



ENERGY

2026 North American Midstream M&A Outlook

Strategic Consolidation in a Transitioning Energy Landscape

The North American Midstream sector enters 2026 having emerged from one of its most active periods of M&A activity in recent memory, with more than \$90 billion in transactions occurring across 2024–2025¹.

During this consolidation cycle, industry leaders such as Phillips 66, ONEOK, Plains, and Targa executed strategic acquisitions to build scale, improve connectivity, integrate value chains, and reposition portfolios for long-duration growth. These transactions were fueled by structurally higher natural gas demand, expanding LNG exports, and growing power requirements associated with energy-intensive data centers.

As we move into 2026, the overarching themes of Midstream M&A are changing. With scale largely achieved and many large organic growth projects underway, the market is shifting from mega-mergers toward a more selective, execution-driven phase. Rather than pursuing size, leading operators are seeking transactions that unlock optionality, enhance asset scale within existing systems, and deepen commercial sophistication. New opportunities are emerging through the targeted acquisition of basin-specific assets and complementary commercial capabilities, where value creation is increasingly determined by how effectively assets are integrated, optimized, and monetized.



1. A&M analysis. Observations and conclusions in this report reflect our professional expertise and ongoing study of the industry; analysis of authoritative third-party publications and data; insights from client engagements; market intelligence and benchmarking; and synthesis of regulatory, academic, and investor perspectives.



The Consolidation Cycle That Set the Stage for 2026 (2023–2025)

To understand the current inflection point in Midstream M&A, it is important to reflect on the consolidation cycle that defined the last two to three years.

This phase marked one of the most significant restructurings of the North American Midstream landscape in recent decades, as leading operators moved decisively to reshape portfolios, build scale, and integrate assets across core basins and strategic transport corridors.

During this period, transactions were driven less by opportunistic deal-making and more by deliberate strategic realignment. Phillips 66 expanded and integrated its NGL platform through the acquisition of EPIC Y-Grade (since renamed the Coastal Bend pipeline), strengthening connectivity between the Permian Basin and the Gulf Coast and enhancing downstream optionality. Plains' acquisition of EPIC Crude materially reshaped its crude portfolio, adding a large-scale Permian-to-Corpus Christi pipeline system with both long-haul transportation and associated gathering assets, and reinforcing its access to Gulf Coast markets. ONEOK's acquisition of EnLink similarly broadened its gas gathering and processing footprint, increasing basin diversity and operational leverage. Targa Resources continued its consolidation in the Delaware Basin through the acquisition of Stakeholder Midstream, while Western Midstream Partners continued its expansion beyond hydrocarbons with the \$2 billion acquisition of Aris Water Solutions, which strengthened its water infrastructure assets alongside its traditional oil and gas Midstream assets.

In review, these transactions reflected an industry wide shift toward vertical integration, geographic efficiency, and more disciplined deployment of capital. Scale was pursued not as the primary driver, but as a means to improve asset utilization, strengthen system connectivity, and create more resilient cash flow profiles across commodity cycles.

At the same time, the consolidation cycle was aided by the increased use of capital partnerships to fund large, long-term-view infrastructure investments. Transactions, such as KKR's approximately \$10 billion equity investment in Sempra Infrastructure Partners, illustrate how sponsors and operators sought to balance growth ambitions with balance-sheet discipline by allocating capital and risk across partners to support export-oriented and energy-transition-linked assets. These structures were not indicative of asset maturation, but rather of a maturing capital strategy focused on flexibility, durability, and optionality.

Collectively, the Midstream M&A activity over the past couple of years has reset the competitive landscape and established the foundation for a more selective, execution-driven M&A environment.

