

Energy CEO takes common approach to new venture

BY CASEY WOOTEN
HOUSTON BUSINESS JOURNAL

Roger Jarvis isn't resting on his laurels.

Although the ink is barely dry on a deal to sell off the assets of Common Resources LLC, the CEO of The Woodlands-based exploration and production company and his private equity backers have formed a new venture to pick up where the first E&P entity left off.

The newly minted exploration and production company, Common Resources II, is backed by another \$400 million in startup capital from Jarvis' original investors, Houston-based EnCap Investments LP and New York-based Pine Brook Road Partners LLC.

The company will develop new resource plays in its regions of specialty: The midcontinent U.S.,

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THE DEAL AT A GLANCE

Common Resources LLC sold off its natural gas shale play holdings on May 19 in two transactions:

- Dallas-based Exco Resources Inc. and U.K.-based BG Group Plc acquired the company's Haynesville shale assets in North Texas for \$446 million; and
- Talisman Energy Inc. of Calgary, Canada, purchased the Eagle Ford shale assets in South Texas for \$359 million.



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Texas and the Gulf of Mexico, although the majority of the properties developed through Common Resources LLC were shale natural gas plays.

Jarvis says the quick turnaround strategy was used to retain the human capital that led the three-year-old company to become a successful acquisition target.

"We just didn't want to lose momentum. We have a good technical team together and we wanted to make sure we had continuity," he says.

The company will stay in its Woodlands-area offices.

TIME TO MOVE ON

Jarvis' group completed the sale of Common Resources LLC for \$805 million to two different groups of oil and gas companies on May 19. Dallas-based Exco Resources Inc. and U.K.-based BG Group Plc bought Common's Haynesville shale assets in North Texas for about \$446 million. Calgary, Canada-based Talisman Energy Inc. bought Common's Eagle Ford shale assets in Texas for about \$359 million.

The company developed the natural gas plays as much as it could

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but having accomplished a lot with the property already and facing the prospect of more investment we decided to see what was out in front of us.'



Roger Jarvis
Common Resources LLC

with the resources at hand, and it was time to move on to new projects, says Jarvis.

"We were in two expensive and demanding plays," he says. "We had great results, but to take those two properties to the next logical step required a lot of additional time and capital."

With natural gas prices hovering around \$4 per million British Thermal Units and the market weak, Jarvis says there was some hesitation about selling in that environment, but the offering prices were right and the business climate to enter into new projects is good.

"We felt that we might be exiting a bit early, from a gas price point of view, but having accomplished a lot with the property already and facing the prospect of more investment we decided to see what was out in front of us," says Jarvis.

Michael McMahon, managing director at Pine Brook Road Partners, says he was surprised by the quick turnaround at Common.

"We thought the team wanted to take a little time off," says McMahon. "(But) It's more of a case that they never closed."

Pine Brook has a lengthy history investing in Houston-based energy companies.

Currently, it holds assets in E&P companies Asia Pacific Exploration Consolidated LP, Global Oilfield Services LP, Phoenix Exploration Co. LP and Stonegate Production Co. LLC.

Pine Brook's partner EnCap has interests in more than 50 natural resources companies, including Houston firms EV Energy Partners LP and Oasis Petroleum Inc.

Jarvis, who has long-time ties to the oil and gas industry, helped found deepwater Gulf developer Spinnaker Exploration Co. in 1997 with McMahon and Howard Newman, the current president and CEO of Pine Brook. The company went public in 1999 and was sold to Norwegian petro-

leum giant Norsk Hydro ASA for \$2.6 billion in December 2005.

Most of the 38 employees at Common Resources LLC will stay on with the new entity, says Jarvis.

Common's employees are assisting the buyers with the transition of the sold properties. There is no definite time frame for the company to begin developing new plays again.

In 2007, EnCap and Pine Brook funded the original Common Resources in a \$500 million joint venture.

The two private equity firms are again funding Jarvis' latest venture with another \$400 million, McMahon says.

"We'll fund the company in the same order of magnitude as the first," he says. "It's essentially the same team as Common (LLC) and they will pursue the same strategy."

Jarvis says that means focusing on a couple of successful projects in their target region.

"We look at it two ways with the overall funding that we have," he says. "Lots of development is not a big criteria — \$400 (million) or \$500 million in funding gives us the flexibility to take on a big project or two."

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