

PINE BROOK

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Seasoned energy execs hope to strike black gold again with \$780M in financial backing

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In Austin, billion-dollar energy companies are as rare as December snowflakes — recent flurries notwithstanding.

But a small group of oil execs with experience building such businesses hope to replicate their success yet again. ATX Energy Partners is the name of their new exploration-and-production company and [they have secured \\$780 million](#) from investors at a time when crude oil remains priced below \$60 a barrel.

The backstory: Earlier this year, Austin-based Brigham Resources LLC was bought by [Diamondback Energy](#) Inc. [in a cash-and-stock deal valued at about \\$2.55 billion](#). At the time, [Gene Shepherd](#) was CEO, [J. Silva](#) was chief financial officer and [Erik Hoover](#) was executive vice president of operations.

Now, with the new venture, Shepherd has retained his chief executive role at ATX Energy Partners and Silva is again in the CFO chair while Hoover is chief operating officer.

Prior to Brigham Resources, Shepherd was CFO at Brigham Exploration LLC, which was bought by Statoil ASA in December 2011 for \$4.4 billion. Both companies were started by [Bud Brigham](#), who is an investor in ATX Energy Partners.

"Since closing on the sale to Diamondback earlier this year, we have been actively evaluating new opportunities and are excited to formally begin a

new chapter together as ATX Energy Partners," Shepherd said in a statement. "The fact that ATX will benefit from the same leadership team and partnership with the same financial sponsors that facilitated our early entry into the Southern Delaware Basin in 2013 dramatically enhances our probability for success."

Warburg Pincus LLC led the \$780 million investment in ATX Energy Partners, [which the Wall Street Journal called](#) "one of the largest private equity investments in a shale startup." Yorktown Partners LLC and Pine Brook Partners also chipped in.

ATX Energy Partners has about 30 employees but no drilling assets yet, per the Journal. The company plans to buy assets from big oil companies or to possibly make smaller deals; according to the Journal, they don't have firm plans yet but are considering drilling in West Texas and central Oklahoma.

It might seem surprising that a company with no physical assets can secure hundreds of millions of dollars in financing. But investors say it makes sense given the track record of the founders of ATX Energy Partners in turning unheralded oil patches into big profits — first in the Bakken Shale with Brigham Exploration, [then in parts of the Permian Basin with Brigham Resources](#).

"Whenever we get the opportunity to provide capital again to proven management teams that have made money for us in past, that's definitely a high priority of ours," said Nicholas Chew, a vice president on the energy investment team at Pine Brook.

When it's evaluating investments, a company's assets are "certainly a factor we consider but first and foremost is the management team," he added.

When it comes to billion-dollar energy production companies, Austin pales in comparison with Houston or Dallas. Parsley Energy Inc. is the leader of the Central Texas bunch, with a market capitalization of about \$8.1 billion based on Friday's closing share price of \$25.90. It drills mostly in the Permian Basin in West Texas.