ENERGY TRANSFER

Desert Southwest

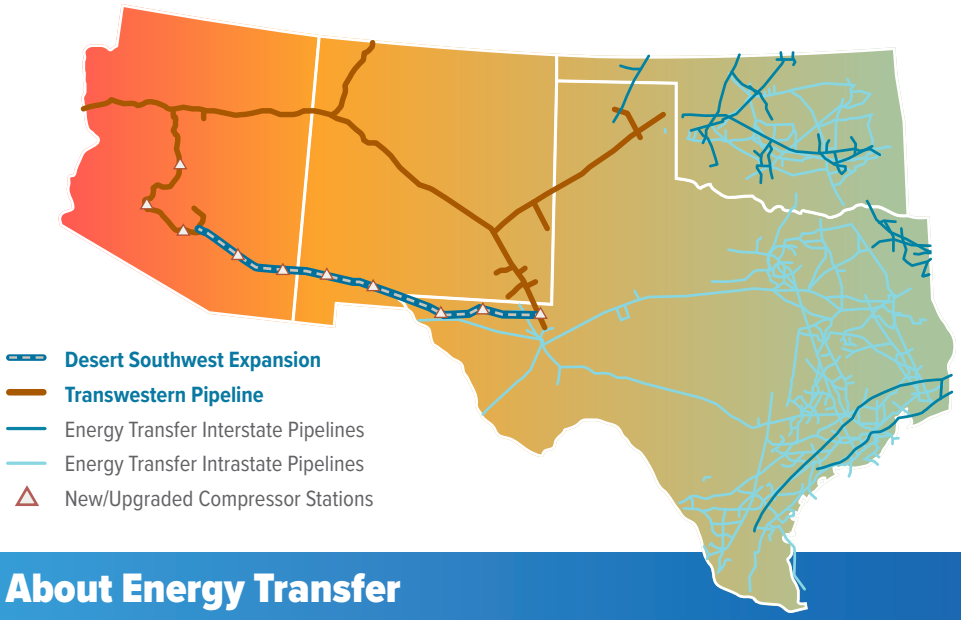
TRANSWESTERN PIPELINE EXPANSION PROJECT

The Desert Southwest Project will expand Energy Transfer's long-running Transwestern Pipeline to increase the amount of natural gas brought into Arizona and New Mexico from the Permian Basin. The pipeline has been designed to deliver natural gas to utilities that need additional supply to meet the demands for increased power and electric generation due to the states' growing populations and business communities.

Why Desert Southwest?

- Increases the supply of natural gas to be used for **electrical generation** for customers in Arizona and New Mexico.
- Provides **year-round reliable**, economic supplies of natural gas to support the **long-term energy needs for utilities** and energy providers in the region driven by population and economic growth.

Proposed Pipeline



About Energy Transfer

Energy Transfer has a nearly 30-year history as an industry leader and a highly regarded developer and operator of natural gas and oil pipelines.

We are driven by a unified focus on operating excellence, respecting all others, and taking care of the land through which we cross. We are also committed to using our resources responsibly, and reducing our environmental footprint.

Desert Southwest

The Desert Southwest pipeline will co-locate between **75%** to **99%** of the route—reducing the projects environmental impact during construction.

Approximately **1.9 Bcf/d** of natural gas is planned for delivery to **Arizona**, enough to cool more than **6 million homes**.

Approximately **.55 Bcf/d** of natural gas is planned for delivery to **New Mexico**, enough to cool more than **2 million homes**.

Updated: August 4, 2026

Stakeholder Engagement

We believe in building respectful, constructive and enduring relationships with key stakeholders to foster trust and generate long-lasting value. We also believe in investing in local initiatives that create value for the communities in which we operate.

We recognize the importance of establishing and maintaining fair and respectful relationships with landowners impacted by our projects. This includes active communications to convey timely project information and solicit regular feedback through a broad range of communications channels including in-person meetings, open houses, digital platforms, direct mail, video and/or audio updates, etc.

Key Stakeholders Include:

- Landowners
- Local, State and Federal Elected Officials
- Business Leaders
- Emergency Response Departments
- Non-Governmental Organizations
- Citizen Groups
- Indigenous Populations
- Customers



Landowner Relations

Energy Transfer is committed to being a good neighbor and working respectfully with the landowners of the properties through which the pipeline will cross. The land covered under the agreement is called the "pipeline right-of-way."

