

PINE BROOK

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Pine Brook, Warburg Pincus and Yorktown Partners

Brigham Resources LLC, an oil and gas company backed by three private-equity firms, closed the sale of all its assets in West Texas to publicly traded Diamondback Energy Inc. for \$2.55 billion.

Austin, Texas-based Brigham Resources, which comprises Brigham Resources Operating LLC and Brigham Resources Midstream LLC, closed its sale almost four years after it received a \$650 million equity investment from Pine Brook, Warburg Pincus and Yorktown Partners in April 2013, according to a news release at that time.

The assets sold are located in the southern part of West Texas's Delaware Basin, itself a sub-basin of the broader Permian Basin, which in the last few years became the most active oil exploration region in the U.S. The assets include 80,185 net leasehold acres in Pecos and Reeves counties, 48 Brigham-operated, producing horizontal wells and 170 miles of natural gas and water infrastructure, as well as 5,745 net mineral acres, a news release said.

The Brigham deal is the latest in a wave of asset sales by private equity-backed companies in the Permian Basin, amid strong appetite for such assets from public oil companies looking to expand their presence in the area.

Brigham was one of the first oil companies to enter that particular area of the Southern Basin and to prove its production potential through the application of shale drilling techniques, especially hydraulic fracturing and horizontal drilling, according to energy executives. The company with funding from its private-equity backers was able to purchase assets at lower prices at a time when the area's oil fields were less developed. Brigham also stayed in the region even after energy prices began to fall in mid-2014. Land prices have climbed in recent years to between \$25,000 and \$45,000 an acre in the core areas of the Delaware Basin, compared with as low as \$3,000 an acre in 2012, according to global consulting firm Wood Mackenzie Ltd.

Nick Chew, a vice president on Pine Brook's energy investment team, said that although the company's backers and management saw a good opportunity to sell Brigham, his firm still sees promise in the Permian and plans to continue investing there. He added that a big chunk of the Brigham sale is being paid in Diamondback stock.

"We're obviously happy with the price," Mr. Chew said. "We're excited about the transaction, but it doesn't mean that there's not more uptick to come on valuations."

Pine Brook, which has offices in New York and Houston, typically invests between \$100 million and \$500 million in new and expanding companies in the financial-services and energy sectors, according to its website. The firm's portfolio still has several oil producers operating in the Permian Basin, including Elevation Resource Holdings LLC, Forge Energy LLC and Accelerate Resource Holdings LLC.