

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATIONS

REQUEST FOR ACTION

ON EXH	MOTION <i>Brandon</i>
	SECOND <i>Taylor</i>
	ACTION APPROVED BY THE REGENTS
NOTE: SEP 15 2005	

**Subject:** Alternative Asset Commitment

**Action Requested:** Lime Rock Resources, L.P.

**Background and Summary:** We recommend a commitment of \$25 million from the Long Term Portfolio to Lime Rock Resources, L.P., an energy fund that will invest directly in proved, producing, long-lived oil and gas properties in the United States. The capitalization of the fund is \$450 million.

The Lime Rock Resources team is being formed by Lime Rock Management, the parent company to Lime Rock Partners, a private equity group that invests in growth-stage energy companies in North America and Europe. The University has invested in two Lime Rock Partners' funds. The Lime Rock Resources' team will be led by Eric Mullins, formerly a Managing Director with Goldman Sachs, and Charles Adcock, a former Senior Vice President of The Houston Exploration Company. Although this will be the first fund for the team, Mullins and Adcock have had a close business relationship for more than ten years. Jonathan Farber and John Clarkson, Managing Directors of Lime Rock Partners, will be on the Lime Rock Resources' Investment Committee.

The Lime Rock Resources Fund will acquire, operate, and improve lower-risk oil and gas properties in North America. The team will invest directly in long-lived, producing oil and gas properties comprised primarily of proved reserves. These investments will often be properties that are underdeveloped or undercapitalized that will benefit from Lime Rock's direct, hands-on operations. Typical acquisitions will be \$50 to \$250 million and it is expected that the portfolio will be diversified across multiple oil and gas basins in North America.

This investment fits within the University's energy strategy to invest with experienced managers who have demonstrated an ability to add value in this inefficient sector.

Respectfully submitted,



Timothy P. Slottow  
Executive Vice President and  
Chief Financial Officer

September 2005