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Target:  **Crusoe** Buyer:  **NYDIG**

### Crusoe Energy Selling Its Bitcoin Mining Unit to NYDIG

Author: john@architectpartners.com  
More Information: efr@architectpartners.com

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#### Transaction Overview

On March 25<sup>th</sup>, 2025, Crusoe Energy, historically offering flare-gas powered bitcoin mining, announced its divestiture of its bitcoin mining unit to NYDIG, a bitcoin miner that also provides custody solutions.

#### Target: Crusoe Energy (Crypto Mining Unit)

Crusoe Energy, founded in 2018 and headquartered in Denver, CO, is an operator of mobile modular data centers that convert waste-gas to energy for AI and Crypto-mining use cases. The company employs approximately 550 employees with 135 of those being part of the crypto-mining unit.

Crusoe Energy's Crypto-Mining Unit consists of 425 modular data centers across the U.S. and Argentina, representing about 270 MW of power. It also possesses a digital flare mitigation technology, which captures natural gas from oil fields that would have otherwise been burned off into the air as a "flare" and converts this stranded energy into electricity to power modular data centers co-located onsite in the oilfield. This solution has mitigated 2.7 million metric tons of GHG emissions and prevented 22 billion cubic feet of natural gas from being flared, which is equivalent to 630k cars / year of emissions.

This transaction came alongside a debt-raise of \$225M with the use of funds being the purchase of NVIDIA GPUs and supporting cloud infrastructure for their AI-initiatives. Prior to this announcement, the company had raised \$1.6B in capital at a \$2.8B post-valuation. Relevant investors include Bain Capital Ventures, Valor Equity Partners, KCK Group, and Long Journey Ventures that hold board seats and other top investors like G2

Venture Partners, Founders Fund, Lowecarbon Capital, Polychain Capital, DRW Ventures, CMT Digital and 37 others.

#### Buyer: NYDIG

NYDIG, founded in 2017 and headquartered in New York, NY, is a crypto company whose operations can be split into 1) a bitcoin mining operation consisting of hundreds of thousands of ASIC miners and 2) and a digital asset infrastructure solution, which includes institutional custody, spots & derivatives trading and bitcoin-collateralized "HODL loans."

Last year, the company had made an investment in Coinmint, a NY-based colocation provider, to capture space for NYDIG's hashrate and the business has been acquiring other mining operations like Consensus Technology Group, some of Greenidge Generation's machines within the past two years.

The company was last valued at \$7 billion following a \$1 billion growth round led by WestCap in December 2021. Other notable investors include New York Life Insurance, Bessemer Venture Partners, David Heller, FinTech Collective, Morgan Stanley, Massachusetts Mutual Life insurance, Ribbit Capital and 17 more.

#### Transaction Parameters

Notable crypto mining transactions in the last twelve months include Stronghold Digital | Bitfarms for \$175M, Block Mining | Riot Blockchain for ~\$93M, Grid | Cleanspark for \$155M, Desiwiminer | BitDeer for \$140M, and Applied Digital Sites | Marathon for ~\$87M.

#### Strategic Rationale

This divestiture is part of Crusoe Energy's pivot away from crypto-mining into AI, which is expected to consume over 8% of global electricity by 2030. It also represents a pivot for the business away from its flare gas technology and mitigation to a renewable energy powered future. Not only did it sell the technology, but its next AI data center, expected to be online by 2026 will be powered by a combination of wind, solar, and natural gas.



On the other side of the transaction, the acquisition of Crusoe's mining unit enhances the scale and efficiency of NYDIGs and Stone Ridge Holdings mining and natural gas operations. Notably NYDIG is also an affiliate of Stone Ridge Holdings Group, which has access to 10GW of U.S. natural gas production, from which the stranded energy available could be used to power bitcoin mining operations at lower input costs.

### **Architect Partners' Observations**

This transaction begs the question, is Bitcoin mining the "highest and best use" for a datacenter business. Fundamentally Bitcoin mining is operating specialized computers, at scale, in the most economically efficient fashion possible. Bitcoin mining has evolved to favor the large operators. That is those who have access to large pools of low cost capital and have purchasing power (i.e. ability to get discounts) for both electricity and mining rigs. Small and mid-sized Bitcoin mining businesses have some level of disadvantage which in some cases have put stress on their operations. On top of all that, 90% of the "revenue" (i.e. Bitcoin from the protocol reward), fluctuates in price, making planning a challenge. No different than commodity-based physical mining operations or even oil & gas exploration and refining. Nonetheless, a challenge.

Is repurposing for AI workload a solution? Are not the fundamental drivers of success as highlighted above the same? Is going directly up against hyperscalers such as Google, Microsoft and Amazon prudent? Time will tell.

### **Sources**

[PitchBook](#), [Crusoe Press Release](#), [NYDIG Press Release](#), [Bitcoin.com](#)