PLAINS ALL AMERICAN PIPELINE LP
Form 10-K
February 27, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

(Mark One)
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-14569
PLAINS ALL AMERICAN PIPELINE, L.P.
(Exact name of registrant as specified in its charter)

Delaware	76-0582150
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
333 Clay Street, Suite 1600, Houston, Texas	77002
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (713) 646-4100
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Units	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer x Accelerated filer o

Non-accelerated filer o Smaller reporting company o

Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x
The aggregate market value of the Common Units held by non-affiliates of the registrant (treating all executive officers and directors of the registrant and holders of 10% or more of the Common Units outstanding, for this purpose, as if they may be affiliates of the registrant) was approximately $10.4 billion on June 29, 2018, based on a closing price of $23.64 per Common Unit as reported on the New York Stock Exchange on such date. As of February 12, 2019, there were 726,579,550 Common Units outstanding.
DOCUMENTS INCORPORATED BY REFERENCE
Portions of the registrant’s definitive Proxy Statement to be filed pursuant to Regulation 14A pertaining to the 2019 Annual Meeting of Unitholders are incorporated by reference into Part III hereof. The registrant intends to file such Proxy Statement no later than 120 days after the end of the fiscal year covered by this Form 10-K.

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FORWARD-LOOKING STATEMENTS

All statements included in this report, other than statements of historical fact, are forward-looking statements, including but not limited to statements incorporating the words “anticipate,” “believe,” “estimate,” “expect,” “plan,” “intend” a “forecast,” as well as similar expressions and statements regarding our business strategy, plans and objectives for future operations. The absence of such words, expressions or statements, however, does not mean that the statements are not forward-looking. Any such forward-looking statements reflect our current views with respect to future events, based on what we believe to be reasonable assumptions. Certain factors could cause actual results or outcomes to differ materially from the results or outcomes anticipated in the forward-looking statements. The most important of these factors include, but are not limited to:

- declines in the actual or expected volume of crude oil and NGL shipped, processed, purchased, stored, fractionated and/or gathered at or through the use of our assets, whether due to declines in production from existing oil and gas reserves, reduced demand, failure to develop or slowdown in the development of additional oil and gas reserves, whether from reduced cash flow to fund drilling or the inability to access capital, or other factors;
- the effects of competition, including the effects of capacity overbuild in areas where we operate;
- market distortions caused by over-commitments to infrastructure projects, which impacts volumes, margins, returns and overall earnings;
- unanticipated changes in crude oil and NGL market structure, grade differentials and volatility (or lack thereof);
- environmental liabilities or events that are not covered by an indemnity, insurance or existing reserves;
- fluctuations in refinery capacity in areas supplied by our mainlines and other factors affecting demand for various grades of crude oil, NGL and natural gas and resulting changes in pricing conditions or transportation throughput requirements;
- maintenance of our credit rating and ability to receive open credit from our suppliers and trade counterparties;
- the occurrence of a natural disaster, catastrophe, terrorist attack (including eco-terrorist attacks) or other event, including cyber or other attacks on our electronic and computer systems;
- failure to implement or capitalize, or delays in implementing or capitalizing, on expansion projects, whether due to permitting delays, permitting withdrawals or other factors;
- shortages or cost increases of supplies, materials or labor;
- the impact of current and future laws, rulings, governmental regulations, accounting standards and statements, and related interpretations;
- tightened capital markets or other factors that increase our cost of capital or limit our ability to obtain debt or equity financing on satisfactory terms to fund additional acquisitions, expansion projects, working capital requirements and the repayment or refinancing of indebtedness;
- the availability of, and our ability to consummate, acquisition or combination opportunities;
- the successful integration and future performance of acquired assets or businesses and the risks associated with operating in lines of business that are distinct and separate from our historical operations;
- the currency exchange rate of the Canadian dollar;
- continued creditworthiness of, and performance by, our counterparties, including financial institutions and trading companies with which we do business;
- inability to recognize current revenue attributable to deficiency payments received from customers who fail to ship or move more than minimum contracted volumes until the related credits expire or are used;
- non-utilization of our assets and facilities;
- increased costs, or lack of availability, of insurance;
- weather interference with business operations or project construction, including the impact of extreme weather events or conditions;
- the effectiveness of our risk management activities;

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- fluctuations in the debt and equity markets, including the price of our units at the time of vesting under our long-term incentive plans;
- risks related to the development and operation of our assets, including our ability to satisfy our contractual obligations to our customers;
- general economic, market or business conditions and the amplification of other risks caused by volatile financial markets, capital constraints and pervasive liquidity concerns; and
- other factors and uncertainties inherent in the transportation, storage, terminalling and marketing of crude oil, as well as in the storage of natural gas and the processing, transportation, fractionation, storage and marketing of natural gas liquids.

Other factors described herein, as well as factors that are unknown or unpredictable, could also have a material adverse effect on future results. Please read Item 1A. “Risk Factors.” Except as required by applicable securities laws, we do not intend to update these forward-looking statements and information.

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PART I

Items 1 and 2. Business and Properties

General

Plains All American Pipeline, L.P. is a Delaware limited partnership formed in 1998. Our operations are conducted directly and indirectly through our primary operating subsidiaries. As used in this Form 10-K and unless the context indicates otherwise, the terms "Partnership," "Plains," "PAA," "we," "us," "our," "ours" and similar terms refer to Plains All American Pipeline, L.P. and its subsidiaries.

We own and operate midstream energy infrastructure and provide logistics services primarily for crude oil, natural gas liquids ("NGL") and natural gas. We own an extensive network of pipeline transportation, terminalling, storage and gathering assets in key crude oil and NGL producing basins and transportation corridors and at major market hubs in the United States and Canada. Our business activities are conducted through three operating segments: Transportation, Facilities and Supply and Logistics.

Organizational History

We were formed as a master limited partnership to acquire and operate the midstream crude oil businesses and assets of a predecessor entity and completed our initial public offering in 1998. From an economic perspective, we are owned 100% by our limited partners, which include common unitholders and Series A and Series B preferred unitholders. Our common units are publicly traded on the New York Stock Exchange under the ticker symbol "PAA." Our Series A preferred units are convertible into common units on a one-for-one basis by the holders of such units or by us in certain circumstances. Our common units and Series A preferred units are collectively referred to as "Common Unit Equivalents." Our Series B preferred units are not convertible into common units and are not included in Common Unit Equivalents.