It is our priority to secure voluntary easement agreements with all landowners, where possible. Landowners receive compensation for a temporary right-of-way used during construction and a permanent right-of-way used throughout the life of the pipeline. Individual landowner compensation is based on the fair market value of the property. This agreement ensures you are fairly compensated while Energy Transfer has the legal right to build, operate, and maintain the pipeline.

Once the pipeline goes into service and the construction area has been fully restored, landowners are permitted to continue to use the right-of-way for activities such as farming, grazing or gardening, however, there are restrictions on activities such as building structures or planting trees for safety and maintenance reasons.

Environmental Management

We believe in protecting diverse ecosystems across our operational footprint and beyond to preserve our treasured natural resources for future generations.

We are committed to protecting the environment and reducing emissions by incorporating a variety of innovative environmental management processes.

We also strive to minimize the footprint of our assets as much as possible. This is achieved by siting pipelines in already established utility corridors or existing pipeline easements (co-locate), along roads, railroads, etc. The Desert Southwest pipeline will co-locate between 75% to 99% of the route.

Regulatory Approvals

We will file for the applicable regulatory review and permits for the project with the U.S. Army Corps of Engineers, the U.S. Fish and Wildlife Service, and the Federal Energy Regulatory Commission (FERC) as part of the 7(c) process, along with numerous entities in each state.

Pipeline Safety

Our top priority is to provide the safe and reliable transportation of natural gas. Today, there are more than 3 million miles of natural gas pipelines operating in the United States. With proper design and maintenance, pipelines can be safely operated for decades.

> Field surveys will be conducted to ensure the safest route is selected with the least environmental impact. Surveys include civil, cultural, subsurface, environmental and geotechnical.

> Construction will include visual and Non-Destructive Examination (NDE) of every weld that joins sections of pipe together.

> The pipeline will be tested with water at 1.5 times the Maximum Allowable Operating Pressure (MAOP) before going into service.

> All safety valves along the mainline will be remotely controlled and monitored for pressure 24 hours a day/7 day a week.

> Our fleet of aircraft will conduct aerial surveys of the pipeline right-of-way a minimum of once per quarter, as set forth by the Pipeline and Hazardous Materials Safety Administration (PHMSA).

Economic Benefits

Pipelines provide long-lasting economic benefits to the local communities through property taxes (ad valorem taxes) paid annually for the life of the pipeline. Transwestern Pipeline has been safely operating since the 1960s, paying annual taxes that help support schools, hospitals, road construction and maintenance, and so much more.

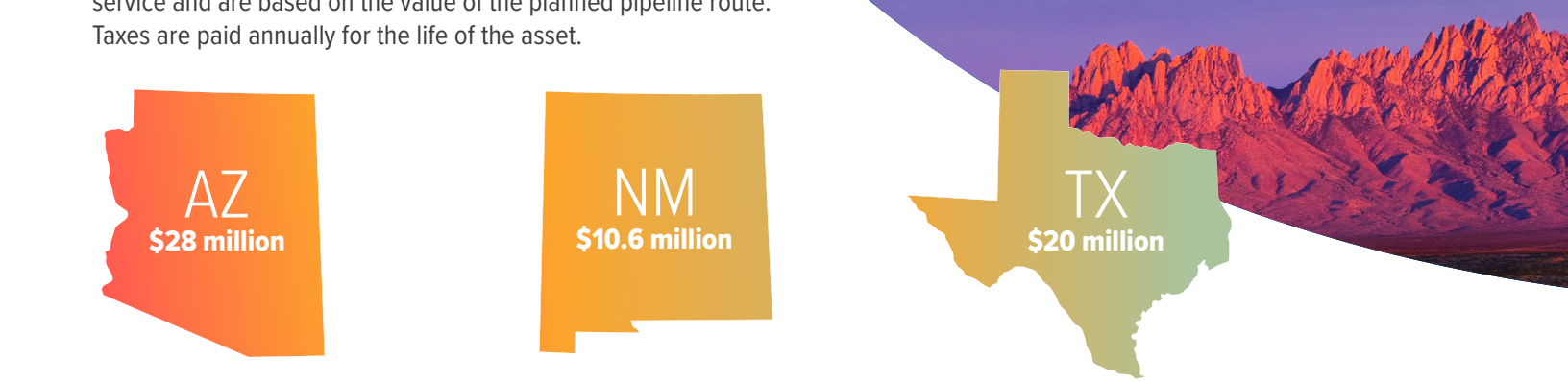
> Estimated project property tax total for first year in service: **$59 million**

The following tax estimates are for the first year the pipeline is in service and are based on the value of the planned pipeline route. Taxes are paid annually for the life of the asset.

