call, and we undertake no obligation to update or revise. Actual results may differ materially from our projections and a discussion of factors that could cause actual results to differ can be found in our press release, presentation, and SEC filing. This call also includes discussions pertaining to certain non-GAAP financial measures. Definitions of these measures as well as a reconciliation of comparable GAAP measures are available in our press release and the appendix of our presentation. We encourage you to review the cautionary statements and other disclosures made in our press release and/or SEC filings, including those under the heading Risk Factors.

We'll start today's call with a set of brief prepared remarks by Jesse, Ben, and Pablo and then leave the remainder of the call open for questions and answers.

With that, I would now like to turn the call over to Jesse Arenivas.

Jesse Arenivas

Chief Executive Officer & Director, EnLink Midstream LLC

Thank you, Brian, and good morning, everyone. Thank you for joining us today to discuss our third quarter results, which include another quarterly record adjusted EBITDA. I joined EnLink a little more than a hundred days ago. And in that time, my expectations have been exceeded by both the size of the opportunity and the team's commitment to executing on our plan. In this short time, we've set new quarterly adjusted EBITDA record, are on pace to grow 2022 adjusted EBITDA of 23% over the prior year, and secured a landmark carbon transportation deal with ExxonMobil.

I want to take this moment to highlight five areas where EnLink's execution is driving momentum and building a unique opportunity that our team is ready to seize. First, EnLink is executing our financial outperformance in 2022. Last night, we announced quarterly – record quarterly EBITDA of \$343 million, which represents a 34% growth rate year-over-year. Due to the strong momentum we're seeing today, coupled with our robust results year-to-date, we now expect to end the year with adjusted EBITDA at the top of our guidance range.

Second, EnLink is in a strong financial position. We have reduced leverage by a half a turn so far this year and proactively addressed our capital structure. We have ample liquidity and no meaningful near-term maturities.

Third, we continue to execute our balanced capital allocation. While we continue to delever, we're finding attractive investments to grow our business, including our carbon solutions business. We are increasing the return of capital to common unitholders with our continued execution of our unit buybacks.

Fourth, EnLink is still building momentum. We see visible volume growth in 2023 in our G&P business. We are also well-positioned for the future with 90% of our business in natural gas and NGLs, which will be in high demand for decades to come. In addition, we have, what I think is, a premier energy transition opportunity in the midstream space with the CCS business we are building.

Finally, to elaborate on that point, we are seizing on the unparalleled opportunity we have to be the CO₂ transporter of choice in Louisiana. Prior to joining EnLink, I knew EnLink was well-positioned to secure carbon capture, transportation, and sequestration agreements. However, the opportunity is even larger than I realized. EnLink is extremely well-positioned with 4,000 miles of pipe in Louisiana, much of which is in the coveted last mile to the industrial facilities in the Mississippi River corridor, an area that emits approximately 80 million metric tonnes a year.

Utilizing our extensive network enables us to offer the most timely and cost effective CO₂ transportation solution with a significantly lower environmental impact. Enverus recently highlighted EnLink's opportunity by estimating 49 million metric tonnes per year of sub \$55 per tonne capture breakevens within 10-mile radius of our system. Enhancements to the 45Q carbon sequestration tax credits and the recent IRA legislation should only serve to expand and accelerate the development of the CCS market.

As we shared in our recent announcement, we are executing on our first-mover advantage in Louisiana by signing a definitive transportation service agreement with ExxonMobil for CO₂ transportation with a reserved capacity of up to 10 million metric tonnes per year. With this agreement, EnLink has done something no other midstream

company has been able to do, secured a definitive agreement for a significant CCS project with commitments from the top industrial emitter and high-quality sequestration provider. Ben and Pablo will provide more details on this agreement, which I believe is the first of many more to come for the CCS business.

In summary, EnLink is well-positioned in executing on the significant opportunities in front of us, which I believe provide a significant energy transition growth leg to our existing business.

With that, I'll turn it over to Ben to provide an overview of our operations.

Benjamin D. Lamb

Executive Vice President & Chief Operating Officer, EnLink Midstream LLC

Thanks, Jesse, and good morning, everyone. Let me start off by saying how excited I am about the performance across EnLink's operations. Despite the volatility in commodity prices, we're seeing solid momentum in each of our segments.