Our non-economic general partner interest is held by PAA GP LLC ("PAA GP"), a Delaware limited liability company, whose sole member is Plains AAP, L.P. ("AAP"), a Delaware limited partnership. In addition to its ownership of PAA GP, as of December 31, 2018, AAP also owned a limited partner interest in us through its ownership of approximately 280.5 million of our common units (approximately 35% of our total outstanding Common Unit Equivalents).

Plains All American GP LLC ("GP LLC"), a Delaware limited liability company, is AAP's general partner. Plains GP Holdings, L.P. ("PAGP"), a Delaware limited partnership that completed its initial public offering in October 2013, is the sole and managing member of GP LLC, and, at December 31, 2018, owned, directly and indirectly, an approximate 57% limited partner interest in AAP. Both PAGP and GP LLC have elected to be treated as corporations for United States federal income tax purposes. PAA GP Holdings LLC ("PAGP GP"), a Delaware limited liability company, is the general partner of PAGP.

References to the "PAGP Entities" include PAGP GP, PAGP, GP LLC, AAP and PAA GP. References to our "general partner," as the context requires, include any or all of the PAGP Entities. References to the "Plains Entities" include us, our subsidiaries and the PAGP Entities.

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Partnership Structure and Management

Our operations are conducted directly and indirectly through, and our operating assets are owned by, our subsidiaries. As the sole member of GP LLC, PAGP has responsibility for conducting our business and managing our operations; however, the board of directors of PAGP GP (the "PAGP GP Board") has ultimate responsibility for managing the business and affairs of PAGP, AAP and us. Our general partner does not receive a management fee or other compensation in connection with its management of our business, but it is reimbursed for substantially all direct and indirect expenses incurred on our behalf.

The two diagrams below show our organizational structure and ownership as of December 31, 2018 in both a summarized and more detailed format. The first diagram depicts our legal structure in summary format, while the second diagram depicts a more comprehensive view of such structure, including ownership and economic interests and shares and units outstanding:

Summarized Partnership Structure
(as of December 31, 2018)

(1) Through a "pass-through" voting right as a result of our ownership of Class C shares of PAGP, our common unitholders have the effective right to vote, pro rata with the holders of Class A and Class B shares of PAGP, for the election of eligible PAGP GP directors.

(2) Represents percentage ownership of Common Unit Equivalents.

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Detailed Partnership Structure
(as of December 31, 2018)

(1) Represents the number of Class A units of AAP ("AAP units") for which the outstanding Class B units of AAP (referred to herein as the "AAP Management Units") will be exchangeable, assuming the conversion of all such units at a rate of approximately 0.941 AAP units for each AAP Management Unit.

(2) Assumes conversion of all outstanding AAP Management Units into AAP units.

(3) Each Class C share represents a non-economic limited partner interest in PAGP. Through a "pass-through" voting right as a result of our ownership of Class C shares of PAGP, our common unitholders have the effective right to vote, pro rata with the holders of Class A and Class B shares of PAGP, for the election of eligible PAGP GP directors.

(4) Amount does not include (i) 48,606 common units that will become issuable to AAP that relate to AAP Management Units that were outstanding but not earned as of December 31, 2018 and (ii) 183,819 common units that were issued to AAP in January 2019 in respect of AAP Management units that became earned effective December 31, 2018.

(5) Represents percentage ownership of Common Unit Equivalents. Series B preferred units are not convertible into common units and are not included in Common Unit Equivalents.

(6) The Partnership holds direct and indirect ownership interests in consolidated operating subsidiaries including, but not limited to, Plains Marketing, L.P., Plains Pipeline, L.P. and Plains Midstream Canada ULC ("PMC").

(7) The Partnership holds indirect equity interests in unconsolidated entities including Advantage Pipeline, L.L.C. ("Advantage"), BridgeTex Pipeline Company, LLC ("BridgeTex"), Cactus II Pipeline LLC ("Cactus II"), Caddo Pipeline LLC ("Caddo"), Cheyenne Pipeline LLC ("Cheyenne"), Diamond Pipeline LLC ("Diamond"), Eagle Ford Pipeline LLC ("Eagle Ford Pipeline"), Eagle Ford Terminals Corpus Christi LLC ("Eagle Ford Terminals"), Midway Pipeline LLC ("Midway Pipeline"), Saddlehorn Pipeline Company, LLC ("Saddlehorn"), Settoon Towing, LLC ("Settoon Towing"), STACK Pipeline LLC ("STACK") and White Cliffs Pipeline, L.L.C. ("White Cliffs").

Business Strategy

Our principal business strategy is to provide competitive and efficient midstream transportation, terminalling, storage, processing, fractionation and supply and logistics services to producers, refiners and other customers. Toward this end, we endeavor to address regional supply and demand imbalances for crude oil and NGL in the United States and Canada by combining the strategic location and capabilities of our transportation, terminalling, storage, processing and fractionation assets with our supply, logistics and distribution expertise. We believe successful execution of this strategy will enable us to generate sustainable earnings and cash flow. We intend to manage and grow our business by:

- running a safe, reliable, environmentally and socially responsible operation, which includes driving operational excellence, cost savings, asset optimization and improved efficiencies throughout the organization;
- developing and implementing growth projects that (i) address evolving crude oil and NGL needs in the midstream transportation and infrastructure sector and (ii) are well positioned to benefit from long-term industry trends and opportunities;
- using our transportation, terminalling, storage, processing and fractionation assets in conjunction with our supply and logistics activities to provide flexibility for our customers, capture market opportunities, address physical market imbalances, mitigate inherent risks and increase margin; and
- selectively pursuing strategic and accretive acquisitions that complement our existing asset base and distribution capabilities.

Competitive Strengths

We believe that the following competitive strengths position us to successfully execute our principal business strategy:

- Many of our assets are strategically located and operationally flexible. The majority of our primary Transportation segment assets are in crude oil service, are located in well-established crude oil producing regions (with our largest asset presence in the Permian Basin) and other transportation corridors and are connected, directly or indirectly, with our Facilities segment assets. The majority of our Facilities segment assets are located at major trading locations and premium markets that serve as gateways to major North American refinery and distribution markets where we have

strong business relationships. In addition, our assets include pipeline, rail, barge, truck and storage assets, which provide our customers and us with significant flexibility and optionality to satisfy demand and balance markets, particularly during a dynamic period of changing product flows and recent developments with respect to rising crude oil exports.

