

Proven Executives Form Focused Startups To Advance Resource Plays

By Colter Cookson

Private equity long has given seasoned oil and gas executives and technical gurus opportunities to form new companies with nimble cultures and a knack to find and develop great assets.

That process continues today. The latest additions to the annals of oil and gas startups include an Eagle Ford-focused producer with a young management team, a Permian Basin player possessing the trade savvy to build a strong acreage position, and an Appalachian developer taking a conservative approach to evaluating well economics.

“Whether oil prices are at \$100 or \$30, the core issues a startup faces remain the same. We are responsible for our success,” reflects Michael Rozenfeld, a partner at Boomtown Oil, which formed in November 2016 with backing from Juniper Capital. “To do well, we have to be enthusiastic about our jobs, and willing to put in extremely long hours to get things done.”

Rozenfeld judges that the long hours and stress needed to develop a startup are more than worthwhile. “Being at a startup gives us an opportunity to learn about other areas and new technology,” he notes. “We also enjoy working in a small-team environment, where we are our own bosses and we get to oversee development of each company project from its beginning.”



Boomtown is the team's third startup. Rozenfeld says its previous venture, South Texas Reservoir Alliance, leased or bought 180,000 acres and drilled 50 wells before being sold.

With Boomtown, the team is focusing on the Eagle Ford. "The well results in the Eagle Ford are as strong as the ones in the Permian Basin, but the cost to get into the play is lower," he points out. "If we were a public company that needed to grow reserves and build a huge inventory, it might make sense to pay \$20,000 or \$30,000 an acre in the Permian. But as a small private company, we need to focus on short-term cash flow, and for that, the Eagle Ford is better."

Rozenfeld adds that the Eagle Ford has a great infrastructure network, including access to Mexican markets and liquefied natural gas export terminals. It is an area the team knows well, he says. In fact, as part of the team that helped Rosetta Resources launch its Eagle Ford program in 2008, Rozenfeld has been working the play since its inception.

As of mid-September, Boomtown had assembled 25,000 acres in the Southeast Texas counties of Lavaca and DeWitt. "We are excited about our position," Rozenfeld comments. "All of it is newly-leased acreage. We will be able to drill 7,500-10,000 foot laterals, which we view as key to economics. On our acreage, the Eagle Ford is at a true vertical depth between 10,500 and 14,000 feet, deep enough that it is extremely over-pressured and oil rich."

Rozenfeld points out that Penn Virginia has drilled several wells near Boomtown's acreage, including the Lager 3H, which reportedly had a 30-day initial production rate of 1,899 barrels of oil equivalent a day and still made 1,000 boe/d after 95 days on production. "We are happy to see Penn Virginia confirm our thesis by getting excellent results," Rozenfeld says.

Eagle Ford Entrepreneur

Rozenfeld reports Boomtown is in the process of building pads and permitting wells for its project. He predicts the company will begin drilling in the first half of 2018.

Boomtown is looking for ways to improve on traditional drilling and completion techniques, Rozenfeld comments. "Although there already have been 15,000 wells drilled in the Eagle Ford, performance continues to get better," he observes.

Rozenfeld describes analytics as key to Boomtown's optimization strategy. "We have developed in-house systems that allow us to analyze almost anything that we can get data on, from land acquisition to drilling and completion technology to marketing," he reveals. "These systems are our force multiplier, automating tasks so we can stay on top of what's going on without a huge time investment.

"We try to be open to new ideas and constantly benchmark ourselves against other operators," he continues. "That habit forces us to take an honest look at ourselves and recognize when someone else is doing something better."

The company tries to apply lessons from other basins to its assets, Rozenfeld says, noting that the team has worked in unconventional plays across the United States, including the Niobrara, Barnett, Bakken and Bone Springs.

"Everyone on our team likes working in multiple basins, so in the long run, we would be interested in going back to one of the basins we have worked or into another area where we feel we have a way to add value," he remarks. □



In the short term, Boomtown Oil plans to develop 25,000 newly-leased acres in the Eagle Ford Shale. In the long term, the relatively young engineers, geoscientists and landmen who lead the company will consider stepping into the many basins where they have had success in the past.

Michael Rozenfeld
Partner
Boomtown Oil

