

A group of high-profile private equity firms combined to commit \$470 million to fund Vantage Energy LLC, an Englewood, Colorado, start-up E&P company led by two well-known, Denver-based industry veterans. The new company will target the acquisition and exploitation of select North American unconventional resource properties.

Vantage is headed by Roger Biemans, former president of EnCana Oil & Gas (USA) Inc., where he managed EnCana's U.S. E&P business (primarily focused on unconventional resource plays); and by Tom Tyree, who formerly served as chief financial officer for Bill Barrett Corp., an independent also focused on unconventional resources in the Rocky Mountain region. Biemans is chairman and chief executive of Vantage and Tyree is the company's president and CFO.



Alan Smith
Quantum Energy Partners

Their track record is sterling. Biemans led a team that in 2000 started what became EnCana Oil & Gas (USA) in Denver. The subsidiary has grown to become one of the largest producers in the U.S. Tyree had been with Bill Barrett for nearly four years, and prior to that, he was at Goldman, Sachs & Co. for 14 years, where he was a managing director in the energy group.

Alan Smith, managing director for Houston-based Quantum Energy Partners, which led the investor group, refers to Vantage's management as a "marquee team of oil and gas executives."

In addition to Quantum, the investor group included: Carlyle/Riverstone of New York City and Lime Rock Partners, of Westport, Connecticut. Founders, employees, friends and family contributions provided another \$15 million, bringing the total equity raise to \$485 million.

For a number of management teams, including ours, there is a greater interest in tapping private equity because we are afforded the luxury of focusing 100% of our efforts on the business.

— Tom Tyree, chief financial officer,
Vantage Energy LLC

Vantage, which was formed in October 2006, announced its equity commitment in December, about two months after initiating the financing discussions.

"For a number of management teams, including ours, there is a greater interest in tapping private equity because we are afforded the luxury of focusing 100% of our efforts on the business—avoiding much of the increased regulatory, compliance and

investor relations requirements that make it so onerous to run a public company these days," Tyree says.

"Also, it is refreshing to have investors who take a long-term, multi-year view of the business, rather than living quarter-to-quarter and investor conference-to-investor conference. Our initial financing was equity, in large part because the high risk/high return orientation of a start-up is appropriately funded with equity dollars. Also, as a start-up with no assets, our access to debt capital at inception was limited," Tyree says.

Vantage selected its equity providers based on three important criteria: relationships and trust in the principals at each firm, their experience and ability to help add value in the E&P business, and the terms of the financing.

Tyree credits some advice provided by Quantum for getting the deal done so quickly. "We got everyone in one room and didn't break until we had the documents finalized. It worked much better than the typical, endless circulation of email drafts," he says.



\$470 million from three private equity firms

USE OF PROCEEDS Start E&P company and make several acquisitions using debt financing as well as equity draws

THE PLAYERS Quantum Energy Partners managing director Alan Smith, Carlyle/Riverstone and Lime Rock Partners; Vantage Energy CEO and chairman Roger Biemans, president and CFO Tom Tyree

With the start-up financing in place, Vantage has made several acquisitions using debt financing as well as equity draws. Tyree says ultimately about half of its properties will probably be in the Rockies, but it now has properties in Texas, Utah and Alabama. Production is approaching 10 million cubic feet equivalent per day.

"We think of ourselves as being opportunity-focused rather than geographically focused," he says.

Quantum's Smith says, "Vantage's team clearly had the attributes Quantum targets when evaluating management teams: successful entrepreneurs with a demonstrable track record, who have a clear vision and a competitive advantage within a specific industry niche—that niche for Vantage being unconventional resource plays."

Given the size of the initial funding sought by Vantage, all parties agreed a group of institutional investors rather than a single firm made the most sense, Smith says. Vantage wanted a team of investors for governance, sounding board access, and deal flow, he explains. Vantage's board of managers includes representation from each of the three private equity firms.

The Vantage transaction moved quickly, Smith says, because Vantage "knew what it was looking for and knew what it took to get the deal closed." ■