



SUMMER NAPE RECAP

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Oil Companies Forge Partnerships, Close Deals

Annual oil and gas expo featured 225 exhibitors and hundreds of dealmaking opportunities.

BY VELDA ADDISON & TERRANCE HARRIS
HART ENERGY

HOUSTON — Summer NAPE energized the George R. Brown Convention Center in Houston, where oil and gas players big and small cut deals for exploration, development and production, and an energy advocate challenged the industry to speak up and take back the court of public opinion.

More than 2,800 industry executives gathered at the expo, which featured over 2.4 million prospect acres from 16 states.

“We saw another successful Summer NAPE with industry leaders coming together from across the country to sell and buy prospects, gain a better understanding of the state of the industry and continue to forge lasting business relationships,” said Jim Devlin, chairman of the NAPE Operators Committee.

Abounding Opportunities

Among those giving prospect preview pitches at the expo was Josh Cornell, vice president of land for Panther Energy Co. III, who presented a Louisiana Austin Chalk opportunity — the Bloodhound prospect — in Vernon and Beauregard parishes.

“We have 50,000 net acres, mostly 100 percent ownership tracts. It’s a large contiguous, scalable footprint,” Cornell said. “We project over 26 operated DSUs [drill spacing units].”



“We have seen a lot of interest in Austin Chalk in Louisiana. There have been many deal-makers at Summer NAPE. It may not be as big as NAPE Summit, but because of the size, you can make more personal connections here.”

— Ehsan Bayat
Vice President of Acquisitions and Divestitures, New Dawn Energy

The Bloodhound prospect is an extension of Masters Creek Field.

“Masters Creek has outperformed Brookeland North and Brookeland South from oil perspective,” Cornell said.

Brookeland North’s average oil production is 97,947 bbl and Brookeland South’s is 168,386 bbl compared with 348,231 bbl from Masters Creek, according to information handed out at the company’s booth.

But there are some challenges.

“Our unknown is what water contribution we’re going to get from the fractures,” said Paul Richardson, vice president of geology for Panther Energy. “Our knows, though, are a trend with wells that produce fairly well: 8-to-1 water ratio. But it’s real easy to get rid of the water here.”

SUMMER NAPE BY THE NUMBERS

225

Exhibitors

2,866

Attendees

121

Prospects on Display

16

States Represented

2.4M

Available Prospect Acres

2

Harley-Davidson Motorcycles

Richardson added that “drilling might be tough with the fractures,” but 320-plus laterals have been drilled in Masters Creek. “So we know it can be done.” Plus, being in an overpressured oil window works to an advantage, he said.

Other companies pitched investment opportunities for acreage in South Texas, the Gulf Coast region, the Michigan Basin, the Rockies, California, Alaska and the Anadarko Basin.

The latter included a pitch from Trueblood Resources on a 24 MMbbl oil potential, multizone Oswego-Cherokee farmout in Oklahoma. The 5,000-acre lease position featuring Pennsylvanian-age carbonates was described as geologically well-defined with more than 3,000 wells evaluated, moderate drilling depths between 7,200 and 8,200 feet and an estimated completed well cost of \$2.3 million.

The company also sought a partner for its chemical EOR project, which Trueblood Resources President John Trueblood said would start in fourth quarter 2018 or in early 2019.

“The average well, at least in the Oswego, is going to be about 300,000 barrels. So it’s very cost effective,” Trueblood said during his presentation. “We’ve done an extensive amount of our own geochem work in the Pennsylvania source rock. It’s just a very,



Hise Exploration Partners, LLC’s Richard Hise and Forrest Hise discuss prospects with William Dean.



Denna Arias speaks with an interested booth visitor about EnergyNet's online oil and gas marketplace.



Ryan Benson of Western Land Services shakes hands with Joe Small.

very rich section."