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- We possess specialized crude oil and NGL market knowledge. We believe our business relationships with participants in various phases of the crude oil and NGL distribution chain, from producers to refiners, as well as our own industry expertise (including our knowledge of North American crude oil and NGL flows), provide us with an extensive understanding of the North American physical crude oil and NGL markets.
- Our supply and logistics activities typically generate a positive margin with the opportunity to realize incremental margins. We believe the variety of activities executed within our Supply and Logistics segment in combination with our risk management strategies provides us with a low-risk opportunity to generate incremental margin, the amount of which may vary depending on market conditions (such as differentials and certain competitive factors).
- We have the strategic and technical skills and the financial flexibility to continue to pursue acquisition and expansion opportunities, whether on our own or through joint ventures. Since 1998, we have completed and integrated over 90 acquisitions with an aggregate purchase price of approximately $13.2 billion. Since 1998, we have also implemented expansion capital projects totaling over $14.4 billion. In addition, considering our investment grade credit ratings at two of three agencies, liquidity and capital structure, we believe we have the financial resources and strength necessary to finance future strategic expansion, joint venture and acquisition opportunities. As of December 31, 2018, we had approximately $2.9 billion of liquidity available, including cash and cash equivalents and availability under our committed credit facilities, subject to continued covenant compliance.
- We have an experienced management team whose interests are aligned with those of our unitholders. Our executive management team has an average of 30+ years of industry experience, and an average of 16 years with us or our predecessors and affiliates. In addition, through their ownership of common units and grants of phantom units and interests in our general partner, our management team has a vested interest in our continued success.

Financial Strategy

Targeted Credit Profile

We believe that a major factor in our continued success is our ability to maintain significant financial flexibility, a competitive cost of capital and access to the capital markets. In that regard, we intend to maintain a credit profile that we believe is consistent with investment grade credit ratings. We target a credit profile with the following attributes:

- an average long-term debt-to-total capitalization ratio of approximately 50% or less;
- a long-term debt-to-Adjusted EBITDA multiple averaging between 3.5x and 4.0x, which has been our historical target range and is currently under internal review ("Adjusted EBITDA" is earnings before interest, taxes, depreciation and amortization (including our proportionate share of depreciation and amortization and gains and losses on significant asset sales by unconsolidated entities), gains and losses on asset sales and asset impairments, and gains on sales of investments in unconsolidated entities, adjusted for selected items that impact comparability. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Non-GAAP Financial Measures" for a discussion of our selected items that impact comparability and our non-GAAP measures.);
- an average total debt-to-total capitalization ratio of approximately 60% or less; and
- an average Adjusted EBITDA-to-interest coverage multiple of approximately 3.3x or better.

The first two of these four metrics include long-term debt as a critical measure, but do not include certain components of our capital structure such as short-term debt, preferred units and operating leases that may be considered by rating agencies in assigning their ratings. At December 31, 2018, our publicly-traded senior notes comprised approximately 98% of our reported long-term debt. Additionally, we also routinely incur short-term debt primarily in connection with our supply and logistics activities that involve the simultaneous purchase and forward sale of crude oil and NGL. The crude oil and NGL purchased in these transactions are hedged. These borrowings are self-liquidating as they are repaid with sales proceeds. We also incur short-term debt to fund New York Mercantile Exchange ("NYMEX") and Intercontinental Exchange ("ICE") margin requirements. In certain market conditions, these routine short-term debt

levels may increase above certain baseline levels. Similar to our working capital borrowings, these borrowings are self-liquidating. We do not consider the working capital borrowings or margin requirements associated with these activities to be part of our long-term capital structure.

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To maintain our targeted credit profile and achieve growth through acquisitions and expansion capital, we have historically targeted to fund approximately 55% of the capital requirements associated with these activities with equity, cash flow in excess of distributions or proceeds from asset sales. However, in connection with our leverage reduction plan, as discussed below, and in recognition of challenging financial markets, we have retained a larger amount of cash flow in excess of distributions, sold a meaningful amount of assets and refrained from accessing the equity capital markets. Additionally, from time to time, we may be outside the parameters of our targeted credit profile as, in certain cases, capital expenditures and acquisitions may be financed initially using debt or there may be delays in realizing anticipated synergies from acquisitions or contributions from expansion capital projects to Adjusted EBITDA.

Leverage Reduction Plan

In August 2017, we announced that we were implementing an action plan to strengthen our balance sheet, reduce leverage, enhance our distribution coverage, minimize new issuances of common equity and position the Partnership for future distribution growth. See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Executive Summary” for a summary of this action plan and the status of our efforts to implement such plan.

Acquisitions

The acquisition of midstream assets and businesses that are strategic and complementary to our existing operations constitutes an important component of our business strategy and growth objectives. Such assets and businesses include crude oil and NGL logistics assets as well as other energy assets that have characteristics and provide opportunities similar to our existing business lines and enable us to leverage our assets, knowledge and skill sets.

The following table summarizes acquisitions greater than $200 million that we have completed over the past five years.

Acquisition	Date	Description	Approximate Purchase Price [1] (in millions)	
Alpha Crude Connector Gathering System	Feb-2017	Recently constructed gathering system located in the Northern Delaware Basin	$ 1,215	
Spectra Energy Partners Western Canada NGL Assets	Aug-2016	Integrated system of NGL assets located in Western Canada	$ 204	(2)
50% Interest in BridgeTex Pipeline Company, LLC (“BridgeTex”)	Nov-2014	BridgeTex owns a crude oil pipeline that extends from Colorado City, Texas to East Houston	$ 1,088	(3)

(1) As applicable, the approximate purchase price includes total cash paid and debt assumed, including amounts for working capital and inventory.

(2) Approximate purchase price of $180 million, net of cash, inventory and other working capital acquired.

(3) Approximate purchase price of $1.075 billion, net of working capital acquired. In 2018, we sold a 30% interest in BridgeTex. See Note 9 to our Consolidated Financial Statements for more information. We account for our 20% interest in BridgeTex under the equity method of accounting.

Divestitures

In 2016, we initiated a program to evaluate potential sales of non-core assets and/or sales of partial interests in assets to strategic joint venture partners to optimize our asset portfolio and strengthen our balance sheet and leverage metrics. Through December 31, 2018, we have completed asset sales totaling approximately $3.0 billion, of which

approximately $0.6 billion closed in 2016 (net of amounts paid for the remaining interest in a pipeline that was subsequently sold), approximately $1.1 billion closed in 2017 and approximately $1.3 billion closed in 2018. See Note 7 to our Consolidated Financial Statements for additional discussion of our dispositions and divestitures.

