



## **Azure Midstream Energy Announces Amendment to \$550 Million Term Loan and Credit Facility**

- **Permits Contribution of Legacy Gathering System to Marlin Midstream**
- **Provides for Acquisition of Marlin's General Partnership and Incentive Distribution Rights**
- **Creates Pathway for Additional Drop Down Transactions to Marlin**

February 4, 2015 – Azure Midstream Energy, LLC (“Azure”) announced it has completed the necessary amendment to facilitate the first of two financings necessary to complete the proposed transactions with Marlin Midstream Partners, LP ( “Marlin”), announced on January 15, 2015.

Azure entered into agreement with lenders of its \$550 million senior secured term loan and senior secured revolving credit facility (“Amendment”) that enables Azure to contribute its Legacy gathering system to Marlin, as well as, the acquisition of 100% of Marlin’s general partner interest, 90% of Marlin’s outstanding incentive distribution rights, and an option to purchase up to 20% of Marlin’s sponsor, NuDevco Midstream Development, LLC partnership units, collectively the (“Proposed Transactions”). The definitive agreements relating to the amendment were executed and delivered by the administrative agent and the lenders party thereto on February 3, 2015 to be effective upon closing of the proposed transactions.

Eric T. Kalamaras, Azure's Chief Financial Officer, said, "The combined amendment provides Azure a pathway to complete this highly strategic transaction with Marlin, and allows for a more customized financing approach to aid Azure in meeting its objectives for future growth. Mr. Kalamaras further stated, "we are pleased that nearly all of our existing lenders have shown such strong support and confidence in our business platform and strategies as we move Azure forward with multiple vehicles to create value for our stakeholders.”

### **Terms of the Transactions**

Pursuant to the terms of the amendment, and lender receipt of \$95 million in proceeds, Azure will receive greater flexibility for its ability to conduct drop down asset sales and affiliate transactions with Marlin that will significantly aid in Marlin’s distribution growth. Specifically, Azure will be permitted to engage in the following: (i) transfer additional assets to Marlin with a value up to \$150 million if such transfer reduces leverage by 0.5x or more, subject to mandatory prepayment requirements; (ii) Marlin and its subsidiaries will not be treated as subsidiaries for covenant, representation, financial calculations, guarantee and collateral purposes, and (iii) the excess cash flow prepayment for 2014 will be waived, thereby allowing Azure to retain additional cash flow for growth capital opportunities.

### **Arranger and Legal Advisor**

J.P. Morgan Securities LLC acted as sole arranger, and Latham & Watkins LLP acted as sole financing counsel to Azure.

## **About Azure Midstream Energy, LLC**

Azure is a midstream company with a focus on owning, operating, developing and acquiring midstream energy infrastructure in core producing areas in the United States. Azure currently provides natural gas gathering, compression, treating and processing services in northern Louisiana and east Texas in the prolific Haynesville and Bossier Shale formations, the liquids-rich Cotton Valley formation and the shallower producing sands in the Travis Peak formation.

[www.azuremidstream.com](http://www.azuremidstream.com)

## **Cautionary Language**

This press release contains forward-looking statements. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. In particular, statements, express or implied, concerning future actions, conditions or events, future operating results or the ability to generate revenues, income or cash flow or to make distributions are forward-looking statements. The forward-looking statements in this press release include statements regarding Azure and Marlin and their respective affiliates, including statements about (i) the parties ability to consummate the Proposed Transactions as well as the other transactions described herein and (ii) the benefits such transactions will provide to Azure and Marlin. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future actions, conditions or events and future results of operations of Azure and Marlin may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results are beyond Azure's and Marlin's ability to control or predict. These statements are necessarily based upon various assumptions involving judgments with respect to the future, including, among others, conditions in the capital and credit markets; the ability to achieve synergies and revenue growth; national, international, regional and local economic, competitive and regulatory conditions and developments; technological developments; inflation rates; interest rates; the political and economic stability of oil producing nations; energy markets; commodity prices; weather conditions; environmental conditions; business and regulatory or legal decisions; the timing and success of business development efforts; terrorism; and other uncertainties. There is no assurance that any of the actions, events or results of the forward-looking statements will occur, or if any of them do, what impact they will have on Azure's and Marlin's results of operations or financial condition. Because of these uncertainties, you are cautioned not to put undue reliance on any forward-looking statement.

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