



FOR IMMEDIATE RELEASE

NUEVO MIDSTREAM LAUNCHES WITH \$65 MILLION EQUITY COMMITMENT Company Will Develop Midstream Infrastructure for Natural Gas Producers in the Permian Basin

HOUSTON – April 13, 2011 – Nuevo Midstream, LLC announced today that it has secured a \$65 million equity commitment to support formation of the company. Nuevo Midstream is a start-up midstream company based in Houston. The company will focus on developing and operating midstream infrastructure for natural gas producers in the Permian Basin with specific emphasis on the Bone Springs and Wolfcamp formations and the Avalon Shale trend in southeast New Mexico and west Texas.

Equity backing for the new company comes from the EnCap Energy Infrastructure Fund (“EEIF”), Torch Energy Advisors Incorporated (“Torch Energy”) and Petroleum Fuels Company, Inc. (“Petroleum Fuels”). EEIF is managed by EnCap Flatrock Midstream, a private equity firm based in San Antonio with more than \$1.2 billion in midstream equity under management. Nuevo Midstream will be owned by EEIF, Houston-based Torch Energy and Petroleum Fuels, which is headquartered in League City, Texas. Torch Energy will contribute management services to Nuevo Midstream along with assets it co-owns with Petroleum Fuels, including the Ramsey gas gathering system.

The Ramsey system consists of approximately 130 miles of natural gas gathering pipeline; compressor and measurement stations; and processing, fractionation, storage and loading facilities located in Reeves County, Texas. The gathering system crosses through Eddy County in southeast New Mexico and Culberson, Loving and Reeves counties in west Texas.

“The Bone Springs and Wolfcamp formations and the Avalon Shale are unconventional plays that are generating big news and strong results. We are excited about working with this highly experienced management team to develop Nuevo’s acreage dedications and midstream capacities as production accelerates in the area,” said Dennis Jaggi, one of EnCap Flatrock’s three managing partners. “This is a leadership team that has a great track record of success in midstream. They are working in an area with very positive upstream economics that create a rapidly accelerating demand for gathering and processing infrastructure. That’s the winning combination we look for.”

Nuevo Midstream’s management team will be led by Jay Lendrum, Torch Energy’s current president and COO. The senior leadership group at Nuevo Midstream has more than 120 years of energy experience and also includes Randy Ziebarth, vice president of operations; Chris Work, vice president and chief financial officer; and Dwight Serrett, vice president of engineering and construction.

“EnCap Flatrock brings more than capital,” Lendrum said. “The partners share our vision for expanding Nuevo Midstream’s gas gathering and processing capabilities in the Bone Springs, Wolfcamp and Avalon Shale. The financial strength and operational expertise we have in place through this partnership provides Nuevo Midstream with very significant long-term growth potential in one of the most exciting plays in the country.”

About Nuevo Midstream, LLC

Nuevo Midstream, LLC is a start-up midstream company headquartered in Houston. The company was formed with a \$65 million commitment from the EnCap Energy Infrastructure Fund, Torch Energy Advisors Incorporated and Petroleum Fuels Company, Inc., including contributions of assets and management services from Torch Energy and Petroleum Fuels. Nuevo Midstream will focus its operations in the Permian Basin with emphasis on the Bone Springs and Wolfcamp formations and the Avalon Shale trend in southeast New Mexico and west Texas. Led by Jay Lendrum, Torch Energy's current president and COO, the senior leadership group at Nuevo Midstream has more than 120 years of energy industry experience and also includes Randy Ziebarth, vice president of operations; Chris Work, vice president and chief financial officer; and Dwight Serrett, vice president of engineering and construction.

About Torch Energy Advisors Incorporated

Torch Energy Advisors Incorporated is a privately held energy company based in Houston and owned by J.P. Bryan and Jay Lendrum. Founded in 1981, the company provides well production services and owns and operates upstream, midstream and renewable energy assets. During its 30-year history, Torch Energy has invested and managed more than \$3 billion in energy assets. Torch Energy's midstream business segment owns an interest in 57 natural gas gathering systems in Texas, New Mexico, Oklahoma, Louisiana and Mississippi. Torch Energy also provides oil and gas marketing services. www.teai.com

About Petroleum Fuels Company, Inc.

Petroleum Fuels Company, Inc. is a privately held energy company based in League City, Texas and owned by Ronald W. Brown. Founded in 1974, the company is involved in onshore and offshore natural gas gathering, compression, treating, processing and marketing in Texas, New Mexico, Oklahoma, Arkansas and the Gulf of Mexico. Petroleum Fuels will direct the development of Nuevo Midstream's natural gas liquids marketing efforts.

About EnCap Flatrock Midstream

EnCap Flatrock Midstream is a private equity firm based in San Antonio. EnCap Flatrock manages the EnCap Energy Infrastructure Fund. The Fund provides private equity capital to proven management teams focusing on midstream energy infrastructure opportunities throughout North America including:

- natural gas gathering, treating, compression, processing and storage operations;
- oil gathering and transportation;
- natural gas liquid fractionation, storage and transportation;
- produced water handling and disposal;
- carbon dioxide gathering, transportation and sequestration.

The EnCap Flatrock Midstream team is led by Dennis Jaggi, Billy Lemmons and Bill Waldrip, who have worked together for virtually all of the past 30 years in the midstream sector of the oil and gas industry. With more than 93 years of midstream experience and 125 prior advisory clients, EnCap Flatrock Midstream principals have been directly involved in a total of approximately \$4.1 billion in energy transactions and investments. The firm has more than \$1.2 billion in midstream equity under management and 66 prestigious institutional investors. www.efmidstream.com

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