

BP Energy Raises About \$350 Million for Second Fund

The Dallas-based firm backs businesses that help industries gain access to natural gas



One of BP Energy's portfolio companies, Mesa Natural Gas, makes mobile generators for use in oil fields. PHOTO: MESA NATURAL GAS SOLUTIONS LLC

By

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BP Energy Partners recently closed on almost \$350 million to pursue its strategy of investing in businesses that help industries gain access to natural gas.

About a week ago, the firm closed its second and latest fund, BP Natural Gas Opportunity Partners II LP, on \$348 million of commitments, only 0.6% shy of [the pool's \\$350 million target](#), said Loren Soetenga. He oversees investor relations for the

Dallas-based private-equity firm.

About 60 investors backed the fund, including foundations, endowments, family offices, and state, union and corporate pension plans, he said.

The fund focuses on businesses that help industrial companies overcome infrastructure constraints as they replace coal and petroleum fuels with cheap, cleaner natural gas. In the only deal it has made from its new fund so far, BP Energy early this year [said it acquired](#) a controlling stake in Cryopeak LNG Solutions Corp., a Richmond, British Columbia-based supplier of liquefied natural gas that caters to utilities and other companies in locations not served by pipelines.

BP Energy expects to close one to two more deals by the end of the year, after which the fund could be nearly one-third committed, Mr. Soetenga said.

He added that BP Energy also looks to back manufacturers of equipment that helps users take advantage of the huge volumes of natural gas being produced in the U.S. For example, the firm has backed Mesa Natural Gas Solutions LLC, a Casper, Wyo.-based provider of gas-fired field generators that supply electricity to energy companies at production sites. The firm invested in Mesa from its maiden fund, BP Natural Gas Opportunity Partners LP, which closed in 2015 with \$216.3 million in capital commitments.

“Our strategy is centered around providing access to natural gas in its various forms, through infrastructure, distribution and consumption,” Mr. Soetenga said.

BP Energy wrapped up its latest vehicle while many energy-focused firms face unusual difficulties raising capital, with some of them [reducing targets](#) for new funds. Oil-price volatility, a lack of exit deals as energy companies retreat from acquisitions, as well as concerns about the environment and the future of oil have curbed investor appetite for energy-focused funds, industry consultants said.

“You have so many institutions who are continuing to reduce their exposure to energy for whatever reason, both on the public and private sides,” Mr. Soetenga said. “There’s increasingly less and less capital to go around.”

However, he added that BP Energy benefited from following a strategy focused on

natural-gas distribution and consumption rather than production.

BP Energy is looking to monetize past deals just as it puts more capital to work. The firm in September said fund-of-funds manager HarbourVest Partners acquired a minority stake in Mesa for \$52 million. The deal enabled BP Energy to return capital to its investors, Mr. Soetenga said.

“We did not provide any additional capital to the company,” he said. “The company’s doing very well and didn’t need the capital.”

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