



DEALS | NORTH AMERICA , ENERGY MID MARKET

# Talara Capital Commits \$75 Million to Crescent Pass Energy

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Talara Capital Management committed \$75 million to newly formed oil-and-gas company Crescent Pass Energy LLC, marking the energy-focused firm's first deal in more than three years.

Crescent focuses on the development—mainly through horizontal drilling—of oil-and-gas fields in the East Texas and Northern Louisiana portions of the Cotton Valley formation, according to a news release.

The Spring, Texas, company is led by Chief Executive Tracy Price, a former executive of oil-and-gas producer PetroQuest Energy Inc. , according to the release.

Founded in 2012 and based in Houston, Talara typically backs midmarket oil-and-gas upstream businesses operating in North America. The firm aims to invest about \$100 million per deal, said David Zusman, Talara's co-founder and managing partner.

The firm targets oil-and-gas fields with well-mapped subsurfaces that haven't been developed with new drilling and completion technologies, Mr. Zusman said. He added such fields often belong to smaller operators, including family-owned businesses.

"These operators typically have a land and a geologic background, but they don't necessarily have the completion and engineering backgrounds that are necessary to...get the most productivity out of the property," he said.

Talara expects to find acquisition opportunities in the Cotton Valley area at lower prices compared with more popular regions such as the Permian Basin of West Texas and Southeast New Mexico, Mr. Zusman said.

The firm's latest deal comes as shale oil-and-gas producers are drilling ever longer horizontal wells and hydraulically fracturing them with more precision. These technological improvements enable the companies to extract more oil and gas from their wells, reducing their reliance on acquisitions for growth, industry executives said. That, in turn, makes it more difficult for energy-focused firms to do the quick asset flips that were common in years past.

Talara looks to develop assets until they become cash-flow generators, Mr. Zusman said. The strategy includes making fewer investments per fund and holding them for longer periods if necessary, he added.

"Our capital is sized to develop the property for cash flow," he said. "We don't rely upon flipping the property to a larger player."

Talara in late 2015 purchased a 97.2% stake in oil-and-gas producer Caza Oil & Gas Inc. for \$45.5 million.

The firm had raised at least \$152.9 million for Talara Capital Energy Fund II LP, according to documents filed in March with the Securities and Exchange Commission.

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