

MLP and Energy Infrastructure Monthly



October 2018



Midstream Lags as Crude Posts Impressive Gains

The [Alerian MLP Index](#) (AMZ) was down 1.6% on a price-return and total-return basis in September. The [Alerian Midstream Energy Index](#) (AMNA) was down 2.2% on a price-return basis and down 1.9% on a total-return basis for the month. Midstream marked its second down month, even as WTI oil prices gained 4.9% in September.



US Becomes Largest Oil Producer

The EIA estimated that US oil production [surpassed](#) both Russia and Saudi Arabia earlier this year, making the US the world's largest oil producer. As US oil production continues to grow, crude exports are also poised for continued growth to meet global demand. [Read More](#)



Another MLP Consolidation

[Dominion Energy](#) (D) [offered](#) to acquire [Dominion Energy Midstream Partners](#) (DM), with Dominion management citing weakness in MLP capital markets along with the impact of the March FERC policy revision on DM units as key factors in making the offer. A definitive agreement is expected in 4Q18, with closing expected in 1Q19. For more on MLP consolidation, see our [Bye, Bye, Bye](#) series.



Four Companies Partner on A New Permian Pipeline

[Energy Transfer Partners](#) (ETP), [Magellan Midstream Partners](#) (MMP), [MPLX](#) (MPLX), and [Delek](#) (DK) are partnering to build the [Permian Gulf Coast Pipeline](#), a crude pipeline expected to start up in mid-2020. WTI Midland differentials between Cushing and Houston narrowed by roughly \$10/bbl during the month, with Midland-Cushing and Midland-Houston ending the month at \$7.25/bbl and \$14.50/bbl, respectively.



Enbridge Progresses Simplification Plans

Following the [definitive agreement](#) to acquire [Spectra Energy Partners](#) (SEP) in August, [Enbridge](#) (ENB) announced definitive agreements to acquire its subsidiaries, [Enbridge Energy Partners](#) (EEP), [Enbridge Energy Management](#) (EEQ), and [Enbridge Income Fund](#) (ENF) in September. The exchange ratios for each subsidiary were increased relative to the initial exchange ratios proposed in [May](#). [Read More](#)



Alerian September Index Review

The Alerian Index Series saw a quarterly rebalancing in September. Additionally, methodology changes were announced for the [Alerian Midstream Energy Select Index](#) (AMEI).

- [Quarterly Rebalancing](#)
- [AMEI Methodology Guide Update](#)