Midstream/MLP Energy

4Q23 Earnings wrap: MLP yield hunting, M&A speculation & volatile C-Corp moves

Price Objective Change

It's a wrap: Despite volatility we stick with LT FCF growth

M&A speculation, yield hunting, and outsized moves on short-term catalysts all were factors for 4Q midstream earnings. But we still prefer moderate long-term growth with strong FCF conversion. OKE is our top C-Corp pick, with the ability to execute its 4-year $2bn repurchase program in half the time while ET remains our top MLP pick with continued growth and strong existing income with a 9%/14% dividend/FCF yield.

Yield hunting for MLPs & volatile moves for C-Corp prints

C-Corp prints caused volatile moves, as investors played for catalysts. Following TRGP's update showing moderated '25+ capex, the stock has o/p the AMNA 6% while WMB u/p the AMNA 2% following its release, on lower than expected '25 EBITDA, but has performed in-line since then, even with CHK/CTRA announcing lower gas activity. This indicates a lack of LO only ownership in C-Corps, in our view. And MLPs have generally performed better, with retail ownership drawn in by outsized yields. We believe a FCF yield approach, rather than a div. yield approach, is more appropriate for valuation. WES has received support for its 52% distribution increase, and now trades at a lower FCF yield than larger caps: ET/MPLX/PAA, which have significantly more coverage.

Back to old school midstream? Dropdowns & full payouts

Sponsor driven MLPs are bringing back some characteristics of traditional MLPs. Both MPLX (9% yield) and WES (10%) are growing distributions, despite already trading at the highest div. yields in the group. And we believe MPLX could buy assets, like MPC's interest in the Gray Oak pipeline, from its sponsor through a cash drop-down that is accretive to both entities, using the >2 turn EV/EBITDA discrepancy between MPC/MPLX. Then, WES increased its distribution 52%, outspending FCF in '24 to fund the distribution and still plans to continue increases, despite uncertain producer activity.

Small-cap midstream has a M&A premium built in

Industry consolidation in energy continues, but we do not expect midstream to consolidate at the same pace as upstream. But large cap C-corps are facing cash taxes in '25+ causing many to speculate buying a MLP or C-Corp with NOLs, like ETRN, to defer paying cash taxes. ETRN noted it is exploring strategic options, OXY is looking to fund its Crownquest acquisition, with its stake in WES reportedly possibly for sale, and PAA continues to be viewed as a take-out target, despite it strategically acquiring assets to grow standalone. We see unique issues for each of these companies to merge into larger entities, but believe a floor is placed on valuation, given the possibility of consolidation.

ETRN/KMI/MPLX/OKE/PAA/TRGP Estimate & PO changes

We fully update our estimates through '26 and revise our POs for our coverage universe, with only KNTK & KGS yet to report. We increase POs for the following: OKE (higher terminal growth), PAA (lower WACC from de-leveraging), MPLX (focus on growth), TRGP (lower LT growth capex), and WES (better than expected '24 guide & asset sales to de-lever). We lower our PO for KMI on weaker '25+ estimates. Our ratings are unchanged. We detail catalysts for each stock in the report, with a focus on M&A and asset package transactions.

Refer to important disclosures on page 28 to 31. Analyst Certification on page 27. Price Objective Basis/Risk on page 25. **12664863**

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Exhibit 1: BofA POs

MLPs have generally performed better than C-Corps

Ticker	Rating	New PO	Old PO
C-Corp			
ETRN	Underperform	$9	$9
KMI	Neutral	$18	$19
OKE	Buy	$86	$83
PAGP	Neutral	$18	$17
TRGP	Buy	$109	$104
WMB	Buy	$40	$40
MLP			
EPD	Buy	$31	$31
ET	Buy	$18	$18
MPLX	Underperform	$38	$36
PAA	Neutral	$18	$17
WES	Underperform	$30	$27

Source: BofA Global Research

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Glossary

AMNA: Alerian Midstream Energy Index

C-Corp: C-Corporation

Contents

Updated POs and Estimates

Exhibit 2: BofA Updated POs and Estimates

We are above consensus in '24 / '25 / by 0.5% / 1.3%

				2024				2025			2026		
		New		EBITDA ($mm)				EBITDA ($mm)			EBITDA ($mm)		
Ticker	Price	PO	Rating	BofAe	Cons.	Guidance	BofA v. Cons.	BofAe	Cons.	BofA v. Cons.	BofAe	Cons.	BofA v. Cons.
C-Corp			-				-			-			-
KMI	$17.17	$18	Neutral	$8,052	$8,103	$8,160	-0.6%	$8,128	$8,278	-1.8%	$8,385	$8,431	-0.5%
ETRN	$10.42	$9	Underperform	$1,274	$1,329	$1,235-$1,315	-4.1%	$1,504	$1,439	4.5%	$1,532	$1,468	4.4%
OKE	$74.37	$86	Buy	$6,246	$6,064	$5,900-$6,300	3.0%	$6,548	$6,348	3.2%	$6,947	$6,325	9.8%
PAGP	$17.11	$18	Neutral	$2,719	$2,664	NA	2.1%	$2,661	$2,696	-1.3%	$2,651	$2,655	-0.1%
TRGP	$97.08	$109	Buy	$3,811	$3,825	$3,700-$3,900	-0.4%	$4,150	$4,219	-1.6%	$4,459	$4,413	1.0%
WMB	$35.04	$40	Buy	$6,991	$6,988	$6,800-$7,100	0.0%	$7,481	$7,465	0.2%	$7,658	$7,810	-1.9%
MLPs			-	-	-	-	-	-	-	-	-	-	-
EPD	$27.61	$31	Buy	$9,790	$9,765	NA	0.3%	$10,077	$10,127	-0.5%	$10,281	$10,555	-2.6%
ET	$14.69	$18	Buy	$14,757	$14,851	$14,500-$14,800	-0.6%	$15,395	$15,332	0.4%	$15,910	$15,945	-0.2%
MPLX	$39.37	$38	Underperform	$6,415	$6,483	NA	-1.0%	$6,623	$6,668	-0.7%	$6,652	$6,840	-2.8%
PAA	$16.36	$18	Neutral	$2,719	$2,685	$2,625-$2,725	1.3%	$2,661	$2,690	-1.1%	$2,651	$2,620	1.2%
WES	$34.04	$30	Underperform	$2,330	$2,304	$2,200-$2,400	1.1%	$2,403	$2,397	0.3%	$2,470	$2,453	0.7%

Source: Visible Alpha, Bloomberg, BofA Global Research

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Exhibit 3: EV/EBITDA multiples

C-Corps are trading at a premium to MLPs

		BofA Comparable EV/EBITDA Multiples				Cons EV/EBITDA Multiples				BofA FCF Yield (Levered)				Cons FCF Yield (Levered)			
Company Name	Ticker	2023A/E	2024E	2025E	2026E	2023A/E	2024E	2025E	2026E	2023A/E	2024E	2025E	2026E	2023A/E	2024E	2025E	2026E
C-Corp																	
Kinder Morgan	KMI	10.1x	9.6x	9.5x	9.2x	10.0x	9.4x	9.2x	9.1x	10.4%	6.9%	8.4%	8.9%	7.3%	7.7%	8.7%	9.4%
Equitrans Midstream	ETRN	11.5x	9.5x	8.1x	7.9x	11.7x	9.1x	8.4x	8.3x	-2.8%	-0.4%	15.2%	15.6%	-4.4%	5.5%	15.6%	16.0%
ONEOK	OKE	12.5x	10.7x	10.1x	9.6x	13.0x	11.1x	10.6x	10.6x	5.9%	6.6%	9.4%	10.0%	5.6%	6.4%	8.0%	9.0%
Targa Resources	TRGP	9.8x	9.1x	8.4x	7.8x	9.9x	9.1x	8.2x	7.9x	-2.4%	2.3%	7.9%	8.0%	2.8%	2.8%	6.5%	8.8%
The Williams Companies	WMB	10.1x	9.5x	8.9x	8.7x	9.8x	9.5x	8.9x	8.5x	7.9%	5.9%	7.5%	7.3%	6.0%	5.8%	7.5%	8.7%
Average		**10.3x**	**9.1x**	**8.4x**	**8.1x**	**10.3x**	**9.1x**	**8.6x**	**8.3x**	**3.3%**	**6.2%**	**10.5%**	**10.2%**	**3.0%**	**6.6%**	**8.9%**	**10.9%**
MLPs																	
Enterprise Products Partners	EPD	9.9x	9.4x	9.1x	9.0x	9.8x	9.3x	9.0x	8.6x	7.0%	6.8%	8.6%	9.8%	7.2%	7.3%	8.8%	11.2%
Energy Transfer	ET	7.9x	7.2x	6.9x	6.6x	7.1x	6.5x	6.3x	6.0x	13.7%	14.2%	13.9%	14.7%	11.5%	15.0%	15.8%	16.5%
MPLX LP	MPLX	9.7x	9.5x	9.2x	9.1x	9.8x	9.4x	9.1x	8.9x	10.2%	11.1%	10.9%	10.6%	10.7%	11.1%	11.7%	12.7%
Plains All American Pipeline	PAA	7.9x	7.8x	8.0x	8.0x	8.3x	8.2x	8.2x	8.4x	14.3%	12.9%	13.3%	15.7%	12.6%	14.0%	14.0%	13.1%
Western Midstream Partners	WES	9.7x	8.6x	8.3x	8.1x	9.8x	8.7x	8.4x	8.2x	7.2%	8.5%	10.6%	11.1%	7.1%	9.3%	11.7%	11.8%
Average		**9.0x**	**8.5x**	**8.3x**	**8.2x**	**8.9x**	**8.4x**	**8.2x**	**8.0x**	**10.5%**	**10.7%**	**11.5%**	**12.4%**	**9.8%**	**11.4%**	**12.4%**	**13.1%**

Source: Bloomberg, BofA Global Research

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Equitrans Midstream Corp. (ETRN)

MVP in-service delayed into June with $400mm new costs

ETRN underperformed the AMNA ~0.4% on February 20th, as MVP is delayed into 2Q, costs rise ~$400mm, and as a result, '24 guidance comes in lower than pre-release expectations. Offsetting the MVP delay was ETRN retaining its M&A premium as it noted its board of directors "has been engaged in a process with third parties that have expressed interest in strategic transactions." We believe most investors are aware that ETRN is a willing seller, at the right price, so this statement by ETRN should not have been an incremental upside surprise that offset the MVP delay. We reiterate our Underweight rating and $9 PO, as ETRN has the highest debt levels in midstream with flat free cash flows post MVP complete with cash G&P rates falling. At its current price of $10.44 (2/26) (7.7x '25 EBITDA), we see few opportunities for an acquiror to transact, at market, with an equity deal. We attribute this to 1) ETRN's high leverage (5.1x EBITDA, excluding project financing) 2) declining cash gathering rates and 3) a new owner likely needing to invest capital in the existing gathering system to meet EQT's requirements. And the likely most logical potential strategic partner, WMB, already receives the benefits of MVP, with the pipeline dead-ending into Transco at Station 165. As such, Transco receives the volumes and will ultimately be able to expand capacity to move ~2 Bcf/d of MVP sourced gas to regulated utilities like Duke and Dominion.

