

THREE STRATEGIES FOR A SUCCESSFUL OIL & GAS ACQUISITION

BY JOSH ROBBINS

If you haven't been in the market yet this year – and judging by the amount of completed acquisitions there have been, more than likely you haven't – I have a couple of words about it. It's Ice Cold. There are massive amounts of buyers, all looking for product that is not on the market.

Each deal that shows up has buyers all over it, but most forecasting models cause the properties to sit, or sell for reasons related to current market conditions; causing the buyer to wait for the market before the deal becomes economical. So how, in all of this chaos, can you successfully acquire oil and gas properties?

First, let me preface this; every single deal is different. Each deal has its own issues, setbacks and upsides. With that being said, I have found that there are three universal strategies that can help you become extremely successful in acquiring oil and gas properties.

Strategy No. 1 – Get To Know the Mother of Good Luck

With so many buyers in the market, what will set you apart? It's amazing how many people think that success is the result of good luck. "The Mother of Good Luck," as Benjamin Franklin once said, is diligence – the act of careful, constant work.

The oil and gas industry has been built on over 150 years of diligence. Careful, diligent, targeted work has and will always continue to bring success. You can't look at finding the right property like winning on a scratch ticket. This process takes time, patience and forward thinking.

The process of finding a great property requires organization. Disorganized work creates more work and fewer results. Using programs like Evernote and Dropbox will not only help organize your deals, but will also help you organize your day. With more scheduled time to devote to a deal, the more opportunities you have to discover a great property, or – as some may say, more



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importantly – discover that great property to be, well, not so great.

Strategy No. 2 – It Only Takes One Person to Change the World

After you have instilled Strategy No. 1 into every day (which you have right?), you find yourself with an organized, carefully constructed deal, as well as an open schedule to review and strategize a way to close.

This personal reorg will start to be reflected in the people around you. The strategy builds on the "move or get moved" theory of business. Teams working together and focusing in on completing a goal are completely uninterrupted because schedules, timelines and objectives are all clearly defined. In today's workplace, that sounds more like science fiction than actual business strategy.

Truly knowing the ins-and-outs of anything can bring a natural confidence to anyone's demeanor. Deal structure and acquisition strategy are no different.

Running the models and knowing the

numbers that don't work are more important than knowing the numbers that do. Decisive action becomes the result of patient planning.

Strategy No. 3 – There Is No Such Thing as Money Left on the Table

There is a tremendous fear that we left money on the table; that no matter what number we gave to the seller, could this be a better deal? If you follow the first two strategies, and you build a team around you that is centrally focused on deal creation and completion, then there is no such thing as leaving money on the table.

Diligent, careful planning outlined the exact dollar amount that worked within your model for this acquisition. After all of the work, holding a deal back because there may potentially be a similar deal for a lesser dollar amount, will only hinder the organization.

There are sellers in this current environment, and they are willing to work with people that have taken a true interest in their assets. Happy Hunting! ○