

# Oil and Gas Investor

## Quantum Energy Surpasses Hard Cap

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Quantum Energy Partners said it has just closed Fund VII with \$5.525 billion of private equity, above its original hard cap. This is Quantum's largest fund ever, some \$1.5 billion more than its last raise, which was for Fund VI that closed in March 2015. Capital from the latter is about 90% deployed.

The first close for Fund VII was about nine months ago, but the Houston private equity firm continued raising capital as investor interest remained high, even in what's been described as a generally tough environment for oil and gas fund raising, whether through private equity channels or public markets.

"We are really gratified about this close, which is unique in that we went above our hard cap. You can take nothing for granted these days, as there are a lot of dynamics in the space that are challenging for fund raising," said a spokesman.

During the downturn in 2015 and 2016 while deploying Fund VI, Quantum was quite active. In 2016 alone, the company bought and/or monetized an aggregate \$12 billion through several deals with its portfolio companies.

For example, two of those Quantum-backed companies, Tanos Exploration II and Rockcliff Energy LLC, acquired midstream and upstream assets from ConocoPhillips in its exit from the East Texas and northern Louisiana Haynesville Shale. Private equity-backed teams that are growing have been frequent buyers of assets as the majors and large publics restructure their asset mix and narrow their play focus. In recent years, PE-backed buyers have accounted for as much as 40% to 50% of the asset-buying cohort.

In May 2017, Quantum acquired Noble Energy Inc.'s entire upstream and midstream assets out of the Marcellus for an aggregate \$1.9 billion, via portfolio company HG Energy LLC.

One of Quantum's more recent startups was an initial commitment made last summer of \$300 million, to form Impact Exploration and Production Partners LLC in Denver. The latter is drilling its first well in the Powder River Basin this year.

On the sell side of the table, during the downturn several Quantum-backed companies made noteworthy exits. In 2015, Vitruvian Exploration II was sold to Gulfport Energy Corp. for \$1.85 billion. The company had been formed in 2012 with an initial commitment of \$250 million, to work Oklahoma's Scoop play. Likewise, Quantum-backed Vantage Energy LLC was sold for \$2.7 billion to Rice Energy Inc. As a result, Quantum became the second-largest holder of Rice shares. It in turn was later sold to EQT Corp.