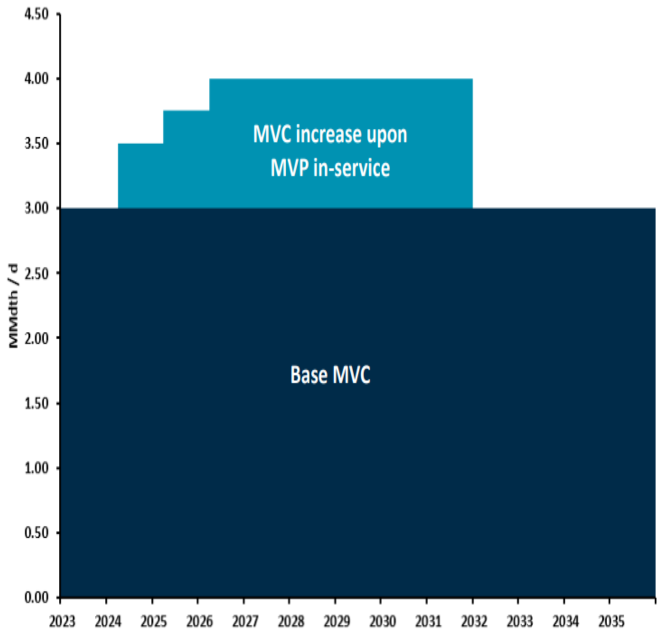
MVP delayed by weather with heightened labor costs

ETRN pushed MVP's target in-service date to June with an estimated total project cost of $7.57-7.63bn. Up until recently, the project was on track to complete in 1Q24, but unforeseen construction issues and challenging weather conditions, including precipitation well above 20-year averages, in January caused the delay. ETRN considered winter weather in its initial forecast, but the conditions were worse and longer than anticipated. As a result, heightened headcount had to be maintained for longer. As of February 15th, 300 miles of pipe were installed with less than 4 miles remaining. Of 428 water crossings left when construction resumed in '23, only 13 crossings are left. There are 3 remaining bores out of 9, including the Appalachian Trail crossing and Roanoke River crossing. The first 77 miles are purged and packed and 180 miles have been hydro-tested. The remaining construction is the most difficult, and ETRN noted there could be further delays. However, once construction is complete, only commissioning work remains before the pipe is put into service, which requires less labor and has minimal impact from weather. Once in service, MVP will deliver low-cost Marcellus and Utica natural gas to the southeast demand markets. MVP, Hammerhead, and the Equitrans Expansion project are expected to contribute $305mm of annual incremental Adj EBITDA, with $220mm attributed directly to MVP.

Increase gathering volumes offset by lower cash rates

ETRN expects to see mid-single-digit growth in earnings once MVP comes online. On a GAAP basis, this is true as gathering volumes step up once MVP comes online, as gathering minimum volume commitments (MVCs) with EQT step up through '26. And presumably, another step up once the MVP expansion (500 MMcf/d) is sanctioned. But cash rates decline meaningfully between '24 -'25 and then see another meaningful step down from '27-'28. At the same time, ETRN expects to see overall Northeast growth from MVP debottlenecking the basin. But as we have noted several times, MVP can only flow ~200 MMcf/d until Transco expands capacity North and South of Station 165, as Transco dead-ends into the pipeline. And that is not scheduled to occur until ~'28.

Exhibit 4: MVP Step-Up Effective with MVP In-Service
Gathering MVCs with EQT step up through '26 once MVP comes online



Source: Company presentation

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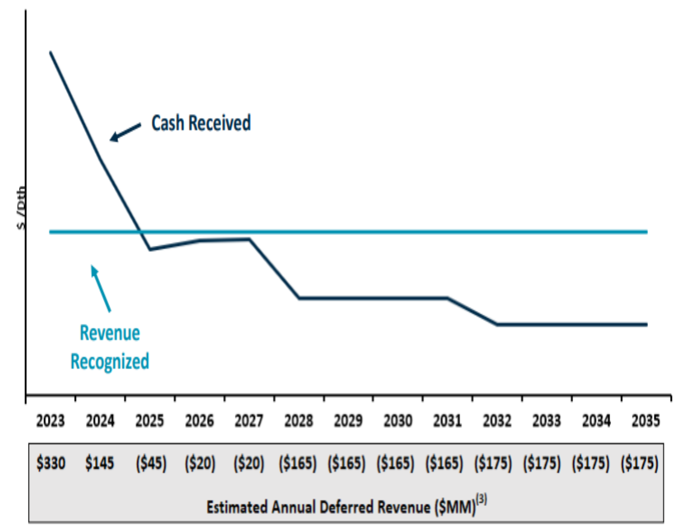
Exhibit 5: EQT Global GGA Accounting Treatment
Deferred revenue is recognized when cash received exceeds revenue



Source: Company presentation

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ETRN targets '28 ISD for downsized Southgate project

In late December '23, the MVP Southgate project was redesigned and ETRN negotiated with the original customer, Public Service Company of North Carolina (PSNC), and an investment grade utility company to agree to a shorter route of 31 miles from the same starting point, but ending at new delivery points in Rockingham County, NC. The project is expected to cost $370mm gross, excluding past expenses for the original project, and ETRN maintains 47.2% interest, or about $175mm net. NextEra owns a similar interest. Most of the capital spend is expected to occur in '27 and ETRN expects a 5-6x build multiple, landing annual EBITDA at $62mm-$74mm. The project obviously requires FERC approval.

Exhibit 6: ETRN New/Old Estimates
We update our '24/'25/ EBITDA estimates by -7%/-1%

BofA vs Consensus Estimates	2024E	2025E	2026E
BofA EBITDA New ($mm)	$1,274	$1,504	$1,532
BofA EBITDA Old ($mm)	$1,364	$1,526	
BofA % Change	-7%	-1%	NA
Consensus EBITDA ($mm)	$1,329	$1,439	$1,468
BofA % Difference vs. Consensus	-4%	5%	4%

Source: BofA Global Research, Bloomberg, Company report

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Exhibit 7: ETRN price objective
We maintain our PO for ETRN at $9

12 MONTH PRICE OBJECTIVE PRICE TARGET	
2020 EBITDA ($mm)	1,438
2021 EBITDA ($mm)	1,012
2022 EBITDA ($mm)	1,071
2023 EBITDA ($mm)	1,057
2024 EBITDA ($ mm)	1,274
2025 EBITDA ($ mm)	1,504
2026 EBITDA ($ mm)	1,532
25 EV/EBITDA Multiple	7.7x
EV ($mm)	11,548
Current Net Debt ($mm) =	6,088
Divestitures ($mm) =	
FCF Thru YE24 ($mm) =	-280
Adjusted YE24 Net Debt ($mm) =	6,368
Preferreds ($mm) =	682
Equity Value ($mm)	3,901
$/Shr	$9.00

Source: BofA Global Research

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Kinder Morgan (KMI)

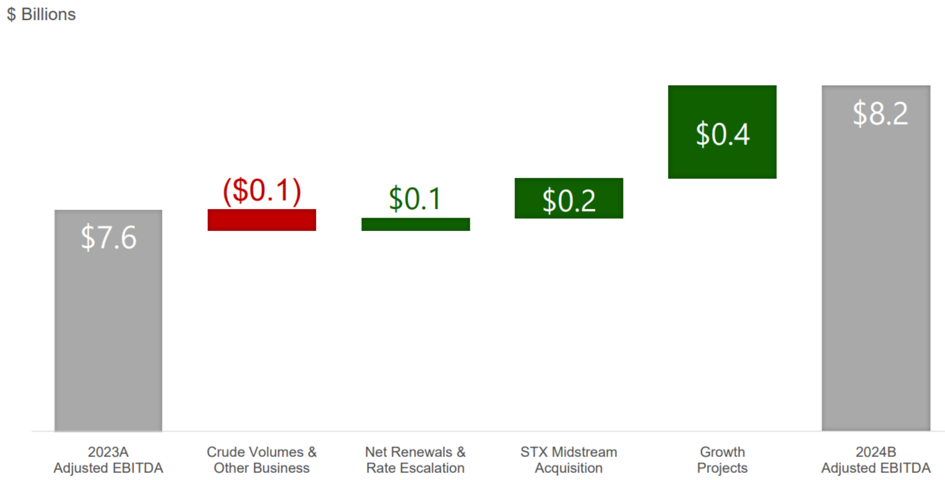
PM Summary: 4Q miss & not the preferred nat. gas stock

On Thursday, 1/18, KMI (-1.4%) underperformed the AMNA (0.0%) after reporting Adj EBITDA of $1,925mm (3% miss vs. Consensus) and seemingly a lack of operating leverage. Ahead of the call on January 17th , after the close, KMI was seeing some long only interest after a year of underperforming its closest peer WMB. See our investor day preview note. We still see investors viewing WMB as the natural gas levered stock to own vs. KMI. Our KMI '24/'25 /'26 EBITDA estimates are $8,052mm/$8,128mm/ $8,385mm and our PO is lowered to $18, on lower estimates. We remain Neutral on KMI, as we see it fairly priced, with WMB the preferred gas equity in midstream.

Base business flat with low capital efficiency

Incremental y/y EBITDA is due to growth capex and acquisitions rather than base business growth. Base business is to remain flat and operating leverage is lacking with limited "internal hedges" as EOR decline cancels out improving natural gas fundamentals.

