



MEDALLION

April 12, 2019

Medallion Delaware Express and Medallion Pipeline Notice of Binding Open season

Introduction

Medallion Delaware Express, LLC (“Delaware Express”) and Medallion Pipeline Company, LLC (“Medallion”) are conducting this open season to solicit binding long-term commitments to support an expansion of the Delaware Express and Medallion pipeline systems for the provision of an expanded joint tariff service. This open season provides an opportunity for prospective shippers to secure an integrated transportation service on the Delaware Express and Medallion systems (the “Joint Tariff Service”) pursuant to the terms of a joint tariff maintained with the Federal Energy Regulatory Commission and the Texas Railroad Commission (the “Joint Tariff”). As explained below, interested shippers have the option to secure Joint Tariff Service under binding long-term Acreage Dedication Transportation Services Agreements or Volume Commitment Transportation Services Agreements (collectively referred to as the “Transportation Services Agreements”) with both Delaware Express and Medallion at volume incentive rates. The expansion capacity will consist of new gathering facilities in Reeves County and mainline pipeline facilities on Delaware Express and Medallion that will be expanded over time as crude oil production from the dedicated acreage increases. A prospective shipper awarded capacity pursuant to the open season will be a committed shipper (“Committed Shipper”) with the opportunity to pay a premium rate to obtain firm capacity during periods of prorationing. Any shipper that utilizes the Joint Tariff Service, but does not obtain committed service through the open season, will be an uncommitted shipper under the Joint Tariff (“Uncommitted Shipper”).

The Delaware Express and Medallion Pipeline Systems

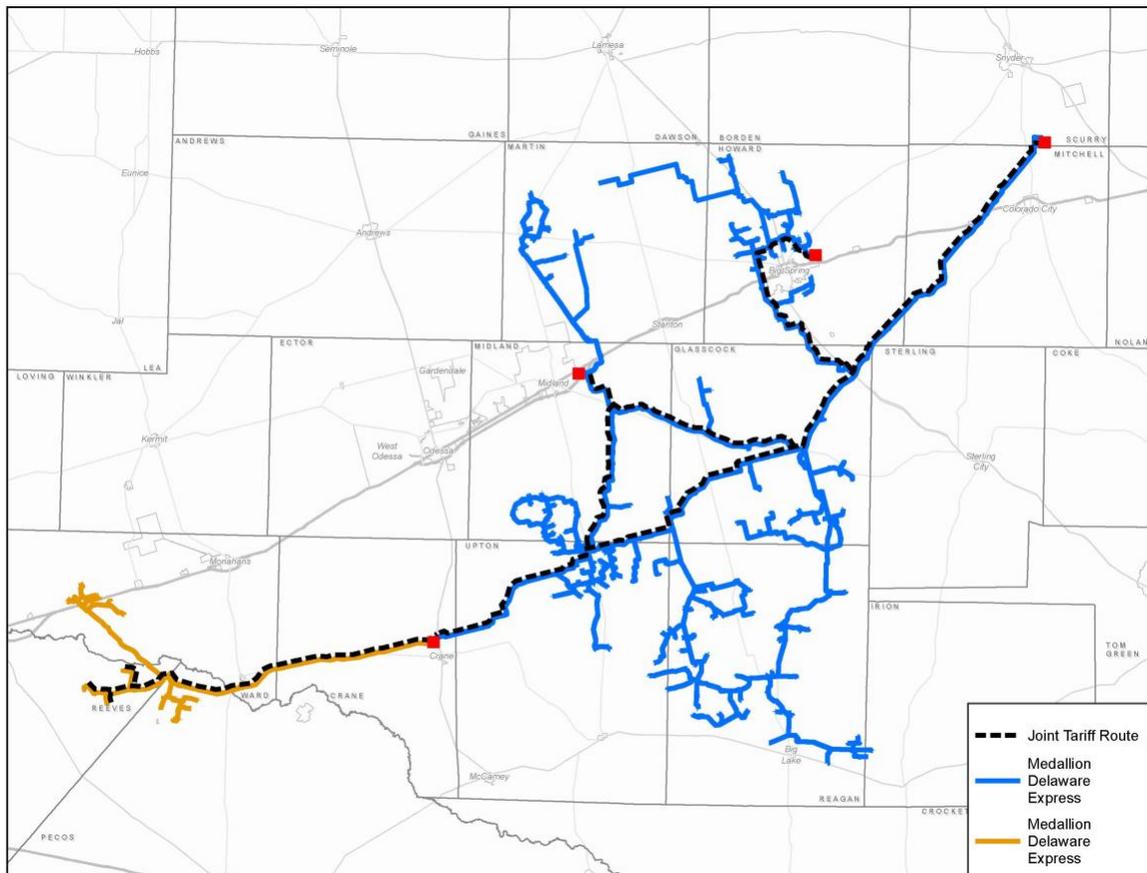
The Delaware Express system consists of a mainline pipeline and two discrete gathering systems that aggregate and transport crude oil production from multiple field origin points in Reeves, Pecos and Ward counties. The Delaware Express mainline currently consists of approximately 61 miles of 16-inch diameter pipeline with a capacity of approximately 90,000 barrels per day originating in Ward County and extending in an easterly direction to an interconnection with Medallion at the Crane Hub (the “Joint Tariff Interconnect”). The Delaware Express system includes approximately 60 miles of 6 to 12-inch gathering lines that gather and transport crude oil to the mainline. Delaware Express also accepts crude oil delivered by truck at the Independence Station and the Eagle Eye Station origin points on the Delaware Express mainline. An affiliate of Delaware Express owns storage tanks and truck unloading facilities at the Independence Station and the Eagle Eye Station.

