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Midstream 101

A Primer on Understanding Midstream Contracts and Identifying Key Issues

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1

MIDSTREAM 101



What does “midstream” cover?

- **Upstream:** Exploration and production
- **Midstream:** Transportation
Storage
Processing
Marketing
- **Downstream:** Finished products
Marketing and distribution

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2

Oil vs. Gas

- **Oil:** Produced at the wellhead and aggregated in storage tanks or central tank batteries
- **Gas:** Produced at the wellhead and aggregated via points of interconnection with a larger pipeline network

Gathering vs. Transportation

- **Gathering:** The process of collecting gas from one or more wellheads and its relatively short movement downstream where it is aggregated for further movement
- **Transportation:** Movement of accumulated quantities of oil/gas to one or more downstream points

Common Midstream Agreements

- Gathering Agreements
- Transportation Agreements
- Storage Agreements
- Terminaling Agreements
- Processing Agreements
- Balancing Agreements
- Capacity Release Agreements
- Equipment Lease Agreements
- Facilities Construction Agreements
- Fractionation Agreements
- Gas Lift Agreements
- Operation and Maintenance (O&M) Agreements
- Purchase and Sale Agreements

Midstream Agreements / Current Events

- **Covenants Running with the Land**
- **Minimum Volume Commitment**
- **Force Majeure**

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