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Ongoing Acquisition, Divestiture and Investment Activities

Consistent with our business strategy, we are continuously engaged in the evaluation of potential acquisitions, joint ventures and capital projects. As a part of these efforts, we often engage in discussions with potential sellers or other parties regarding the possible purchase of or investment in assets and operations that are strategic and complementary to our existing operations. In response to changing U.S. production profiles and increased competition for new build assets, over the last several years, we have increased our joint venture related activities in an effort to fully meet the current and future needs of our customers while also rationalizing assets and enhancing our investment returns. The vast majority of our joint ventures are accounted for as investments in unconsolidated subsidiaries. In addition, we have in the past evaluated and pursued, and intend in the future to evaluate and pursue, the acquisition of or investment in other energy-related assets that have characteristics and opportunities similar to our existing business lines and enable us to leverage our assets, knowledge and skill sets. Such efforts may involve participation by us in processes that have been made public and involve a number of potential buyers or investors, commonly referred to as "auction" processes, as well as situations in which we believe we are the only party or one of a limited number of parties who are in negotiations with the potential seller or other party. These acquisition and investment efforts often involve assets which, if acquired or constructed, could have a material effect on our financial condition and results of operations.

From time to time, we may also (i) sell assets that we regard as non-core or that we believe might be a better fit with the business or assets of a third-party buyer or (ii) sell partial interests in assets to strategic joint venture partners, in each case to optimize our asset portfolio and strengthen our balance sheet and leverage metrics. With respect to a potential divestiture, we may also conduct an auction process or may negotiate a transaction with one or a limited number of potential buyers.

We typically do not announce a transaction until after we have executed a definitive agreement. However, in certain cases in order to protect our business interests or for other reasons, we may defer public announcement of a transaction until closing or a later date. Past experience has demonstrated that discussions and negotiations regarding a potential transaction can advance or terminate in a short period of time. Moreover, the closing of any transaction for which we have entered into a definitive agreement may be subject to customary and other closing conditions, which may not ultimately be satisfied or waived. Accordingly, we can give no assurance that our current or future acquisition or investment efforts will be successful, or that our strategic asset divestitures will be completed. Although we expect the acquisitions and investments we make to be accretive in the long term, we can provide no assurance that our expectations will ultimately be realized. See Item 1A. "Risk Factors—Risks Related to Our Business—If we make acquisitions that fail to perform as anticipated, our future growth may be limited" and "—Acquisitions and joint ventures involve risks that may adversely affect our business."

Expansion Capital Projects

Our extensive asset base and our relationships with customers provide us with opportunities for organic growth through the construction of additional assets that are complementary to, and expand or extend, our existing asset base. The following expansion capital projects are included in our 2019 capital plan as of February 2019:

Project	Description	Projected In-Service Date	2019 Plan Amount [1] ($ in millions)
Permian Basin Takeaway Pipeline Projects	Primarily includes contributions for our (i) 65% interest in the Cactus II joint venture pipeline and (ii) 20% interest in the Wink to Webster joint venture pipeline	2H 2019 - 2021	$ 630
			285

Complementary Permian Basin Projects	Multiple projects to support the Permian Basin takeaway pipeline projects, and to expand/extend our gathering and intra-basin pipelines as well as terminalling and storage facilities at market hub locations	1H 2019 - 2020+	
Other Projects		1H 2019 - 2020+	185
Total Projected Expansion Capital Expenditures			$ 1,100

(1) Represents the portion of the total project cost expected to be incurred during the year. Potential variation to current capital costs estimates may result from (i) changes to project design, (ii) final cost of materials and labor and (iii) timing of incurrence of costs due to uncontrollable factors such as receipt of permits or regulatory approvals and weather. Amounts reflect our expectation that certain projects will be owned in a joint venture structure with a proportionate share of the project cost dispersed among the partners.

Global Petroleum Market Overview

The health of the global petroleum market is dependent on the relative supply and demand of hydrocarbons, including crude oil and NGLs. These supply and demand economics are greatly influenced by the broader global economic climate, exposing the petroleum market to the challenges and volatility associated with global economic development. The table below depicts historical global liquids production and consumption and is derived from the U.S. Energy Information Administration ("EIA") Short-Term Energy Outlook, February 2019 (see EIA website at www.eia.doe.gov):

	2013	2014	2015	2016	2017	2018	Δ from 2013 - 2014	Δ from 2014 - 2015	Δ from 2015 - 2016	Δ from 2016 - 2017	Δ from 2017 - 2018
	million barrels per day [2]										
Production (Supply)											
U.S.	12.4	14.1	15.1	14.8	15.7	17.9	1.8	1.0	(0.3)	0.8	2.2
OPEC	35.1	35.1	36.4	37.4	37.3	37.3	—	1.2	1.0	(0.1)	—
Other World	44.1	44.9	45.5	45.1	45.1	45.3	0.8	0.6	(0.3)	(0.1)	0.3
Total	91.6	94.2	97.0	97.4	98.0	100.5	2.5	2.8	0.4	0.6	2.5
Total Consumption (Demand)	92.3	93.9	95.9	96.9	98.6	100.0	1.6	2.0	1.0	1.7	1.5
Global Supply / Demand Balance	(0.6)	0.3	1.1	0.5	(0.5)	0.5	0.9	0.8	(0.6)	(1.1)	1.0

(1) Data reflects actuals through October 2018.
(2) Amounts may not recalculate due to rounding.

In 2018, OPEC continued to manage crude oil production levels. Joined by certain non-OPEC countries such as Russia, OPEC and non-OPEC producers agreed to cut production by 1.2 million barrels per day from October 2018 levels, beginning January 2019. In addition, in December of 2018, the province of Alberta mandated crude oil production cuts by imposing production limits designed to remove approximately 325,000 barrels per day from the market; such production limits were relaxed in February 2019 to allow an additional 75,000 barrels per day of production.

Crude Oil Market Overview

The definition of a commodity is a "mass-produced unspecialized product" and implies the attribute of fungibility. Crude oil is typically referred to as a commodity; however, it is neither unspecialized nor fungible. The crude slate available to U.S. and world-wide refineries consists of a substantial number of different grades and varieties of crude oil. Each crude oil grade has distinguishing physical properties. For example, specific gravity (generally referred to as light or heavy), sulfur content (generally referred to as sweet or sour) and metals content, along with other characteristics, collectively result in varying economic attributes. In many cases, these factors result in the need for such grades to be batched or segregated in the transportation and storage processes, blended to precise specifications

or adjusted in value.

