

April 29, 2021  
5100 W. 115th Place  
Leawood, KS 66211

To: NBLX board members  
Re: CVX/NBLX Merger Proposal Vote

As one of the largest Noble Midstream Partners (NBLX) unitholders since its IPO in 2016, we are disappointed in the process of the transaction with Chevron Corporation (CVX) and the result. In our view, the process did not adequately allow for proper evaluation nor fair representation of the wishes of minority holders of the units. We believe the transaction represents a discount to NBLX's fair value based on the asset quality and historical precedent of similar transactions. The valuation also does not reflect the tax impact on unitholders. We respectfully ask the NBLX board to reconsider the current transaction, renegotiate to a price that more properly reflects the value of NBLX's assets and require approval of the minority shareholders.

### **Recap of events**

- July 20, 2020: CVX announces agreement to acquire Noble Energy, Inc. (NBL) including their interest in NBLX
- October 5, 2020: CVX completes acquisition of NBL, making CVX the majority shareholder of NBLX
- February 5, 2021: CVX announced that it submitted an initial offer to acquire all of the publicly held common units representing the limited partner interest in NBLX, not already owned by Chevron and its affiliates, in an all-stock transaction
- March 5, 2021: CVX and NBLX announced that they entered into a definitive agreement
- CVX, the holder of a majority of the outstanding NBLX common units, voted to approve the transaction, meeting the necessary votes to close the merger. Minority unit holders were not solicited for approval. The transaction is expected to close in 2Q 2021.

### **Process**

The initial acquisition offer was proposed by CVX on 2/4/21, with a revised offer accepted the following month on 3/4/21, an insufficient amount of time to conduct proper due diligence, in our view. Similar transactions are often negotiated over the course of several months. Following the initial offer, we spoke with management and expressed our concerns regarding the valuation and desire for a minority vote on the transaction to allow for a fair representation of the wishes of the minority holders of the units. We expressed our interest in talking with the independent directors to discuss the final proposal, and our request was rejected. We believe the process did not adequately allow for proper evaluation nor provide fair representation of minority holders of the units.

### **NBLX asset quality**

We believe the transaction significantly undervalues the quality of the NBLX asset footprint. NBLX owns premiere midstream infrastructure assets in the low-cost DJ and Delaware Basins. The assets are supported by long-term, fixed-fee contracts, primarily with investment grade-rated operator CVX (represents >80% of run rate revenue, ex-crude oil sales). Over the past 12 months, NBLX proved its resilient business model, maintaining relatively stable EBITDA the last 3 quarters of 2020, while positioning the partnership for long-term, capital efficient growth with the addition of five liquids transmission assets. These projects, along with

operating leverage in gathering assets and reported cost reductions, provide visibility to significant free cash flow generation.

Based on current 2021 guidance and our estimate of future cash flows (consistent with leading sell-side estimates), we believe fair value for the shares necessitated a premium to the final closing price given comparable valuations on gathering and processing peers and long-haul pipelines, as well as a sum of the parts valuation. See Exhibit A for comparative valuation. In our view, a premium to the final valuation is supported by its attractive asset base, high-quality counterparties, and the growth in its Pipeline and Transmission business, in which Equity Investment EBITDA is expected to increase ~60% in 2021 after volumes rose by +100% in 2020, according to company guidance.

### **Historical precedent of similar transactions**

Over the past several years, there have been similar transactions to the one proposed by CVX. Exhibit B highlights a list of recent transactions. As noted in Exhibit B, the average and median premiums paid based on the previous day close were 16.9% and 11.4%, respectively. CVX's initial offer published on 2/5/21 represented a 0% premium to the previous day close, a significant discount to historical precedent. In the revised merger proposal published on 3/5/2021, the consideration of 0.1393x represented a 0.5% decrease from the initial offer of 0.14x announced on 2/5/21. The newly implied merger consideration of \$14.56/unit also represented a 3.3% discount to the previous day's closing price. We believe this transaction warrants at least a premium in-line with historical precedent, and the revised offer was insufficient.

### **Considerations**

Again, we respectfully ask the board to reconsider the current transaction, renegotiate to a price that more properly reflects the value of NBLX's assets and require approval of the minority shareholders, meaning other shareholders than solely those affiliated with CVX. Additionally, the transaction is a taxable event. As such, we believe NBLX unitholders needed to be compensated for the taxes that will be incurred as a result of the merger.