Now, let's walk through our assets starting in the Permian where we continued the momentum from last quarter by generating segment profit of \$111.4 million during the third quarter of 2022. Segment profit in the quarter included approximately \$8.6 million of operating expenses tied to the relocation of the Phantom plant and \$2.4 million of unrealized derivative gains. Excluding plant relocation OpEx and unrealized derivative activity, segment profit in the third quarter of 2022 grew 8% sequentially and an impressive 74% from the prior year quarter. These strong third quarter results drove segment cash flow of \$49.7 million.

Average natural gas gathering volumes for the third quarter were approximately 7% higher compared to the second quarter of 2022 and approximately 44% higher compared to the third quarter of 2021. Average natural gas processing volumes for the third quarter were approximately 6% higher sequentially and approximately 43% higher compared to the third quarter of 2021. Producer activity remains robust on both sides of the basin, and we remain well-positioned to grow alongside our customers. To meet producer plans on the Midland side, we recently commissioned the Phantom plant, which adds 235 million cubic feet per day of additional processing capacity.

Turning now to Louisiana, segment profit for the third quarter of 2022 came in at \$97 million, including unrealized derivative gains of \$4 million. Excluding the impact of unrealized derivative activity, segment profit in the third quarter of 2022 increased 20% sequentially and over 28% from the prior year quarter. Louisiana benefited from strong gas volumes and higher margins, which were partially offset by normal summertime seasonal weakness in NGL markets. These solid third quarter results drove segment cash flow of \$90.5 million. Third quarter gas results were particularly strong as a number of favorable market conditions aligned, resulting in higher volumes and margins than we see in a typical quarter.

Shifting to the fourth quarter, we will see positive seasonality in our NGL results, although economics are starting to favor ethane rejection in some supply basins. We continue to evaluate attractive growth opportunities, leveraging existing infrastructure to support LNG and other industrial demand growth with the potential to generate strong returns. On that front, we recently made the decision to execute an efficient expansion of our gas system in 2023, supported by an incremental 200,000 MMBtu per day transportation commitment from Venture Global to support its Calcasieu Pass LNG facility.

Moving up to Oklahoma, we delivered segment profit of \$104.5 million for the third quarter of 2022. Segment profit in the quarter included approximately \$1.1 million of operating expenses tied to the relocation of the Phantom plant and approximately \$9.5 million of unrealized derivative gains. Excluding the plant relocation OpEx and unrealized derivative activity, segment profit in the third quarter of 2022 increased 4% sequentially and 7% from

the prior year quarter. Average natural gas gathering volumes for the third quarter were approximately 2% higher sequentially and approximately 4% higher compared to the third quarter of 2021.

Oklahoma continues to deliver solid and stable cash flow for us. During the third quarter of 2022, the segment generated \$86.3 million in segment cash flow. Last quarter, we talked about an inflection point in Oklahoma. Based on the latest conversations with our customers, we now expect double-digit volume growth next year. This confidence is driven in part by the accelerating activity we're seeing this year. We expect to end 2022 with nearly 100 new wells connected during the year and our producers have plans to connect well over 100 wells next year.

Wrapping up with North Texas. Segment profit for the quarter was \$82.7 million, including unrealized derivative gains of \$2.3 million. Excluding unrealized derivative activity, segment profit in the third quarter of 2022 increased 25% sequentially and increased 33% from the prior year quarter. Natural gas gathering volumes increased 18% sequentially and increased 22% compared to the prior year quarter, driven by our acquisition of Crestwood's North Texas assets, new producer activity, and some on-load volumes from the other midstream companies in the area.

The integration of the assets that we acquired from Crestwood in July is underway and progressing as planned. The acquisition was completed at an EBITDA multiple of about 4 times, and with new drilling and a faster asset redeployment, it is already outperforming the investment case. We continue to see sufficient activity in North Texas to support continued volume stability in 2023. Our largest customer, BKV, is continuing its successful refrac and drilling programs, and brought online its first new wells during the quarter.

Now, turning to our CCS business, we are very excited with the signing of a definitive transportation service agreement with ExxonMobil. Under the TSA, ExxonMobil has a reserved capacity of up to 10 million metric tonnes per year, with an initial reserved capacity of 3.2 million metric tonnes per year beginning early 2025. The TSA includes industry standard terms and conditions similar to long-haul natural gas transportation contracts.

We are paid a fee, in this instance, an amount per metric tonne on the reserved capacity. The total distance for this transportation is less than 100 miles. We've identified a 36-inch diameter natural gas pipeline for conversion that covers approximately two-thirds of this distance. From there, we will build the remainder using a smaller diameter purpose-built pipe to flow in the supercritical phase using additional compression.