Exhibit 8: EBITDA Growth '23 to '24
Base business EBITDA is flat with growth from investments



Source: Company presentation

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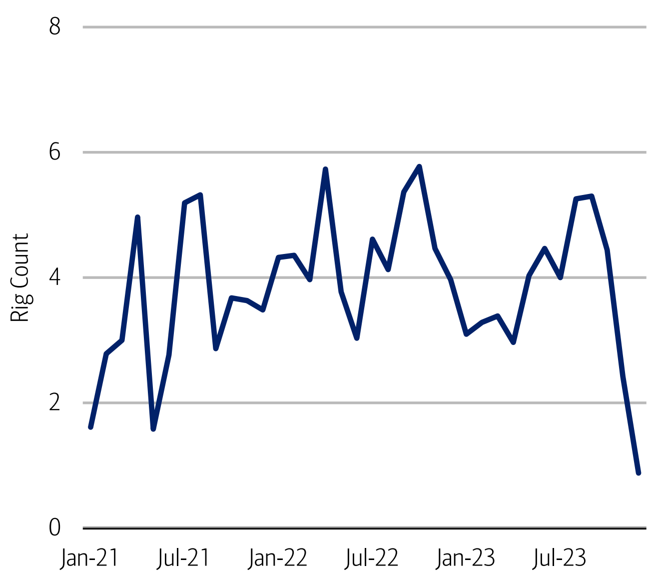
Despite improving fundamentals and a 10% improvement in gathering volumes y/y in '24, KMI noted that gathering volumes in '24 would be flat relative to 4Q23. In this gas price environment, we expect to see more rigs dropped in the gas regions although frac fleets in the Haynesville rose in 4Q23 as operators completed more wells. We see further activity reductions with front month gas trading at <$2/Mcf, and possible shut-ins if prices stay at this level over a prolonged time. Note the 27% 4Q sequential increase in Kinderhawk volumes was attributable to completions timing with higher 4Q frac fleets deployed across the basin. The Kinderhawk rig count has decreased 4 rigs (to 1 rig) from high of 5 rigs in September '23.

Exhibit 9: KMI Haynesville Rig Count
Rig count on KMI's Haynesville system has dropped off significantly



Source: East Daley

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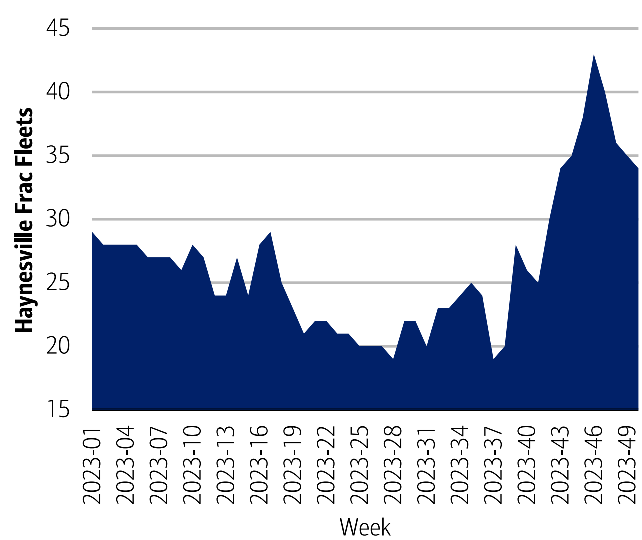
Exhibit 10: Total Haynesville Frac Fleets by Week
Frac fleets rose in 4Q as operators completed more wells



Source: Rystad

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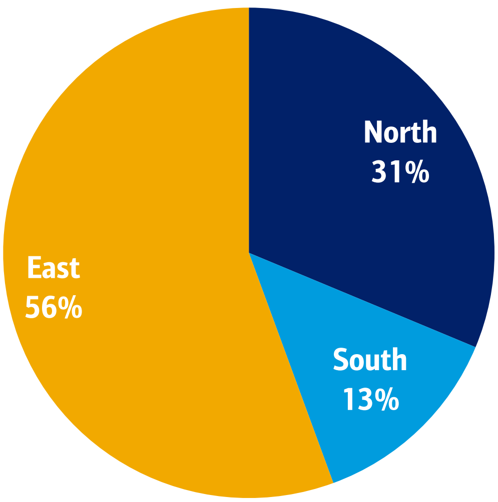
Southeast short gas as production moves to LNG corridor

KMI noted that the Southeast will be short gas as it is directed toward the LNG corridor, but we think this is a reason to own ET who owns 65% of eastbound egress out of the Haynesville or WMB which can direct gas on Transco to the SE region. We believe it will take time for KMI to move more towards the midstream business and away from ancillary services to compete with ET and WMB. Our '24 Year Ahead outlines that 56% of the direct available egress out of the basin is eastbound, with ET controlling 52% of the available outbound egress.

Exhibit 11: Haynesville Egress by Direction
Pull from southeast utilities is primary demand sink



Source: East Daley, BofA Global Research

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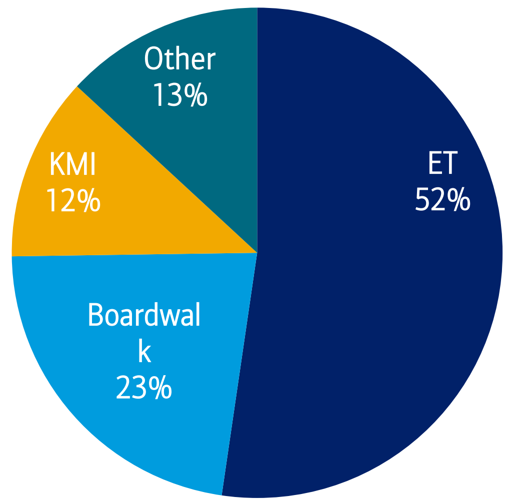
Exhibit 12: Haynesville Egress by Company
ET owns the majority of Haynesville egress



Source: East Daley, BofA Global Research

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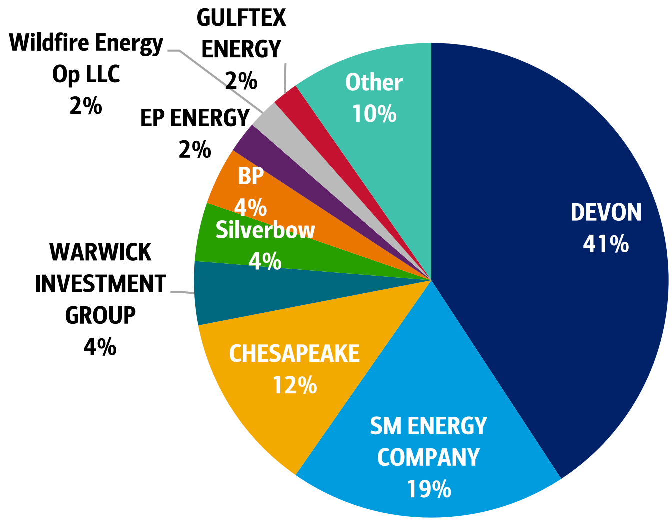
GCX expansion adds Permian gas to blend with EF gas

KMI is adding to its Eagle Ford position with the STX acquisition to move more gas from the basin to demand centers, which include across the border to Mexico and Texas Gulf Coast LNG facilities. It notes it can see Eagle Ford gas ramp up 2.5 Bcf/d by 2030 vs. 3rd party forecasts of 0.5 Bcf/d, driven by dry gas drilling in Webb County. But even if gas prices rebound, we see many smaller, private producers in the area that are unlikely to meaningfully increase production, up to KMI's expectations.

Exhibit 13: KMI Eagle Ford Producers
There are several small players on KMI's Eagle Ford system



Source: East Daley, BofA Global Research

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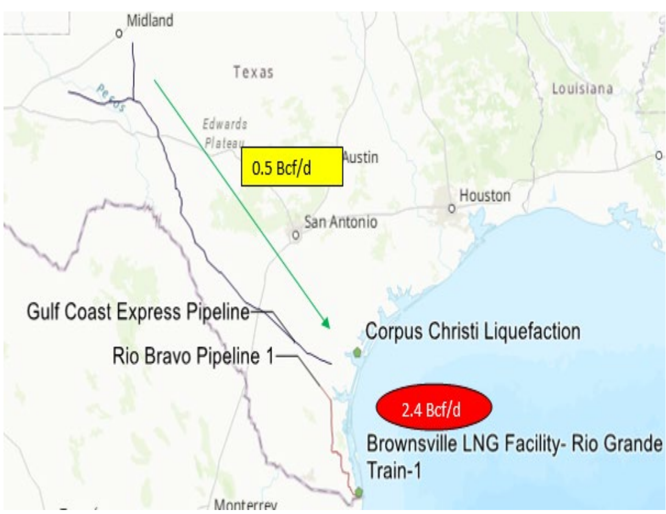
GCX expansion needed to upsize LT nitrogen blending synergies

The GCX expansion is still a work-in-progress, as commercial discussions are still ongoing. The 2.0 Bcf/d pipeline will likely expand by 500 MMcf/d, now that more gas is needed in South Texas. Favorable economics and low nitrogen content in the Eagle Ford are expected to support increasing production growth in the basin. GCX expansion needs to be fully sanctioned for KMI to realize nitrogen blending STX synergies, but bullet lines from Katy to STX are competing for market share, to move Permian-sourced gas to Katy (through PHP and Matterhorn), and down to Agua Dulce.

Exhibit 14: GCX Pipeline
The GCX pipeline must be sanctioned for KMI to realize synergies



Source: S&P Global

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Exhibit 15: Permian gas takeaway options
Bullet lines from Katy to South Texas are another option

Source: S&P Capital Markets

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Exhibit 16: KMI New/Old Estimates
We update our '24/'25/ EBITDA estimates by 0%/-1%

BofA vs Consensus Estimates	2024E	2025E	2026E
BofA EBITDA New ($mm)	$8,052	$8,128	$8,385
BofA EBITDA Old ($mm)	$8,067	$8,203	
BofA % Change	0%	-1%	NA
Consensus EBITDA ($mm)	$8,103	$8,278	$8,431
BofA % Difference vs. Consensus	-1%	-2%	-1%

Source: BofA Global Research, Bloomberg, Company report

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Exhibit 17: KMI price objective
We lower our PO for KMI to $18

12 MONTH PRICE OBJECTIVE PRICE TARGET	
$mn except per share	
2020 EBITDA	**6,962**
2021 EBITDA	**7,946**
2022 EBITDA	**7,516**
'22 Net NCI Adjustments	(39)
2022 Comparable EBITDA	**7,477**
2023 EBITDA	**7,561**
'23 Net NCI Adjustments	(56)
2023 Comparable EBITDA	**7,505**
2024 EBITDA	**8,052**
'24 Net NCI Adjustments	(68)
2024 Comparable EBITDA	**7,984**
2025 EBITDA	**8,128**
2026 EBITDA	**8,385**
EV/EBITDA Multiple	**9.3x**
EV	**75,263**
Current Net Debt	32,033
+ Proportional JV Debt	2,400
+ Acquisitions	0
- FCF, after distro thru YE24	96
= Adjusted YE24 Net Debt	34,529
Equity Value	40,734
$/Shr	**$18.00**

Source: BofA Global Research

BofA GLOBAL RESEARCH

MPLX LP (MPLX)

