



News
For Immediate Release

Black Stone Minerals, L.P. Announces Farmout Agreement Substantially Reducing Future Working Interest Capital Requirements

HOUSTON, February 21, 2017 (BUSINESS WIRE) – Black Stone Minerals, L.P. (NYSE: BSM) (“Black Stone Minerals,” “Black Stone,” or “the Partnership”) announced today that it has entered into a farmout agreement with Canaan Resource Partners (“Canaan”), which will reduce Black Stone’s future capital requirements and will generate additional royalty income. The farmout covers the Partnership’s working interests within an approximate 34,000 gross acre block in San Augustine County, Texas. Black Stone expects the farmout agreement to reduce its capital obligations by approximately \$35 million in 2017 and by an average of \$40-\$50 million annually thereafter during the three program phases discussed below.

Management Commentary

“This is a great example of the creative deal structures that Black Stone Minerals pursues to generate value for its unitholders,” said Thomas L. Carter, Jr., Black Stone Minerals’ President, Chief Executive Officer and Chairman. “This transaction, involving our most concentrated area of working interest investment, accomplishes several important things for Black Stone Minerals. It meaningfully reduces our near-term capital exposure while facilitating the continued development of a play where we have significant royalty interests. We will also benefit from the anticipated growth in volumes from this asset through the overriding royalty interests we are retaining. Lastly, it delivers on our commitment to our unitholders to remain focused on managing and growing our core minerals and royalty business.”

Transaction Highlights

- Agreement covers certain Haynesville and Bossier shale acreage in the Shelby Trough in San Augustine County, Texas operated by XTO Energy. Black Stone has an average 50% working interest in the acreage and is the largest mineral owner.
- A total of 58 wells are anticipated to be drilled over an initial phase and two additional phases that Canaan may participate in at its option, with each phase estimated to last approximately two years, beginning with wells spud after January 1, 2017.
- During the first three phases of the agreement, Canaan will commit on a phase-by-phase basis and fund 80% of Black Stone’s drilling and completion costs and will be assigned 80% of Black Stone’s working interests in such wells (40% working interest on an 8/8ths basis).
- After the third phase, Canaan can earn 40% of the Partnership’s working interest (20% working interest on an 8/8ths basis) in additional wells drilled in the area by continuing to fund 40% of Black Stone’s costs for those wells on a well-by-well basis.
- Black Stone Minerals receives a base overriding royalty interest (“ORRI”) before payout and an additional ORRI after payout on all wells drilled under the agreement.

Canaan Resource Partners (www.crpok.com) has directed and managed energy investments through a number of current and predecessor investment vehicles since 1990.

Tudor, Pickering, Holt & Co. served as the sole financial advisor for Black Stone Minerals. Legal advice was provided by Vinson & Elkins LLP.

About Black Stone Minerals, L.P.

Black Stone Minerals is one of the largest owners of oil and natural gas mineral interests in the United States. The Partnership owns mineral interests and royalty interests in over 40 states and 60 onshore basins in the continental United States. The Partnership also owns and selectively participates as a non-operating working partner in established development programs, primarily on its mineral and royalty holdings. The Partnership expects that its large, diversified asset base and long-lived, non-cost-bearing mineral and royalty interests will result in production and reserve growth, as well as increasing quarterly distributions to its unitholders.

Forward-Looking Statements

This news release includes forward-looking statements. All statements, other than statements of historical facts, included in this news release that address activities, events, or developments that the Partnership expects, believes, or anticipates will or may occur in the future

are forward-looking statements. Terminology such as “will,” “may,” “should,” “expect,” “anticipate,” “plan,” “project,” “intend,” “estimate,” “believe,” “target,” “continue,” “potential,” the negative of such terms, or other comparable terminology often identify forward-looking statements. Except as required by law, Black Stone Minerals undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after this news release. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this news release. All forward-looking statements are qualified in their entirety by these cautionary statements. These forward-looking statements involve risks and uncertainties, many of which are beyond the control of Black Stone Minerals, which may cause the Partnership’s actual results to differ materially from those implied or expressed by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, those summarized below:

- the Partnership’s ability to execute its business strategies;
- the volatility of realized oil and natural gas prices;
- the level of production on the Partnership’s properties;
- regional supply and demand factors, delays, or interruptions of production;
- the Partnership’s ability to replace its oil and natural gas reserves; and
- the Partnership’s ability to identify, complete, and integrate acquisitions.

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