Supporting our agreement with ExxonMobil, CF Industries announced the largest of its kind commercial agreement with ExxonMobil to capture and permanently store up to 2 million metric tonnes per year of existing CO2 emissions. CF is one of the largest emitters in the Mississippi River corridor and the largest emitter in the Donaldsonville area. CF has expressed a desire to continue to use CCS to improve its emission profile and we expect other emitters in the region to follow. With the passing of the IRA, discussions with emitters and other sequestration providers have accelerated. We continue to expect additional contracting activity to occur over the next 12 to 18 months as industrial emitters target in-service dates beginning in 2025.

With that, I'll pass it over to Pablo to discuss our financial update.

Pablo G. Mercado

Executive Vice President & Chief Financial Officer, EnLink Midstream LLC

Thank you, Ben, and good morning, everyone. I'll start with the third quarter highlights. As Jesse mentioned, EnLink delivered another quarterly record for adjusted EBITDA. EnLink achieved \$343 million of adjusted EBITDA, representing an increase of 34% from the third quarter of 2021. This result reflects growth in all four of our asset segments.

EnLink also achieved \$85 million of free cash flow after distributions for the third quarter of 2022, driven by strong operational results and timing of capital projects. Continuing the trend from prior quarters, all four of our asset segments delivered positive and significant cash contributions. Capital expenditures net to EnLink, plant relocation expenses and investment contributions were \$121 million. This included a \$19 million contribution to our Matterhorn joint venture, bringing our investment today to \$45 million of the total \$70 million we expect to invest this year.

On the balance sheet side, we find ourselves in a very strong position with a leverage ratio of 3.4 times at the end of the quarter and ample liquidity. In August, EnLink issued an upsized offering of \$700 million of senior notes due September 2030 at 6.5%. The proceeds were used to tender for a portion of our 2024 and 2025 senior notes. Following these transactions, we have no meaningful maturities for over two and a half years with less than \$100 million remaining outstanding on our 2024 notes.

Consistent with our capital allocation plans to increase returns to investors, we continue to be active with our common unit repurchase program. In the third quarter, we repurchased \$72 million of common units, including \$33.5 million for the pro rata units from GIP, which settled after the end of the quarter. The increased buyback activity during the third quarter takes our execution year-to-date to approximately \$147 million, and we're on pace to spend \$200 million on the buyback program this year. Driven by the strong results and the growing momentum in our operations, we expect to end 2022 at the top of the adjusted EBITDA guidance range of \$1.29 billion and to achieve our third consecutive year of at least \$300 million in free cash flow after distributions.

Looking ahead to 2023, as Jesse mentioned, we are seeing strong momentum across our businesses, and we expect meaningful volume growth in our G&P segments. On the capital front, we expect a similar level of investment in 2023 as we have this year, positioning us to continue to generate robust free cash flow. Our recent CCS agreement with ExxonMobil will involve a \$200 million capital program with approximately 20% to be spent next year, with the remainder in 2024 and some in 2025. This project has great economics for us. The initial reserve capacity of 3.2 million metric tonnes underwrites our minimum investment case and results in a typical midstream build multiple for a transportation deal in the high-single digits. However, when volumes for this project reach the maximum reserve capacity of 10 million metric tonnes per year, that will improve the project build multiple to the low-single digits.

In summary, EnLink achieved a record third quarter, and the outlook for our operations this year and in 2023 and beyond remains strong. We continue to be disciplined in our investment approach, and can both grow our business and return capital to our common unitholders.

With that, I'll turn it back to Jesse.

Jesse Arenivas

Chief Executive Officer & Director, EnLink Midstream LLC

Thank you, Pablo. I'm proud of the EnLink team for their relentless focus on execution, which has resulted in excellent results this year. We're well-positioned to build upon our team's success to create value for our investors, and I'm excited about what the future holds for EnLink.

With that, you may now open the call to questions.

QUESTION AND ANSWER SECTION

Operator: Yeah. Our next question comes from Gabriel Moreen with Mizuho Securities. Please go ahead.

Gabriel Moreen

Analyst, Mizuho Securities USA LLC

Q

Hey. Good morning, guys. Just had a couple of quick ones. I guess I'm just curious in terms of thinking about 2023 CapEx. Overall, Pablo, you mentioned, I think, the spend on your commitment on the new TSA. I'm just wondering if you can maybe take a step back and talk about CapEx for 2023, broadly speaking, for the rest of your businesses and what should be contributing for Matterhorn next year? You can maybe start with that.

