



FOR IMMEDIATE RELEASE

**TRACE MIDSTREAM ENTERS THE NORTHERN DELAWARE BASIN WITH THE ACQUISITION OF
LM ENERGY'S NATURAL GAS GATHERING AND TRANSPORTATION INFRASTRUCTURE**

- *High- and low-pressure midstream system located in Eddy and Lea counties in New Mexico*
- *System includes both existing and new-build infrastructure which, upon completion, will consist of 170 miles of pipelines and 12 compressor stations*
- *New high-pressure southern extension allows producers access to multiple processing outlets, alleviating local downstream constraints*

HOUSTON – August 6, 2024 – Trace Midstream Partners II, LLC (“Trace”), a portfolio company of Quantum Capital Group (“Quantum”), announced today that it has entered into agreements with LM Energy Delaware, LLC (“LM Energy”), a portfolio company of Old Ironsides Energy, LLC (“Old Ironsides Energy”), to acquire its natural gas gathering and transportation assets in the Northern Delaware Basin.

Located in Eddy and Lea counties in New Mexico, LM Energy’s natural gas gathering and transportation system consists of high- and low-pressure gas pipelines with associated compression, dehydration, condensate handling, and vapor recovery capabilities. Currently, LM Energy is in the process of constructing multiple new compressor stations, new gathering pipelines, and a 20-inch diameter high-pressure transportation pipeline that will connect the existing gas gathering system to a number of gas processing facilities near Loving, New Mexico. Upon completion of these projects, the system will consist of approximately 170 miles of pipeline and 12 compressor stations, with a total design capacity of 650 million cubic feet per day. The system has over 80,000 dedicated acres and is supported by long-term, fixed-fee contracts from multiple producers.

“This acquisition marks a significant milestone for Trace as we enter the Northern Delaware Basin. We are excited to build upon LM Energy’s already well-executed system and track record of success,” said Josh Weber, Trace Chief Executive Officer. “With substantial natural gas midstream constraints across the Northern Delaware, we are committed to expanding LM Energy’s assets and providing additional services for the region’s producers.”

“I am sincerely grateful to our customers, whose success was our tailwind over the last five years. It was very important to us to find a successor who would continue to focus on customer service and facilitate our customers’ growth,” said Elliot Gerson, LM Energy Chief Executive Officer. “Trace is an excellent team who we know will execute, and we are excited to watch them take this business to the next level.”

“We are pleased to expand our longstanding partnership with the Trace team,” said Blake Webster, Partner with Quantum. “We are confident the commercial, operational, and project development capabilities of the Trace management team, combined with our financial support, will allow Trace to build a scalable natural gas infrastructure platform offering competitive midstream solutions to Delaware producers.”

Sean O’Neill, Managing Partner of Old Ironsides Energy, added “LM Energy was established to build a leading midstream platform designed around the needs of its customers and partners. I am incredibly proud of the LM

team for executing its goals and developing this critical midstream solution for its world-class producer base in an area of great activity and infrastructure need. Congratulations to Quantum and the Trace team, who are well-positioned to continue growing this great asset.”

In connection with the transaction, Quantum Senior Advisor Jack Harper has joined the Trace Board of Directors. Prior to joining Quantum, Harper served as Executive Vice President, Lower 48 at ConocoPhillips (NYSE: COP) and was a member of its Executive Committee. Earlier in his career, Harper served in various executive roles at Concho Resources, including as President from 2017 to 2021, until the company merged with ConocoPhillips.

Formed in 2017, Trace Midstream has a proven track record of success in the development and operations of large-scale midstream infrastructure projects. In 2022, Trace successfully exited its previous midstream business with the sale of its Haynesville assets to Williams (NYSE: WMB) and its Mid-Continent assets to Energy Transfer (NYSE: ET) for a combined transaction value of approximately \$1.5 billion.

Vinson & Elkins LLP represented Trace in the LM Energy acquisition. Piper Sandler and Co. and Kirkland & Ellis LLP represented LM Energy.

About Trace

Founded in 2017 and based in Houston, Trace and its affiliates are focused on developing and operating natural gas midstream assets and supporting carbon capture infrastructure across North America. Trace and its affiliates are supported by more than \$420 million of equity capital commitments from Quantum, Climate Investment, and Trace management. For more information on Trace, please visit www.tracemidstream.com.

About LM Energy

LM Energy Holdings, LLC is a midstream oil and gas company based in Dallas, Texas. LM Energy is focused on operational excellence and creative solutions for its producer partners. For more information visit www.LMEnergyPartners.com.

About Quantum Capital Group

Founded in 1998, Quantum Capital Group (“QCG”) is a leading provider of private equity, credit, and venture capital to the global energy and energy transition industry, having managed together with its affiliates more than \$27 billion in equity commitments since inception. For more information on QCG, please visit www.quantumcap.com.

About Old Ironsides Energy

Old Ironsides Energy, LLC is an energy-focused private equity firm that partners with experienced management teams to pursue upstream and midstream opportunities in North America. The firm has a history of creating value in the energy business through its private equity and drilling joint venture platforms. For more information on Old Ironsides Energy, please visit www.oldironsidesenergy.com.

Media Contacts

Trace and LM Energy

Meredith Hargrove Howard
Redbird Communications Group
210-737-4478
meredith@redbirdpr.com

Quantum Capital Group

Kate Thompson / Erik Carlson / Madeline Jones
Joele Frank, Wilkinson Brimmer Katcher
212-355-4449