Pipeline projects provide good paying construction jobs and increased sales tax revenue to local communities during the construction process.

Estimated Jobs:

- Up to an additional **5,000** local and union labor construction jobs throughout the four-year process.
- Our **Hiring Heroes** program, a veteran employment initiative is in place to provide opportunities for veterans.
- Approximately **35** new full-time positions to operate and maintain the new pipeline.



Arizona counties receiving tax payments:

- Cochise County
- Graham County
- Pinal County

New Mexico counties receiving tax payments:

- Doña Ana County
- Grant County
- Hildalgo County
- Luna County

Texas counties receiving tax payments:

- Culberson County
- El Paso County
- Hudspeth County
- Loving County
- Reeves County
- Winkler County

Community Investment

We are committed to being a good neighbor, business partner and valued member of the communities in which our employees live and work.

Investing in communities is an important part of how we do business. We support a wide range of social service organizations ranging from emergency response departments to veterans organizations, children's health programs, medical research initiatives, food banks, little leagues, disaster relief, environmental conservation, and more.

In 2024 alone, our Partnership **donated $7.34 million** to more than 360 nonprofit organizations across the 44 states in which we do business, and our employees **volunteered 5,300 hours** in local communities to make a difference in the lives of others.



Arizona Community

2025
- **$1.3 million** to Coconino County, Arizona for the Watershed project due to recent fires and flooding in the county.

2026 (planned)
- **$5,000** to Veterans Tickets

New Mexico Community

2025
- Land donation valued at **$224,000** to the Jal Volunteer Fire Department for the construction of a fire truck storage facility and training area.

2026 (planned)
- **$29,000** to Veterans Tickets

Project Overview

The Desert Southwest expansion is planned to originate in Winkler County, Texas, and traverse approximately 520 miles through New Mexico and Arizona to an end point in Coolidge, Arizona. The 48-inch underground pipeline will be powered by new compressor stations strategically situated along the pipeline route to deliver up to 2.3 billion cubic feet per day (Bcf/d) of natural gas to customers in the following areas:

- **Loving County, TX**
- **Doña Ana County, NM**
- **Luna County, NM**
- **Cochise County, AZ**
- **Maricopa County, AZ***
- **Pinal County, AZ**
- **Yuma County, AZ***

*Potential delivery points

> The 48-inch pipeline will be buried a minimum of 3 feet in uplands, 5 feet at road crossings, and 4 feet through agricultural lands.

Additionally, the Desert Southwest expansion will make Energy Transfer's Transwestern Pipeline Phoenix Lateral bi-directional, adding flexibility to move natural gas in both directions based on operational needs.



Restoration

Once construction is complete, materials are removed, permanent erosion control measures are installed, and final seed bed is laid down over all disturbed areas. Where appropriate, native seed mixes are spread according to landowner or agency requirements.

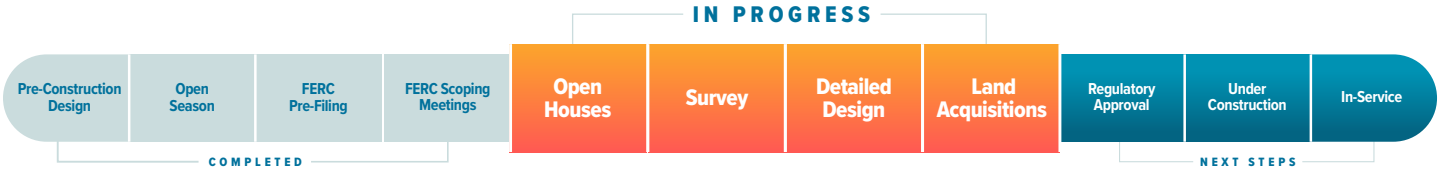
Restoring and maintaining pipeline rights-of-way is a critical part of our operations, ensuring the long-term integrity of our infrastructure while respecting the needs of landowners and surrounding communities.

Energy Transfer works closely with landowners to understand their expectations, address concerns and implement best practices for land restoration. This includes:

- **Erosion control measures**
- **Native vegetation reseeding**
- **Habitat preservation efforts that help maintain the natural landscape while protecting pipeline integrity**

Project Timeline

The four-year project has an estimated construction start date in the second quarter of 2028, resulting in an expected in-service date of the fourth quarter of 2029.



*Timeline last updated August 2026. Visit the DesertSouthwest.com for an up-to-date timeline