Pablo G. Mercado

Executive Vice President & Chief Financial Officer, EnLink Midstream LLC

A

Yeah. Happy to, Gabe. Thanks for the question. So, at this point, we're not ready to give guidance just yet, of course. But as we said, we do see meaningful volume growth across our G&P business. And so that's going to drive a similar level of CapEx next year as what we have had this year. We see \$40 million or so of investment in the CCS business, just the deal with Exxon itself. So \$40 million of the \$200 million. On Matterhorn, that's going as planned, and so we expect the investment to be \$70 million this year. And that leaves \$30 million for next year for a total of \$100 million, since we still expect a project financing, that is about 75% loan to value.

Beyond that, we see attractive downstream investments. Ben mentioned our expansion of the Venture Global deal. That's an incremental \$20 million of capital or so at a very attractive returns. And so you can see the mix might be changing, but the capital spend is probably similar to this year. And that's great because it keeps us generating pretty significant free cash flow after distributions.

Gabriel Moreen

Analyst, Mizuho Securities USA LLC

Q

Thanks, Pablo. And maybe if I can kind of ask a related question, given your outlook now in the Midcon for next year for that double-digit growth. Can you just talk about where things stand with processing capacity, how tight you may or may not be getting? Do you need to do any offloads, contemplate a new build? Just if you kind of talk about that high class problem, but if you can talk about that.

Benjamin D. Lamb

Executive Vice President & Chief Operating Officer, EnLink Midstream LLC

A

Yeah. Hey, Gabe, it's Ben. We've talked about having 20% or 25% coverage in terms of processing capacity in the Midcontinent. And so we've got quite a bit of room to run before we would be out of capacity. We don't currently foresee needing to add additional capacity to the basin, certainly not next year. If activity stays heightened for an extended period of time, that's always a possibility. And the good news is, we've got very capital efficient alternatives to do that. But I think for next year, we're well taken care of in that respect.

Gabriel Moreen

Analyst, Mizuho Securities USA LLC

Q

Thanks, Ben. And then maybe if I could just pivot back to the TSA agreement. Just how quickly you think you can get additional volumes beyond the minimum commitment? To what extent the announcement has brought other, I

guess, emitters out of the woodwork looking to participate. So just looking for guidance on that and how quickly you think you might be able to ramp there to that low-single digits?

Jesse Arenivas

Chief Executive Officer & Director, EnLink Midstream LLC

A

Yeah. Hi, Gabe. This is Jesse. Appreciate the question. I think when you look at it broadly, I think we obviously made the investment in anticipation that ExxonMobil will win that business in the area up to 10 million metric tonnes a year. We believe Exxon will execute. Timing is a bit uncertain. But we would expect over the next 12 to 18 months, we would see additional deal flow come in. With respect to the IRA, we – the biggest impact absent the increased credit is going to be on the emission reduction threshold. So we see that as expanding the addressable market and we feel very well positioned in our positioning.

We do believe we have the last coveted mile to the emitters, long-standing relationships with them, over many decades, providing service to them in a safe and efficient manner, and believe we are well positioned there. As far as the other LOIs, I think they're progressing and we would expect kind of a similar timeframe. So we're very excited about our position in Louisiana, first mover as evidenced by the Exxon deal. And we look forward to many more deals to come.

Gabriel Moreen

Analyst, Mizuho Securities USA LLC

Q

Great, Jesse. And then, maybe if I could just have a quick follow-up on that just for your new build portion of that pipe, are there any significant permits or things you'd anticipate that you need to get a hold of?

Benjamin D. Lamb

Executive Vice President & Chief Operating Officer, EnLink Midstream LLC

A

Yeah. There will be standard permitting, coastal use permit, Corps of Engineers, but it's all stuff that we are used to dealing with, and we've allowed ample time in the schedule to obtain those permits.

Gabriel Moreen

Analyst, Mizuho Securities USA LLC

Q

Got it. Thanks, guys.

Pablo G. Mercado

Executive Vice President & Chief Financial Officer, EnLink Midstream LLC

A

Thanks, Gabe.

Operator: [Operator Instructions] Our next question comes from Michael Cusimano with Pickering.

Michael Cusimano

Analyst, Pickering Energy Partners

Q

Congrats on the release.

Pablo G. Mercado

Executive Vice President & Chief Financial Officer, EnLink Midstream LLC

A

Hey, Michael.