What M&A May Be Left in 2026 and Beyond

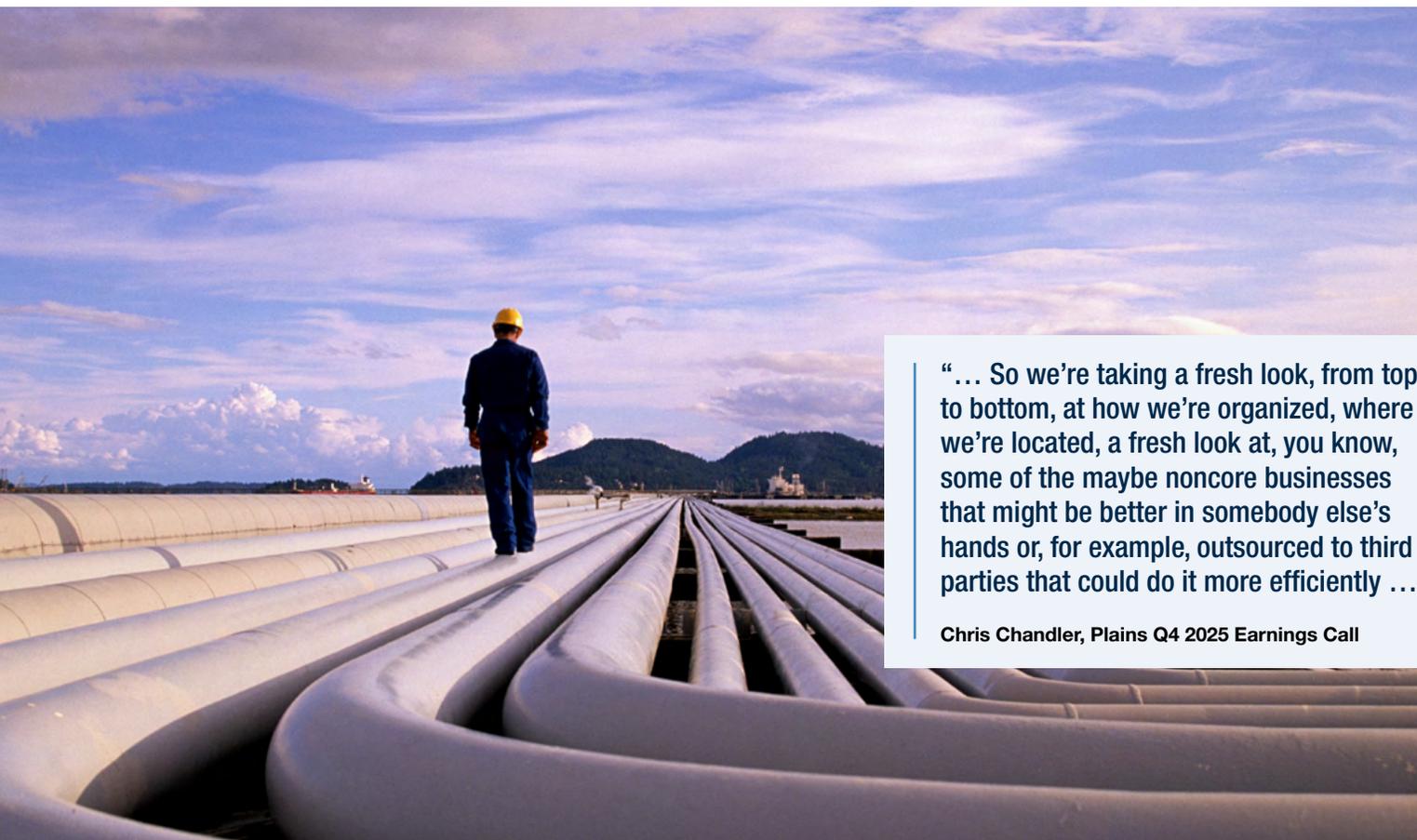
As the dust settles from the sector's recent M&A surge, 2026 is shaping up as a new wave of opportunity, albeit with a more surgical focus.

The strategic rationale behind these next-generation deals will likely be rooted in targeted realization of post-transaction uplift rather than scale.

We expect to see an uptick in asset-level transactions as larger operators refine their portfolios and balance sheets following the recent consolidation. In particular, upstream players that were active in acquisitions in 2024–2025, such as Chevron and Diamondback, may look to divest noncore, captive Midstream and G&P assets as lower commodity prices pressure free-cash flow and elevate capital discipline. In many of these cases, divestitures are less about asset quality and more about reallocating capital toward core upstream operations, reducing leverage, and preserving balance-sheet flexibility. This also creates attractive entry points for Midstream buyers with longer-duration infrastructure views and planning.

