SXL’s Acquisition of Vitol’s Midland Basin Crude System

September, 2016
Strategic Transaction

 Acquisition
- Sunoco Logistics entered into an agreement with Vitol, Inc. to purchase an integrated crude oil business in West Texas for approximately $760 million plus working capital which includes:
  - 2 million barrel crude oil terminal in Midland, Texas including SunVit
  - Crude oil gathering and mainline pipeline system in the Midland Basin
  - Significant acreage dedication from an investment grade Permian producer
  - Crude oil inventories related to Vitol’s crude oil acquisition and marketing business
  - 50 percent interest in SunVit Pipeline LLC (Sunoco Logistics would own 100 percent)
- Closing expected in 4Q16

 Financial Support
- ETP has agreed to reduce its incentive distributions by a total of $60 million over a two year period
- This financial support via incentive distribution relief supports accretion for this acquisition
Strategic Platform
- We were evaluating building a Midland terminal to complement our long term Permian strategy
- We expect this to be a synergistic fit to our growing crude platform in the Permian
- Enhances the value chain from the well head to the end markets in this very competitive area
- The Vitol/SunVit system connects to our Permian Express 2 and West Texas Gulf pipeline system (which could lead to enhanced volumes downstream of Midland)
- Delivery connectivity provides flexibility to deliver to optimal fungible crude market
- Alignment with premier independent and integrated producers

Pipeline and Terminal Assets in Prime location of the Midland Basin
- Currently, 200 of the ~ 400 crude oil rigs in the US are in the Permian Basin
- Industry sources believe the highest quality rock in the world is in Midland, Martin, Upton, Howard, and Glasscock counties of the Midland Basin
- ~80 of the US crude oil rigs are in the 5 counties mentioned above
- Excellent results seen in multiple zones – Sprayberry, Wolfcamp and others
Strategic Rationale

- **Commercial Activity**
  - ~ 90% of throughput volume supported by acreage dedication or take or pay contracts
  - Currently ~ 170 MBPD volume moving through the combined terminal
  - Significant acreage dedication from an investment grade Permian producer
  - Storage in place provides immediate contango opportunity capture
  - Terminal tankage allows for expanded ability for crude condensate segregation from Delaware Basin to Nederland
  - All pipelines have significant available capacity for production growth
  - Increases footprint to bring additional gathering to terminal
Strategic Location in Key Midland Basin Counties
### Asset Detail

- **Midland Terminal**
  - 2 MMB total capacity (1 MMB at Vitol and 1 MMB at SunVit)
  - 14-lane truck station
  - Connected to Centurion Midland, Enterprise Midland, Permian Express 2 (via SunVit)

- **North System**
  - 29 miles of 12" mainline plus 33 miles of gathering lines
  - RC Smith truck station: 4mbbls storage, 8 lanes
  - Dickenson truck station: 2 mbbls storage, 4 lanes

- **East System**
  - 11 miles of 8" mainline and 10 miles of gathering lines to Midland Terminal
  - Blewitt truck station: 2 mbbls storage, 4 lanes

- **Midkiff Mainline**
  - 25 miles of 12" mainline to Midland Terminal
  - 4-lane truck station with 52 mbbls storage

- **Midkiff West Lateral**
  - 12 miles of mainline and gathering lines into Midkiff 12" mainline
  - 4-lane truck station with 2 mbbls storage

- **SunVit Pipeline LLC**
  - 38 miles of 20" mainline from SunVit Terminal to Garden City
  - ~ 1 MMB storage
  - 6-lane truck station