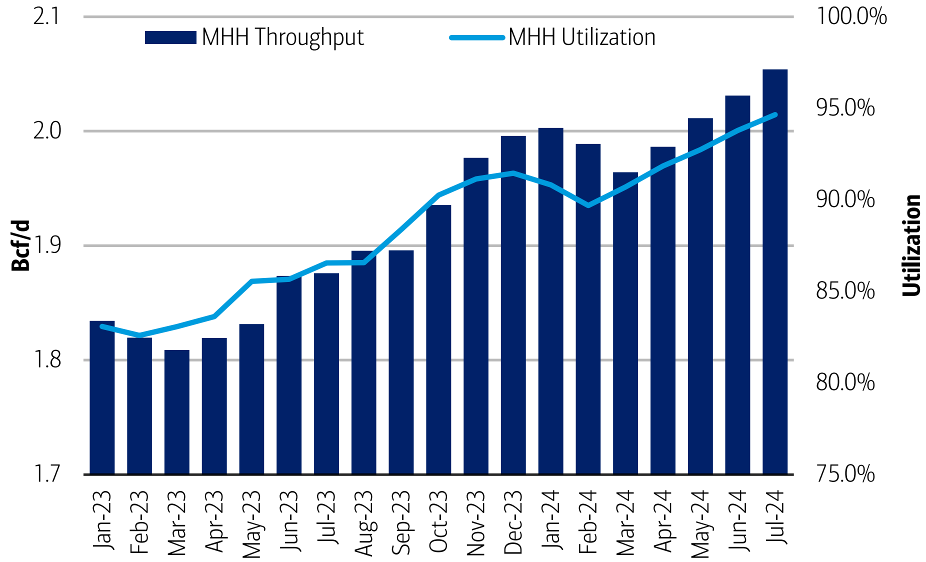
PM Summary: 4Q23 solid beat, but reiterate Underperform

MPLX modestly o/p (+1.2% vs. AMNA) after solidly beating consensus / BofA estimates by 4%/6% and increasing distributions 10% YoY in FY23 (see our 4Q23 report). In L&S, lower crude and product volumes offset by higher rates (+12%) highlighted the beat, after FERC indexing in July lifted rates by 13% (~20% of L&S includes FERC-regulated pipes). Our '24/'25/'26 EBITDA estimates move to $6,415mm/$6,623mm/$6,652mm. We maintain our Underperform rating but our PO moves up to $38 PO (8.7x '25E EBITDA) on higher estimates. We see lack of structural growth on the L&S segment and see lack of scale in G&P in the Permian. Sponsor supported transactions could be favorable but are limited to only a few assets.

Marcellus grew in 4Q with Harmon Creek II nearing ISD

MPLX operates 6 complexes in the Marcellus, including its newest processing facility, Harmon Creek II. Together, processing capacity in Appalachia is 6.5 Bcf/d. We group MPLX's Majorsville, Houston and Harmon Creek II processing facilities as one unit/system (2.2 Bcf/d) given their interconnectivity. The MHH system is currently ~92% utilized and is expected to reach ~95% utilization by 2Q24, as the Harmon Creek expansion comes online. MPLX has done a nice job taking some market share and growing volumes across its system.

Exhibit 18: MPLX MHH System Volumes
MHH system utilization expected to reach 95% by ~2Q24



Source: East Daley

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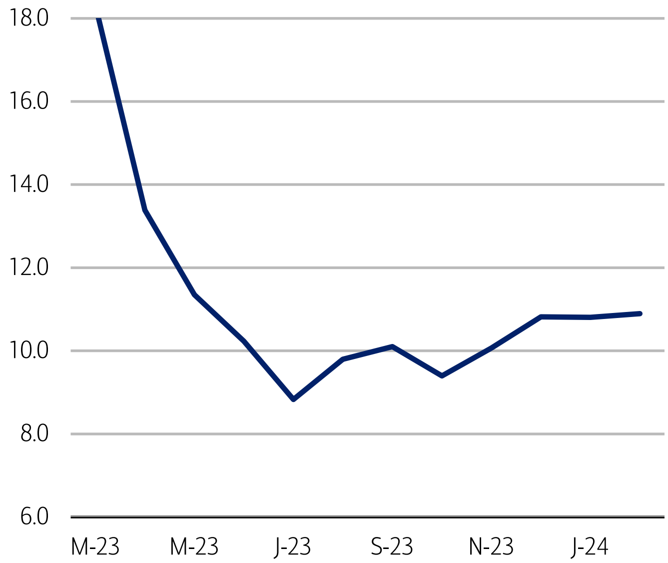
But we believe 4Q growth was from timing as rig counts trend down

MPLX noted that production is growing in the Marcellus from 1) more activity and 2) increasing takeaway. But with the 12-month strip under <$2/Mcf, several producers, like CHK and CTRA, have noted they are dramatically limiting production until prices increase. We also believe that SWN, by staying within cash flow, will limit activity. So, we think 4Q saw the benefit of timing of completions, more so than a secular trend upwards in Marcellus growth.

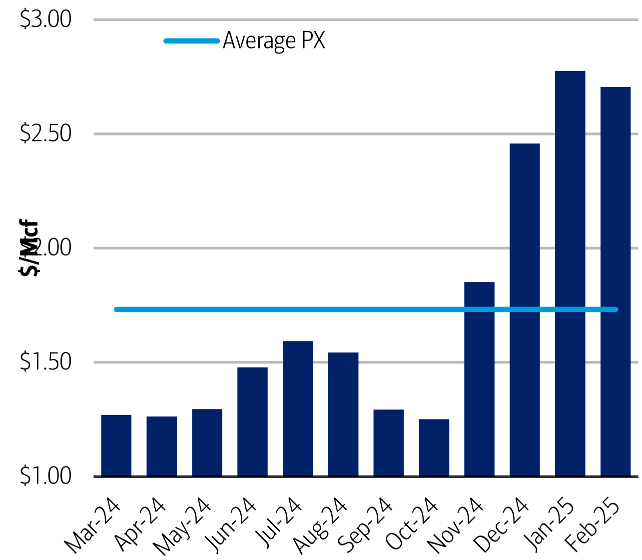
Exhibit 19: MPLX NE rig count
Rig count likely to see continued declines in price environment



Source: East Daley

BofA GLOBAL RESEARCH

Exhibit 20: 12-month Dominion South gas price
Average $1.73/Mcf



Source: Bloomberg

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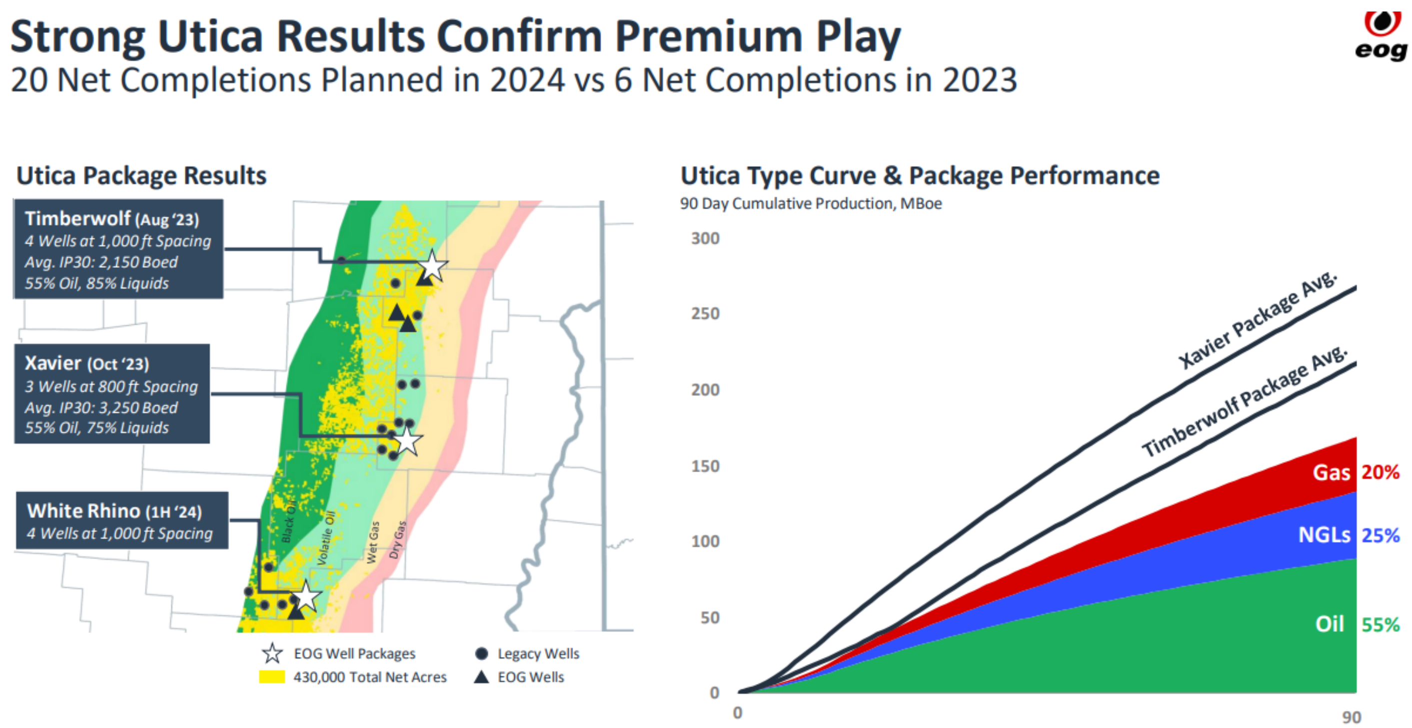
Is the Utica the early stages of a condensate surge?

EOG is targeting the Utica for condensate/NGL window. Initial results have been encouraging with 80% liquids (55% oil, 25% NGLs and only 20% dry gas). And they believe they have gas takeaway out of the basin, as Ohio gas has more outlets than the Marcellus. Our understanding is that DTM is building a new G&P system for EOG, but Blue Racer, MPLX, and WMB could benefit from latent processing in the area. This play lacks scale and will take years to be material volumes, but it needs close monitoring.

