

For Immediate Release



415 W. Wall Street
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April 24, 2019

XRI Announces Acquisition of Fountain Quail Water Treatment

MIDLAND, TX – April 24, 2019 – XRI Holdings, LLC (“XRI” or the “Company”), a leading water midstream company with owned infrastructure throughout the Permian Basin, announced today that it has acquired the water treatment and recycling division of Fountain Quail Energy Services, LLC (“Fountain Quail Water Treatment”). The consideration for the transaction consisted of cash and equity, but specific terms of the deal were not disclosed. Fountain Quail Water Treatment is a leading produced water treatment, recycle, and reuse business with operations throughout the Permian Basin and other key producing basins across the United States. Members of the Fountain Quail Water Treatment senior leadership team have joined XRI and will lead the Company’s water treatment division, which will be a wholly-owned subsidiary of XRI operating under the Fountain Quail name. “This acquisition will enhance XRI’s owned network of water midstream systems with full recycle and reuse capabilities that set the standard for flexibility and sustainability for water used in advanced completion techniques in the Permian Basin,” stated XRI’s President, John Durand.

“We are delighted with the acquisition of Fountain Quail Water Treatment,” said XRI CEO Matthew Gabriel. “Its low-cost, high-efficiency recycle technology is second-to-none. When paired with the natural, non-potable water sourced on our owned water midstream systems in the Delaware and Midland Basins, it is now possible for our customers to reuse, blend or swap 100% of their produced water with our water to obtain water of virtually any specification.”

Kirk Trosclair, CEO of Fountain Quail Energy Services, stated “the sale of our treatment division to XRI is an exciting outcome for us and for a business that traces its lineage back to treating oilfield wastewater in the early days of the Shale Revolution. We look forward to seeing the continued growth of the combined platform with XRI and to sharpening the focus on our

remaining water logistics, supply and disposal business focused in the Marcellus and Utica Basins.”

Gabriel added, “Given the growing preference of the industry to reuse and recycle produced water in the Permian Basin, this acquisition underscores XRI’s commitment to environmental stewardship and strengthens the company’s position as the standard bearer of the water midstream sector.”

Fountain Quail Water Treatment pioneered the development of cost-effective, reliable water treatment, recycling, and reuse technologies for deployment in the oil field with a successful track record of commercial operations dating back to the mid-1990s. The company’s suite of proprietary water treatment solutions include the fixed and semi-fixed ROVER™ systems, the mobile SCOUT™ systems, and mobile MAVREX™ chlorine dioxide water treatment systems, capable of accommodating a broad range of customers’ water recycling and reuse demands. Fountain Quail Water Treatment’s units are currently deployed by the leading energy companies operating in the Permian Basin and in other key producing basins across the United States, enabling customers to realize operational efficiencies and reduce waste by sourcing an increasing proportion of their water requirements through produced water recycling.

Simmons Energy | A Division of Piper Jaffray served as exclusive financial advisor to Fountain Quail Energy Services and CSL Capital Management on the transaction.

About XRI

Headquartered in Midland, Texas, XRI is a leading full-cycle water midstream company with integrated infrastructure assets strategically located throughout the Permian Basin. XRI has over 300 miles of permanent, buried pipeline infrastructure and is engaged in the development, production, treatment and transportation of water for use in the exploration & production industry. XRI is dedicated to bringing deep technical expertise and industry leading service to provide cost-effective, reliable and environmentally responsible water solutions to our customers throughout the Permian Basin. XRI is a portfolio company of Morgan Stanley Energy Partners. For further information about XRI, please visit www.xriblue.com.

About Fountain Quail Water Treatment & Fountain Quail Energy Services

Headquartered in Irving, Texas, Fountain Quail Water Treatment provides customers with proprietary oilfield water treatment, reuse, and recycling technologies used for on-site filtration and treatment of produced water and ultimate reuse in well completion operations. | Fountain

Quail Energy Services, LLC, a portfolio company of CSL Capital Management, will continue to offer water logistics, supply, and disposal in the Marcellus and Utica basins.

About Morgan Stanley Energy Partners

Morgan Stanley Energy Partners, the energy-focused private equity business of Morgan Stanley Investment Management, is a leading energy private equity platform that makes privately negotiated equity and equity-related investments in energy companies located primarily in North America. Morgan Stanley Energy Partners pursues a differentiated investment strategy, focused on the buyout and build-up of strategically attractive, established energy businesses across the energy value chain in partnership with world-class management teams. For further information about Morgan Stanley Energy Partners, please visit www.morganstanley.com.

About CSL Capital Management

CSL Capital Management, L.P. is an SEC-registered investment firm focused on building energy services and equipment businesses in the United States. Headquartered in Houston, Texas, CSL Capital was founded in 2008. CSL Capital's current portfolio includes several de novo, growth, recapitalization, and other energy investments. CSL Capital's partners include financial institutions, endowments, foundations, and family offices, among other institutional groups. Since inception in 2008, CSL Capital has raised in excess of \$1.6 billion in equity capital and commitments across various investment vehicles. For more information about CSL Capital, please visit www.cslenergy.com.

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