The lack of fungibility of the various grades of crude oil creates logistical transportation, terminalling and storage challenges and inefficiencies associated with regional volumetric supply and demand imbalances. These logistical inefficiencies are created as certain qualities of crude oil are indigenous to particular regions or countries. Also, each refinery has a distinct configuration of process units designed to handle particular grades of crude oil. The relative yields and the cost to obtain, transport and process the crude oil drive the refinery's choice of feedstock. In addition, from time to time, natural disasters and geopolitical factors such as hurricanes, earthquakes, tsunamis, inclement weather, labor strikes, refinery disruptions, embargoes and armed conflicts may impact supply, demand, transportation and storage logistics.

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Our assets and our business strategy are designed to serve our producer and refiner customers by addressing regional crude oil supply and demand imbalances that exist in the United States and Canada. The nature and extent of these imbalances change from time to time as a result of a variety of factors, including regional production declines and/or increases; refinery expansions, modifications and shut-downs; available transportation and storage capacity; and government mandates and related regulatory factors.

From 2011 through 2015, the combination of (i) a significant increase in North American production volumes, (ii) a change in crude oil qualities and related differentials and (iii) high utilization of existing pipeline and terminal infrastructure stimulated multiple industry initiatives to build new pipeline and terminal infrastructure, convert certain pipeline assets to alternative service or reverse flows and expand the use of trucks, rail and barges for the movement of crude oil and condensate. Increased production from U.S. oil-producing areas such as the Rockies, the Permian Basin in West Texas, the Mid-Continent region, the Eagle Ford Shale in South Texas, and the Williston Basin in North Dakota caused U.S. lower 48 onshore crude oil production to increase by 3.7 million barrels per day, or 99%, between 2011 and 2015. In 2015, U.S. Lower 48 onshore crude oil production peaked at 7.6 million barrels per day in March. By that point crude oil prices had begun to decline, causing many North American operators to significantly scale back their capital programs, resulting in production declines. By February 2016 West Texas Intermediate crude averaged $30.32 per barrel, down from averaging over $100 per barrel in July 2014.

By mid-2016 crude oil prices began to rise and, subsequently, U.S. onshore rig count increased, reaching 1,054 by December 2018, and U.S. lower 48 onshore production reached a high of 9.5 million barrels per day in November 2018. As the rate of production grew throughout 2018, utilization on existing infrastructure began to increase in areas like the Permian Basin in West Texas, causing differentials between crude oil in West Texas and Cushing, Oklahoma (the U.S. pricing benchmark) to widen to nearly $18 per barrel in August 2018.

Source: EIA

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Source: EIA

U.S. Crude Oil Exports

The number of countries receiving exported U.S. crude oil has continued to rise since the removal of restrictions on exporting U.S. crude oil in December 2015. U.S. crude oil exports averaged 1.93 million barrels per day in the first eleven months of 2018, 0.77 (67%) million barrels per day more than the full-year 2017 and 1.34 (227%) million barrels per day more than full year 2016. During the week of November 30, 2018, the U.S. was a net exporter of crude oil and petroleum products for the first time in weekly data going back to 1991. Continued increases in U.S. crude oil exports will likely depend on increases in U.S. crude oil production and wider price differences between domestic and international crude oil. The table below depicts historical U.S. crude oil exports as reported by the EIA (see EIA website at www.eia.doe.gov):

	Annual U.S. Exports of Crude Oil				Δ from	Δ from	Δ from
	2015	2016	2017	2018 [1]	2015-2016	2016-2017	2017-2018 [1]
	(in millions of barrels per day) [2]						
PADD 1	0.07	0.17	0.01	0.03	0.10	(0.16)	0.02
PADD 2	0.08	0.11	0.21	0.13	0.02	0.11	(0.08)
PADD 3	0.29	0.29	0.92	1.76	—	0.63	0.84
PADD 4	0.01	0.01	—	—	—	(0.01)	—
PADD 5	0.01	0.01	0.01	0.01	—	—	—
Total U.S. Crude Oil Exports	0.47	0.59	1.16	1.93	0.13	0.57	0.77

[1] Data reflects actuals through November 2018.
[2] Amounts may not recalculate due to rounding.

NGL Market Overview

NGL primarily includes ethane, propane, normal butane, iso-butane and natural gasoline, and is derived from natural gas production and processing activities, as well as crude oil refining processes. Liquefied petroleum gas ("LPG") primarily includes propane and butane, which liquefy at moderate pressures thus making it easier to transport and store such products as compared to ethane. NGL refers to all NGL products including LPG when used in this Form 10-K.

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NGL Demand. Individual NGL products have varying uses. Described below are the five basic NGL components and their typical uses:

- Ethane (C2). Ethane accounts for the largest portion of the NGL barrel and substantially all of the extracted ethane is used as feedstock in the production of ethylene, one of the basic building blocks for a wide range of plastics and other chemical products. When ethane recovery from a wet natural gas stream is uneconomic, ethane is left in the natural gas stream, subject to pipeline specifications.

- Propane (C3). Propane is used as heating fuel, engine fuel and industrial fuel, for agricultural burning and drying and also as petrochemical feedstock for the production of ethylene and propylene.

- Normal butane (C4). Normal butane is principally used for motor gasoline blending and as fuel gas, either alone or in a mixture with propane, and feedstock for the manufacture of ethylene and butadiene, a key ingredient of synthetic rubber. Normal butane is also used as a feedstock for iso-butane production and as a diluent in the transportation of heavy crude oil and bitumen, particularly in Canada.

- Iso-butane. Iso-butane is principally used by refiners to produce alkylates to enhance the octane content of motor gasoline.

- Natural Gasoline. Natural gasoline is principally used as a motor gasoline blend stock, a petrochemical feedstock, or as diluent in the transportation of heavy crude oil and bitumen, particularly in Canada.

NGL Supply. The bulk of NGL supply (approximately 90% in the United States and 73% in Canada) comes from gas processing plants, which separate a mixture of NGL from the dry gas (primarily methane). This NGL mix (also referred to as “Y Grade”) is then either fractionated at the processing site into the five individual NGL components (known as purity products), which may be transported, stored and sold to end use markets, or transported to a regional fractionation facility.

The majority of gas processing plants in the United States are located along the Gulf Coast, in the West Texas/Oklahoma area, the Marcellus and Utica region and in the Rockies region. In Canada, the vast majority of the processing capacity is located in Alberta, with a much smaller (but increasing) amount in British Columbia and Saskatchewan.