Exhibit 21: EOG Utica buildout
Liquids based drilling could spur major midstream growth in Utica



Source: Company presentation

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Sponsor drop-downs? MPC still has midstream assets

We believe MPC could still drop-down assets to MPLX to take advantage of the multiple discrepancy between MPC and MPLX and, ultimately, increase FCF, which MPLX can return to MPC through distribution. Note MPC trades at 6.0/6.5x consensus '24/'25 EBITDA vs. MPLX at 9.5x/9.2x consensus '24/'25 EBITDA, so cash transactions between the entities can be negotiated that are accretive to both entities. The following assets are still in the MPC portfolio available for drop-down:

- Capline: 33% interest
- Gray Oak: 25%
- LOOP: 10%
- Some remaining Jones Act tankers

Exhibit 22: MPLX New/Old Estimates
We update our '24/'25/ EBITDA estimates by 4%/4%

BofA vs Consensus Estimates	2024E	2025E	2026E
BofA EBITDA New ($mm)	$6,415	$6,623	$6,652
BofA EBITDA Old ($mm)	$6,182	$6,374	
BofA % Change	4%	4%	NA
Consensus EBITDA ($mm)	$6,483	$6,668	$6,840
BofA % Difference vs. Consensus	-1%	-1%	-3%

Source: BofA Global Research, Bloomberg, Company report

BofA GLOBAL RESEARCH

Exhibit 23: MPLX price objective
We raise our PO for MPLX to $38

12 MONTH PRICE OBJECTIVE PRICE TARGET	
$mn except per unit	
2020 EBITDA ($mn)	**5,211**
2021 EBITDA ($mn)	**5,560**
2022 EBITDA ($mn)	**5,775**
2023 EBITDA ($mn)	**6,269**
2024 EBITDA ($mn)	**6,415**
2025 EBITDA ($mn)	**6,623**
2026 EBITDA ($mn)	**6,652**
EV/EBITDA Multiple	**8.7x**
EV ($mn)	**57,491**
Preferreds ($mn) =	975
Current Net Debt ($mn) =	19,383
FCFaD Thru YE24 ($mn) =	981
Adjusted YE24 Net Debt ($mn) =	18,402
Equity Value ($mn)	38,114
$/Unit	**$38.00**

Source: BofA Global Research

BofA GLOBAL RESEARCH

Oneok, Inc. (OKE)

PM Summary: Conservative guide; OKE a FCF machine

OKE reported 4Q23 Adj. EBITDA of $1,514mm, which was +3%/-3% relative to cons/BofA. More importantly, OKE introduced '24 EBITDA guidance with a wide range from $5,900mm-$6,300mm (midpoint: $6.1bn). This is a conservative guide, assuming only $175mm of annual run-rate synergies, presumably with $100mm of that corporate G&A cuts, meaning OKE still can realize a potential ~$600mm of run-rate annual synergies. And we think that the largest number of synergies come from butane blending in the refined products segment, which OKE understandably is hesitant to overcommunicate commercial strategies. See our upgrade for details around the butane blending opportunity. As such, our revised '24 estimate is still towards the top end of the range and we see a meaningful increase in '25+ EBITDA. Our '24/'25/'26 estimates move to $6,246mm/$6,548mm/$6,947mm. And our PO moves up to $86, as we now assume a flat terminal growth rate (previously in decline) with a 7% WACC. OKE is our top C-Corp pick.

Awash in cash: $2bn buyback can be completed in 2 years

OKE noted its plans for dividends and share repurchases to trend towards a target of 75%-85% of CFFO after capex over the next four years. This capital return framework includes 3-4% annual dividend growth and the $2bn share repurchase authorization to be largely utilized over the next four years. Companies that have increased cash return, especially through outsized distributions, like MPLX and WES have significantly outperformed this earnings season, regardless of the go forward ability to sustain growth. OKE is in the opposite position with significantly more cash to return, than it has announced. OKE is already below its target leverage ratio of <3.5x. We believe, growing the dividend 4% in '24 and '25, OKE has enough discretionary cash to complete the authorized buyback by the end of '25. And between '26-'30, OKE can generate an additional $6bn of discretionary FCF after dividend.

Exhibit 24: OKE New/Old Estimates
We update our '24/'25/ EBITDA estimates by -1%/-1%

BofA vs Consensus Estimates	2024E	2025E	2026E
BofA EBITDA New ($mm)	$6,246	$6,548	$6,947
BofA EBITDA Old ($mm)	$6,290	$6,628	
BofA % Change	-1%	-1%	NA
Consensus EBITDA ($mm)	$6,062	$6,345	$6,309
BofA % Difference vs. Consensus	3%	3%	10%

Source: BofA Global Research, Bloomberg, Company report

BofA GLOBAL RESEARCH

Exhibit 25: OKE price objective
We raise our PO for OKE to $86

12 MONTH PRICE OBJECTIVE PRICE TARGET	
$mn except per share	
2020 EBITDA ($mn)	**2,724**
2021 EBITDA ($mn)	**3,380**
2022 EBITDA ($mn)	**3,620**
2023 EBITDA ($mn)	**5,243**
2024 EBITDA ($mn)	**6,246**
2025 EBITDA ($mn)	**6,548**
2026 EBITDA ($mn)	**6,947**
EV/EBITDA Multiple	**11.2x**
EV ($mn)	**73,481**
Current Net Debt ($mn) =	21,688
FCFaD Thru YE24 ($mn) =	719
Adjusted YE24 Net Debt ($mn) =	20,969
Equity Value ($mn)	52,512
$/Shr	**$86.00**

Source: BofA Global Research

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Plains All American Pipeline (PAA)

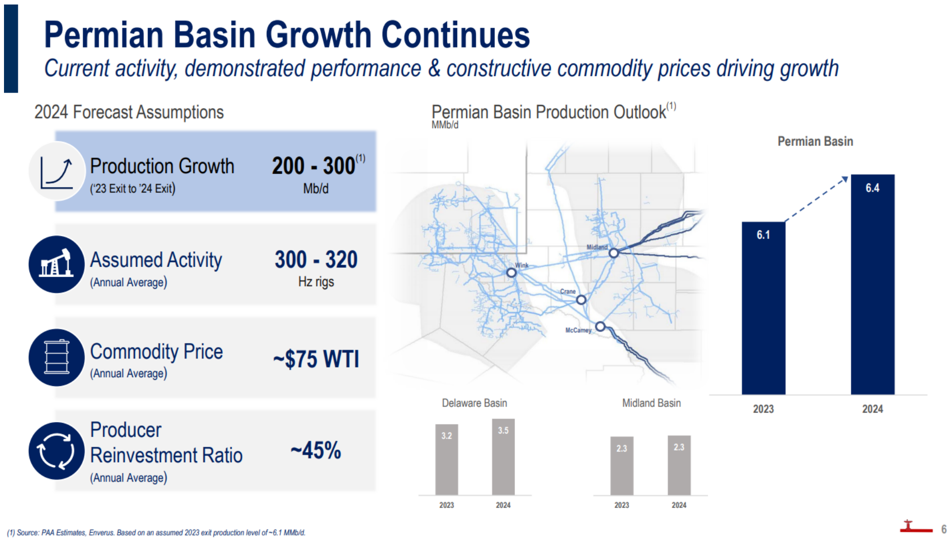
PM Summary: 9% EBITDA beat + slower activity guidance

On Friday, 2/9, PAA (+0.33%) outperformed the AMNA (-0.10%) after reporting a strong 9% EBITDA beat driven by a 35% beat in the NGL segment (Plains All American Pipeline, L.P.: Strong 4Q, frac spreads a '24 tailwind, Cactus I re-contracting timeline key 09 February 2024). We still believe PAA is fairly valued after a strong '23 run given its flat EBITDA over the next 3 years. Our EBITDA estimates are $2,719mm/$2,661mm/ $2,651mm for '24/'25/'26 and our PO moves to $18, as we lower PAA's WACC given its declining leverage ratio. PAA provided '24 growth capex expectations of $375mm, consistent with $325mm in '23, and it includes growth projects like Permian wellhead/CDP connections and debottlenecking and NGL optimization.

Permian growth expectations – All Delaware, Midland flat

PAA released its basin wide '24 exit-to-exit Permian basin crude expectation range of 200-300 Mbpd compared to its 4Q22 release estimate for '23 of 500 Mbpd. Rig count is down to 300-320, with efficiencies partially offsetting lower activity. This is generally consistent with our expectation that Permian crude grows 275 Mbpd in '24. Interestingly, PAA further breaks out Permian expectations noting flat Midland production and all incremental growth from the Delaware. Recent consolidation in the basin supports PAA's Midland assumptions. The Midland merger between FANG (public) and Endeavor (private) indicates that consolidated growth is slowing. Prior to the merger, FANG was running 14 rigs and Endeavor was running 12 rigs, and together they will be down to 20 to 22 rigs longer-term. But at the same time, XOM noted it would accelerate PXD growth through cube style drilling. We seek clarity on PAA's assumptions for Midland here.

Exhibit 26: Permian Basin Activity Summary
Production growth will primarily come from the Delaware Basin



Source: Company presentation

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Downstream JV interests following FANG – Endeavor deal?

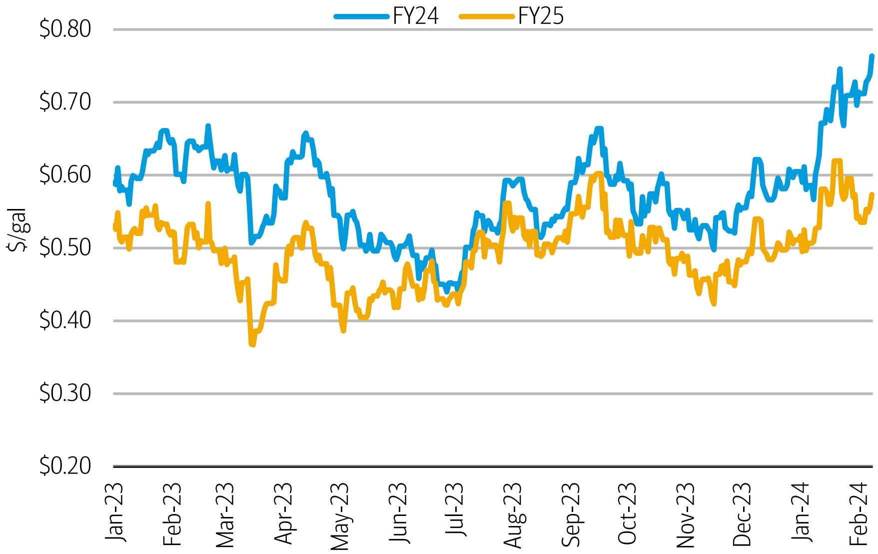
PAA outperformed the AMNA 1% the trading day following the FANG-Endeavor announcement. One reason could be that the transaction will likely lead to some midstream divestitures on the downstream side, which, if acquired by PAA, could enhance its Permian-to-water integrated crude position. Remember, PAA has been adding bolt-on positions on the Permian gathering side. Recently, PAA acquired FANG's remaining interest in OMOG (43%) for $225mm. We believe PAA's long term goal is to supply enough crude at a hub, like Crane, such that it can direct barrels down its pipelines, like an integrated NGL player. But PAA needs more downstream interest. PAA and FANG have been shown to have a working interest and FANG owns 4% of Wink to Webster and 10% of EPIC, both of which could modestly benefit PAA in creating a balanced, integrated position.

