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**BKV Oil and Gas to continue Marcellus deals, may raise further capital, advisor says**
**by Hana Askren**
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**BKV Oil** and **Gas Capital Partners**, a Denver, Colorado-based oil and gas fund, is anticipating making several more acquisitions in the Marcellus gas basin, and is looking at raising further capital, said adviser Christopher Kalnin. BKV is interested in hearing from additional advisers as it pursues assets, he said.

The USD 500m fund has USD 83m remaining after five Marcellus acquisitions and is actively visiting data rooms and talking to potential sellers, he said. Dealflow in the Northeast is very robust, and the fund could easily deploy an additional USD 1bn to USD 2bn in the next 12 months, Kalnin said. BKV is financed by Thailand-based coal and power company Banpu Pcl, and is having conversations about “upping the ante” in terms of additional capital, he added.

Founded in 2015, it has a five-year plan to exit the assets around 2020 and sees a variety of options, including an IPO, a third-party sale, or a direct sale to Banpu. In the meantime, it is already dividending cash back to investors, he added.

Banpu created the fund after it saw an opportunity to diversify away from its main coal business by acquiring in shale gas, but wanted a more local presence to give it an edge in dealmaking. It initiated the BKV Oil and Gas fund, with **Kalnin Ventures** advising, and began to acquire in the Marcellus while gas prices were down. Its assets are producing positive cash flow and much of the production is under take-or-pay contract. Most of its acquisitions have been non-operated, and it funds deals with cash, said Kalnin.

The goal is to get to 0.5-1 billion cubic feet (BCF) per day of natural gas production, which will come mainly through acquisitions as the company isn’t the operator of most of its assets, he said. It will participate in development, according to its working interests, but won’t drive development and production decisions for most of the acreage, he explained. It sees a plethora of available deals coming from sellers exiting the play, such as **Carrizo Oil and Gas** [NASDAQ:CRZO], as well as players trying to maneuver in order to streamline portfolios, gain liquidity, and otherwise figuring out the best way to exploit the assets they have, he said.

On 6 October BKV and Kalnin announced it had acquired interests in 112 wells and other associated assets from Carrizo and **Reliance Industries** for USD 210m.

It will look at any Marcellus or Utica assets, as well as non-FERC regulated midstream such as gathering, processing and compression, he added.

The company uses external law firms and accountants and has a handful it likes working with, but is always interested in hearing from “new folks,” he said.

It does have the expertise to be the operator of assets, so it will “pinch hit from both sides,” he added. All the same, non-op assets are “latent” and undervalued, he said. He estimated that 45% of Northeast gas production comes from non-operated assets.

Kalnin previously worked for McKinsey in Asia as well as Thai energy giant PTT.