Michael Cusimano*Analyst, Pickering Energy Partners*

Q

I want to focus on the Permian first. You mentioned that most of the growth this past quarter came on the Delaware side. I'm curious, as you ramp up Phantom, were there volumes that you had to maybe offload or – shut-in might not be the right word, but at least like temper growth in the Midland side waiting for Phantom? Just trying to get an idea how that ramps up with the – especially with the added capacity that you're able to bring online.

Benjamin D. Lamb*Executive Vice President & Chief Operating Officer, EnLink Midstream LLC*

A

Yes, Michael, it's Ben. You are exactly right about that. The growth for the past quarter was on the Delaware side because it had to be. We didn't have the capacity to grow on the Midland side. We were offloading some volume prior to the plant starting up in late October. And so now we're not offloading any volume. The system is unconstrained and we're back to growth mode on the Midland Basin side. Very exciting and we are looking forward to seeing that plant be well utilized in the next year.

Michael Cusimano*Analyst, Pickering Energy Partners*

Q

Okay. And assuming – does that give you enough line of sight for, I don't know, the next 12 months? Just trying to think about when you could be looking for potential expansion beyond Phantom.

Benjamin D. Lamb*Executive Vice President & Chief Operating Officer, EnLink Midstream LLC*

A

Yeah, it does give us good line of sight to having ample processing capacity for 2023 based on all of our conversations with our producers. And we're not ready at this point to say what the next step in terms of capacity in Midland will be. But as the market evolves and we get more communication from our producers next year, we'll consider all of the same alternatives that we considered when we made the decision on Phantom. So, the opportunity to do a new build plant, the opportunity maybe to rely on some offloads if the market is right for that, or the opportunity to relocate another plant. And I'll remind you that just recently we acquired over 400 million cubic feet per day of capacity that is either already idle or will be idle in the near future after we do our integration work. And some of that capacity could be a really good candidate for future relocation.

Michael Cusimano*Analyst, Pickering Energy Partners*

Q

Got it. Yeah, that makes sense. I do want to follow up also on a couple of comments you all made on the Oklahoma growth. Not to be nitpicky, but on the double-digit comment, I believe previously you all said high-single digits. Just want to make sure is 8% to 9% going to 10% to 11%, how we should think about it or where – I guess if you can elaborate on that double-digit comment.

Benjamin D. Lamb*Executive Vice President & Chief Operating Officer, EnLink Midstream LLC*

A

Yeah. Well, Michael, on the 2nd of November, it's a little bit hard to narrow it down to a 1 or 2 percentage point number for next year. But suffice to say that like you just said, we went from high single-digit to low double-digit, which means our expectations have increased from the last time that we were together. Not whether next year that's 12% or 14% or 16% remains to be seen a little bit as we – as we wrap up plans with our producer customers to see how the year unfolds, but it's in that kind of a range.

Michael Cusimano*Analyst, Pickering Energy Partners*

Q

Okay. That's helpful. And then if I can ask one more on North Texas. You mentioned the two rigs there. I was wondering if you could just kind of help us understand what kind of programs those are, like, are those – are those full year drilling programs or they kind of pick up a rig, put down a rig every now and then just to complete a pad here or there?

Benjamin D. Lamb*Executive Vice President & Chief Operating Officer, EnLink Midstream LLC*

A

Yes, both. In the case of BKV, it's a full drilling program that's sustained. In their case, they brought online their first new well pad during the quarter and I'm happy to say it exceeded our expectations. I think it was in line with their expectations, but exceeded ours and is a great start to – to their plans for the rest of this year and all of next year. The other customers, it's more opportunistic. In fact, we had a customer surprise us a bit during the quarter and drill a four-well pad on the acreage that we just acquired from Crestwood, which was outside of our expectations in the investment case there. And I think we'll continue to see that kind of activity from the smaller private customers. With gas prices where they are, we'll continue to see a little bit of that opportunistic activity.

Michael Cusimano*Analyst, Pickering Energy Partners*

Q

Okay, great. That's all for me, guys. Thank you.

Pablo G. Mercado*Executive Vice President & Chief Financial Officer, EnLink Midstream LLC*

A

Thanks, Michael.

Operator: Our next question comes from Jeremy Tonet with JPMorgan. Please go ahead.

Jeremy Tonet*Analyst, JPMorgan Securities LLC*

Q

Hi. Good morning.

Pablo G. Mercado*Executive Vice President & Chief Financial Officer, EnLink Midstream LLC*

A

Good morning.

Jeremy Tonet*Analyst, JPMorgan Securities LLC*

Q

Just want to start off with Waha a little bit, if I could. Just wondering what type of exposure, I guess, you have in your pop and how much of that is hedged. And then at the same time, I guess, your producer customers, do you feel good about them having sufficient FT to get out of the basin so it doesn't kind of impede production growth that's expected next year?

