

# Pine Brook Leads \$400 Million Commitment for Texas Oil and Gas Company



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By Jonathan Shieber

04/12/13 Pine Brook Partners said it has led a group of investors in an equity investment of up to \$400 million in the oil and gas exploration company Elevation Resources LLC.

Midland, Texas-based Elevation focuses on opportunities in the Permian Basin through the acquisition, leasing, exploration and development of oil and gas properties, with an emphasis on horizontal drilling opportunities in the Delaware and Midland basins.

The investment comes from Pine Brook's second fund, Pine Brook Capital Partners II LP, which, according to a September 2012 filing with the U.S. Securities and Exchange Commission, is targeting \$2 billion. Craig Jarchow, a managing director on Pine Brook's energy investment team, declined to comment on the company's fundraising activities.

According to Mr. Jarchow, the investment in Elevation Resources is part of a broader macroeconomic thesis about investment opportunities in the Permian Basin.

"If you look at the industry now, it's very long drilling inventory and short capital," Mr. Jarchow said, adding that bigger players, including many of the publicly traded independent oil and gas exploration and production companies, have been much less aggressive about acquiring properties. "There is an opportunity for a well capitalized player to provide capital and the expertise to drill up locations that we already know are there."

Led by serial entrepreneur Steve Pruett, Elevation Resources' team includes several former executives from Samson Investment Co., including Chief Operating Officer Gary Dupriest and vice presidents Gary Causey and Tim Reece. Samson was acquired by Kohlberg Kravis Roberts & Co. and a group of co-investors in November 2011 for roughly \$7 billion.

Although a commitment of up to \$400 million is a large one for a potentially \$2 billion fund, Mr. Jarchow said that there were several opportunities for Pine Brook to continue to invest in the energy industry, including in energy services and transmission, gathering, treatment and distribution systems companies.