

BUILDING DURING THE DOWNTURN

BY JOSH ROBBINS

An amazing opportunity has presented itself. With oil maintaining its low price, many are forming new teams, new plans and new companies. Some of these groups have decades of experience and find themselves in an extremely favorable position. They know where the best assets are, and can effectively capitalize on that knowledge.

This downturn is also forcing companies to dig deeper. Whether that is finding a way to be more productive in the office or finding better technology or maximizing operational expertise, all of these actions are turning into a vast array of cost savings. In the field, both old and new companies are focusing on large plays, but are also highly tuned in to the opportunities that are now available outside of these areas.

No matter if you are a brand new team or a 30-year-old oil company, now is the time to build, and you need to build quickly.

First, some hard truth – building requires sacrifice.

Let's jump outside of the oil and gas world for an example that illustrates this fact. In Oklahoma City, the Kirkpatrick Turnpike is looking to expand. Before the talks started about a potential expansion, the area they were looking to grow had a specific value. But as the growth area becomes more defined, the land becomes more valuable, both to the turnpike and to the sellers.

This is exactly the market we are faced with in oil and gas operations. Operators and owners know the potential, and in most cases can prove up their position, or do what many are doing now: waiting for the value to materialize. In this market, as it relates to your company and the value assets you've identified as "expansion



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potential," you have to look beyond the short-term results and focus on the future opportunity that the asset will provide.

I'm not suggesting over paying for an asset that will never see the black. I'm talking specifically to the assets you and your team have found, that exactly represent the area of growth that is needed for your company. If you see the potential, and can economically acquire the asset to solidify your position, acquire it.

Going back to the turnpike example, the A&D team can't spend hours, minutes or seconds valuing every dead tree and debris that exists on the acreage. They need that acreage to create the road. It's much easier to build a straight road (following the plans that they have created) than to build a road that curves around some dead trees because the trees "don't hold any value". Like the turnpike, you need to find value in your path, not in the dead assets that are not part of your plan.

Regardless of the direction you think oil and gas will take tomorrow, the facts remain the same. The opportunity is available now, and that window of

opportunity is closing. The longer you wait for the perfect asset, the more you will miss out on. There are companies that are actively acquiring daily. Right now. As you are reading this. They are refusing to miss a second of this downturn.

The hardest part of a plan is starting it. Push forward, don't wait. If you don't know where to look for opportunities, find a firm that can help you. Our firm visits with thousands of oil and gas companies a month, answering questions about where the best opportunities are, and how to build strategies to acquire these opportunities. Make sure to get the information you need in this downturn to be successful!

Your email box is probably filled with doom and gloom. Don't listen! This is the biggest opportunity our industry has had in the last decade. Gary Vaynerchuk has a great quote: "The biggest obstacle of success is a lack of optimism."

If you don't hear it from anyone else, you can hear it from me: now is the best time to build!👊