At the same time, rising power demand to support energy-intensive data centers is likely to catalyze Midstream infrastructure investment across new regional corridors, particularly where gas connectivity and reliability are critical. All told, consolidation among mid-cap Midstream operators with multi-basin exposure is expected to continue, especially where integration complexity and subscale operations create natural acquisition candidates. These companies are often well positioned to rationalize portfolios but lack the scale or balance sheet flexibility to do so independently.

Importantly, buyers are refining their criteria. Asset overlap, commercial infill opportunities, and ease of integration now factor more heavily into target screening than ever before. The playbook for 2026 is not about buying more, but about buying smarter, with a clear line of sight to value creation from day one.



“... So we’re taking a fresh look, from top to bottom, at how we’re organized, where we’re located, a fresh look at, you know, some of the maybe noncore businesses that might be better in somebody else’s hands or, for example, outsourced to third parties that could do it more efficiently ...”

Chris Chandler, Plains Q4 2025 Earnings Call

Expanding Optionality Through Strategic Deals

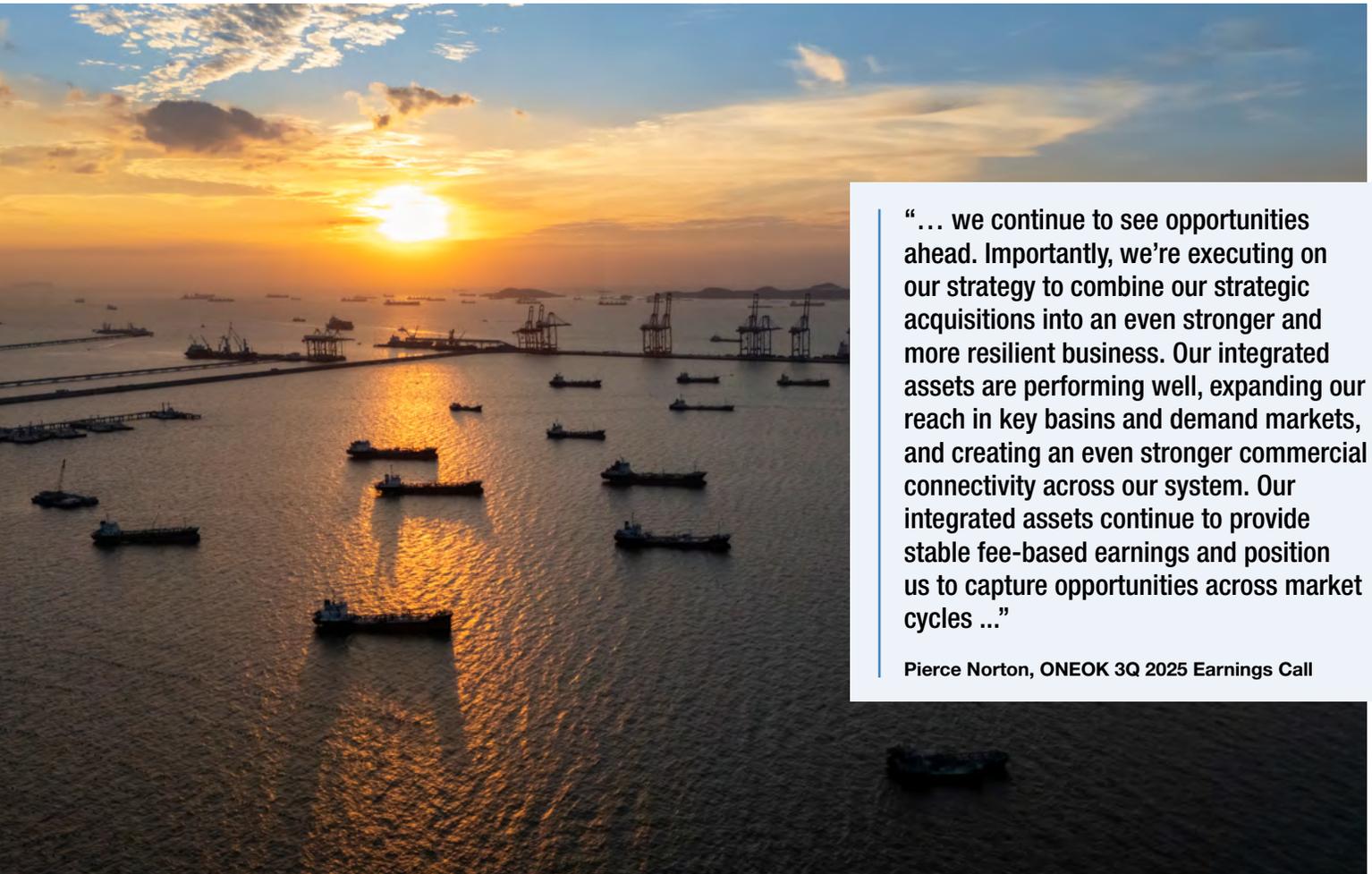
In a capital-constrained and performance-driven market, optionality has become a key metric of value.

