Deep Blue Closes Acquisition of Environmental Disposal Systems from Diamondback

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Doubles scale in the Midland Basin and further solidifies leadership in sustainable produced water management

MIDLAND, Texas, Oct. 01, 2025 (GLOBE NEWSWIRE) -- Deep Blue Midland Basin LLC ("Deep Blue"), the Midland Basin's largest independent water infrastructure platform, today announced the closing of its previously announced acquisition of Environmental Disposal Systems, LLC ("EDS") from Diamondback Energy, Inc. ("Diamondback"). Deep Blue was formed in 2023 as a joint venture between Diamondback and Five Point Infrastructure.

Diamondback maintained a 30% equity interest in Deep Blue and received approximately $695 million in upfront cash proceeds. Diamondback will also have the potential to receive up to $200 million of additional cash proceeds through performance-based earnouts until the end of 2028.

With nearly 2,000 miles of pipeline and millions of barrels per day of capacity, Deep Blue delivers comprehensive water management services in the critically important Midland Basin – from gathering and transporting to treating, recycling and disposing of produced water.

"We're excited to add EDS to our rapidly growing independent water infrastructure platform, the largest in the Midland Basin," said Scott Mitchell, Chief Executive Officer of Deep Blue. "The integration of EDS will create tremendous value for current and prospective customers who seek operational excellence and commercial synergies. This acquisition exemplifies our ability to scale alongside rising industry demand, as we continuously develop sustainable solutions that contribute to the Texas economy and U.S. energy leadership."

In conjunction with the transaction, Deep Blue successfully closed a $950 million seven-year senior secured term loan B facility to fund a portion of the purchase price and pay down a revolving credit facility. Deep Blue received inaugural corporate ratings of BB- from Fitch Ratings and S&P Global Ratings and Ba3 from Moody's Investors Service, with a stable outlook from all three agencies.

J.P. Morgan Securities LLC served as lead financial advisor to Deep Blue.

About Deep Blue

Deep Blue is headquartered in The Woodlands and Midland, Texas and develops, owns and operates integrated midstream water infrastructure networks to manage water for exploration and production companies throughout the Midland Basin. The Company's mission is to create value for its customers and stakeholders by addressing their long-term water management requirements through integrated pipeline systems and sustainable water management practices. Deep Blue's goal is to minimize disposal through water recycling and advanced technologies such as desalination and enhanced evaporation. For more information about Deep Blue, please visit: www.deepbluewater.com.

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About Diamondback Energy

Diamondback is an independent oil and natural gas company headquartered in Midland, Texas focused on the acquisition, development, exploration and exploitation of unconventional, onshore oil and natural gas reserves in the Permian Basin in West Texas. For more information about Diamondback please visit: www.diamondbackenergy.com.

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About Five Point Infrastructure

Five Point Infrastructure LLC is a private equity and infrastructure investor focused on investments within the North American powered land, surface management, water management, and sustainable infrastructure sectors. The firm was founded by industry veterans with demonstrated records of success investing in, building, and running infrastructure companies. Based in Houston, Texas, Five Point has approximately $8 billion of assets under management across multiple investment funds. For more information about Five Point, please visit: www.fpinfra.com.

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