



Delaware Midstream Joint Venture Announcement



June 13, 2017

Joint Venture Key Highlights

OVERVIEW

- Strategic partnership that includes 50,000 acre dedication in the Stateline area, crude gathering system and 400 MMcf/d natural gas processing facility to be built
- Joint venture positioned to be premier Delaware midstream provider

CONSIDERATION

- \$850MM+ valuation for the entity at closing
- WPX receiving \$300MM upfront cash
- Howard Energy Partners (Howard) to fund the first ~\$260MM of JV capital projects

OWNERSHIP

- 50/50 ownership by WPX and Howard after capital carry funded
- WPX with 50% voting rights in joint venture

OPERATOR

- Howard will operate the assets included in the JV
- WPX will have operational influence

OBLIGATIONS

- No minimum volume or drilling commitments

RETAINED ASSETS

- WPX retaining sole ownership of natural gas and water gathering assets
- Maintain existing midstream rights to other areas in the Delaware

TIMING

- Expect to close the transaction within 90 days
- Build-out continuing during sign to close period



FINANCIAL FLEXIBILITY

- ENHANCES LIQUIDITY AND YE18 LEVERAGE GOAL
- MINIMIZES INITIAL MIDSTREAM CAPEX OBLIGATIONS
- COMPETITIVE UPSTREAM COST STRUCTURE

OPERATIONAL FLEXIBILITY

- OPERATIONAL INFLUENCE
- NO VOLUME OR DRILLING COMMITMENT

REMAIN OPPORTUNISTIC

- SIGNIFICANT REMAINING MIDSTREAM ASSETS
- OPTIONALITY FOR FUNDING FUTURE MIDSTREAM CAPEX

WPX Delaware Midstream Infrastructure Overview

ASSETS INCLUDED IN JV

- **Crude Gathering System:**
 - ~125,000 Bbl/d
 - To be completed first half of 2018
- **Gas Processing Facility:**
 - 400 MMcf/d
 - Buildout over the next two years

ASSETS WHOLLY OWNED BY WPX

- **Stateline Gas & Water Gathering Systems:**
 - ~200,000 Bbl/d of water disposal capacity
 - 150 MMcf/d of gas compression capacity
- **~85,000 Net Acres Outside Stateline Dedication**
 - WPX retains all existing midstream rights in other areas

SIGNED TAKEAWAY AGREEMENTS

- **Waha Takeaway Agreement**
 - Up to 200,000 MMBtu/d from Waha to Katy, TX
- **WhiteWater Midstream Agreement**
 - Up to 500,000 MMBtu/d from Stateline to Waha
 - In-service date first half of 2018
 - 10% ownership with option to increase to 20%

