



FOR IMMEDIATE RELEASE

Lucid Energy Group II, LLC Acquires Agave Energy

DALLAS – September 1, 2016 – Midstream provider [Lucid Energy Group II, LLC](#), (“Lucid II”) announced today that subsidiaries of the company have closed on the purchase of certain assets of Agave Energy Company (“Agave Co.”) and the acquisition of all of the outstanding stock of Agave Energy Holdings, Inc. (together with Agave Co. and its subsidiaries, “Agave”). Agave owns and operates natural gas gathering and processing assets in the Delaware Basin of southeastern New Mexico and the Powder River Basin of eastern Wyoming.

Lucid II was formed in December 2015 by the team that leads its successful predecessor company, Lucid Energy Group, LLC (“Lucid I”). Lucid I currently operates a large gathering and processing footprint in the Midland Basin, serving more than 30 customers across nine counties in West Texas. As a result of this transaction, the combined Lucid companies are the largest privately held natural gas processor working in the Permian Basin, with 660 million cubic feet of natural gas processing capacity and more than 3,300 miles of pipeline in operation. Lucid I and Lucid II are supported by equity capital commitments of over \$850 million in the aggregate from [EnCap Flatrock Midstream](#).

Lucid II Growth Plan

Agave’s high-growth assets are located primarily in Eddy and Lea counties in New Mexico and include 280 million cubic feet of natural gas processing capacity, more than 1,300 miles of gas gathering pipeline and over 60,000 horsepower of compression. These assets are supported by dedications and volume commitments from several major producers. Lucid II plans to expand Agave’s pipeline footprint in the Delaware Basin by adding new infrastructure in the near term, including a new 200 MMcf/d cryogenic processing plant at Agave’s Red Hills natural gas processing complex in Lea County. Construction of the new plant already has begun, and Lucid expects to commission the new plant in mid-2017. All of Agave’s approximately 160 employees will remain with the company at closing.

CEO Perspective

“This transaction firmly establishes Lucid’s franchise position in the Delaware Basin,” said Mike Latchem, president and CEO of Lucid I and Lucid II. “This is a credit to the outstanding quality of the entire Lucid team and the reputation we have built in the Midland Basin for excellence in execution and customer service. We look forward to working with the existing Agave team in the Delaware Basin, where we will continue to serve some of the nation’s best operators targeting the most prolific reserves in the country.”

Legal and Financial Advisors

Lucid II was represented by Locke Lord LLP and Jefferies served as its financial advisor. Agave was represented by Latham & Watkins LLP and Butler Snow LLP.

About Lucid Energy Group, LLC (Lucid I) and Lucid Energy Group II, LLC (Lucid II)

Lucid I and Lucid II are diversified energy companies that provide a full suite of midstream services to producers working in the Permian Basin. Both companies are led by President & CEO Michael J. Latchem, Executive Vice President & COO Jay L. Langham and Senior Vice President & CCO Scott Brown. Lucid I and Lucid II are supported with capital commitments from EnCap Flatrock Midstream. Operations at Lucid I are focused on the Midland Basin, while Lucid II is focusing its efforts in the Delaware Basin ([maps here](#)). 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. The firm manages investment commitments of nearly \$6 billion from a broad group of institutional investors. EnCap Flatrock is currently making commitments to new management teams from EFM Fund III, a \$3 billion fund. www.efmidstream.com

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