

# Lotus Midstream to Acquire Centurion Pipeline

**C**rude oil logistics provider Lotus Midstream, LLC (“Lotus”) today announced it has entered into a definitive agreement to acquire the Centurion pipeline system and a Southeast New Mexico crude oil gathering system from Occidental Petroleum Corporation (“Occidental”) (NYSE: OXY). The transaction is expected to close later in the third quarter of 2018, subject to customary closing conditions.

The Centurion pipeline system is a large-scale, integrated network of approximately 3,000 miles of crude oil gathering and transportation pipelines that extend from southeast New Mexico across the Permian Basin of West Texas to Cushing, Oklahoma. Integrated assets also include two crude oil storage terminals strategically located in the Midland, Texas, and Cushing, Oklahoma market centers with a combined storage capacity of approximately seven million barrels and more than 125 truck stations. The system is designed to connect the nation’s premier supply basin to key market centers.

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legal adviser  
to Lotus with  
partner Jimmy  
Vallee in the  
lead role from  
the firm’s  
Houston office.

The Southeast New Mexico gathering system includes more than 50 miles of crude oil gathering pipelines with connections to the Centurion pipeline system and a third-party intrabasin system and related infrastructure.

The acquisition is supported by long-term revenue commitments from multiple customers and a long-term acreage dedication from Occidental.

“Lotus is very excited about this acquisition,” said Lotus CEO Mike Prince. “Centurion is a terrific network of connected assets that serve the Permian, the most prolific basin in North America. In addition, it is staffed with experienced, knowledgeable people throughout the organization. We look forward to partnering with them to expand the existing footprint by providing outstanding customer service to both current and new customers.”

EnCap Flatrock Midstream sponsored Lotus with an initial capital commitment of \$400 million in February 2018 and

will provide additional financial support for the acquisition.

“The Lotus team has a long and significant history of success across the midstream value chain, with a focus on strategic platforms with strong growth potential,” said EnCap Flatrock Midstream Managing Partner Greg King, who is also a member of the Lotus board of directors. “We are excited about this acquisition and look forward to assisting the Lotus team as it expands the system’s customer base and grows system volumes.”

Paul Hastings LLP served as legal adviser to Lotus with partner *Jimmy Vallee* in the lead role from the firm’s Houston office. Barclays Capital Inc., acted as financial adviser.

#### **ABOUT LOTUS MIDSTREAM**

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Based in Sugar Land, Texas, Lotus Midstream is an independent energy company focused on the development of midstream infrastructure and services necessary to transport crude oil and condensate from the wellhead to market. The company’s mission is to leverage the management team’s thorough understanding of the crude oil value chain to identify optimal markets for supply and demand to maximize producer netbacks. Lotus Midstream is backed by EnCap Flatrock Midstream. For more information please visit [www.lotusmidstream.com](http://www.lotusmidstream.com).

#### **ABOUT ENCAP FLATROCK MIDSTREAM**

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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, LLC. Based in San Antonio with offices in Oklahoma City and Houston, the firm manages investment commitments of nearly \$9 billion from a broad group of prestigious institutional investors. EnCap Flatrock Midstream is currently making commitments to new management teams from EFM Fund IV, a \$3.25 billion fund. ■