The company plans to spend about \$10 million and has three drill-ready locations in the Oswego play, he said. Under the farmout terms, an investor could earn 640 net acres by drilling one horizontal test with 25 percent after payout interest retained. There was also an option to drill more wells and earn interest in the 5,000-acre lease block.

He described Trueblood Resources as a small, family-owned company focused on the Anadarko Basin. But Oklahoma's Oswego Formation has also attracted some bigger players, such as Chesapeake Energy.

"Oswego volumes continue to climb with average 30-day production rates of 1,015 boe per day and over 80 percent oil cuts," Chesapeake said in a recent earnings release.

Chesapeake is testing advanced completions and longer laterals across its Mid-Continent position.

Getting the message right

HBW Resources Managing Partner David Holt challenged pro-energy groups to speak up and take back the court of public opinion during his 50-minute talk at the Summer NAPE Business Conference. Holt's firm provides energy companies with counsel and guidance on governmental and energy industry initiatives.

"Put them on their back feet," he said. "They don't have a solution to meeting our energy needs."

Holt said HBW is tracking 2,000 anti-energy advocacy groups, which are taking on issues such as pipelines, offshore drilling and hydraulic fracturing. He said these active campaign efforts are designed to thwart energy development.

Meanwhile, the industry only has about 100 organized efforts promoting energy.

"So this notion of the big bad oil and gas industry outspends, outmaneuvers, outhustles the anti-energy faction, that is not true," Holt said. "By our reckoning, between these 2,000 different groups, about \$600 million will be spent on anti-energy and related campaigns in 2018. The oil and gas and broader energy industry is not spending that much."

Holt said it is about time the energy industry fights back with facts like fewer energy regulations means more jobs and more affordable energy for the working class.

In a perfect world, people in the U.S. would spend 6 to 8 percent of their monthly income on energy — primarily for gasoline and electricity, Holt said. But closer to the poverty level, he finds that in some areas and states people are spending as much as 35 to 40 percent of their monthly income on energy.

That is why it is so important for the pro-energy sector to get out and have their voices heard to influence November's elections, he added.

"If I'm a Democratic member of Congress and I understand that the demographics of my community are 30 percent at or below the poverty level, opposing sensible energy policy is not something I really want to do," Holt said. "The fastest way to put disposable income back into someone's pockets is to keep energy prices low."

Holt, who predicted that Republicans should either maintain or add seats in the Senate but could lose some ground in the House, said President Trump and his administration have been good for the energy industry.

"Trump — who frankly is not a Republican or a Democrat, he's a Trump — sees this as a way to create jobs, to create swing voters who support him and his administration and to create economic opportunity. It's really about those forgotten Americans, that working class, those labor unions and other groups in key states — Ohio, Pennsylvania, Wisconsin. The states that without winning those states, Donald Trump would not be president today," Holt said.

"He is going to continue to promote energy policy that expands our opportunity for all energy, primarily oil and natural gas, but look for ways to get more working-class Americans back to work."

Holt encouraged attendees not to be afraid to debate anti-energy voices and to do so with the facts.

Anti-energy groups are wrapping their cause into the environmental cause, but everyone is in favor of keeping the environment safe and clean, he noted.

"We all think that the environment needs to be protected. We all want to do, and we actually are doing, all that we can to make sure the environment is protected," he said.

Holt challenged those in the audience, when they are debating anti-energy people, to ask about their solution to solving the energy issue.

"The discussion needs to be on energy solutions," he said. "What are we doing to meet the needs of this family, of this community, of society at large to create jobs? They need to come to the table on energy solutions. If we do that, that's a debate worth having for the nation."

Mark your calendars now: Summer NAPE returns to Houston August 21–22, 2019. ♦

NAPE is presented by AAPL, IPAA, SEG and AAPG as limited partners.



At the Summer NAPE Business Conference, Carl Cambell leads a discussion with Ben "Bud" M. Brigham and Harold D. Carter as they share their insights and experiences after 25+ years of ups and downs in oil and gas exploration.