The Medallion pipeline system is a network of approximately 800 miles of 6-inch diameter and larger crude oil pipeline located in Crane, Glasscock, Howard, Irion, Martin, Midland, Mitchell, Reagan, Scurry and Upton counties in the Midland Basin.¹ The Medallion pipeline consists of eight pipeline segments providing diversified market access to seven downstream pipelines which interconnect with the Medallion system at three major market hubs. At the Crane Hub, Medallion interconnects with Delaware Express, the Magellan Longhorn Pipeline and Plains All American Pipeline L.P.’s terminal, which provides direct access to its Cactus pipeline. At the Midland Hub, Medallion interconnects with Enterprise Products Partners’ Midland Terminal and Energy Transfer Partner’s Permian Express Terminal, which provides connectivity to the Permian Express II pipeline. At the Colorado City Hub, Medallion interconnects with BridgeTex Pipeline and a header system owned and operated by Energy Transfer Partners’ Sunoco Pipeline L.P., which provides access to the Permian Express II Pipeline and the West Texas Gulf Pipeline.

¹ The Medallion pipeline system also includes pipeline facilities that are smaller than 6-inches in diameter, typically constructed to connect the system to individual producer or operator tank batteries in the field.

Expansion Facilities

The proposed facilities will consist of 1) new gathering facilities that will connect crude oil production in Reeves County to the Delaware Express mainline, 2) an expansion of the Delaware Express mainline, and 3) an expansion of segments of the Medallion pipeline system along the Joint Tariff route. The Delaware Express mainline expansion and the Medallion pipeline expansion will be constructed over time to meet the obligations under the Transportation Services Agreements as crude oil production from the dedicated acreage, and consequently the aggregate Shipper MDQs under the Acreage Dedication Transportation Services Agreements increase over the term of such agreements, thereby increasing the required Joint Tariff capacity for both Committed Shippers and Uncommitted Shippers (“Required Capacity”). Capacity additions to achieve the Required Capacity may be achieved by the addition of new or increased pumping station horsepower, drag reducing agents and the looping of pipeline segments along the Joint Tariff route. In each instance, the capacity additions necessary to meet the Required Capacity will maintain a minimum 10% set aside for Uncommitted Shippers.



