



FOR IMMEDIATE RELEASE

Lucid Energy Group Agrees to Sell Delaware Basin Subsidiary to Riverstone Holdings LLC and Goldman Sachs Merchant Banking Division for \$1.6 Billion

DALLAS – January 8, 2018 – [Lucid Energy Group](#) (“Lucid”) and its financial sponsor, [EnCap Flatrock Midstream](#), announced today they have entered into a definitive agreement to sell Lucid Energy Group II, LLC (“Lucid II”) to a joint venture controlled by Riverstone Global Energy and Power Fund VI, L.P., an investment fund managed by [Riverstone Holdings LLC](#) (“Riverstone”), and investment funds managed by the Merchant Banking Division of [The Goldman Sachs Group Inc.](#) (“Goldman Sachs MBD”) for approximately \$1.6 billion in cash. The participating investment funds managed by Goldman Sachs MBD are West Street Capital Partners VII, L.P., West Street Global Infrastructure Partners III, L.P., and West Street Energy Partners, L.P.

The transaction includes committed debt financing provided by [Jefferies LLC](#). Closing is expected in the first quarter of 2018 and is subject to customary approvals and closing conditions. Lucid II will retain its name and operate as a Riverstone and Goldman Sachs MBD portfolio company. The members of the Lucid management team will remain in their current roles with Lucid II.

The Lucid II assets included in the transaction are located in the core of the northern Delaware Basin and are known as the South Carlsbad Natural Gas Gathering and Processing System and the Artesia Natural Gas Gathering and Processing System. Assets include approximately 1,700 miles of natural gas gathering pipelines and 585 million cubic feet per day (MMcf/d) of processing capacity, with an additional 200 MMcf/d under construction and scheduled to be in service by mid-2018. Lucid II serves the region’s leading supermajor and independent oil and gas producers, which together have made long-term dedications and production volume commitments from approximately 450,000 acres spanning Eddy and Lea counties in southeast New Mexico.

History

Lucid II was formed in December 2015 and acquired Agave Energy Company on September 1, 2016. In just 15 months Lucid II expanded processing capacity on the South Carlsbad System by 750 percent, added approximately 210 miles of natural gas gathering pipeline and quadrupled the customer commitments to the South Carlsbad and Artesia systems.

CEO Perspective

“EnCap Flatrock Midstream has been instrumental in helping us acquire, expand and optimize the assets in our Agave transaction,” said Lucid President and CEO Mike Latchem. “We have enjoyed a very productive six-year relationship, and I am very proud of our team’s outstanding work. We have successfully developed a safe and efficient world-class system in an extremely short period of time. The South Carlsbad system has tremendous growth potential, and we are confident that Riverstone and Goldman Sachs MBD bring the right combination of financial strength and strategic experience we need to continue our pace of growth in Lucid II. We are excited about the future and anticipate a long and successful partnership.”

From EnCap Flatrock Midstream

“We are very pleased to join Lucid in announcing this exciting realization of the largest acquisition in our nine-year history,” said EnCap Flatrock Midstream Managing Director Morriss Hurt, a member of the Lucid II board of directors. “We are pleased that this transaction will produce strong results for our institutional investors while rewarding the Lucid team for its excellent work. Riverstone and Goldman Sachs MBD see the same outstanding qualities in the Lucid management team that we saw when we first supported them in 2011 – the ability to rapidly execute and deliver first-rate customer service. In a very short period of time, the Lucid team developed a top-tier physical and contractual platform in one of the most prolific regions in the nation. EnCap Flatrock Midstream will continue to create value through our ongoing ownership of Lucid Energy Group I, which operates in the Midland Basin.”

From Riverstone Holdings

“Our firsthand knowledge of the Delaware Basin, experience as energy investors and access to capital uniquely qualify us to sponsor Lucid II’s continued growth,” said Baran Tekkora, Partner at Riverstone. “In a short period, Mike Latchem and the Lucid II team built an essential infrastructure platform that is backed by growing commitments from industry-leading operators in a highly economic area. We are pleased to partner with management and Goldman Sachs MBD to support Lucid II in its next growth phase, as it continues to serve the rapidly expanding needs of its customer base.”