NGL products from refineries represent approximately 8% of the United States supply and 4% of Canadian supply and are by-products of the refinery conversion process. Consequently, they have generally already been separated into individual components and do not require further fractionation. NGL products from refineries are principally propane, with lesser amounts of butane, refinery naphthas (products similar to natural gasoline) and ethane. Due to refinery maintenance schedules and seasonal demand considerations, refinery production of propane and butane varies on a seasonal basis.

NGL (primarily propane and butane) is also imported into certain regions of the United States from Canada and other parts of the world (approximately 3% of total supply). Propane and butane is also exported from certain regions of the United States.

NGL Transportation and Trading Hubs. NGL, whether as a mixture or as purity products, is transported by pipelines, barges, railcars and tank trucks. The method of transportation used depends on, among other things, the resources of the transporter, the locations of production points and delivery points, cost-efficiency and the quantity of product being transported. Pipelines are generally the most cost-efficient mode of transportation when large, consistent volumes of product are to be delivered.

The major NGL infrastructure and trading hubs in North America are located at Mont Belvieu, Texas; Conway, Kansas; Edmonton, Alberta; and Sarnia, Ontario. Each of these hubs contains a critical mass of infrastructure, including fractionators, storage, pipelines and access to end markets, particularly Mont Belvieu.

NGL Storage. NGL must be stored under pressure to maintain a liquid state. The lighter the product (e.g., ethane), the greater the pressure that must be maintained. Large volumes of NGL are stored in underground caverns constructed in salt or granite; however, product is also stored in above ground tanks. Natural gasoline can be stored at relatively low pressures in tankage similar to that used to store motor gasoline. Propane and butane are stored at much higher pressures in steel spheres, cylinders, bullets, salt caverns or other configurations. Ethane is stored at very high pressures, typically in salt caverns. Storage is especially important for NGL as supply and demand can vary materially on a seasonal basis.

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NGL Market Outlook. The growth of shale-based production in both traditional and new producing areas has resulted in a significant increase in NGL supplies from gas processing plants over the past several years. This has driven extensive expansion and new development of midstream infrastructure in Canada, the Bakken, Marcellus/Utica, and throughout Texas.

The growth of production in non-traditional producing regions and the increase in export capacity has shifted regional basis relationships and created new logistics and infrastructure opportunities. Growth of 13% in 2018 for North American NGL production has meant expansion into new markets, through exports or increased petrochemical demand. The continuation of a relatively low ratio of North American gas and NGL prices to world-wide crude oil prices will mean North American NGL can continue to be competitive on a world scale, either as feedstock for North American based manufacturing or export to overseas markets. In addition to substantially increased exports, a portion of the increased supply of NGL will be absorbed by the domestic petrochemical sector as low-cost feed stocks, as the North American petrochemical industry has enjoyed a supply cost advantage on a world scale.

We believe the fundamentals of an accessible resource base and improved midstream infrastructure should mean producers can continue to develop the most economic new supply. The NGL market is, among other things, expected to be driven by:

- the absolute prices of NGL products and their prices relative to natural gas and crude oil;
- drilling activity and wet natural gas production in developing liquids-rich production areas;
- available processing, fractionation, storage and transportation capacity;
- petro-chemical demand driven by the build-out or new builds of Ethylene Cracker capacity (ethane demand) and Propane Dehydrogenation facilities (propane demand);
- increased export capacity for both ethane and propane;
- diluent requirements for heavy Canadian oil;
- regulatory changes in gasoline specifications affecting demand for butane;
- seasonal demand from refiners;
- seasonal weather-related demand; and
- inefficiencies caused by regional supply and demand imbalances.

As a result of these and other factors, the NGL market is complex and volatile, which, along with expected market growth, creates opportunities to solve the logistical inefficiencies inherent in the business.

Natural Gas Storage Market Overview

North American natural gas storage facilities provide a staging and warehousing function for seasonal swings in demand relative to supply, as well as an essential reliability cushion against disruptions in natural gas supply, demand and transportation by allowing natural gas to be injected into, withdrawn from or warehoused in such storage facilities as dictated by market conditions. Natural gas storage serves as the “shock absorber” that balances the market, serving as a source of supply to meet the consumption demands in excess of daily production capacity during high-demand periods and a warehouse for gas production in excess of daily demand during low-demand periods.

Overall market conditions for natural gas storage have been challenging during the last several years, driven by a variety of factors, including (i) increased natural gas supplies due to production from shale resources, (ii) a shift from Gulf of Mexico production to Northeast production causing less concern over supply disruptions from tropical weather and (iii) lower basis differentials in certain regions due to expansion and improved connectivity of natural gas transportation infrastructure.

Longer term, we believe several factors will contribute to meaningful growth in North American natural gas demand that will bolster the market need for and the commercial value of natural gas storage. These fundamental factors include (i) exports of North American volumes of LNG, (ii) increased exports of natural gas to Mexico, (iii) construction of new gas-fired power plants, (iv) sustained fuel switching from coal to natural gas among existing power plants and (v) growth in base-level industrial demand.

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Description of Segments and Associated Assets

Our business activities are conducted through three segments—Transportation, Facilities and Supply and Logistics. We have an extensive network of pipeline transportation, terminalling, storage and gathering assets in key crude oil and NGL producing basins and transportation corridors and at major market hubs in the United States and Canada. The map and descriptions below highlight our more significant assets (including certain assets under construction or development) as of December 31, 2018. Unless the context requires otherwise, references herein to our "facilities" includes all of the pipelines, terminals, storage and other assets owned by us.

Following is a description of the activities and assets for each of our three business segments.

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Transportation Segment

Our Transportation segment operations generally consist of fee-based activities associated with transporting crude oil and NGL on pipelines, gathering systems, trucks and barges. We generate revenue through a combination of tariffs, pipeline capacity agreements and other transportation fees. Our Transportation segment also includes equity earnings from our investments (ranging from 20% to 65%) in entities that own transportation assets. We account for these investments under the equity method of accounting. See Note 9 to our Consolidated Financial Statements for additional information regarding these investments.

As of December 31, 2018, we employed a variety of owned or, to a much lesser extent, leased long-term physical assets throughout the United States and Canada in this segment, including approximately:

- 17,965 miles of active crude oil and NGL pipelines and gathering systems;
- 31 million barrels of active, above-ground tank capacity used primarily to facilitate pipeline throughput and help maintain product quality segregation;
- 830 trailers (primarily in Canada); and
- 50 transport and storage barges and 20 transport tugs through our interest in Settoon Towing.

