

Blue Racer Midstream LLC's Proposed \$300 Million Notes Assigned 'B' Rating (Recovery: '5')

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NEW YORK (S&P Global Ratings) June 14, 2018--S&P Global Ratings today assigned its 'B' issue-level rating to U.S. midstream energy company Blue Racer Midstream LLC's and Blue Racer Finance Corp.'s proposed \$300 million senior unsecured notes due 2026. The company intends to use net proceeds of the offering to reduce outstanding borrowings on the \$1 billion revolving credit facility and for general corporate purposes. The '5' recovery rating on the proposed notes indicates our expectation of modest (10% to 30%; rounded estimate: 15%) recovery in the event of a payment default. As of March 31, 2018, Blue Racer had \$1.08 billion of reported debt.

Blue Racer is a joint venture between affiliates of Caiman Energy II LLC and Dominion Energy Inc. that operates and develops midstream assets in the Marcellus and Utica shale. The corporate credit rating is 'B+' and the outlook is stable.

RELATED CRITERIA

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria - Corporates - General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity

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Descriptors For Global Corporate Issuers, Dec. 16, 2014

- Criteria - Corporates - Industrials: Key Credit Factors For The Midstream Energy Industry, Dec. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Ratings List

Blue Racer Midstream LLC

Corporate credit rating

B+/Stable/--

New Rating

Blue Racer Midstream LLC

Blue Racer Finance Corp.

US\$300 mil sr nts due 2026

B

Recovery Rating

5(15%)

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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