

HOUSTON and SAN ANTONIO, May 24, 2017 /PRNewswire/ -- [EP Energy Corp.](#) (NYSE:EPE) and Tesoro Corporation (NYSE:TSO) announced the formation of a drilling joint venture, through respective subsidiaries, to fund oil and natural gas development in EP Energy's Altamont program located in the Uinta Basin of Utah. Additionally, EP Energy and Tesoro signed a multi-year Crude Oil Supply Agreement for yellow and black waxy crude oil to supply Tesoro's Salt Lake City Refinery.

Drilling Joint Venture Highlights

- 60 well program
- Tesoro to provide a capital carry in exchange for 50 percent of EP Energy's working interest in joint venture wells
- Tesoro to purchase all oil production from joint venture wells
- EPE's net share of capital is expected to be approximately \$64 million
- EPE will retain operational control of the joint venture assets

Tesoro and EP Energy also entered into a Crude Oil Supply Agreement, through which Tesoro will purchase all of the oil produced through the drilling joint venture, along with additional waxy crude oil produced by EP Energy in the Uinta Basin. This oil will provide assured supply of local crude oil for Tesoro's Salt Lake City Refinery.

"In the Altamont field we have a deep inventory of high-return drilling opportunities. This joint venture will enable us to significantly increase the well-level returns and capital efficiency of our program," said Brent Smolik, Chairman, President, and Chief Executive Officer of [EP Energy Corp.](#). "We plan to keep two rigs active in the Uinta Basin and look forward to building a long-term relationship with Tesoro, an in-basin refinery partner."

"This agreement with EP Energy is an important step to further enhance our integrated value chain in the Rockies by supporting the growth of waxy crude oil production in the Uinta Basin, and allowing us to secure additional supply of this advantaged crude oil to further optimize the operation of our Salt Lake City Refinery," said Greg Goff, Chairman, President and CEO of Tesoro. "We believe this investment in crude oil production in Utah is good for our shareholders, our communities and for the State of Utah as it supports economic development in the region."

The first wells under the joint venture are expected to begin production in July 2017. EP Energy's average working interest in the joint venture wells is currently approximately 80 percent.

EP Energy did not change its 2017 guidance for the new drilling venture; however the company expects to update its full year 2017 outlook mid-year.

About EP Energy

The EP Energy team has a passion for finding and producing the oil and natural gas that enriches people's lives. EP Energy has a proven strategy, a significant reserve base, multi-year drilling opportunities, and a strategic presence in a number of the country's leading unconventional resource areas in North America. EP Energy is active in key phases of the E&P value chain—acquiring, developing and producing oil and natural gas. For more information about EP Energy, visit [epenergy.com](#).

About Tesoro

Tesoro Corporation, a Fortune 100 company, is an independent refiner and marketer of petroleum products. Tesoro, through its subsidiaries, operates seven refineries in the western United States with a combined capacity of over 895,000 barrels per day and ownership in a logistics business, which includes an interest in Tesoro Logistics LP (NYSE: TLLP) and ownership of its general partner. Tesoro's retail-marketing system includes over 2,500 retail stations under the ARCO®, Shell®, Exxon®, Mobil®, USA Gasoline(TM), Rebel® and Tesoro® brands.

EPE: Cautionary Statement Regarding Forward-Looking Statements

This release includes certain forward-looking statements and projections of EP Energy. We have made every reasonable effort to ensure that the information and assumptions on which these statements and projections are based are current, reasonable, and complete. However, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed, including, without limitation, the supply and demand for oil, natural gas and NGLs; the company's ability to meet production volume targets; the uncertainty of estimating proved reserves and unproved resources; the future level of service and capital costs; the availability and cost of financing to fund future exploration and production operations; the success of drilling programs with regard to proved undeveloped reserves and unproved resources; the company's ability to comply with the covenants in various financing documents; the company's ability to obtain necessary governmental approvals for proposed E&P projects and to successfully construct and operate such projects; actions by the credit rating agencies; credit and performance risk of our lenders, trading counterparties, customers, vendors and suppliers; changes in commodity prices and basis differentials for oil and natural gas; general economic and weather conditions in geographic regions or markets served by the company, or where operations of the company are located, including the risk of a global recession and negative impact on natural gas demand; the uncertainties associated with governmental regulation, including any potential changes in federal and state tax laws and regulations; political and currency risks associated with international operations of the company; competition; and other factors described in the company's Securities and Exchange Commission filings. While the company makes these statements and projections in good faith, neither the company nor its

management can guarantee that anticipated future results will be achieved. Reference must be made to those filings for additional important factors that may affect actual results. EP Energy assumes no obligation to publicly update or revise any forward-looking statements made herein or any other forward-looking statements made by EP Energy, whether as a result of new information, future events, or otherwise.

TSO: Forward-Looking Statements

This release contains "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including without limitation statements concerning: Tesoro's operational, financial and growth strategies, its ability to successfully effect those strategies and the expected timing and results thereof; statements regarding Tesoro's agreement with EP Energy, the terms thereunder, and the expected benefits thereof, including benefits to Tesoro's business, shareholders, communities and the State of Utah; and expected timing of well production. For more information concerning factors that could affect these statements, see Tesoro's annual report on Form 10-K, quarterly reports on Form 10-Q, and other public filings and press releases, available at www.tsocorp.com. Tesoro undertakes no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise.

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