Open Season Commitment Options

Prospective shippers participating in the open season will have the option to make long-term commitments to both Delaware Express and Medallion for the Joint Tariff Service pursuant to Acreage Dedication Transportation Services Agreements or Volume Commitment Transportation Services Agreements. Each Transportation Services Agreement must be for a minimum term of 10 years, and as described below, must meet the minimum acreage or volume commitment requirements, as applicable, for the Joint Tariff Service. As provided in the applicable Transportation Services Agreements, Joint Tariff shippers will have access to downstream markets through Medallion's Crane Hub, Midland Hub and Colorado City Hub destination points, as set forth in the Joint Tariff, and any destination point within a two-mile radius of such destination points that Medallion may establish in the future.

The description below summarizes the Transportation Services Agreements that are an integral part of the open season. Interested shippers should consult the actual agreements for a complete understanding of the rights and obligations of the parties. Upon request, and upon the execution of a confidentiality agreement, prospective shippers will be provided access to the forms of Transportation Services Agreements with each of Delaware Express and Medallion.

Option 1: Acreage Dedication Transportation Services Agreements

Prospective shippers may enter into long-term Acreage Dedication Transportation Services Agreements with both Delaware Express and Medallion for the Joint Tariff Service. To do so, a shipper must dedicate exclusively to each Acreage Dedication Transportation Services Agreement its existing or subsequently acquired interest in production from a minimum of 10,000 acres for the term of such agreement (an "Acreage Dedication Shipper"). Acreage Dedication Shippers will be required to submit documentation of the prospective shipper's interest in the dedicated acreage, production data and an estimate of the crude oil expected to be produced from the dedicated acreage during the term of the agreement. The production data will be used by Delaware Express and Medallion to establish the shipper's estimated peak production over the life of the agreement ("Peak Estimate") which will establish the capacity reserved for the Acreage Dedication Shipper.

Acreage Dedication Shippers will have an obligation to provide to Delaware Express and Medallion every six months a shipper forecast identifying the anticipated timing of crude oil

production from the dedicated acreage covering the following 24-month period. The first six months of each shipper forecast will establish the shipper's maximum capacity entitlement (the "Shipper MDQ") for such six-month period as set forth in the Transportation Services Agreements. The shipper forecast and Peak Estimate are key components of the Joint Tariff Service as they will enable Delaware Express and Medallion to plan their operations and expand their systems as crude oil production and the Shipper MDQ increases.

Together, the Delaware Express and Medallion Acreage Dedication Transportation Services Agreements will provide for the transportation of crude oil from the Joint Tariff origin points to the Joint Tariff destination points (as each are defined in the Joint Tariff and the Transportation Services Agreements). Acreage Dedication Shippers will have significant destination point optionality over the term of the agreement, with the shipper entitled to deliver 100% of its Shipper MDQ to the Crane Hub, the Midland Hub and the Colorado City Hub.

Option 2: Volume Commitment Transportation Services Agreements

Prospective shippers will also have the option to participate in the open season by entering into Volume Commitment Transportation Services Agreements with both Delaware Express and Medallion with a minimum volume commitment (the "Committed Volume") of 10,000 barrels per day (a "Volume Commitment Shipper"). Volume Commitment Shippers will be subject to a throughput and deficiency payment obligation and will have an option to ramp-up their Committed Volumes over a two-year period as set forth in the Volume Commitment Transportation Services Agreements. Prospective Volume Commitment Shippers will be required to allocate its Committed Volume among the Joint Tariff destination points with the aggregate Joint Tariff destination point quantity not exceeding the shipper's Committed Volume.