Pablo G. Mercado*Executive Vice President & Chief Financial Officer, EnLink Midstream LLC*

A

Yeah, great question. So, let me kick it off. This is Pablo, and I'm sure Ben will have some comments as well. But we don't expect the Waha differentials to have a big impact on volumes. As you know, the Permian is driven by crude activity and these days producers don't want a flare. And so we expect the gas to be able to flow. Just as a reminder, we're 90% fixed fee generally, a little less than that in the Permian Basin and about 25% of our volumes are already structurally tied to Gulf Coast pricing through our transportation agreement. We've hedged about a third of the remaining exposure. So, if you combine those numbers, you can see we've managed about half of our exposure and, again, a little more than 90% fixed fee as it stands.

Benjamin D. Lamb*Executive Vice President & Chief Operating Officer, EnLink Midstream LLC*

A

And with respect to transportation capacity, on the Midland side of the basin, that is mostly our responsibility. We market most of the gas for our customers on the Midland side of the basin, which is the reason why we entered into the firm commitment on Whistler here recently and also why we're investing in the Matterhorn project for the future. Now, as part of that Matterhorn investment, we negotiated some additional short-term firm transportation to help get us through this tight period in the market that we expect to see in 2023. So, we think we're in great shape for next year on the Midland side of the basin.

On the Delaware side, mostly our customers handle their firm transportation needs. But you know the book of business we have in the Delaware, the kinds of companies that we're talking about, ExxonMobil, Oxy, EOG, who do an excellent job of planning their businesses and taking care of transportation capacity. So, we don't have any concerns on the Delaware side of the basin either.

Jeremy Tonet*Analyst, JPMorgan Securities LLC*

Q

Got it. That's very helpful. And you've talked about Matterhorn a bit here, just want to confirm everything is progressing on schedule, cost on budget. Any chance it comes online a little bit earlier or when could any gas start to get in there even if it's not fully powered up?

Benjamin D. Lamb*Executive Vice President & Chief Operating Officer, EnLink Midstream LLC*

A

Yeah. Too soon to talk about an early in-service and not really our place anyway since we're not the operator. But I would say in terms of on time and on budget at this point, yes, it is. And as we get closer to the in-service date, we'll certainly be working with the operator to make sure that they're in-service as efficiently as they can be.

Jeremy Tonet*Analyst, JPMorgan Securities LLC*

Q

Got it and if I could just pivot over to the CO2 pipeline side. Just wondering for the converted portion, I think you said it was about 30 miles, 33 new pipe, 67 old thereabouts with the breakdown. And was just wondering with the pipe that's being converted, is this 1,440 psi and what state do you see the CO2 moving at that – across that line and how much pressure, how much horsepower do you need to kind of get it into that state?

Benjamin D. Lamb*Executive Vice President & Chief Operating Officer, EnLink Midstream LLC*

A

Yeah. So, it's going to move in the gaseous phase through the converted pipeline. And the great thing about the pipeline that's going to be converted, its 36 inches in diameter. So, it's got an enormous amount of capacity at a relatively modest gaseous state pressure. At the southern terminus of that line, we'll construct a pump station

where we'll take the fluid to supercritical phase and the new build pipeline to the Exxon delivery point will be a 2,000 plus psi supercritical phase pipeline.

Jeremy Tonet

Analyst, JPMorgan Securities LLC

Q

Got it. So, the part that's being converted, 1,440 psi or MC600, just wondering do you have to add any more compression or pumping there? Just trying to think through how that part works.

Benjamin D. Lamb

Executive Vice President & Chief Operating Officer, EnLink Midstream LLC

A

No, we do not. We'll be accepting the fluid at sufficient pressure to make the movement all the way down to our compressors in our pump station.

Jeremy Tonet

Analyst, JPMorgan Securities LLC

Q

Got it. That's helpful. I'll leave it there. Thanks.

Operator: This concludes the question-and-answer session. I would like to turn the conference back over to Jesse Arenivas for any closing remarks.

Jesse Arenivas

Chief Executive Officer & Director, EnLink Midstream LLC

Yeah. Thank you, Jordan, for facilitating the call this morning, and thank everyone for being on the call and your continued support. As always, we appreciate your continued interest and investment in EnLink. We look forward to updating you on our fourth quarter results in February. In the meantime, we wish you well, stay healthy, and have a great day.

Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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