The following is a tabular presentation of our active crude oil and NGL pipeline assets in the United States and Canada as of December 31, 2018, grouped by geographic location:

Region	Ownership Percentage	Approximate System Miles (1)	2018 Average Net Barrels per Day (2)
			(in thousands)
Crude Oil Pipelines:			
Permian Basin:			
Gathering pipelines	100%	2,970	1,063
Intra-basin pipelines (3)	50% - 100%	755	1,650
Long-haul pipelines (3)	20% - 100%	1,310	1,019
		5,035	3,732
South Texas/Eagle Ford	50% - 100%	660	442
Central	50% - 100%	2,695	473
Gulf Coast (3)	54% - 100%	1,170	178
Rocky Mountain (3)	21% - 100%	3,395	284
Western	100%	555	183
Canada	100%	2,790	316
Crude Oil Pipelines Total		16,300	5,608
Canadian NGL Pipelines	21% - 100%	1,665	183
Crude Oil and NGL Pipelines Total		17,965	5,791

(1) Includes total mileage from pipelines owned by unconsolidated entities.

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(2) Represents average daily volumes for the entire year attributable to our interest. Average daily volumes are calculated as the total volumes (attributable to our interest) for the year divided by the number of days in the year. Volumes reflect tariff movements and thus may be included multiple times as volumes move through our integrated system.

(3) Includes pipelines operated by a third party.

A significant portion of our pipeline assets are interconnected and are operated as a contiguous system. The following descriptions are organized by geographic location and represent a selection of our most significant assets. Pipeline capacities throughout these descriptions are based on our reasonable estimate of volumes that can be delivered from origin to final destination on our pipeline systems. We report pipeline volumes based on the tariffs charged for individual movements, some of which may only utilize a certain segment of a pipeline system (i.e. two short-haul movements on a pipeline from point A to point B and another point B to point C would double the pipeline tariff volumes on a particular system versus a point A to point C movement). As a result, at times, our reported tariff barrel movements may exceed our total capacity.

Crude Oil Pipelines

Permian Basin

We are among the largest providers of crude oil midstream infrastructure and services in the Permian Basin located in west Texas and southeastern New Mexico. Our Permian Basin asset base represents an interconnected system that aggregates receipts from wellhead gathering lines and bulk truck injection locations into intra-basin trunk lines for transportation and delivery to a combination of owned and third-party mainline takeaway pipelines. Accordingly, our Permian Basin crude oil pipelines fall into one of three categories: Gathering, Intra-basin or Long-haul.

Gathering Pipelines

We own and operate approximately 2,970 miles of gathering pipelines in the Permian Basin. Our gathering systems are in both the Midland Basin and the Delaware Basin and in aggregate represent approximately 2 million barrels per day of pipeline capacity. This gathering capacity includes pipeline capacity that delivers volumes to regional hubs and includes certain large diameter pipeline segments/systems. Approximately 75% of the capacity of our gathering systems is in the Delaware Basin. We currently expect to add approximately 600,000 barrels per day of capacity in 2019.

Intra-basin Pipelines

We operate an intra-basin Permian Basin pipeline system with a capacity of over 2 million barrels per day that connects gathering and truck injection volumes to our owned and operated as well as third-party mainline pipelines that transport crude oil to major market hubs. This interconnected pipeline system is designed to provide shippers flow assurance, flexibility and access to multiple markets. We added approximately 500,000 barrels per day of incremental capacity in 2018 through the completion of various expansion projects, and we currently expect to add approximately 400,000 barrels per day of capacity in 2019.

Two of our largest intra-basin pipelines are the Mesa and Sunrise Pipelines. The Mesa and Sunrise Pipelines extend from our Midland, Texas terminal to our Colorado City, Texas terminal where they have access to all of the Permian Basin takeaway pipelines that originate at Colorado City.

- Mesa Pipeline. We own a 63% undivided interest in and are the operator of Mesa Pipeline, which transports crude oil from Midland, Texas to a refinery at Big Spring, Texas, and to connecting carriers at Colorado City, Texas, with capacity of up to 400,000 barrels per day (approximately 252,000 barrels per day attributable to our interest).

- Sunrise Pipeline. Our Sunrise Pipeline, which transports crude oil from Midland, Texas to connecting carriers at Colorado City, Texas, has a capacity of approximately 350,000 barrels per day.

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Long-haul Pipelines

We own interests in multiple long-haul Permian Basin pipeline systems that, on a combined basis, represent approximately 1 million barrels per day of currently operational takeaway capacity (net to our ownership interests) out of the Permian Basin.

- Basin Pipeline (Permian to Cushing). We own an 87% undivided joint interest in and are the operator of Basin Pipeline. Basin Pipeline has three primary origination locations: Jal, New Mexico; Wink, Texas; and Midland, Texas and, in addition to making intra-basin movements, serves as the primary route for transporting crude oil from the Permian Basin to Cushing, Oklahoma. Basin Pipeline also receives crude oil from a facility in southern Oklahoma which aggregates South Central Oklahoma Oil Province (SCOOP) production.

- BridgeTex Pipeline (Permian to Houston). After the sale of a portion of our interest in the third quarter of 2018, we now own a 20% interest in BridgeTex Pipeline Company, LLC, a joint venture with a subsidiary of Magellan Midstream Partners, L.P. (“Magellan”) and an affiliate of OMERS Infrastructure Management Inc. Such joint venture owns a crude oil pipeline (the “BridgeTex Pipeline”) with a capacity of 440,000 barrels per day that originates at Colorado City, Texas, receiving volumes from our Basin and Sunrise Pipelines, and extends to Houston, Texas. The BridgeTex Pipeline is operated by Magellan. See Note 9 to our Consolidated Financial Statements for additional information regarding the sale of a portion of our interest in BridgeTex Pipeline Company, LLC.

- Sunrise II Pipeline. In 2018, as part of our Sunrise expansion project, we added 500,000 barrels per day of capacity by looping the line from Midland, Texas to Colorado City, Texas and extended the line from Colorado City, Texas to Wichita Falls, Texas. We sold 100,000 barrels per day of the new capacity from Midland, Texas to Wichita Falls, Texas to a third party. We operate the Sunrise II Pipeline and own 400,000 barrels of the capacity. The Sunrise expansion is underpinned by long-term shipper commitments and was placed into service in November 2018. Our Sunrise II Pipeline transports crude oil from Midland, Texas and Colorado City, Texas to connecting carriers at Wichita Falls, Texas.

