

U.S. Energy Fund Sells Permian Basin Acreage to Devon Energy

Strategic Energy Income Fund V LP, a private placement acquisition fund sponsored by U.S. Energy Development Corporation, has sold a 17 percent portion of its Echo Project to Devon Energy Corporation (NYSE: DVN). The sale price was not disclosed.

Strategic Energy Income Fund V acquired the Echo Project in early 2018, which included 1,140 net mineral acres for future oil and natural gas development in the northern Permian Basin in New Mexico. The company noted that the sale resulted in a 61.35 percent return to investors; the proceeds of which were distributed to investors in October.

“Capitalizing on rising acreage values since the time this project was initially negotiated last summer, this asset sale included approximately 17 percent of the Strategic Fund V’s current assets and a gain of greater than three times the value the company had assigned to the acreage when it was purchased earlier this year,” the company noted in a statement. “The return on investment totaled 345.7 percent.”

U.S. Energy’s acquisition funds target an investment mix that include both income and growth-focused energy projects. The company continues to consider options to monetize the remaining Echo project assets, whether through the potential acquisition of additional assets or by new divestitures. Recently, the fund elected into approximately \$554,000 of new drilling in the Permian Basin inside the Echo Project.

“We are very pleased with the results on behalf of our investors as well as our ability to complete full cycle transactions in such a short period of time.” commented

Matthew Iak, U.S. Energy executive vice president and director. “Additionally, with this sale the fund still retains a sizeable portion of the original asset and we feel we have opened the door to working with other large and reputable companies like Devon Energy.”

Devon Energy is a publicly traded energy company included in the S&P 500 that is engaged in the exploration, development and production of oil, natural gas and natural gas liquids.

Strategic Energy Income Fund V plans to close by July 1, 2019.

Established in 1980, U.S. Energy is an independent oil and gas operator that specializes in direct participation programs. The company sponsors three offerings, including a drilling fund, acquisition fund, and 1031 exchanges and has deployed more than \$1.3 billion in investor capital since the early 2000s.

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