Committed Shipper Rates and Service Priority

Committed Shippers will pay a volume incentive rate that is lower than the Joint Tariff uncommitted rate. The service provided to Committed Shippers under the volume incentive rate is non-firm service subject to prorationing under the terms of the Joint Tariff. Committed Shippers will have the option, however, to pay the Joint Tariff firm rate, on a month-to-month basis, to avoid prorationing. Specifically, if any portion of Delaware Express or Medallion used to provide the Joint Tariff Service is prorated in a given nomination month, Committed Shippers will have the option, but not the obligation, to obtain priority firm service by paying the Joint

Tariff firm rate. Volumes subject to the Joint Tariff firm rate will not be subject to prorating under normal operating circumstances, up to the Shipper MDQ or Committed Volume as set forth in the Transportation Services Agreements. Committed Shippers will have the right to nominate incremental volumes above their Shipper MDQ or Committed Volume, subject to the availability of capacity, at the volume incentive rate. Such incremental volumes will not be eligible for firm service.

Additional Capacity Rights

To the extent that Delaware Express and Medallion elect to expand the Joint Tariff capacity beyond the Required Capacity and the Joint Tariff capacity awarded in the open season, or if Joint Tariff capacity otherwise becomes available, the Transportation Services Agreements will provide Committed Shippers with a first right to such capacity, as set forth in the Transportation Services Agreements.

To the extent that Delaware Express constructs additional interconnections with storage and truck unloading facilities adjacent to one or more Joint Tariff origin points along the expansion path, Delaware Express will afford Committed Shippers the right to add such points to their Transportation Services Agreement where operationally and economically practicable.

Crude Oil Specifications

The Joint Tariff Service will be subject to the crude oil specifications set forth in the Joint Tariff to be filed with the Federal Energy Regulatory Commission and the Texas Railroad Commission. Those specifications include the following:

- (a) API Gravity between 36 and 44 degrees
- (b) True vapor pressure not exceeding 11 psia
- (c) Reid vapor pressure less than 9.0 psia at 100 degrees Fahrenheit
- (d) Basic sediment, water, and other impurities of 1% or less
- (e) Temperature of 120 degrees Fahrenheit or less
- (f) Sulfur content not exceeding 0.45% by weight

Open Season Period

The binding open season begins on April 12, 2019 and ends on May 10, 2019. All bids must be submitted to the Delaware Express representative listed below by 4:00 pm, Central Standard Time, on or before May 10, 2019.

Open Season Documents

Bona fide prospective shippers may obtain copies of the Transportation Services Agreements, Joint Tariff Rules and Regulations Tariffs, Joint Tariff Rates Tariffs and Joint Tariff Election Form by contacting the Delaware Express representative listed below. Prospective shippers will be required to execute confidentiality agreements with both Delaware Express and Medallion prior to the delivery of the open season documents. A confidentiality agreement that has been altered or amended by the prospective shipper (other than the insertion of required shipper information) may be rejected.

Medallion Delaware Express, LLC
909 Lake Carolyn Parkway, Suite 1600
Irving, Texas 75039
Attention: Paige Snider
Phone: 972-746-4401
Email: psnider@ medallionmidstream.com

Open Season Bids

This is a binding open season. To constitute a valid bid in the open season, prospective shippers must submit duly executed Transportation Services Agreements with both Delaware Express and Medallion, each in the form provided to the prospective shipper, as discussed below. In addition, to constitute a valid bid in the open season, prospective shippers must submit sufficient information to establish the shipper's creditworthiness and a completed Joint Tariff Election Form. The Joint Tariff Election Form submitted by potential Acreage Dedication Shippers must reflect the primary term elected (subject to the minimum term requirement), the total acres to be dedicated (subject to the minimum acreage requirement) and the initial origin points. In addition, shippers submitting Acreage Dedication Transportation Services Agreements must submit documentation supporting the prospective shipper's interest in the dedicated acreage, production data and an estimate of the crude oil expected to be produced from the dedicated

acreage during the term of the agreement, and anticipated drilling schedule (“Production Data”). The Production Data will be used by Delaware Express and Medallion to establish the shipper’s Peak Estimate.

