



FOR IMMEDIATE RELEASE

Stakeholder Midstream Announces Expansions in the Permian Basin's San Andres Play

SAN ANTONIO –September 12, 2017 – [Stakeholder Midstream, LLC](#) announced today it will build a new natural gas gathering system in the Permian Basin to serve producers working in the Horizontal San Andres. This comprehensive gas gathering solution includes low-pressure gathering, liquids handling, sour gas treating, cryogenic processing and nitrogen rejection capabilities. In conjunction with its new natural gas system, Stakeholder also will significantly expand its existing San Andres Crude Gathering System. These new assets are supported by long-term contracts and dedications of more than 100,000 acres from Horizontal San Andres producers.

Comprehensive Natural Gas Solution

Stakeholder's comprehensive gas gathering, treating and processing system will include low-pressure sour gas gathering lines across Yoakum County, Texas, and into Lea County, New Mexico. To support its expanded gathering footprint, Stakeholder will construct a state-of-the-art treating and processing facility in Yoakum County. The new facility will include front-end liquids handling, an amine treater and acid gas injection well, a cryogenic processing plant with the capacity to process 60 million cubic feet per day, and a nitrogen rejection unit.

Stakeholder's gas system will be fully operational in the third quarter of 2018. Stakeholder currently is working with producers regarding expansions into Roosevelt, Chaves and Eddy counties in New Mexico and Cochran and Gaines counties in Texas and plans to announce significant expansions to the system backed by new acreage commitments by year-end.

Crude Gathering Expansion

Stakeholder also will make substantial expansions to its San Andres Crude Gathering System in Yoakum County. The crude system was fully commissioned on May 1, 2017, and currently consists of approximately 90 miles of gathering pipelines, a crude oil storage terminal and multiple downstream pipeline connections. The expansion will include additional gathering lines, pump stations and additions to storage capacity at Stakeholder's crude terminal. The acquisition of rights of way is underway, and the new gathering lines are expected to come into service in the first quarter of 2018. Stakeholder also is working with several producers to expand the gathering system into surrounding counties.

Customer Perspective

"Stakeholder recognized the potential of the Horizontal San Andres early and has worked with Steward Energy and the rest of the producer community to advance the play by hosting technical producer conferences and developing thoughtful midstream solutions based on long-term producer needs," said Lance Taylor, chief executive officer of Steward Energy II, LLC. "With industry-leading returns, this play is rapidly advancing, and we believe that Stakeholder has thoughtfully developed a complete and well-designed solution that will meet the needs and address the challenges faced by producers targeting the Horizontal San Andres. I'm grateful for the relationship Stakeholder and Steward have forged and look forward to expanding that partnership with this newest venture."

“Stakeholder has been a great partner in the Horizontal San Andres who has met all of its commitments and performed as promised. Stakeholder’s crude system started up on time, has operated efficiently and has provided increased netback to producers,” said Kevin Riley, president of Riley Exploration Permian, LLC. “On any project, you want to work with people you can trust and depend on. We believe this is even more critical in the Horizontal San Andres, and Stakeholder clearly meets these criteria.”

CEO Perspective

“The San Andres has a long history as one of the most prolific formations in the country for oil and gas producers pursuing vertical development,” said Stakeholder Co-CEO Rob Liddell. “Today we are seeing very favorable economics coupled with strong production results as producers apply horizontal drilling techniques across the play. With more than 130 horizontal wells drilled over the past 12 months, we’ve moved rapidly to work with our customer base to design and build infrastructure that effectively manages the complex set of challenges presented by the San Andres sour gas stream. We’ve had a great response to our ability and commitment to meeting these challenges and are excited to announce a purpose-built system that includes state-of-the-art treaters, acid gas injection wells, a nitrogen rejection unit and a best-in-class cryogenic processing plant.”

“It’s exciting to work alongside an innovative and capable group of producers, who are rapidly developing the Horizontal San Andres,” said Stakeholder Co-CEO Gaylon Gray. “Operators are accelerating their drilling schedules, and we share their confidence in the future of the play. We also believe there is line of sight to the development of other formations in the Northwest Shelf and Central Basin Platform. Although gas qualities differ across formations, many of these other formations will likely exhibit some of the same challenges the San Andres gas has presented, and we are pleased to have a facility that can meet the needs of producers regardless of the target zone.”

About Stakeholder Midstream, LLC

Based in San Antonio and founded in 2015, Stakeholder Midstream is an independent midstream company serving oil and gas producers operating in unconventional shale plays throughout North America. Stakeholder’s long-term vision of success is built on fostering strong, long-term relationships with all constituents. Stakeholder cultivates these relationships based on trust, accountability and fairness to ensure that all stakeholders are heard, valued and served. Capabilities include in-field natural gas gathering, compression, treating and processing services; innovative NGL solutions; and crude oil gathering, transportation and storage. Stakeholder is backed by venture capital commitments from [EnCap Flatrock Midstream](#). Please visit www.stakeholdermidstream.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. EnCap Flatrock is based in San Antonio with offices in Oklahoma City and Houston. The firm manages investment commitments of nearly \$6 billion from a broad group of institutional investors. EnCap Flatrock currently is making commitments to new management teams from EFM Fund III, a \$3 billion fund. Please visit www.efmidstream.com for more information.

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