90% hedged at mid $0.60/gal among rising frac spreads

PAA also noted that it is 90% hedged in the C3 product market at mid $0.60/gal range. We assume a realized '24 frac spread of 66c/gal. This is higher than our prior assumption that PAA would realize a 60c/gal frac spread for '24, as the C3+/AECO frac spread pushed higher at the beginning of the year, as propane inventories fell with weather issues and AECO gas sold off. So, with every 1c/gal change in frac spreads equaling $7.5mm in EBITDA, our '24 NGL EBITDA assumption increases $45mm from our last update. Note that the C3+ market is heavily backwardated, with the benefit of low inventories fading in 2H24. The forward '25 frac spread is 55c/gal.

Exhibit 27: AECO frac spread FY24 and FY25

The AECO frac spread is backwardated, rising in '24 but lower in '25



Source: Bloomberg, BofA Global Research

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Re-contracting Cactus I in '25 in progress

PAA noted that it is progressing in re-contracting Cactus I but did not provide much color on the rates or timeline. It did note that takeaway in the Permian is full and that it is focusing on third party partners that have a hand in export takeaway. The balance between contracting and marketing opportunities is important, and on the Corpus Christi pipes PAA is focused on partnering with exporters. PAA said it would provide more color around the re-contracting later this year. A 3-5 year contract at ~$1.25/bbl would be an incremental positive, as the'25 Midland-MEH spread is currently trading at ~50c/bbl.

Exhibit 28: PAA New/Old Estimates
We update our '24/'25 EBITDA estimates by 2%/1%

BofA vs Consensus Estimates	2024E	2025E	2026E
BofA EBITDA New ($mm)	$2,719	$2,661	$2,651
BofA EBITDA Old ($mm)	$2,678	$2,630	
BofA % Change	**2%**	**1%**	**NA**
Consensus EBITDA ($mm)	$2,691	$2,698	$2,620
BofA % Difference vs. Consensus	**1%**	**-1%**	**1%**

Source: BofA Global Research, Bloomberg, Company report

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Exhibit 29: PAA price objective
We raise our PO for PAA to $18

12 MONTH PRICE OBJECTIVE PRICE TARGET	
$mn except per share	
2020 EBITDA, comparable ($mm)	**2,655**
2021 EBITDA, comparable ($mm)	**2,347**
2022 EBITDA, comparable ($mm)	**2,595**
2023 EBITDA, comparable ($mm)	**2,789**
2024 EBITDA, comparable ($mm)	**2,807**
2025 EBITDA, comparable ($mm)	**2,749**
2026 EBITDA, comparable ($mm)	**2,737**
EV/EBITDA Multiple on '25	**8.4x**
EV ($mm)	**23,089**
Current Net Debt ($mm) =	7,301
FCFaD ($mm) =	317
Adjusted YE24 Net Debt ($mm) =	7,618
Preferreds ($mm) =	2,853
Equity Value ($mm)	12,618
$/Shr	**$18.00**

Source: BofA Global Research

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Targa Resources Corp (TRGP)

PM Summary: Capex step-down leads to '25 FCF inflection

On Thursday, 2/15, TRGP (+5.6%) outperformed the AMNA (+2.5%) after 1) providing '24 EBITDA in line with Cons, 2) providing lower y/y '25 growth capex of $1.4bn (-42% y/y) and 3) a conservative $1.7bn run rate capex rate. TRGP was a battleground stock ahead of the print. We were positive once '24 EBITDA estimates were reset, as we expected a step change in '25 run-rate capex. And given that investors are comfortable with '25 EBITDA around the ~$4.2bn level, TRGP is still a growth stock, but with FCF inflection, one that will attract new income investors over time. We reiterate our Buy and our PO moves up to $109 PO, as we apply TRGP's run-rate growth capex forecast through our DCF in '26+. Our '24/'25/'26 estimates are $3,811mm/$4,150mm/$4,459mm.

'24 growth capex $2.4bn with step down in '25+

Exhibit 30: TRGP capital spending outlook

Capex steps down post-'25 to $1.7bn ($1.4bn in '25)

		Estimated Growth Capex to Maintain Current Volumes[1]	Estimated Growth Capex to Support Continued Permian Growth[2]
Gathering & Processing	Maintain Volumes	~$250MM	~$250MM
	Field Growth & Other	–	~$450MM
	Plant Growth	–	~$400MM
Logistics & Transportation	Connects, etc.	~$50MM	~$50MM
	NGL Transport, Frac & Exports	–	~$550MM
Total		~$300MM	~$1,700MM

Source: Company presentation

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'24 growth capex is expected to be $2.4bn at the midpoint and will step down to $1.4bn in '25 with a $1.7bn run rate beyond '25. In '24, we note 6 projects that are to be put in-service. These include the Wildcat II Plant, Roadrunner II Plant, Greenwood II Plant, GCF restart, Train 9 fractionator and the Daytona NGL pipeline. '25 in-service projects include the Bull Moose Plant and Train 10 fractionator. TRGP also noted that $300mm of capital in maintenance mode.

$1.7bn run rate growth capex could be lower with lower L&T spend

TRGP's run-rate growth capex estimate past '25 is $1.7bn. $550mm is included for growth from the L&T segment. We know that TRGP expects to bring online a fractionator (cost ~$500mm) every other year. So that accounts for $250mm a year for NGL transportation and Galena Park export expansion. Another Galena Park expansion would likely be one-time and well-received.

NGL pipeline overbuild creates a fight for volumes lowering rates

So, in our view, the majority of discretionary L&T spend comes from expanding the NGL pipeline system. But as we outlined in our Midstream/MLP Energy: Year Ahead 2024: Prefer large-caps, FCF inflection stories as commodities weaken 05 January 2024, the Permian will see an NGL pipeline overbuild in '25 with Daytona, Bahia, MPLX's BANGL expansion, and OKE's Westex expansion. Pipe utilization decreases from 95% in 4Q24 to 70% in 2Q25.

But TRGP can avoid the pricing war given its high G&P/T&F ratio

So, this means transportation rates will decrease as larger players like EPD, OKE, and even ET compete for volumes, as their transportation capacity significantly exceeds their G&P volumes.

But TRGP built their system from the wellhead, especially in the Midland Basin where almost all volumes are closed loop, meaning TRGP directs the barrel through its downstream system. Its Delaware system has more in-kind volumes, where producers can direct their volumes to 3rd party pipelines. Even so, we see TRGP's

G&P/Transportation ratio at 95% and believe ~65%-70% of Grand Prix are sourced with TRGP G&P volumes.

And not spend material capex for NGL pipe expansions through 2030

Other players like EPD and ET need to chase 3rd party volumes because they are short G&P relative to their pipe capacity. But TRGP is balanced through the end of the decade and can generally avoid expanding Grand Prix/Daytona with lower rate 3rd party volumes. So, we believe TRGP can avoid the "discretionary" $300mm L&T spend annually, for the most part, if it avoids chasing 3rd party volumes. This 1) allows TRGP to continue to return cash to shareholders and 2) keeps TRGP's ROIC high.

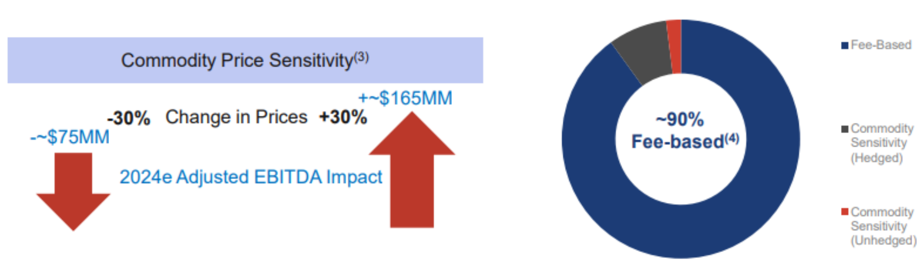
Export growth with expansion and daylight restriction lift

TRGP reported over 13 MMBbl/month of LPG exports in 4Q, which included nice growth from both propanes and butanes. The first benefit came from the Galena Park expansion that increased refrigeration capacity and therefore increased the ability to load vessels faster. TRGP noted that further Galena Park expansions are a possibility, but that it will continue to observe the G&P business to assess the need. The second benefit came from the nighttime transit restriction being lifted that probably resulted in a 5-10% volume uplift that was also able to benefit from spot activity. TRGP noted that the nighttime transit benefit was initiated in November and was not in effect for the full quarter, so there could be more upside available.

More fee-based components targeted in G&P business

90% of TRGP's G&P volumes were fee-based or with a fee floor at the end of '23. Waha and NGL prices were 64% and 34% lower y/y in '23, respectively, which resulted in a meaningful benefit from fee floor margins across 10 of 12 months. So, TRGP is very protected from downward commodity prices, but also positioned to benefit from higher commodity prices as well. A 30% move higher in commodity prices would increase full-year Adj. EBITDA by around $165mm, while a 30% decrease would reduce Adj. EBITDA by around $75mm. TRGP noted that it is not fighting for fees to fill up existing capacity, but that it can always look for opportunities to expand or loop around its existing system.

Exhibit 31: Fee-based vs Commodity exposed
90% of G&P volumes are fee-based



Source: Company presentation

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1Q Adj EBITDA to be lower than 4Q23, then inc. q/q in '24

TRGP noted on the call that it expects 1Q24 Adj. EBITDA to be lower sequentially due to volumes across its systems being impacted by very cold winter weather and operating expenses increasing in anticipation of system expansions across both segments. It then expects Adj EBITDA to increase sequentially throughout the year, benefitting from volume increases across its systems.

