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Venture capital for Houston on tap through new energy fund

BY MELISSA MCEVER
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A venture capital firm with U.S. offices in Houston is seeking early stage companies to benefit from its fourth energy fund, capped at \$350 million.

Energy Ventures, headquartered in Norway, has invested \$11 million in Houston-based Produced Water Absorbents Inc. and \$10 million in Sugar Land-based Wireless Seismic Inc., but that's just the beginning, said Jim Sledzik, partner and president of Energy Ventures' Houston office.

The firm is looking to get involved with companies that are developing innovative, proprietary technology that benefits the oil and gas industry, Sledzik said.

"We were originally founded under the premise that oil and gas would remain our predominant energy source in the years to come and that technology would play an increasing role in the efficient extraction of oil and gas from the resources we have," he said. "We look to invest in entrepreneurs in the venture or early growth stage. Some of our companies are prerevenue, some are at the break-even stage

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JIM SLEDZIK | ENERGY VENTURES



but need to develop technology to accelerate their growth.”

For this new fund, which had its latest close in April, the firm will invest a range of about \$7 million to \$30 million in each company.

Energy Ventures' fourth fund is its largest yet. The first fund opened in 2002 at about \$50 million, making eight investments with eight exits. The third fund opened in 2008 at \$200 million, making 10 investments and two exits.

The firm came to the United States in 2007.

The funds brought into the energy industry through venture capital might seem like small potatoes compared to private equity, but that's because venture capital comes in at an earlier stage, said Ben Guill, managing partner at Houston-based private equity firm White Deer Energy.

“Venture capital is typically

attached to technology and helps start a company,” Guill said. “Private equity can start a company, but usually isn't for developing technology. It's mostly private equity in oil and gas, used to buy a new oil field or develop acreage.”

Energy Ventures' investment has opened many doors for Produced Water Absorbents, said Stephen Spoonamore, CEO of Ohio-based ABSMaterials Inc. Produced Water Absorbents is a subsidiary of ABS.

“It's helped us in two ways — the attention it's brought from people in the industry is critical because the firm is frankly the global leader in upstream investment,” he said. “From a financial standpoint, to receive commercial funding will allow us to accelerate three units in a year and a half. You need big money to build big machines, and this funding has helped.”