Greg Robertson: It’s Not Your Grandfathers South Texas Anymore

The White Point Gassers

$80/BO VS $100/BO

Season Pass

Energy Citizens
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On the cover:
The Kilauea Volcano on the Big Island of Hawaii has erupted and the lava flow is inching closer to the village of Pahoa.

Want to be on the cover? Email Jeff Allen, the editor, at JeffAllen@Allen-Hoffman.com
INTRODUCTION

In 2008, Gregg Robertson took a wild idea in the Eagle Ford Shale to Petrohawk Energy and they joined forces in a handshake deal wherein Robertson had 10% and Petrohawk 90%.

The two companies leased over 150,000 acres of land thanks to the presence of several large ranches. Leases were taken in the name of First Rock to keep Petrohawk’s involvement secret.

Drilling led to the discovery in October, 2008, of Hawkville Field, and to an amazing play that has transformed much of South Texas. Texas Railroad Commissioner David Porter has stated that development of the Eagle Ford Shale “has the potential to be the single most significant economic development in our state’s history.”

Largely due to its Eagle Ford holdings, Petrohawk was acquired in August 2011 by BHP Billiton for $15 billion, three years after their first Eagle Ford well was started. Robertson’s presentation will review the history of the Eagle Ford play and its impact on South Texas.

BIOGRAPHY

Gregg Robertson was raised in Corpus Christi, graduating from Ray High School in 1974 and then Sewanee with a B.A. in English in 1978. He then attended graduate school in Geology at The University of Texas, Austin from 1979-1980. Gregg returned to Corpus Christi to work in the family oil business, First Rock, Inc., founded by his father Rock Robertson in 1975.

Their initial activities as geological consultants expanded into drilling and production operations and a well service company in 1984 and since then, the company has participated in many joint ventures with larger independents. In 2008, First Rock joined with Petrohawk Energy in the discovery of the Hawkville (Eagle Ford Shale) Field, which has become the core asset for the company ever since.
100 years ago, the first of several “gassers” at White Point, Texas blew in. On November 11, 1914, the White Point Oil & Gas No. 2 well encountered a gas sand at a depth of 2,260 feet. “The casing was blown from the hole, the derrick dashed to pieces, and the top of the well soon became a yawning crater into which the drilling rig was swallowed (Wolf 1922).” The well ran wild at an estimated rate of 30-70 MMCFGD for several weeks, forming a 200 foot diameter crater, and eventually choking itself off. This well was drilled 500 feet south of the No. 1, which had been lost after a small blowout at a depth of 1,830 feet.

White Point peninsula is located in San Patricio County, approximately 6 miles northeast of Corpus Christi on the east side of Nueces Bay. Gas seeps on the west side of the peninsular and grains of sulphur within the sediments of some local outcrops, suggested the presence of an underlying salt dome. After the discovery of Spindletop (1901), many explorers searched the Gulf Coast for similar surface indications of oil and gas. Randolph Robertson drilled the first well in the area, though various sources show the year as 1902, 1904, or 1907. In late 1915, the Guffey No. 2 (renamed the Gulf Production Company No. 2), was drilled 800 feet north of the White Point Oil & Gas No. 2 gasser. The Corpus Christi Caller and Daily Herald (1/19/1916) reported on the well:

“The greatest gas well in the world is on fire. The gasser that mocked the efforts of human ingenuity to harness and control last night was lighted and throughout the night the gasser appeared as a giant torch throwing its light miles around and with fiery darts shooting into the skies and breaking into flames as rockets. It was an awe inspiring sight that caused hundreds of Corpus Christians to go the roof of the Nueces Hotel for a perfect view of the beautiful sight, while thousands of others viewed the fire from the North Beach Addition. The gasser afire was first noticed about ten o’clock. All efforts to get in to communication with the field, which is seven miles away, proved futile, the telephone company reporting that the one phone at the nearest ranch house was out of order. It is possible that the firing of the well was purposed, as was the firing of the first well during the latter part of 1914, though confirmation of the surmise was not possible last night. The gasser was brought in on last December 31 and all efforts to cap it proved unavailing. Last Friday all control of the well was lost and until the fire of last night it had been spouting huge quantities of gas, mud, and sand. A crater about ten feet across has formed at the top”.