Exhibit 32: TRGP New/Old Estimates
We update our '24/'25 EBITDA estimates by 1%/0%

BofA vs Consensus Estimates	2024E	2025E	2026E
BofA EBITDA New ($mm)	$3,811	$4,150	$4,459
BofA EBITDA Old ($mm)	$3,773	$4,162	
BofA % Change	1%	0%	NA
Consensus EBITDA ($mm)	$3,825	$4,216	$4,413
BofA vs. Consensus	0%	-2%	1%

Source: BofA Global Research, Bloomberg, Company report

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Exhibit 33: TRGP price objective
We raise our PO for TRGP to $109

12 MONTH PRICE OBJECTIVE PRICE TARGET	
$mn except per share	
2020 EBITDA	**1,637**
2021 EBITDA	**2,052**
2022 EBITDA	**2,901**
2023 EBITDA	**3,530**
2024 EBITDA	**3,811**
2025 EBITDA	**4,150**
2026 EBITDA	**4,459**
EV/EBITDA Multiple	**9.0x**
EV ($mm)	**37,459**
Current Net Debt ($mm) =	12,813
FCFaD Thru YE24 ($mm) =	-164
Adjusted YE24 Net Debt ($mm) =	12,977
Equity Value ($mm)	24,481
$/Shr	**$109.00**

Source: BofA Global Research

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Western Midstream Partners LP (WES)

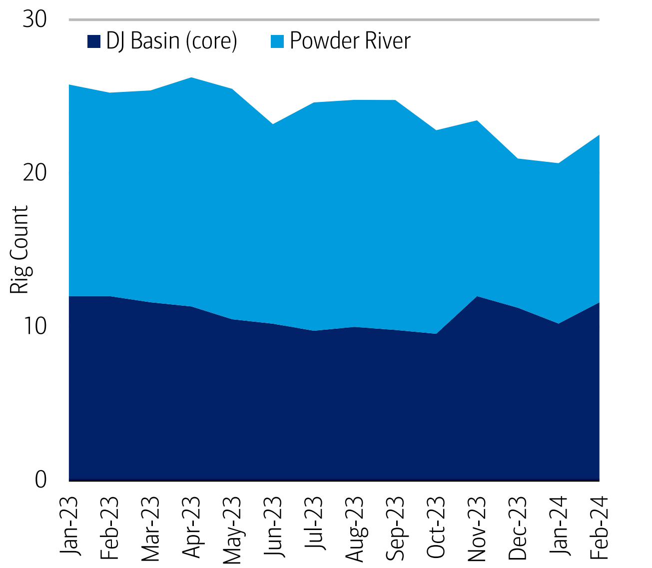
Solid '24 guide, distribution increase & de-levering

WES underperformed the AMNA (-3.5%) on 2/21, the trading day following its 4Q release. WES beat 4Q expectations by 3%, largely due to better-than-expected rich gas and crude volumes and rates (cost of service). More importantly, WES guided '24 EBITDA to $2.2bn - $2.4bn (midpoint: $2.3bn), which is in-line with both cons/BofA. But this excludes the EBITDA from the 5 assets that WES is selling for $790mm at a 9.6x multiple or ~$80mm. Assuming some of the assets close later in 1Q, the EBITDA impact could be slightly less, but including those assets would put WES at $2.4bn for its guide, which beats expectations. We think the asset sales make strategic sense, as they are non-core, and allow WES to de-lever to ~3x by year-end, all else equal. Lastly, WES increased its quarterly distribution 52% starting in 3Q, which puts its coverage ratio at 1.4x, the lowest in midstream. We do not believe stocks should trade on dividend yield (more below). We reiterate our Underweight rating, but our PO increases from $27 to $30/unit (8.0x '25 EBITDA) on higher than expected '24+ EBITDA, and the accretive asset sales. As we explain below, we see '24 as a strong year for EBITDA from the Meritage acquisition, flush OXY Delaware production and the DJ no longer in decline. But from '24, we see only modest growth with only 51% of EBITDA coming from the Permian. And we believe M&A is unlikely to occur at current market prices. Our '24/'25 EBITDA estimates move to $2,330mm/$2,403mm.

Should WES be rewarded for its distribution increase?

WES surprised investors with a 52% base dividend increase that moves the base distribution up to $3.50/unit annualized on a run rate basis ($3.20/unit for '24). Guided FCF is $1.15bn in '24 and, excluding asset sales, the '24 distribution is $1.2bn (365mm units x $3.20/unit), so WES is outspending cash flow for this increase. And it points to future increases, but this would require capital efficient growth. And WES points to future annual capex being at '22 levels, which was ~$500mm vs. the ~$800mm it is spending in '24. We do not see the Delaware having operating leverage, as we expect North Loving to be full when it comes online in '25, so it would need to build processing. And the PRB does have operating leverage, but the rig count has trended down, so we see moderated growth in '25+. Anecdotally, EOG is lowering activity in '24 for the PRB and using learnings from the Mowry formation in the PRB, to enhance efficiencies in the Niobrara. So, WES is cutting its payout close, and as such we do not believe a yield-based approach is appropriate to value the stock.

Exhibit 34: Rockies Rig Counts (Stacked)
Rigs in both the DJ and PRB have increased in 1Q



Source: Rystad

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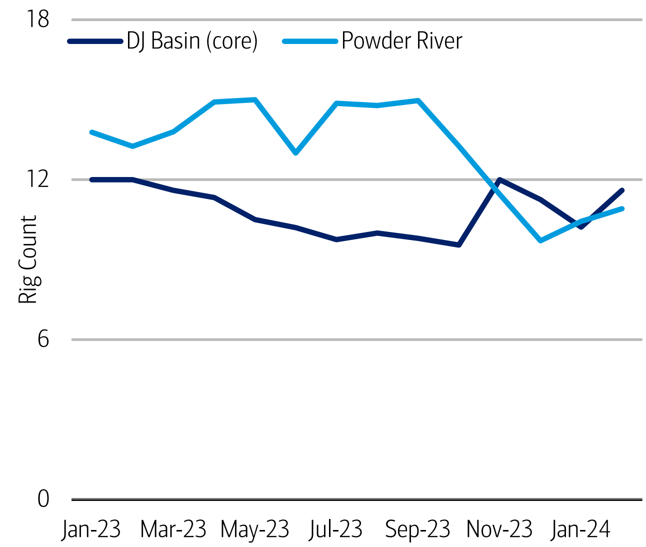
Exhibit 35: Rockies Rig Counts (Time Series)
Rigs in both the DJ and PRB have increased in 1Q



Source: Rystad

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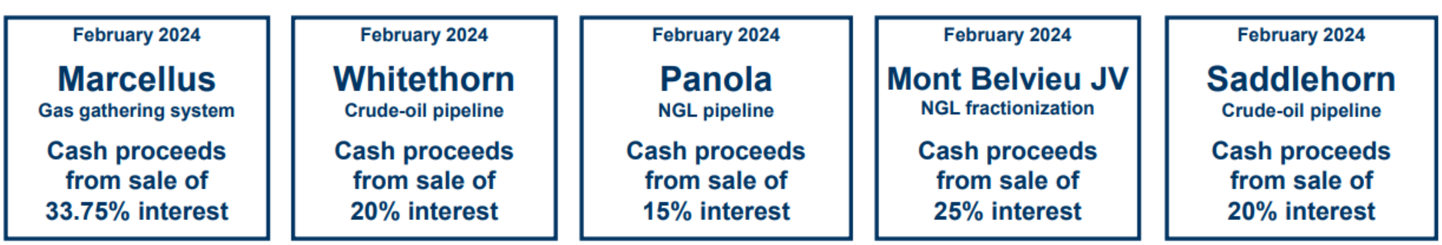
Entire equity portfolio considered "non-core"

Prior to the sale speculation and the print, WES traded at ~8x '25 EBITDA, which is a G&P multiple. But it does have a material equity interest portfolio of higher multiple assets, which are non-strategic, and it typically does not get credit for. WES has done asset swaps and sales before but sold 5 different assets for $790mm at a 9.6x multiple.

Exhibit 36: WES Announced Asset Sales
5 assets sold for $790mm and 9.6x EBITDA



Source: Company presentation

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Assets were sold to the following counterparties:

- The Marcellus gas gathering system was sold to EQT.
- Whitethorn, Panola and the Mont Belvieu JV were sold to EPD.
- Saddlehorn was sold to one of the existing holders, so that would imply PAA or OKE were buyers. We believe PAA bought the asset, as they are strategically bolting-on crude assets to their portfolio.

Moving forward, WES does still have remaining assets in its equity portfolio, which can be used to buffer the distribution or fund repurchases:

Exhibit 37: Remaining WES Equity Investment Portfolio
All would be considered "non" core

Equity Investment	WES Ownership	Location	Description	Operator
Mi Vida	50%	Ward County, TX	200 MMcf/d gas-processing plant	Energy Transfer
Red Bluff Express	30%	Reeves County, TX to Waha, TX	1.5 Bcf/d natural-gas pipeline	Energy Transfer
Front Range Pipeline	33.33%	DJ Basin to Skellytown, TX	250 MBbls/d NGL pipeline	Enterprise
Texas Express Pipeline	20%	Skellytown, TX to Mont Belvieu, TX	366 MBbls/d NGL pipeline	Enterprise
Texas Express Gathering	20%	TX Panhandle to Mont Belvieu, TX	138 mi NGL-gathering system	Producers Midstream
White Cliffs	10%	DJ Basin to Cushing, OK	180+ MBbls/d crude/NGL pipelines	Energy Transfer
Rendezvous	22%	SW Wyoming	~450 MMcf/d natural-gas pipeline	Marathon

Source: Company presentation

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Potential WES sale complicated and non-strategic to many

OXY has noted it needs to sell assets to fund its announced Crownquest acquisition. WES has been discussed, by investors, as a possible asset divestiture for OXY, given its 48% interest. And news stories started breaking on 2/19, the day before it was reported that both OXY and WES were exploring sales processes. Trading halted with the stock up 5% and WES released a press release that it was not exploring a sales process, and it could not speak for OXY. Nevertheless, we expect the M&A premium will stay on WES, like SMID cap peer ETRN, as OXY embarks on its divestiture process.

But a sale to an integrated would be tough to execute given T&F constraints

Integrateds like ET, EPD and OKE are looking for G&P companies, in the Permian, to source their latent NGL pipeline capacity and realize full downstream benefits. But as we outline in our Year Ahead:

- The WES Delaware system's two largest customers are OXY and ConocoPhillips (COP). Both are in-kind customers that control the downstream volumes vs. a closed loop where WES or an acquiror could control the barrels to the wellhead.
- And even if OXY wanted to commit their volumes to a WES acquiror, our understanding is that OXY has tied up those volumes under long-term agreements (>10 years) in both the Delaware and DJ.
- Then OXY's cost of service agreements will need to be understood and extended. The complexity and year-to-year adjustments under cost of service make any agreement harder than a normal G&P transaction. While WES has added 3rd party volumes, like those with COP, they are at significantly lower rates than OXY's volumes. So again, OXY is providing the value under contracts.

- Any deal would need to be completed at ~50/50 cash/equity as an acquiror would need to pay OXY cash while publicly owned WES shares would be exchanged for equity. Few buyers could fund the cash component.
- Permian G&P companies like Navitas/Lucid have transacted at 7.2x/7.5x EBITDA, so an at market deal with WES would be hard to pay up for.