From Goldman Sachs MBD

“Goldman Sachs MBD is excited about the opportunity to partner with Lucid II to continue its growth as the leading independent gas gathering and processing business in the northern Delaware Basin,” said Scott Lebovitz, Managing Director at Goldman Sachs. “Mike and the Lucid II team have built an impressive business underpinned by strong customer relationships with the highest quality producers in the northern Delaware Basin, positioning the company for the significant volume growth expected in the region. We look forward to partnering with the Lucid II team and continuing our long-standing relationship with Riverstone.”

Advisers

Jefferies LLC acted as exclusive financial adviser to Lucid II in connection with the transaction and was the sole provider of the committed debt financing. The Jefferies team was led by Co-Head of Energy Investment Banking Peter Bowden.

Vinson & Elkins LLP served as legal counsel to Lucid II. EnCap Flatrock Midstream was represented by Thompson & Knight LLP. Lucid II management was represented by Kirkland & Ellis LLP. Latham & Watkins LLP served as legal counsel to Riverstone. Fried, Frank, Harris, Shriver & Jacobson LLP served as legal counsel to Goldman Sachs MBD. Simpson Thacher & Bartlett LLP served as financing counsel to both Riverstone and Goldman Sachs MBD. A separate Kirkland & Ellis LLP team served as financing counsel to Jefferies in connection with the debt financing.

About Lucid Energy Group

Lucid Energy Group is the largest privately held natural gas processor in the Permian Basin with more than 1 billion cubic feet of natural gas processing capacity in operation or under construction and pipeline assets exceeding 2,400 miles in operation. The Lucid philosophy is grounded in finding creative solutions for its customers, clear communications and excellence in project execution. Visit www.lucid-energy.com for more information.

About EnCap Flatrock Midstream

EnCap Flatrock Midstream provides value-added growth capital to proven management teams focused on midstream infrastructure opportunities across North America. The firm was formed in 2008 by a

partnership between [EnCap Investments L.P.](#) and Flatrock Energy Advisors. Based in San Antonio with offices in Oklahoma City and Houston, EnCap Flatrock is led by Managing Partners and Founders William D. Waldrip, Dennis F. Jaggi and William R. Lemmons, Jr., Managing Partners Gregory C. King and David J. Kurtz, and Partner Dennis McCanless. The firm manages investment commitments of nearly \$6 billion from a broad group of prestigious institutional investors. EnCap Flatrock is currently making commitments to new management teams from EFM Fund III, a \$3 billion fund. For more information, please visit www.efmidstream.com.

About Riverstone Holdings LLC

Riverstone Holdings LLC is an energy and power-focused private investment firm founded in 2000 by David M. Leuschen and Pierre F. Lapeyre, Jr. with approximately \$38 billion of capital raised. Riverstone conducts buyout and growth capital investments in the exploration & production, midstream, oilfield services, power and renewable sectors of the energy industry. With offices in New York, London, Houston and Mexico City, Riverstone has committed over \$37 billion to more than 150 investments in North America, Latin America, Europe, Africa, Asia and Australia. Visit www.riverstonellc.com for more information.

About Goldman Sachs Merchant Banking Division

Founded in 1869, The Goldman Sachs Group, Inc. is a leading global investment banking, securities and investment management firm. Goldman Sachs Merchant Banking Division is the primary center for the firm's long-term principal investing activity. With nine offices across seven countries, Goldman Sachs MBD is one of the leading private capital investors in the world with equity and credit investments across corporate, real estate, and infrastructure strategies. Since 1986, the group has invested approximately \$180 billion of levered capital across a number of geographies, industries and transaction types.

Media Contacts

For Lucid Energy Group & EnCap Flatrock Midstream:

Casey Nikoloric
Managing Principal, TEN|10 Group
303.433.4397 x101 o | 303.507.0510 m
casey.nikoloric@ten10group.com

For Riverstone Holdings:

Jeffrey Taufield or Daniel Yunger
Kekst and Company
212.521.4800

For Goldman Sachs:

Leslie Shribman
212.902.5400
leslie.shribman@gs.com