Computed open flow rates of 100-120 MMCFGD were calculated for this well. “Sand fell in the streets of Corpus Christi, six miles away, and later, when the gas became ignited, flames leaped over 200 feet into the air (Wolf 1922).” At the time, the well was called the “largest gas well ever developed in Texas” and the “natural gas volcano.” Brogan (1919) claimed that the well was “one of the biggest gas wells in the world” and compared the crater to a “smoldering volcano.” Several interesting, and somewhat entertaining theories, for the source and trapping of the gas are also discussed by Brogan (1919).

Several additional wells were drilled at White Point between 1918 and 1922. Operators continued to search for oil, which they assumed would be found deeper or downdip of the gas sands, and to produce and market the gas to the nearby towns of Taft and Corpus Christi. Many of these wells also experienced severe drilling and completion issues. One well, which encountered “a strong flow of hot salt water” was used in “an improvised bath house” (Brogan 1919; Wolf 1922)!

References:

Acknowledgement: Figure 3: from the Dan Gilmore Papers, Special Collection & Archives, Texas A&M University-Corpus Christi. Thanks to Grace Charles.
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Our members consist of energy sector professionals, primarily oil and gas engineers, geologists, financial professionals, and high net worth individual investors. Many of our members have retired after decades of experience. Many more are actively working in the energy industry today.

EPG is focused on the fundamental and technical analysis of oil & gas stocks. Our members have access to individual company profiles and forecast models, plus several Watch Lists that are housed on our website.

We also have numerous networking events throughout the year where our members and guests get to meet the management of our favorite companies.

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- Company Profiles
- Sweet 16 Growth Portfolio
- Watch Lists for MLPs, E&P and Oilfield Service Firms
- Presentations
- Newsletter filled with energy sector investment ideas
- Latest News
- Forum – our chat room

Members receive our newsletter, "The View From Houston". It is packed with valuable insights on what is going on today in the energy sector. Plus, it contains our Sweet 16 Growth Portfolio and an Income Portfolio for those seeking high yield with moderate growth potential. We also recently added our "Up & Comers Portfolio", a list of small-cap energy firms that we believe have significant upside potential. Each issue contains updates on several of the companies we track.

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Jim Allen, Chairman of Allen-Hoffman Exploration Co. and longtime SIPES member presented a rollicking talk entitled “The Scramble to Drill Grass Creek Anticline” for an apt group of listeners at the Houston Chapter SIPES Luncheon on October 16.

A “California to Wyoming” version of rough and tumble Texas oil biz stories, Jim gave us a taste of what sensational tabloid stories may have resembled 100 years ago. Jim’s boisterous story, dripping with intrigue, power plays and the unpredictable force of Mother Nature is one juicy recount of a series of events set in a place near where he grew up; the story of hometown boys in a power struggle with the big oil companies as 50 anticlines were identified in Big Horn Basin, Wyoming.

Jim regaled the group with tales of land grabs, buffalo hunts, livestock murders, womanizing, and gun clubs. The story was set in the days when people could claim land by simply driving four fence posts into the ground with an added bonus that those fence posts might strike oil! If so, those lucky land owners had to keep a sharp eye out for those claim-jumping sons of... pioneers. Jim gave us some insight into the personalities of some of these early oil tycoons and tyrants, including John McFadyen, who once climbed all the way up a rig to fire a guy working at the top so that he would have to climb down on his own nickel. We heard about Mother Nature playing dirty tricks... leaving some of the oil-seekers literally high and dry, and burning a rig down with a lightning strike. And, as if listening to this saga unfold weren’t interesting enough, Jim also shared lots of old photographs of the people, places, and events surrounding the story. He wrapped up by fast-forwarding from these days on the verge of WWI all the way to present day, when a new round of drilling in Wyoming promises an exciting next chapter in the history of Big Horn Basin.

Thankfully, the oil business is so civilized these days!!
The October 16, 2014 Houston SIPES Board Meeting was called to order at 10:05 am with a good showing of participants.

Chairman Pacht reported that the HISD Magnet School Program has contacted SIPES as they are interested in our membership presenting talks on Energy to various high schools. Jeff Lund has indicated that two talks are set for November 2014 for Milby High School. Sadly, our Community Outreach volunteer, Sandy Rushworth has resigned for personal reasons. We are looking for a replacement to continue the great work that she spearheaded this year.

The Continuing Education Series was discussed in order to reflect on possibly changes for timing, format and content in upcoming years. Further discussion will be needed.