Regards,



Matthew Sallee  
President – Tortoise

**Exhibit A – Comparative Valuation**

Source: Wells Fargo, 4/22/21

Ticker	Name	Price	EV / EBITDA	
			2021	2022
AM	Antero Midstream Corp	\$8.96	8.6x	8.2x
DCP	DCP Midstream LP	22.36	9.2	8.8
HESM	Hess Midstream LP	22.26	9.5	8.9
RTL	Rattler Midstream LP	10.53	7.4	6.7
WES	Western Midstream Partners LP	19.15	8.2	7.7
	Average		8.6x	8.0x
	Median		8.6	8.2
NBLX	Noble Midstream Partners LP	\$14.08	8.3x	6.9x

## Exhibit B – Historical Midstream MLP Rollup Transactions (2014 – 2020)

Source: Wells Fargo, 2/16/21

Announce Date	Tickers		Acquiree Pre-Announce Price	Take Out Offer #1		Take Out Offer #2		Take Out Offer #3	
	Acquirer	Acquiree		Take Out Offer Price	Offer Premium/ (Discount)	Take Out Offer Price	Offer Premium/ (Discount)	Take Out Offer Price	Offer Premium/ (Discount)
4/28/14	ETP	SUSS	\$57.03	\$80.25	40.7%	-	40.7%	-	40.7%
8/10/14	KMI	KMP	\$80.34	\$89.98	12.0%	-	12.0%	-	12.0%
8/10/14	KMI	KMR	\$77.02	\$89.75	16.5%	-	16.5%	-	16.5%
8/10/14	KMI	EPB	\$33.60	\$38.79	15.4%	-	15.4%	-	15.4%
10/1/14	EPD	OILT	\$49.59	\$49.57	(0.0%)	\$52.39	5.6%	-	5.6%
10/13/14	NGLS	APL	\$33.62	\$38.66	15.0%	-	15.0%	-	15.0%
10/13/14	TRGP	ATLS	\$32.41	\$31.13	(4.0%)	-	(4.0%)	-	(4.0%)
10/26/14	ACMP	WPZ	\$50.00	\$52.52	5.0%	\$52.72	5.4%	-	5.4%
12/2/14	TLLP	QEPM	\$15.02	\$15.54	3.5%	\$16.86	12.3%	-	12.3%
1/26/15	ETP	RGP	\$23.75	\$26.89	13.2%	\$26.95	13.5%	-	13.5%
5/6/15	CEQP	CMLP	\$16.00	\$18.76	17.2%	-	17.2%	-	17.2%
6/14/15	Private	NKA	\$1.31	\$4.23	222.5%	-	222.5%	-	222.5%
7/13/15	MPLX	MWE	\$59.75	\$78.63	31.6%	\$80.47	34.7%	\$81.46	36.3%
11/3/15	TRGP	NGLS	\$30.49	\$36.09	18.4%	-	18.4%	-	18.4%
3/17/16	TRP	CPGX	\$23.51	\$25.50	8.5%	-	8.5%	-	8.5%
5/31/16	SEMG	RRMS	\$24.00	\$24.00	0.0%	-	0.0%	-	0.0%
9/6/16	ENB	SE	\$36.17	\$40.33	11.5%	-	11.5%	-	11.5%
9/26/16	TRP	CPPL	\$15.30	\$15.75	2.9%	\$17.00	11.1%	-	11.1%
10/24/16	AMID	JPEP	\$7.54	\$8.63	14.5%	-	14.5%	-	14.5%
10/25/16	ETP	PTXP	\$16.65	\$20.00	20.1%	-	20.1%	-	20.1%
11/21/16	SXL	ETP	\$39.37	\$39.29	(0.2%)	-	(0.2%)	-	(0.2%)
1/27/17	ENB	MEP	\$8.75	\$8.00	(8.6%)	-	(8.6%)	-	(8.6%)
2/1/17	OKE	OKS	\$43.14	\$54.28	25.8%	-	25.8%	-	25.8%
3/2/17	Private	VTTI	\$18.45	\$18.75	1.6%	\$19.50	5.7%	-	5.7%
