

Fact Sheet on Energy Transfer Partners and the Dakota Access, LLC Prepared for Story County Community Meeting of the Bakken Pipeline Resistance

12/14 by Carolyn Raffensperger

- 1) The company proposing to site a Bakken Oil pipeline across North Dakota, South Dakota, Iowa and Illinois has various names and subsidiaries. For purposes of this fact sheet it will be referred to as Energy Transfer Partners. ETP has created a new subsidiary for this pipeline called, Dakota Access, LLC <https://rbnenergy.com/once-twice-three-times-a-pipeline-the-dakota-access-bakken-crude-gateway-to-the-gulf> or http://www.energytransfer.com/ops_copp.aspx
- 2) Energy Transfer Partners is a Master Limited Partnership, an unusual corporate form that is primarily used for oil and gas companies. (See <http://www.investopedia.com/terms/m/mlp.asp>)
- 3) Master Limited Partnerships, including Energy Transfer Partners, do not pay federal or state taxes.
- 4) Energy Transfer Partners has posted its annual reports on its website and can be found here: <http://ir.energytransfer.com/phoenix.zhtml?c=106094&p=irol-reportsannual> ETP's 2013 annual report can be found here: <http://ir.energytransfer.com/phoenix.zhtml?c=106094&p=irol-SECText&TEXT=aHR0cDovL2FwaS50ZW5rd2l6YXJkLmNvbS9maWxpbnmcueG1sP2lwYWdlPTk0Mjc0MjEmRFNFUT0wJlNFUT0wJlNRREVTOz1TRUNUSU9OX0VOVElSRSZzdWJzaWQ9NTc%3d#s2871FFE114764951AAA0BB58D190D41D>
- 5) According to ETP's 2013 annual report its goal is to create and maximize value to its Unitholders (unitholders are the equivalent of shareholders in other corporate structures). In its annual report on page 17 it says: "We have designed our business strategy with the goal of creating and maximizing value to our Unitholders. We believe we have engaged, and will continue to engage, in a well-balanced plan for growth through strategic acquisitions, internally generated expansion, measures aimed at increasing the profitability of our existing assets and executing cost control measures where appropriate to manage our operations. We intend to continue to operate as a diversified, growth-oriented master limited partnership with a focus on increasing the amount of cash available for distribution on each Common Unit. We believe that by pursuing independent operating and growth strategies."
- 6) ETP is being sued or has been served with notices of violation for various spills, leaks and contamination of water. Its 2013 annual report says this on page 55-56
ITEM 3. LEGAL PROCEEDINGS pg 55-56 Sunoco, along with other refiners, manufacturers and sellers of gasoline, is a defendant in lawsuits alleging MTBE contamination of groundwater. The plaintiffs typically include water purveyors and municipalities responsible for supplying drinking water and governmental authorities. The plaintiffs are asserting primarily product liability claims and additional claims including nuisance, trespass, negligence, violation of environmental laws and deceptive business practices. The plaintiffs in all of the cases are seeking to recover compensatory damages, and in some cases, injunctive relief, punitive damages and attorneys' fees.

As of December 31, 2013, Sunoco is a defendant in seven cases, one of which was initiated by the State of New Jersey and two others by the Commonwealth of Puerto Rico with the more recent Puerto Rico action being a companion case alleging damages for additional sites beyond those at issue in the initial Puerto Rico action. Six of these cases are venued in a multidistrict litigation ("MDL") proceeding in a New York federal court. The most recently filed Puerto Rico action is expected to be transferred to the MDL. The New Jersey and Puerto Rico cases assert natural resource damage claims. In addition, Sunoco has received notice from another state that it intends to file an MTBE lawsuit in the near future asserting natural resource damage claims.

Fact discovery has concluded with respect to an initial set of fewer than 20 sites each that will be the subject of the first trial phase in the New Jersey case and the initial Puerto Rico case. Insufficient information has been developed about the plaintiffs' legal theories or the facts with respect to statewide natural resource damage claims to provide an analysis of the ultimate potential liability of Sunoco in these matters; however, it is reasonably possible that a loss may be realized. Management believes that an adverse determination with respect to one or more of the MTBE cases could have a significant impact on results of operations during the period in which any said adverse determination occurs, but does not believe that any such adverse determination would have a material adverse effect on the Partnership's consolidated financial position.

In January 2012, Sunoco Logistics experienced a release on its refined products pipeline in Wellington, Ohio. In connection with this release, the PHMSA issued a Corrective Action Order under which Sunoco Logistics is obligated to follow specific requirements in the investigation of the release and the repair and reactivation of the pipeline. Sunoco Logistics also entered into an Order on Consent with the EPA regarding the environmental remediation of the release site. All requirements of the Order of Consent with the EPA have been fulfilled and the Order has been satisfied and closed. Sunoco Logistics has also received a "No Further Action" approval from the Ohio EPA for all soil and groundwater remediation requirements. Sunoco Logistics has not received any proposed penalties associated with this release and continues to cooperate with both PHMSA and the EPA to complete the investigation of the incident and repair of the pipeline.

In 2012, the EPA issued a proposed consent agreement related to the releases that occurred at Sunoco Logistics' pump station/tank farm in Barbers Hill, Texas and pump station/tank farm located in Cromwell, Oklahoma in 2010 and 2011, respectively. These matters were referred to the U.S. Department of Justice ("DOJ") by the EPA. In November 2012, Sunoco Logistics received an initial assessment of \$1.4 million associated with these releases. Sunoco Logistics is in discussions with the EPA and the DOJ on this matter and hopes to resolve the issue during 2014.

In September 2013, the Pennsylvania Department of Environmental Protection ("PADEP") issued a Notice of Violation and proposed penalties in excess of \$0.1 million based on alleged violations of various safety regulations relating to the November 2008 products release by Sunoco Pipeline L.P., a subsidiary of Sunoco Logistics, in Murrysville, Pennsylvania. Sunoco Logistics is currently in discussions with the PADEP. The timing or outcome of this matter cannot be reasonably determined at this time. However, we do not expect a material impact to the Partnership's results of operations, cash flows or financial position. Additionally, we have received notices of violations and potential fines under various federal, state and local provisions relating to the discharge of materials into the environment or protection of the environment. While we believe that even if any one or more of the environmental proceedings listed below were decided against us, it would not be material to our financial position, results of operations or cash flows, we are required to report environmental proceedings if we reasonably believe that such proceedings will result in monetary sanctions in excess of \$0.1 million.

- 7) ETP deals with hazardous materials. They may not have enough cash reserves to cover liabilities. They say on page 44-45 on their 2013 annual report: "We may incur substantial environmental costs and liabilities because of the underlying risk inherent to our operations. Although we have established financial reserves for our estimated environmental remediation liabilities, additional contamination or conditions may be discovered, resulting in increased remediation costs, liabilities for natural resource damages that could substantially increase our costs for site remediation projects. Accordingly, we cannot assure you that our current reserves are adequate to cover all future liabilities, even for currently known contamination."

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