

# Tortoise QuickTake Podcast with Brian Kessens

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November 16, 2015

**Welcome to the Tortoise QuickTake podcast. Thank you for joining us. Today, a senior member of Tortoise provides a timely update on trending topics in the market.**

Hi. I'm Brian Kessens, Tortoise Managing Director and Portfolio Manager with this week's Tortoise QuickTake podcast highlighting the top energy events of last week.

The U.S. land rig count fell for the twelfth consecutive week. Despite that, West Texas Intermediate crude fell to \$40.80 per barrel after beginning the week at \$44.29 per barrel as crude oil inventories increased by 4 million barrels. Energy markets followed this oil weakness, with the S&P 500 Energy Select Index down 6.0%, the Tortoise North American Oil and Gas Producers Index lower by 5.1% and the Tortoise MLP Index off 6.2%.

Despite MLP market weakness, there was significant capital markets activity. Representing all activity...

EQT Midstream Partners and Shell Midstream Partners raised a combined \$600 million in follow-on equity offerings. Furthermore, Sunoco Logistics issued \$600 million in debt and Noble Midstream Partners launched an IPO to potentially raise \$250 million this week. Our sense is institutional interest for capital market deals through PIPEs and follow-on offerings is healthy, while retail interest continues to be fickle.

In the exploration and production sector, M&A discussions are beginning to mount as two discussions surfaced. Last Wednesday, Anadarko Petroleum acknowledged its bid for the Apache Corporation. Then Thursday, Concho Resources was said to be bidding for Clayton Williams Energy. What's in common with both contemplated transactions? Both Apache and Clayton Williams hold Permian basin acreage.

Simply the Permian basin continues to have significant potential through improving drilling economics (i.e., lower costs and longer laterals) and inventory expansion from down-spacing and multi-zone delineation. EOG Resources, the largest independent oil company, even highlighted Permian acreage acquisitions on their 3Q earnings call.

Last week, we attended the largest utility conference of the year, the Edison Electric Institute Financial Conference in sunny Florida. Key topics were the growth of renewables, and emphasis on both natural gas generation and distribution. The Clean Power Plan also received a great deal of attention as states propose compliance plans while some simultaneously are suing the EPA for the program. For many utilities, the CPP is a great opportunity to make investments, lower customer costs and provide for a cleaner environment.

This week, in the last full week before the Thanksgiving holiday, Energy Transfer, the largest pipeline company (at least pro forma for The Williams Companies), will hold an analyst day and we'll be attending an MLP conference.

Back to you thereafter. Thanks for listening.

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

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