

# [***USD Partners Announces Long-Term Contract Extensions with ConocoPhillips Associated with its Sponsor's Joint Venture with Gibson Energy to Construct a DRU at its Hardisty Terminal***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5XN8-P751-DXY3-021M-00000-00&context=1516831)

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**Body**

USD Partners LP (NYSE:USDP) (the "Partnership") announced today that it has executed long-term, multi-year renewals for the remaining capacity at its Hardisty Terminal with ConocoPhillips Canada. Including these recent renewals, the Partnership has executed multi-year extensions for 100% of the capacity at its Hardisty Terminal. Also, in association with its Sponsor's recently announced Joint Venture with Gibson ***Energy*** Inc. to construct a diluent recovery unit (the "DRU") adjacent to the Hardisty Terminal, a material amount of the Hardisty Terminal's current capacity will be extended beyond 2030, pending the successful construction and completion of the DRU. The DRU could be placed into service as early as the second quarter of 2021. The renewals contain take-or-pay terms with minimum monthly payments and rates that are consistent with those of the original terminalling services agreement with the customer.

Additionally, ConocoPhillips Canada entered into renewals and extensions of the terminalling services agreements that cover 100% of the Partnership's destination capacity at the Stroud terminal, commencing in January and June 2020.

"We are pleased to announce the first step in accomplishing our vision of successfully converting heavy crude oil out of Western Canada into DRUbit(TM). This transaction creates long-term cash flow at the Partnership," said Dan Borgen, the Partnership's Chief Executive Officer. "We are committed to working with our customers and our transportation partners to create sustainable solutions for shipping Canadian crude oil to the US, including our expanding network of Gulf Coast destination terminals. DRUbit(TM) offers safety and environmental benefits when transported by rail, provides greater take-away capacity and improved economics for all parties, and we are delighted to see the DRU come to fruition in a competitive and scalable model. We look forward to discussing additional expansions in the near future."

Please visit the Partnership's website at [*www.usdpartners.com*](https://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.usdpartners.com&esheet=52139326&newsitemid=20191203006073&lan=en-US&anchor=www.usdpartners.com&index=1&md5=001b4a21bc48b29b01e3ed6888394d8c) and select the "Events & Presentations" sub-tab under the "Investors" tab for a brief presentation with additional information on the Partnership's recent announcements, which will be posted in the coming days.

About DRU

US Development Group, LLC (through a wholly-owned affiliate, collectively USD) and Gibson ***Energy*** Inc. (Gibson) (TSX: GEI) jointly announced today an agreement to construct and operate a diluent recovery unit (DRU) near Hardisty, Alberta, Canada. ConocoPhillips Canada has contracted to process 50,000 barrels per day of inlet bitumen blend through the DRU to be shipped by Canadian Pacific (CP) (TSX: CP) (NYSE: CP) and Kansas City Southern Railway Company (KCS) (NYSE: KCS) to the U.S. Gulf Coast. USD and Gibson are currently in commercial discussions with other potential producer and refiner customers to secure long-term, take-or-pay agreements for an additional 50,000 barrels per day at the proposed DRU.

USD's patented DRU technology separates the diluent that has been added to the raw bitumen in the production process which meets two important market needs - it returns the recovered diluent for reuse in the Alberta market, reducing delivered costs for diluent, and it creates DRUbit(TM), a proprietary heavy Canadian crude oil specifically designed for rail transportation. DRUbit(TM) is crude oil or bitumen that has been returned to a more concentrated, viscous state that is classified as a non-hazardous, non-flammable commodity when transported by rail in Canada and the U.S. DRUbit(TM) is a market access solution that will satisfy demand for heavy Canadian crude oil on the U.S. Gulf Coast and in other markets at a cost that is economically competitive to the crude oil that is transported by pipeline today.

"From an innovation, sustainability and safety perspective, this is a game changer," said Keith Creel, Canadian Pacific President and CEO. "This process removes diluent from the crude-by-rail supply chain, and as a result, we end up moving a non-hazardous commodity. This will further increase the safety of crude-by-rail, to the benefit of the communities we operate in and through."

Construction of the DRU is expected to take approximately 18 to 24 months and is subject to certain conditions, including obtaining agreements to underpin the economics of the project and receipt of required regulatory approvals, including from the Alberta ***Energy*** Regulator.

About USD Partners LP

USD Partners LP is a fee-based, growth-oriented master limited partnership formed in 2014 by US Development Group, LLC to acquire, develop and operate midstream infrastructure and complementary logistics solutions for crude oil, biofuels and other ***energy***-related products. The Partnership generates substantially all of its operating cash flows from multi-year, take-or-pay contracts with primarily investment grade customers, including major integrated oil companies and refiners. The Partnership's principal assets include a network of crude oil terminals that facilitate the transportation of heavy crude oil from Western Canada to key demand centers across North America. The Partnership's operations include railcar loading and unloading, storage and blending in on-site tanks, inbound and outbound pipeline connectivity, truck transloading, as well as other related logistics services. In addition, the Partnership provides customers with leased railcars and fleet services to facilitate the transportation of liquid hydrocarbons and biofuels by rail.

USDG, which owns the general partner of USD Partners LP, is engaged in designing, developing, owning, and managing large-scale multi-modal logistics centers and ***energy***-related infrastructure across North America. USDG solutions create flexible market access for customers in significant growth areas and key demand centers, including Western Canada, the U.S. Gulf Coast and Mexico. Among other projects, USDG is currently pursuing the development of a premier ***energy*** logistics terminal on the Houston Ship Channel with capacity for substantial tank storage, multiple docks (including barge and deepwater), inbound and outbound pipeline connectivity, as well as a rail terminal with unit train capabilities. For additional information, please visit usdg.com and texasdeepwater.com. DRUbit(TM) is a trademark and service mark of DRU Assets LLC, a wholly-owned subsidiary of USD, and is used with permission. All rights reserved.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of U.S. federal securities laws, including statements with respect to the construction and completion of the DRU, and the timing thereof and impact on the terms of the Hardisty rail contracts which are subject to the construction and completion of the DRU, the economic, environmental and safety benefits of DRUbit(TM), the ability of DRUbit(TM) to create take-away capacity and improve economics, USD's ability to create long-term cash flow at the Partnership, and the status of any further expansions of the DRU. Words and phrases such as "is expected," "is planned," "believes," "projects," and similar expressions are used to identify such forward-looking statements. However, the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements relating to USD or the Partnership are based on management's expectations, estimates and projections about USD, the Partnership and the ***energy*** industry in general on the date this press release was issued. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. Factors that could cause actual results or events to differ materially from those described in the forward-looking statements include construction and cost-related risks; risks associated with constructing and operating a terminals; changes in general economic conditions; the effects of competition, in particular, by pipelines and other terminalling facilities; the supply of, and demand for, rail terminalling services for crude oil, refined products and biofuels; hazards and operating risks that may not be covered fully by insurance; disruptions due to equipment interruption or failure at the Hardisty terminal or third-party facilities on which our business is dependent; natural disasters, weather-related delays, casualty losses and other matters beyond our control; and changes in laws or regulations to which we are subject, including compliance with environmental and operational safety regulations, that may increase our costs. Additional factors that could cause actual results or events to differ materially from those described in the forward-looking statements are included under the heading "Risk Factors" in the Partnership's most recent Annual Report on Form 10-K and in the Partnership's subsequent filings with the Securities and Exchange Commission. Neither USD nor the Partnership is under any obligation (and each expressly disclaims any such obligation) to update or alter the forward-looking statements set forth in this press release, whether as a result of new information, future events or otherwise.

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