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Presidio Set to Go Public in US via $660 Million SPAC Merger

by Maggie Eastland
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Oil and gas well efficiency company Presidio Investment Holdings LLC has agreed to merge with blank-check firm EQV Ventures Acquisition Corp. in a deal that values the combined entity at about $660 million.

The deal primes Fort Worth, Texas-based Presidio to scavenge for more aging oil and gas wells to acquire and optimize. Presidio sees itself as providing an off ramp to private equity firms that amassed assets at the peak of the US shale boom and now need to return capital to their investors.

Presidio Production Co., as the merged company will be known, is expected to trade on the New York Stock Exchange under the symbol FTW once the transaction is completed, according to a statement reviewed by Bloomberg News.

The deal with the special purpose acquisition company returns cash to funds managed by Morgan Stanley Energy Partners, the energy private equity arm of Morgan Stanley Investment Management, which has had Presidio in its portfolio since 2018.

A blank-check company was the best way to go public for a company like Presidio with a sponsor that's "relatively long in the tooth," said Jerry Silvey, chief executive officer of EQV Group and its SPAC.

That sponsor exit is funded through transaction proceeds, including about $360 million from the SPAC's trust account, an $85 million private investment in public equity and $125 million in preferred equity anchored by funds advised by JPMorgan Chase & Co., according to the statement.

The deal includes a $50 million reserve-based loan commitment from Citizens Bank and $279 million of investment grade debt remaining in place. Presidio management will also roll over $40 million in equity, while Morgan Stanley Energy Partners will roll over $25 million.

Presidio co-founder and Co-Chief Executive Officer Will Ulrich said in an interview that his company is focused on paying dividends, as well as the industry's potential for growth, especially as demand for natural gas to power AI data centers continues to increase.

A Presidio well site in Custer County, Oklahoma. *Source: Presidio*

"On the equity side, I think the eventual best source of capital for this business is the public markets," Ulrich said.

Public Consolidator

Sweetening the deal, EQV is contributing a slate of its own wells in the Texas panhandle, boosting the count of Presidio's mature oil and natural gas wells to more than 2,200. The company says it will produce about 26,000 barrels of oil equivalent per day in 2025.

EQV's Silvey estimates there's a $75 billion backlog of upstream oil and gas investments that private equity firms need to exit in the next five years.

"There's no real natural buyer for these types of assets," he said. "Having this public consolidator of these assets is going to be critical for these sellers who need this mandatory liquidity over the next five years or so."

Once public, Presidio aims to capitalize on sale deadlines to acquire more upstream oil and gas assets. It plans to generate returns from existing wells without spending a cent to drill them.

"A developer will be focused on making sure that the well's first 40 days are highly effective, whereas we're focused on the next 40 years," Ulrich said. That strategy "requires a little bit more explaining and understanding," which makes an initial public offering less alluring, he added.

Cutting costs in mature wells is possible by eliminating layers of middle managers and tech-enabling fields with AI and real-time analytics tools that solve for optimizing for costs rather than production, Ulrich said. Presidio's production decline rate is about 8%, compared with 24% for its peers, according to the statement.

Presidio said in the statement that it plans to begin paying an annual common dividend of $1.35 per share, with more than three quarters of its production hedged through 2027.