Midstream operators are increasingly targeting acquisitions that enhance their ability not only to move hydrocarbons from production basins to high-value demand centers, but also to store, stage, and time volumes in response to market conditions. This includes connectivity to LNG liquefaction facilities and access to LNG and NGL storage, fractionation hubs, export terminals, and petrochemical complexes.

This approach is exemplified in transactions such as ONEOK's integration of liquids assets and Targa's Delaware Express, a 100-mile NGL pipeline that improves connectivity between the Permian Basin and the Texas Gulf Coast. Similarly, Phillips 66's acquisition of the Coastal Bend pipeline reflects a broader strategy to enhance redundancy, reduce basis risk, and unlock flexibility across long-haul NGL transportation, fractionation, and export pathways.

In LNG-linked systems, access to storage, whether upstream of liquefaction or at waterborne outlets, adds another layer of commercial control by allowing operators to manage nominations, smooth volatility, and optimize cargo timing.

These infrastructure investments are no longer about volume alone. They are about control over flow paths, storage positions, scheduling, and ability to further optimize to commercial terms. In an increasingly dynamic global gas and liquids market, the ability to redirect, delay, or accelerate volumes across multiple end markets provides a competitive edge that extends well beyond the pipe.



“... we continue to see opportunities ahead. Importantly, we’re executing on our strategy to combine our strategic acquisitions into an even stronger and more resilient business. Our integrated assets are performing well, expanding our reach in key basins and demand markets, and creating an even stronger commercial connectivity across our system. Our integrated assets continue to provide stable fee-based earnings and position us to capture opportunities across market cycles ...”

Pierce Norton, ONEOK 3Q 2025 Earnings Call



From Asset Ownership to Commercial Sophistication

One of the more important strategic shifts in Midstream is the evolution from pure asset ownership toward enhanced commercial sophistication, specifically, the ability to actively manage flows, pricing, contracts, and counterparty exposure to maximize margin and reduce earnings volatility.

Increasingly, operators are building or acquiring internal commercial capabilities to optimize utilization across their systems, structure tolling and fee-based arrangements more effectively, and selectively capture incremental value through pricing flexibility and commodity logistics management.

In this context, M&A is being used not only to acquire physical infrastructure, but also to secure commercial capabilities, including customer contracts, market access, and organizational expertise that improve how assets are monetized once onboarded. Importantly, the commercial relevance of a transaction often represents one component of a broader strategic rationale rather than serving as the sole driving force behind the addition.

Marathon Petroleum, through MPLX, further illustrates this evolution. While MPLX's performance is anchored in fee-based Midstream assets, its ability to optimize throughput, improve optionality in contract structures, and enhance connectivity into Marathon's broader commercial system helped support resilient Midstream earnings in 2025 despite volatility in downstream refining margins.

Similarly, Targa's recent Permian acquisitions are notable not simply for asset consolidation, but for the inclusion of long-term fee-based contracts that directly integrate into Targa's marketing and logistics platform, thus reinforcing volume certainty while enhancing commercial optionality.

Exxon's acquisition of a minority interest in Enterprise Products' Bahia NGL pipeline presents yet another example of deviation from the traditional Midstream control transaction. It presents value as a targeted move to secure downstream market access and commercial alignment for NGL flows, strengthening Exxon's ability to manage molecules beyond the wellhead. In the past, these have been more widespread operational purchases or pivots, and now we are seeing targeted solutions in smaller transactions.