Denise Stone, Treasurer reported that SIPES remains in good condition financially with a checking account balance of $73,913.00 and a Savings account balance of $50,154.00. Our September 2014 Luncheon had 101 registered and 13 walk-ins. There were 3 comps and 5 no shows. Jay Moffitt, Chair Elect reported that online luncheon billing will be initiated through the new SIPES website and a 'Season Pass' for 12 months worth of luncheons will be available at a discounted rate of $270.00.

Past Chairman, Dick Bishop reported that the Nominating Committee has met and prepared a list of candidates. The Independents Award program slated for December, 2014 is well under way. Mike Jones and Jeff Lund reported that the National SIPES meeting will be held in 2016 in San Diego. Jim Allen, coordinator of the new website reported that the beta version will be up and running soon. Modifications to the Deal Buyers List may be made, but remain under consideration. Gary Weir, Technical Programs reports that great talks, although always needed remain strong for the year and early 2015.
What is the Origin of the Word “Derrick”?

The winner of last month is Christine Milliner, of Corporate Montage. If you see her, make sure to give her a high-five for her geologic prowess! What is the reason for “bbl”?

There are three acceptable answers for last month’s quiz:

1) The “b” may have been doubled originally to indicate the plural, or possibly it was doubled to eliminate any confusion with “bl” as a system for the bale.

2) “Bbl” was also a symbol for the 42 gallon “blue Barrels” delivered by and manufactured by Standard Oil in its early days.

3) Finally, in early oil transportation times in Pennsylvania, good barrels for hauling oil were marked with a blue “X” to distinguish them from barrels with holes.
The recent drop in the price of oil had very little to do with our increasing shale oil production. The “Perfect Storm” combines a softened demand for liquids, Libya increasing production by over 500,000 bbls/day, large funds having to close out their long positions in oil futures contracts to cover margin calls.

Total U.S. commercial crude inventories stand at 377.7 million barrels. The U.S. consumes close to 20 million barrels per day plus the U.S. exports a lot of refined products. It is normal for inventories to build this time of year, until heating oil demand kicks in around November.

Even with technological advances drillers need to bring on about 4.5 million barrels per day of new volumes just to keep world production flat.

Demand continues to soar in developing nations. China’s daily demand has been increasing by 370,000 barrels in each of the past two years.

Each time the price drops, the price of oil rebounds and moves higher.

Supply and Demand will be back in balance by the end of November.

The talk of Saudi Arabia wanting to regain market share by dropping the price is untrue and expect to raise their price in their November meeting.

Harold Hamm of Continental Resources in a Forbes article on Oct 20th remarked Empty talk, not market fundamentals moved the price. If the Saudis really want to send oil prices lower they’ll have to back up their jawboning by adding more barrels to the market... but neither the Saudis or any other OPEC producer has any excess production capacity to do so. This is a case of the emperor has no clothes.

Dan Steffens, President, Energy Prospectus Group
Proposed Houston SIPES Chapter
Outstanding Independent Award (OIA)
(06/19/2014)

**Objective:** To recognize career contributions and accomplishments of independent geoscientists.

**Characteristics of Awardee**
- Any successful independent (not restricted to Chapter members)
- Has had a significant impact on the profession as an Independent
- The impact may be technical, exploration/business success, as a leader and inspiration to others

**This recognition will be considered on an annual basis by the OIA Committee by the following process:**
- The Chapter Chair-Elect will chair and recruit members for the OIA Committee;
- Nominations may be received from any Houston SIPES Chapter Member (full or associate);
- Names are to be submitted to the OIA Committee for review and recommendations;
- The OIA Committee will submit a single nominee to the SIPES Houston Chapter Board for its consideration and approval.

**One awardee per year OR occasional, no more often than annual**
- The Committee chair or the SIPES Houston Chapter Board will appoint an appropriate Houston Chapter Member to contact the person to be recognized. Independent geoscientist may or may not want to be recognized;
- 2014 Outstanding Independent Award (or recognition) is targeted for November or December meeting.

**Award**
- Physical award is to be decided but will be a plaque, plate or something appropriate.
- Awardee would be offered (and will choose) a format appropriate for them:
  - Awardee may present an overview of their career in a normal SIPES talk format;
  - Awardee’s colleagues may be invited to give short presentations on the career contributions of the awardee;
  - Or a combination of these depending on Awardee
- The physical award will be presented at the end of the presentation

**Background**
This designation was suggested by several SIPES members during 2013 to recognize colleagues with long experience and distinction as independent geoscientists, operators and/or prospectors. The occasion of the Houston SIPES meeting recognizing Dan Hughes in July of 2013 organized by John Hankey prompted this discussion. It was envisioned that future awardees will be recognized and make a presentation at a Houston SIPES Chapter meeting.

