



Memorandum

To: All Partnership Employees
From: Kelcy Warren, Chairman and Chief Executive Officer
Date: Tuesday, September 13, 2016
Re: Dakota Access Pipeline Project Update

I want to provide the entire Energy Transfer family with an update on the Dakota Access Pipeline project. Recent events in North Dakota and Washington, DC have brought the project to the forefront of national media attention. I recognize that many of you are receiving questions about our work and I want to be the first to share with you our commitment to the project, what we know, and where I am focused.

First, I am proud of our work on Dakota Access. As one of the largest U.S. infrastructure companies, our experience in designing, constructing, and operating natural gas, crude oil, and refined products pipelines is extensive. We have designed the state-of-the-art Dakota Access pipeline as a safer and more efficient method of transporting crude oil than the alternatives being used today, namely rail and truck. Today the 1,172 mile project is nearly 60 percent complete, employs more than 8,000 highly trained skilled labor workers who are safely constructing it, and we have spent just over \$1.6 billion on equipment, materials and the workforce to date. Once operational, the project will safely move American oil to American markets. It will reduce our dependence on oil from unstable regions of the world and drive down the cost of petroleum products for American industry and consumers.

We are committed to completing construction and safely operating the Dakota Access Pipeline within the confines of the law. On Friday, a federal judge reaffirmed the U.S. Army Corps of Engineers' previous decision to permit construction of the Dakota Access Pipeline. Despite the judge's ruling that the project is in compliance with U.S. rules and regulations, the Department of Justice, Department of the Army and Department of Interior later announced that the U.S. Army Corps of Engineers is determining "whether it will need to reconsider any of its previous decisions" and called on the company to voluntarily halt construction. We intend to meet with officials in Washington to understand their position and reiterate our commitment to bring the Dakota Access Pipeline into operation.

Second, our corporate mindset has long been to keep our head down and do our work. It has not been my preference to engage in a media/PR battle. However, misinformation has dominated the news, so we will work to communicate with the government and media more clearly in the days to come.

In the meantime, I want to share with you information about our work on the Dakota Access Pipeline.

- The right of way for the entire pipeline has been obtained. All four states the pipeline traverses – North Dakota, South Dakota, Illinois, and Iowa – have issued favorable certificates, permits and approvals for construction.
- Nearly the entire Dakota Access pipeline route is across private land. In addition, neither the land abutting nor Lake Oahe itself is subject to Native American control or ownership. Despite this, we worked to meet with the Standing Rock Sioux Tribe leaders on multiple occasions in the

past two years and gave the U.S. Army Corps data for their 389 meetings with more than 55 tribes across the project, including nine with The Standing Rock Sioux Tribe at Lake Oahe. We – like all Americans – value and respect cultural diversity and the significant role that Native American culture plays in our nation’s history and its future and hope to be able to strengthen our relationship with the Native American communities as we move forward with this project.

- Nearly the entire pipeline route in North Dakota – and the entire portion the protestors are focused on – is located immediately adjacent to an existing natural gas pipeline built in 1982. The route also parallels a high voltage electric transmission line. This land has been studied, surveyed, and constructed upon – at least twice before – over the past several decades.
- Multiple archaeological studies conducted with state historic preservation offices found no sacred items along the route. State archeologists issued a ‘no significant sites affected’ determination in February on the North Dakota segment of the pipeline. If any potentially sacred objects were to be found, archaeologists, environmental inspectors, or trained construction staff are on site throughout construction to ensure their proper care and that proper notifications are made.
- Concerns about the pipeline’s impact on the local water supply are unfounded. Multiple pipelines, railways, and highways cross the Missouri River today, carrying hundreds of thousands of barrels of oil. Dakota Access was designed with tremendous safety factors and redundancies, including compliance with and exceeding all safety and environmental regulations. The pipeline crosses 90 to 115 feet below Lake Oahe with heavy wall pipe and, as we all know, the pipe is inspected, tested and re-tested prior to being placed into service to ensure its long-term integrity.

Third, we respect the constitutional right of all assembled in North Dakota to voice their opinions for or against projects like ours. However, threats and attacks on our employees, their families and our contractors as well as the destruction of equipment and encroachment on private property must not be tolerated.

We appreciate the work of local sheriffs and law enforcement to date. I have directed our team to work closely with local, state and federal officials to ensure the safety and protection of our construction contractors and employees, contractors’ equipment, private land and those whose right it is to peacefully protest. Together we must promote a peaceful discourse and path forward. We are committed to protecting and respecting the welfare of all workers, the Native American community, local communities where we operate, and the long-term integrity of the land and waters in the region.

Finally, many of you have asked what you can do. Here are a few ways you can support Dakota Access:

1. Continue to do your jobs in a thoughtful and professional manner. Your conduct and commitment demonstrates to the world that we are playing by the rules and are committed to completing this important infrastructure project.
2. Help explain to your friends and neighbors the facts about the work that you are doing. There has been an enormous amount of misinformation out there and you are our best ambassadors to the public.
3. Contact your elected representatives – all of them – to tell them how important this project is to your livelihood. Remind them that the company fully complied with the regulatory process and the U.S. Army Corps of Engineers issued a nationwide permit and other essential permits for our work.

I am confident that as long as the Government ultimately decides the fate of the project based on science and engineering, the Dakota Access Pipeline will become operational bringing a safer means of transportation to a much needed supply of oil to communities across the country. So we will continue to obey the rules and trust the process.

As the situation warrants, I will continue to communicate directly with you so that you can be fully informed of what's going on and what you can do to help.

Thank you again for all that you do.

Kelcy