As these examples illustrate, leading operators are increasingly differentiating themselves by embedding commercial intelligence and commodity management into the Midstream operating model. This shift from passive transport providers to active portfolio managers capable of generating incremental value across cycles will continue and allow Midstream operators to further expand capture of the overall value chain.

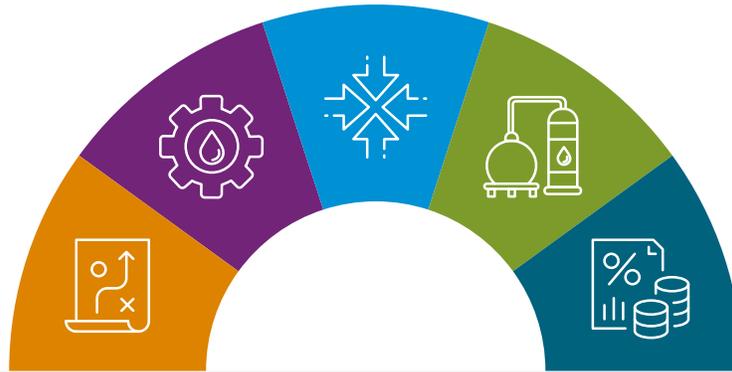
Winning in the 2026 Midstream M&A Landscape

At Alvarez & Marsal, we view the 2026 Midstream M&A environment as fundamentally different from the consolidation cycles that preceded it.

With scale largely achieved across many basins and corridors, the primary determinant of success has shifted from **transaction execution to value realization**.

In this next phase, M&A will be less about assembling assets, but rather about designing portfolios that can be actively integrated, optimized, and monetized over time.

From A&M's perspective, winning transactions in this environment consistently reflects a small number of critical principles.



1. Precision of Strategic Fit

Focus on adjacency, not expansion

- Prioritize assets that strengthen existing basins and corridors
- Target commercial and physical infill over platform sprawl
- Underwrite value through connectivity, not footprint growth



2. Operationally Real Synergies

Underwrite value from operations, not assumptions

- Base synergies on labor, utilization, contracts, and capex
- Stress-test timing, achievability, and execution risk
- Link diligence assumptions directly to post-close plans



3. Integration by Design

Build integration into the deal thesis

- Define operating model, governance, and sequencing pre-close
- Address complexity across hydrocarbons, water, storage, and exports
- Treat integration as a value driver, not a follow-on exercise



4. Commercial Capability as Value

Monetize assets through flow flexibility and optionality

- Optimize routing, storage, scheduling, and nominations
- Integrate LNG-linked assets and tolling structures
- Elevate commercial systems, talent, and decision rights



5. Capital Discipline and Structure

Protect returns while preserving flexibility

- Favor asset-level deals over balance-sheet-heavy platforms
- Use JVs and third-party capital to manage risk and intensity
- Align deal structure with long-duration cash-flow resilience

A&M believes the next phase of Midstream M&A will reward operators that approach transactions as value-creation programs rather than discrete events. Those who combine disciplined target selection, rigorous execution planning, and active portfolio management will be best positioned to convert today's more selective deal flow into durable shareholder value.



Conclusion and Strategic Outlook

Midstream M&A in 2026 is less a story of size than one of precision in strategic fit, asset connectivity, and value realization.

The companies that outperform will not be those that pursue the largest transactions or aggregate the largest portfolio of assets, but those that execute deals with a clear line of sight to incremental cash flow, operational leverage, and capital efficiency. This requires identifying targets that tightly align with an operator's strategic priorities, clearly defining value levers up front, and conducting rigorous pre-deal diligence.

That diligence includes mapping asset adjacencies across basins, corridors, and customer flows to understand how systems physically and commercially connect, identifying integration and execution risks, and pre-modeling synergies with a bottom-up, operationally grounded lens. Strategic acquirers must also embrace a new paradigm: one where commercial acumen, marketing capabilities, and flow flexibility define success. M&A remains a potent tool, but its power is unlocked through disciplined execution.

Alvarez & Marsal stands ready to support Midstream operators with hands-on expertise, proprietary data, and a bias for action that turns strategic intent into operational reality.

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