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**Welcome to the TortoiseEcofin QuickTake podcast. I'm Brian Kessens, senior portfolio manager and managing director. Thank you for joining us as we provide timely updates on the market.**

After a market scare from a Chinese property developer on Monday of last week, equity markets quickly reversed with energy leading the way. Crude oil improved by 3% with broad energy increasing 4.7%, besting the S&P 500's half of one percent weekly gain. Midstream was also strong, higher by 1.8%.

Prices for LNG also remained elevated and are leading to expectations for even more crude oil demand in 2022 as some international natural gas generation is switched to the less expensive oil alternatives. Some estimate the impact could be 500 mbpd this winter. This will be an item to watch over the coming months – at what LNG price do we see a meaningful switch to alternatives? With prices over \$20 per mmbtu, we're probably there.

Last week continued the trend toward E&P consolidation. ConocoPhillips announced it is acquiring Shell's Permian assets for \$9.5 billion. The company has been on a Permian acquisition spree after buying Concho resources last year. After acquiring these assets, including 225,000 net acres and 200 mbpd of production, ConocoPhillips will become the second largest Permian producer. Shell plans to pay-down debt and return cash to shareholders versus redeploying the incremental capital into renewable businesses. The deal was well received on both sides. It is accretive to ConocoPhillips' cash flow, helped by the unique July 1 effective date, and the synergies ConocoPhillips' existing footprint. For Shell, the price was fair for an asset no longer core, and the use of proceeds directly benefitting equity investors led to a positive response.

Incremental news on the MLP structure. The Biden Administration said it supports an expansion of MLP qualifying income to include renewable energy activities focused on wind, solar, and biofuel development. This could be a way for the renewable sector to lower its cost of capital, along with making it easier for existing MLPs to grow their renewables businesses. Stay tuned. It still feels there is a long way to go before anything becomes policy.

We've stated that existing energy infrastructure is best suited to facilitate a transition to cleaner energies. Now, natural gas pipeline company, Williams, and wind farm developer, Orsted, announced they're exploring ways to leverage Orsted's renewables and hydrogen expertise with Williams' natural gas infrastructure and processing experience. Specifically they're looking at large-scale wind energy and electrolysis in Wyoming where Williams owns significant natural gas infrastructure. Williams believes its extensive energy infrastructure network is adaptable to further renewable energy storage and transport.

Companies continue to lower their carbon footprint. Last week Southwestern Energy announced it would produce responsibly sourced natural gas (or RSG) in its northeastern operations, further reducing methane emissions, and jointly, Kinder Morgan will transport this RSG to market via its Tennessee Gas Pipeline. The methane intensity level of the natural gas will be independently verified by Project Canary. Specifically, the companies will ensure a methane intensity rate of 0.28% or lower, far below even the ONE Future Coalition's 1% target. We like to see the reduced methane commitment from both parties, and expect the production of responsibly sourced natural gas to grow.

This week a couple of banks are hosting carbon capture conferences, arguably the technology that can have the biggest decarbonization impact. We expect to hear from producers, pipelines, LNG exporters, and technology companies about how they plan to implement carbon capture. In addition, we'll look for congressional votes and discussion on a host of federal money issues, including the debt ceiling, and reconciliation and infrastructure bills. And of course, Thursday marks the end of the calendar third quarter. My how time flies. Thanks for listening.

Thank you for joining us. And stay tuned for our next episode. Have topics you want covered or other feedback to share? Write us at [info@tortoiseecofin.com](mailto:info@tortoiseecofin.com).

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**Broad Energy = The S&P Energy Select Sector® Index** is a capitalization-weighted index of S&P 500® Index companies in the energy sector involved in the development or production of energy products.

**Producers = Tortoise North American Oil & Gas Producers Index<sup>SM</sup>**

The Tortoise North American Oil & Gas Producers Index<sup>SM</sup> is a float-adjusted, capitalization weighted index of North American energy companies primarily engaged in the production of crude oil, condensate, natural gas or natural gas liquids (NGLs). The index includes exploration and production companies structured as corporations, limited liability companies and master limited partnerships but excludes United States royalty trusts.

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