



Enterprise to Acquire Piñon Midstream

August 21, 2024

HOUSTON--(BUSINESS WIRE)--Aug. 21, 2024-- Enterprise Products Partners L.P. (NYSE: EPD) ("Enterprise") and Piñon Midstream, LLC ("Piñon Midstream"), a portfolio company of Black Bay Energy Capital, today announced that Enterprise's affiliate has entered into a definitive agreement to acquire Piñon Midstream in a debt-free transaction for \$950 million in cash consideration. Piñon Midstream provides natural gas gathering and treating services in the core of the prolific eastern flank of the Delaware Basin in New Mexico and Texas.

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20240821749801/en/>

Piñon Midstream's assets include approximately 50 miles of natural gas gathering and redelivery pipelines, five 3-stage compressor stations, 270 million cubic feet per day ("MMcf/d") of existing hydrogen sulfide and carbon dioxide treating facilities with an expansion to 450 MMcf/d of capacity expected to be completed in the second half of 2025, and two of the highest capacity and deepest acid gas injection ("AGI") wells in the basin. As part of this transaction, Enterprise is evaluating locations for a third injection well that would support up to 750 MMcf/d of total treating capacity.

This business is supported by fee-based contracts with long-term acreage dedications, including minimum volume commitments. Additionally, Piñon Midstream's monitoring, reporting, and verification ("MRV") plan for permanent sequestration of carbon dioxide in its two AGI wells located at its Dark Horse Treating Facility in Lea County, New Mexico was approved by the Environmental Protection Agency in June of 2024. This milestone MRV approval satisfies a major requirement for 45Q tax credit eligibility.

Enterprise estimates this area of the Delaware Basin, largely comprised of Lea County, New Mexico and Winkler County, Texas, has more than 7,500 remaining well locations and has access to at least six geologic production benches. Drilling activity in this area has generally been restricted due to the lack of sour natural gas treating and acid gas injection well capacity as well as the lengthy permitting process for acid gas injection wells which can take up to two years.

"We are excited to announce the acquisition of Piñon Midstream," said A. J. "Jim" Teague, co-chief executive officer of Enterprise's general partner. "We believe the Piñon management team has developed the premier sour natural gas treating system in the Delaware Basin. These assets accelerate our entry into this region by at least three or four years. These assets are highly complementary to our midstream energy system and provide us an excellent entry point into the eastern flank of the Delaware Basin for us to expand our natural gas processing footprint. Our entry will provide producers a choice for reliable and value-added processing services."

"We believe this acquisition will generate distributable cash flow accretion of \$0.03 per unit in 2025, our first full year of ownership, before considering the benefit of any commercial and operating synergies," stated Teague.

"The Piñon team is thrilled to contribute our unique Delaware Basin gas treating system to Enterprise, a true leader in the midstream energy business. Our team, and specifically our incredible field personnel and loyal employees, set out to build the premier sour gas treatment and carbon sequestration asset in the market and, with the support of our producer clients, achieved our goal. We would also like to thank the Black Bay Energy Capital team for their close partnership and support to start this business during an extremely challenging time in the energy markets," said Steven Green, CEO of Piñon Midstream.

"Black Bay has a history of partnering with talented entrepreneurs to build best-in-class businesses, such as Piñon Midstream, and also positioning them as strategic acquisition candidates for larger acquirors seeking growth opportunities. We would like to thank Steven Green, Adam Wilson, David Cargill, Patrick Westerheide and the rest of the Piñon management team for their outstanding and relentless efforts in achieving this very successful outcome," said Michael LeBourgeois, Managing Partner at Black Bay. Sam Scofield, Vice President at Black Bay, added, "The Piñon team successfully executed on their vision to build and scale critical H₂S and CO₂ treatment infrastructure for operators in the prolific Delaware Basin."

This transaction is expected to be completed in the fourth quarter of 2024 subject to customary regulatory approvals. The transaction is expected to be funded using cash on hand and borrowings under Enterprise's existing commercial paper and bank credit facilities.

Piñon Midstream, LLC retained Piper Sandler & Co. as its financial advisor and Kirkland & Ellis LLP as its legal advisor.

Locke Lord LLP and Sidley Austin LLP served as legal advisors to Enterprise.

About Enterprise

Enterprise Products Partners L.P. is one of the largest publicly traded partnerships and a leading North American provider of midstream energy services to producers and consumers of natural gas, NGLs, crude oil, refined products and petrochemicals. Services include: natural gas gathering, treating, processing, transportation and storage; NGL transportation, fractionation, storage and marine terminals; crude oil gathering, transportation, storage and marine terminals; petrochemical and refined products production, transportation, storage, and marine terminals and related services; and a marine transportation business that operates on key U.S. inland and intracoastal waterway systems. The partnership's assets include approximately 50,000 miles of pipelines; 300 million barrels of storage capacity for NGLs, crude oil, refined products and petrochemicals; and 14 billion cubic feet of natural gas storage capacity. Please visit www.enterpriseproducts.com for more information.

This press release includes "forward-looking statements" as defined by the Securities and Exchange Commission. All statements, other than statements of historical fact, included herein that address activities, events, developments or transactions that Enterprise and its general partner expect, believe or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from expectations, including required approvals by regulatory agencies, the possibility that the anticipated benefits from such activities, events, developments or transactions cannot be fully realized, the possibility that costs or difficulties related thereto will be greater than expected, the impact of competition, and other risk factors included in Enterprise's reports filed with the Securities

and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Except as required by law, Enterprise does not intend to update or revise their respective forward-looking statements, whether as a result of new information, future events or otherwise.

About Piñon Midstream

Piñon Midstream was formed in 2020 through an initial equity commitment from Black Bay Energy Capital, to offer sustainable and cost-effective solutions for sour natural gas production in the Delaware Basin. Piñon provides a comprehensive suite of services, including fully NACE compliant field gathering and compression, amine treating, permanent sequestration of CO₂ and H₂S, sour condensate stabilization and marketing, and high-pressure redelivery of treated natural gas to multiple regional processing facilities and producers. For more information, please visit pinonmidstream.com.

About Black Bay

Black Bay is a private equity firm that invests equity capital in partnership with entrepreneurial management teams who are building high-growth companies in the energy and chemical industries. Black Bay's strategy is to target companies with innovative products and services that help their clients to reduce costs, improve operations, and achieve sustainability initiatives. The firm's objective is to drive success through a relentless commitment to establishing and cultivating a true partnership with portfolio company management teams, and a belief that deeply rooted partnerships generate outsized returns by fostering collaboration and creativity. Black Bay is currently investing out of its second fund and has over \$500 million of assets under management. For more information, please visit www.blackbayenergy.com.

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