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Hicks Acquisition settles on buying Resolute Natural Resources

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After spending two years examining more than 200 deals, Tom Hicks' investment group, Hicks Acquisition Co., decided to spend its chips on an oil company.

Hicks set up the investment vehicle as a special purpose acquisition company, took it public, and raised \$552 million. He then scouted for a company to buy with investors' money.

On Friday, investors agreed to buy Resolute Natural Resources Co., a Denver company that produces oil in aging domestic fields, in a deal worth \$582 million. It's not exotic or sexy, and Hicks and his partner, private equity energy investor Ken Hersh, are convinced traditional oil can make a lot of money.

"I think we're pretty excited about oil and gas, particularly oil," said Hicks, who also invested his own money in the company.

Hicks Acquisition bought about three-fourths of Resolute. The rest of the company is owned by Hicks, Hersh's Natural Gas Partners, and Resolute executives.

Resolute, which will merge with the acquisition company and change its name to Resolute Energy Corp., injects carbon dioxide into aging oil wells to boost production.

It's a solid technology used in a proven field. Still, chief executive Nicholas Sutton thinks he can double production in the next few years by expanding operations and acquiring other companies.

"The most important thing is, this is a domestic asset; it's an established asset in an established area," Hersh said.

"Now it's in the hands of an enterprising, entrepreneurial, operationally experienced team that is able to take it to the next level," he added.

Hersh's private equity company, Natural Gas Partners, helped found Resolute. Hersh, who knows Hicks through their involvement with St. Mark's School, read in the newspaper that Hicks was looking for a deal and approached him about the sale.

The acquisition comes a year after oil prices hit \$150 per barrel. On Friday, oil closed at \$66.02 a barrel. The deal also comes at a time when growth in demand for oil has slowed because of the recession.

Sutton, like most oil experts, said he anticipates global demand for oil will rise as populations increase and people in developing countries strive for better living standards.