The Joint Tariff Election Form submitted by prospective Volume Commitment Shippers must include the primary term elected (subject to the minimum term requirement), the shipper’s Committed Volume (subject to the minimum Volume Commitment), origin points and the Committed Volume at each Joint Tariff destination point, with the aggregate destination point Committed Volume equaling the Committed Volume under the agreement. In addition, Volume Commitment Shippers must indicate whether the shipper elects the ramp-up option.

The form Transportation Services Agreements provided in the open season include places for each interested shipper to insert its company name, address and contact information. Any other modification to the form Transportation Services Agreements may not be accepted by Delaware Express and/or Medallion, in their sole discretion, and may therefore render any such bid invalid. All bids will be subject to review and verification of the bidding party’s creditworthiness, to be determined in the sole discretion of Delaware Express and Medallion. Bids by prospective Acreage Dedication shippers will be subject to the receipt of satisfactory Production Data, to be determined by Delaware Express and/or Medallion in their sole discretion.

Post-Open Season Process

After the open season has concluded, Delaware Express and Medallion will determine whether to proceed with the expansion. In the event that valid bids oversubscribe 90% of the capacity made available during the open season (as measured by the aggregate Peak Estimates for Acreage Dedication Shippers and the aggregate Committed Volumes for Volume Commitment Shippers), capacity will be allocated first to Acreage Dedication Shippers submitting valid bids dedicating a minimum of 10,000 acres to Delaware Express and Medallion (“Tier 1 Shipper(s)”). If, after awarding capacity to all Tier 1 Shippers, capacity remains available, capacity will be allocated to Volume Commitment Shippers submitting valid bids (“Tier 2 Shipper(s)”). If capacity remains available after awarding capacity to all Tier 2 Shippers, capacity will be awarded to Acreage Dedication Shippers dedicating less than 10,000 acres. In the event that there is insufficient capacity to accommodate all valid bids within a shipper tier, Delaware Express and Medallion will allocate capacity within the tier using a net present value methodology to rank the bids by

giving weight to the term, number of acres dedicated or Committed Volume, as applicable. Delaware Express and Medallion also reserve the right, to be determined in their sole discretion, to increase the initial capacity for the Joint Tariff Service if valid bids oversubscribe 90% of the capacity made available during the open season.

If Delaware Express and Medallion elect to proceed with the expansion, Delaware Express and Medallion will complete each acceptable Transportation Services Agreement by inputting the information provided in the Joint Tariff Election Form, and for Acreage Dedication Transportation Services Agreements, the shipper's Peak Estimate, as determined by Delaware Express and Medallion in their sole discretion. Delaware Express and Medallion will return an executed copy of the completed and executed Transportation Services Agreements to each shipper along with a notification letter confirming that Delaware Express and Medallion intend to proceed with the expansion, subject to the conditions precedent set forth in the applicable Transportation Services Agreement. Once executed by Delaware Express or Medallion, each Transportation Services Agreement shall constitute a binding agreement

Disclaimer:

This notification along with the related open season materials are provided for informational purposes only. Notwithstanding anything contained herein to the contrary, this notification, the Transportation Services Agreements and the open season are not intending to constitute, nor shall they be construed to constitute, an offer or any binding obligation whatsoever on Delaware Express or Medallion to proceed with the potential Joint Tariff Service and facilities contemplated by the open season until Delaware Express and Medallion have countersigned and delivered completed and fully executed Transportation Services Agreements to an interested shipper. Delaware Express and Medallion reserve the right, in their sole discretion, to modify, terminate or extend the open season, in whole or in part, including, without restriction, any ensuing discussions among the parties at any time without advance notice.

Under no circumstances shall Delaware Express or Medallion, or any of their affiliates, or any of their respective directors, officers, employees, agents, attorneys, advisers or representatives be responsible for any costs or expenses incurred by any recipient or for any other liability,

howsoever arising, incurred by any recipient, in each case, in connection with any investigation or evaluation of the potential Joint Tariff Service and facilities.