Exhibit 38: WES New/Old Estimates
We update our '24/'25 EBITDA estimates by 3%/4%

BofA vs Consensus Estimates	2024E	2025E	2026E
BofA EBITDA New ($mm)	$2,330	$2,403	$2,470
BofA EBITDA Old ($mm)	$2,272	$2,309	
BofA % Change	3%	4%	NA
Consensus EBITDA ($mm)	$2,299	$2,387	$2,426
BofA % Difference vs. Consensus	1%	1%	2%

Source: BofA Global Research, Bloomberg, Company report

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Exhibit 39: WES price objective
We raise our PO for WES to $30

12 MONTH PRICE OBJECTIVE PRICE TARGET	
$mn except per share	
2020 EBITDA	**2,030**
2021 EBITDA	**1,947**
2022 EBITDA	**2,128**
2023 EBITDA	**2,069**
2024 EBITDA	**2,330**
2025 EBITDA	**2,403**
2026 EBITDA	**2,470**
EV/EBITDA Multiple	**8.0x**
EV ($mm)	**19,194**
Adjusted YE24 Net Debt ($mm) =	-7,629
NCI ($mm) =	131
Equity Value ($mm)	11,434
$/Shr	**$30**

Source: BofA Global Research

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Exhibit 40: Stocks mentioned
Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
ET	ET US	Energy Transfer LP	US$ 14.69	B-1-7
EPD	EPD US	Enterprise L.P.	US$ 27.61	B-1-7
ETRN	ETRN US	Equitrans Midstream	US$ 10.42	C-3-8
KMI	KMI US	Kinder Morgan	US$ 17.17	B-2-7
MPLX	MPLX US	MPLX LP	US$ 39.37	B-3-7
OKE	OKE US	ONEOK Inc	US$ 74.37	B-1-7
PAA	PAA US	Plains AA	US$ 16.36	B-2-7
PAGP	PAGP US	Plains GP Holdings	US$ 17.11	B-2-7
TRGP	TRGP US	Targa Corp.	US$ 97.08	C-1-7
WES	WES US	Western Midstream	US$ 34.04	C-3-7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Price objective basis & risk

Energy Transfer LP (ET)
Our PO of $18 is derived from our discounted cash flow valuation, which implies a 7.1x 2024E EV/EBITDA multiple. We forecast a ten year outlook, which we believe is the limit of market recognition, and then forecast terminal growth of 1% while using a 7.0% WACC.

Downside risks are: potential shutdown of Dakota Access pipeline for extended period as per court ruling, higher leverage, dilutive M&A transaction and lower sustained commodity prices. The tax treatment of ET depends on its status as a partnership for federal income tax purposes: should ET become subject to taxes, its performance could be materially affected. From a macro perspective, financial risks are rising interest rates and a stricter regulatory environment which would increase operating and maintenance expenses.

Enterprise Products Partners, L.P. (EPD)
Our PO of $31 is derived from our discounted cash flow valuation, which implies a 9.8x 2024E EV/EBITDA multiple. We forecast a ten-year outlook, which we believe is the limit of market recognition, and then forecast a terminal growth of 1.0% while using a 7.0% weighted-average cost of capital (WACC).

Downside risks to our price objective are supply chain disruptions, the loss of key customers, and lower sustained commodity prices. Any of these risks could negatively impact volumes at EPD's pipelines and storage facilities and demand for gathering, processing and storage of crude oil, natural gas, NGLs, and petrochemicals.

Equitrans Midstream Corporation (ETRN)
Our PO of $9.00 is derived from our discounted cash flow valuation, which is 7.7x 2024E EV/EBITDA multiple. We forecast a ten year outlook, which we believe is the limit of market recognition, and then forecast a terminal growth rate of 1.0% while using a 9.0% WACC.

We continue to see risks some associated with the MVP JV project and current slate of associated projects. We acknowledge steady gas production in the Northeast and ETRN's entirely fee-based cash flows and advantaged position in the Marcellus/Utica. Upside risks to our PO: favorable progress on MVP completion withstanding new legal challenges, better than expected volume growth, faster than expected deleveraging, additional growth projects. Downside risks to our PO: further project delays, supply chain disruptions, increased customer credit risks, and slower than expected production ramp, any of which could negatively impact ETRN's natural gas pipelines and gathering systems. From a macro perspective, risks are elevated geopolitical uncertainty, an increasing interest rate environment, the need to access a relatively large amount of external capital to fund growth, and a stricter regulatory environment. ETRN is a C-corp structure and thus any changes to its tax characterization could impact cash flows.

Kinder Morgan Inc (KMI)
Our PO of $18 is derived from our discounted cash flow valuation, which implies a 9.3x 2024E EV/EBITDA multiple. We forecast a ten year outlook, which we believe is the limit of market recognition, and then forecast terminal growth of 1.0% while using a 7.5% WACC.

Upside risks to our estimates are (1) higher commodity prices, (2) better long-term macro environment in the crude oil and refined products businesses, (3) stronger pipeline recontracting prospects and (4) tailwinds associated with energy transition opportunities.

Downside risks to our estimates are (1) US economic weakness, (2) slower oil and gas demand growth, (3) lower oil/gas prices, (4) higher than expected cash tax incidence at KMI and (5) weaker pricing at KMI's CO2 segment.

MPLX LP (MPLX)
Our PO of $38 is derived from our discounted cash flow valuation, which implies a 8.7x 2024E EV/EBITDA multiple. We forecast a ten-year outlook, which we believe is the limit of market recognition, and then forecast a terminal growth rate of 0% while using a 7.5% weighted-average cost of capital (WACC).

Downside risks to our price objective are (1) US economic weakness, (2) slower oil and gas demand growth/lower oil/gas prices, (3) lower utilization at MPC's refineries, (4) slowdown/decline in crude oil/refined products demand and (5) changes to its dividend/payout policy.

ONEOK Inc (OKE)
Our PO of $86 PO is derived from our discounted cash flow valuation, which implies a 11.2x 2024E EV/EBITDA multiple. We forecast a ten-year outlook, which we believe is the limit of market recognition, and then forecast a terminal growth of 0% while using a 7.0% WACC.

Upside risks to our estimates and price objective are: (1) stronger and sustained commodity prices, (2) faster oil and NGL demand growth, (3) increased oil producer capital spending, (4) quicker than expected deleveraging, (5) favorable commodity price differentials and (6) lower corporate taxes.

Downside risks to our estimates and price objective are: (1) materially lower commodity prices, (2) lower oil and NGL demand growth and (3) decreased oil producer capital spending in the Bakken which may translate to lower/flat volumes.

Plains All American Pipeline, L.P. (PAA)
Our price objective (PO) of $18.00 is derived from our discounted cash flow valuation, which implies an 8.4x 2024E EV/EBITDA multiple. We forecast a ten year outlook, which we believe is the limit of market recognition, and then forecast a terminal growth rate of 0% while using a 8.0% weighted-average cost of capital (WACC).

While PAA appears to be well contracted over the medium-term, we acknowledge the overbuild in the Permian may persist. Upside risks to our price objective are a better-than-expected recovery in oil prices and drilling activity, lower-than-expected headwinds to PAA's pipeline transportation tariffs, higher spread/contango opportunities, further reductions to PAA's capex program, better-than-anticipated cost optimizations and further potential asset sales.

Downside risks to our price objective are prolonged period of crude oversupply and longer-term demand destruction, sustained low crude oil prices and lower drilling activity and bigger-than-expected drop in pipeline tariffs.

Plains GP Holdings, L.P. (PAGP)
For PAGP, we use the same valuation as PAA. Our PO of $18.00 is derived from our discounted cash flow valuation, which implies a 8.4x 2024E EV/EBITDA multiple. We forecast a ten year outlook, which we believe is the limit of market recognition, and then forecast a terminal growth of 0% while using a 8.0% WACC.

While PAA appears to be well contracted over the medium-term, the overbuild in the Permian may persist. Upside risks to our price objective are a better than expected recovery in oil prices and drilling activity, lower then expected headwinds to PAA's pipeline transportation tariffs, higher spread/contango opportunities, further reductions to PAA's capex program, better than anticipated cost optimizations and potential asset sales.

Downside risks to our price objective are prolonged period of crude oversupply and potential longer term demand destruction, sustained low crude oil prices and lower drilling activity and bigger than expected drop in pipeline tariffs

Targa Resources Corp. (TRGP)
Our PO of $109 is derived from our discounted cash flow valuation, which implies an 9.0x 2024E EV/EBITDA multiple. We forecast a ten year outlook, which we believe is the limit of market recognition, and then forecast terminal growth of 1% while using a 8% WACC.

Downside risks are: 1) another downturn in commodity prices and producer activity in TRGP's core basins, 2) slower-than-expected volume ramp on TRGP's assets, 3) sustained weakness in commodity prices leading to deterioration of counterparty credit quality and (4) reduced oil & gas producer capital spending.

The Williams Companies, Inc. (WMB)
Our PO of $40 is derived from our discounted cash flow valuation, which implies a 9.7x 2024E EV/EBITDA multiple. We forecast a ten year outlook, which we believe is the limit of market recognition, and then forecast a terminal growth of 1.0% while using a 7.0% WACC.

Downside risks to our estimates and price objective are: (1) pace of deleveraging longer than expected and inability to execute on organic growth projects (2) global economic weakness (3) slower oil and gas demand growth (4) reduced oil & gas producer capital spending (5) changes to regulatory environment (6) increase in corporate tax policies.

Western Midstream Partners, LP (WES)
Our PO of $30 is derived from our discounted cash flow valuation, which implies a 8.0x 2024E EV/EBITDA multiple. We forecast a ten-year outlook, which we believe is the limit of market recognition, and then forecast a terminal growth of 0% while using a 9.0% WACC.

We believe WES's earnings predictability, higher leverage/capex and limited ability to return capital in '24 are issues with a weak commodity tape going into '24.

Risks to the upside are higher than expected volumes on WES's Delaware, DJ and PRB systems, more earnings certainty, and lower than expected capex needs.

Analyst Certification

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US - Pipelines and MLPs Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Energy Transfer LP	ET	ET US	Neel Mitra, CFA
	Enterprise Products Partners, L.P.	EPD	EPD US	Neel Mitra, CFA
	Kinetik Holdings Inc.	KNTK	KNTK US	Neel Mitra, CFA
	Kodiak Gas Services, Inc.	KGS	KGS US	Neel Mitra, CFA
	ONEOK Inc	OKE	OKE US	Neel Mitra, CFA
	Targa Resources Corp.	TRGP	TRGP US	Neel Mitra, CFA
	The Williams Companies, Inc.	WMB	WMB US	Neel Mitra, CFA
NEUTRAL				
	Kinder Morgan Inc	KMI	KMI US	Neel Mitra, CFA
	Plains All American Pipeline, L.P.	PAA	PAA US	Neel Mitra, CFA
	Plains GP Holdings, L.P.	PAGP	PAGP US	Neel Mitra, CFA
UNDERPERFORM				
	Equitrans Midstream Corporation	ETRN	ETRN US	Neel Mitra, CFA
	MPLX LP	MPLX	MPLX US	Neel Mitra, CFA
	Western Midstream Partners, LP	WES	WES US	Neel Mitra, CFA
RVW				
	Golar LNG Limited	GLNG	GLNG US	Neel Mitra, CFA

Disclosures

Important Disclosures

Equity Investment Rating Distribution: Energy Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	83	61.48%	Buy	64	77.11%
Hold	28	20.74%	Hold	21	75.00%
Sell	24	17.78%	Sell	18	75.00%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

[R1] Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster[R2]
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

[R2] Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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