- Cactus Pipeline (Permian to Corpus Christi). We own and operate the Cactus Pipeline, which has a capacity of 390,000 barrels per day, originates at McCamey, Texas and extends to Gardendale, Texas. Cactus Pipeline volumes are interconnected to the Corpus Christi, Texas market through a connection at Gardendale, Texas to our Eagle Ford joint venture pipeline system.

- Cactus II Pipeline (Permian to Corpus Christi). Cactus II Pipeline is a joint-venture pipeline, of which we own 65%, that is currently under construction. Cactus II Pipeline will be a new Permian mainline system extending directly to the Corpus Christi, Texas market. In February 2018, we announced that Cactus II Pipeline was fully committed with long-term third-party contracts following the conclusion of a second binding open season. Cactus II Pipeline will have a capacity of 670,000 barrels per day and is expected to be placed into partial service in the second half of 2019.

- Wink to Webster Pipeline. In January 2019, we announced the formation of Wink to Webster Pipeline LLC (“W2W Pipeline”), a joint venture with subsidiaries of ExxonMobil and Lotus Midstream, LLC. We own a 20% interest in W2W Pipeline, which is currently developing a new pipeline system that will originate in the Permian Basin in West Texas and transport crude oil to the Texas Gulf Coast. The pipeline system will provide more than 1 million barrels per day of crude oil and condensate capacity, and the project is targeted to commence operations in the first half of 2021.

South Texas/Eagle Ford Area

We own a 100% interest in and are the operator of gathering systems that feed into our Gardendale Station. Additionally, we own a 50% interest in Eagle Ford Pipeline LLC, a joint venture with a subsidiary of Enterprise

Products Partners, L.P. (“Enterprise”). This joint venture owns a pipeline system, of which we serve as the operator, that has a total capacity of approximately 660,000 barrels per day and connects Permian and Eagle Ford area production to Corpus Christi, Texas refiners and terminals. Additionally, the joint venture system has connectivity to Houston, Texas via a connection with Enterprise’s pipeline at Lyssy, Texas.

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Central

We own and operate gathering and mainline pipelines that source crude oil from Western and Central Oklahoma and Southwest Kansas for transportation and delivery into our terminal facilities at Cushing, Oklahoma. In addition, we own and operate various pipeline systems that extend from our Cushing facility, or from other pipelines connected to our Cushing facility, to various demand locations. Below is a description of some of our most significant pipeline systems in the Central Region:

Diamond Pipeline (Cushing to Memphis). We own a 50% interest in Diamond Pipeline LLC, a joint venture with Valero Energy Corporation (“Valero”). This joint venture owns, and we operate, the Diamond Pipeline, which extends from our Cushing Terminal to Valero’s refinery in Memphis, Tennessee. The Diamond Pipeline is underpinned by a long-term minimum volume commitment and currently has a total capacity of 200,000 barrels per day, which is expandable by an additional 200,000 barrels per day as conditions warrant. Pending a successful open season on the Capline Pipeline system (“Capline”), the joint venture partners are contemplating an expansion and modest extension of the Diamond Pipeline that would connect to Capline and facilitate the movement of volumes from Cushing, Oklahoma to St. James, Louisiana (see discussion below).

Red River Pipeline (Cushing to Longview). The Red River Pipeline is an approximately 150,000 barrel per day capacity pipeline that extends from our Cushing Terminal to Longview, Texas, where it connects with various pipelines, including the Caddo Pipeline. We have an undivided 60% interest in the segment of the pipeline extending from Cushing, Oklahoma to Hewitt, Oklahoma near Valero’s refinery in Ardmore, Oklahoma. We have a 100% interest in the remaining portion of the pipeline that extends from Hewitt, Oklahoma to Longview, Texas. The Red River Pipeline is supported by long-term shipper commitments and we serve as operator.

Caddo Pipeline. We own a 50% interest in Caddo Pipeline LLC, a joint venture with Delek Logistics Partners, LP (“Delek”). The joint venture owns, and we operate, the Caddo Pipeline, which is an approximately 80,000 barrel per day capacity pipeline that originates in Longview, Texas at the terminus of the Red River Pipeline and serves refineries in Shreveport, Louisiana and El Dorado, Arkansas. The Caddo Pipeline is underpinned by shipper commitments.

STACK Pipeline. We own a 50% interest in STACK Pipeline LLC, a joint venture with Phillips 66 Partners, L.P. This joint venture owns the STACK Pipeline, which serves producers in the STACK (Sooner Trend Anadarko Basin Canadian and Kingfisher Counties) resource play and delivers to Cushing, Oklahoma. We serve as operator of this joint-venture system that has a total capacity of 250,000 barrels per day and is supported by producer commitments.

Gulf Coast

We own and/or operate pipelines in the Gulf Coast area with transportation and delivery into connecting carriers, terminal facilities and refineries. This includes a 54% interest in Capline. In January 2019, the owners of Capline converted their undivided joint interests into a limited liability company and launched a binding open season to solicit shipper interest for a reversal of Capline and the initiation of southbound service on Capline from Patoka, Illinois to St. James, Louisiana and potentially on our Diamond Pipeline and Capline from Cushing, Oklahoma to St. James, Louisiana.

Rocky Mountain

We own and operate pipelines that provide gathering services in the Bakken and the Powder River Basin. We own a pipeline system that can move Bakken crude oil to the Enbridge mainline system at Regina, Saskatchewan. In 2019, the pipeline will be modified to accommodate bidirectional flow, either from the Bakken into the Enbridge mainline system or from the Enbridge mainline system to our terminal in Trenton, North Dakota. We own an undivided joint

interest in a pipeline system that extends from the Canadian border to our terminal in Guernsey, Wyoming. This pipeline system receives crude oil from our Rangeland and Milk River Pipelines in Canada. In addition to these assets, our largest Rocky Mountain area systems include the following joint venture pipelines, both of which connect to our terminal in Cushing:

Saddlehorn Pipeline. We own a 40% interest in Saddlehorn Pipeline LLC (“SP LLC”), which owns 190,000 barrels per day of capacity in the Saddlehorn Pipeline that extends from the Niobrara and DJ Basin to Cushing. Magellan serves as operator of the Saddlehorn Pipeline. The Saddlehorn Pipeline is supported by minimum volume commitments.

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White Cliffs Pip