4/3/17	Private	WPT	\$16.35	\$16.80	2.8%	\$17.30	5.8%	-	5.8%
5/1/17	PPL-CA	VSN-CA	\$15.23	\$18.65	22.4%	-	22.4%	-	22.4%
7/21/17	TLLP	WNRL	\$25.85	\$27.49	6.4%	-	6.4%	-	6.4%
8/29/17	Private	ARCX	\$14.32	\$16.50	15.2%	-	15.2%	-	15.2%
1/2/18	AROC	APLP	\$11.91	\$14.70	23.4%	-	23.4%	-	23.4%
2/8/18	NS	NSH	\$16.90	\$17.19	1.7%	-	1.7%	-	1.7%
3/26/18	TEGP	TEP	\$35.20	\$35.42	0.6%	-	0.6%	-	0.6%
4/26/18	EQM	RMP	\$18.82	\$20.66	9.8%	-	9.8%	-	9.8%
5/17/18	WMB	WPZ	\$38.42	\$40.89	6.4%	-	6.4%	-	6.4%
5/17/18	ENB	EOP	\$10.08	\$10.08	0.0%	\$10.95	8.7%	-	8.7%
5/17/18	ENB	ENF	\$27.98	\$29.38	5.0%	\$31.17	11.4%	-	11.4%
5/17/18	ENB	EEQ	\$9.44	\$9.44	0.0%	\$10.95	16.0%	-	16.0%
5/17/18	ENB	SEP	\$33.10	\$33.10	0.0%	\$36.33	9.8%	-	9.8%
5/17/18	LNG	CQH	\$27.95	\$28.24	1.0%	\$29.81	6.6%	-	6.6%
6/29/18	L	BWP	\$11.62	\$12.06	3.8%	-	3.8%	-	3.8%
7/10/18	Private	TLP	\$36.11	\$38.00	5.2%	\$41.00	13.5%	-	13.5%
8/1/18	ETE	ETP	\$21.21	\$23.59	11.2%	-	11.2%	-	11.2%
9/19/18	D	DM	\$17.75	\$17.75	(0.0%)	\$17.92	1.0%	-	1.0%
9/28/18	Private	AMID	\$5.75	\$6.10	6.1%	\$4.50	(21.7%)	\$5.25	(8.7%)
10/9/18	AMGP	AM	\$29.42	\$31.41	6.8%	-	6.8%	-	6.8%
10/18/18	VLO	VLP	\$39.85	\$42.25	6.0%	-	6.0%	-	6.0%
10/22/18	ENLC	ENLK	\$18.26	\$18.46	1.1%	-	1.1%	-	1.1%
11/8/18	WGP	WES	\$46.77	\$50.33	7.6%	-	7.6%	-	7.6%
11/30/18	ETRN	EQGP	\$17.02	\$20.00	17.5%	-	17.5%	-	17.5%
4/2/19	UGI	APU	\$31.13	\$35.33	13.5%	-	13.5%	-	13.5%
5/8/19	MPLX	ANDX	\$33.85	\$36.54	7.9%	-	7.9%	-	7.9%
5/10/19	Private	BPL	\$32.55	\$41.50	27.5%	-	27.5%	-	27.5%
8/21/19	PPL-CA	KML-CA	\$10.98	\$15.12	37.7%	-	37.7%	-	37.7%
8/27/19	Private	TGE	\$14.35	\$19.50	35.9%	\$22.45	56.4%	-	56.4%
9/16/19	ET	SEMG	\$10.28	\$17.00	65.4%	-	65.4%	-	65.4%
10/21/19	Private	ACI-TSE	\$25.50	\$33.50	31.4%	-	31.4%	-	31.4%
2/27/20	ETRN	EQM	\$21.51	\$21.18	(1.5%)	-	(1.5%)	-	(1.5%)
7/27/20	CNX	CNXM	\$6.61	\$8.47	28.1%	-	28.1%	-	28.1%
10/5/20	TRP	TCP	\$25.90	\$27.31	5.4%	\$29.41	13.5%	-	13.5%
2/5/21	CVX	NBLX	\$12.47	\$12.47	0.0%	-	0.0%	-	0.0%
<b>Average</b>					<b>15.2%</b>		<b>16.7%</b>		<b>16.9%</b>
<b>Median</b>					<b>7.6%</b>		<b>11.4%</b>		<b>11.4%</b>

Note: Offer premium / (discount) % is based on the take out offer price relative to the acquiree's pre-announce stock price