

Penn Virginia

Penn Virginia (NYSE: PVAC) focuses on the exploration, development and production of oil and natural gas, particularly in the Eagle Ford Shale in South Texas

INVESTMENT SUMMARY

During the 2016 Chapter 11 filing of Penn Virginia, we accumulated a position in the company's unsecured bonds. In conjunction with the company's emergence from bankruptcy, we participated in the planned rights offering, purchasing additional shares through a backstop. Post-emergence, Penn was focused on developing its highly economic Eagle Ford acreage, testing new completion techniques and unproven acreage, and ramping up production to historic levels. We exited this investment in 2017.

INVESTMENT HIGHLIGHTS

- Bonds were trading at a significant discount to reserve value and to publicly traded peers.
- Eagle Ford Shale was a mature field underlying much of South Texas and was one of the most economic drilling locations in the United States. From record drilling levels (during the peak in oil prices) to wells producing over 4,000 b/d of oil initially, the play was redefining South Texas as an oil industry hotbed.
- We saw substantial opportunity for operational improvements and efficiencies.
- EGI relationships enabled our access to major creditors and the chairman of Penn Virginia, giving us a voice despite our minority position.