**Committee**
- The current working group is John Hankey, Dick Bishop, Bill Smith, Jim Tucker, and Gary Weir as Program Chair (ex officio).
- This is an *ad hoc* committee of the Houston SIPES Chapter, with members appointed by the Chapter President, and including the current Program Chair.
- At the current time, no modification of this *ad hoc* committee has been made by the Houston SIPES Chapter President and Board.
The Houston Board has approved the sale of “Season Passes” for lunches in 2015, whereby you can pay $270 for the entire year. Since lunches are $30, that means you get to eat at all eleven lunches but pay for just nine! Some rules: You must sign up and pay for this Season Pass by January 10th.

Check out the new website (when it becomes live), and you will be able to sign up there. You must still RSVP each month in response to BK’s email so we will know whether you are attending, just as you do now to register for a monthly meeting. This takes away the worry of trying to remember whether you have signed up a particular month, as well as providing SIPES with a guaranteed income. ♦
No Nostalgia for Crude Oil Export

In 1975, in reaction to fears of a possible global oil shortage, Congress placed severe restrictions on U.S. crude oil exports.

In 1975, Gerald Ford was the president, Patti Hearst was on the FBI’s Most Wanted list, and 8-track audiotapes were considered high technology.

All of that has changed, except for the crude oil export ban. It is time for that policy to be relegated to the history books as well.

The need for restrictions on exports of U.S. crude (if it ever really existed in the first place) has long since passed. Thanks to fracking and other innovative production techniques, America has gone from energy scarcity to energy abundance.

We will soon be the world’s largest oil producer and must have the ability to sell that American-made energy where demand is highest. Exporting U.S. crude will open new markets and spur investment, and a recent study by ICF International and EnSys Energy concluded that it could result in an estimated increase of 500,000 barrels per day in domestic crude production by 2020.

Consumers have nothing to fear from crude oil exports. The ICF/EnSys study also concluded that adding U.S. crude to the global energy supply would put downward pressure on fuel prices, saving U.S. consumers up to $5.8 billion in fuel costs from 2015-2035.

Allowing crude oil exports will also provide a tremendous boost to the U.S. economy. The ICF/EnSys study estimates that, in 2020, lifting the outdated crude export ban could add an estimated $38 billion to GDP, increase government revenues by $13.5 billion, reduce our trade deficit by $22 billion, and support as many as 300,000 new jobs for American workers.

The crude oil export ban is a relic from a long-gone era that today stands in the way of economic growth, job creation, and more affordable fuel for U.S. consumers. Congress needs to move into the 21st Century and let it go.

Are You Ready to be an Energy Voter?

This election year, it’s vital that you make the choice to vote for energy.

Our nation is in the middle of an energy renaissance. To keep it going, we need elected officials who support policies that will allow our nation to develop the energy resources that will create jobs, strengthen our security, and move us towards energy independence.

What can you do to vote for energy in November?

Sign the pledge to vote for energy. If you haven’t pledged to vote with energy in mind this November, do so today.

• Register to vote. You can’t vote unless you register.

Get educated about the candidates. Talk to the candidates, research their positions, and check out our website to see where they stand on energy issues.

• Research voting dates and deadlines. Election Day is November 4, but many states have early voting. You can also request an absentee ballot. Research your state’s deadlines to register and vote to make sure you aren’t left out.

• Talk to your friends. Telling your friends about the importance of voting for energy is a key way we’ll elect good policymakers.

Are You Ready to be an Energy Voter?
New Member Applicants

Fellow Houston SIPES members, please welcome the following new members. Laura Domingue is joining us as a chapter affiliate. She is currently a business development consultant for Edgeseis LLC and has done both business development and land work in the past. A Louisiana native, Laura is also a member of AAPL and HAPL. Mark Hodge is also joining us as a chapter affiliate. He is a senior landman advisor for OXY and has spent most of his career as an independent land consultant and investor. That career has seen him reside in Mississippi, Wyoming, and now Texas. Brian Key has been an independent geoscientist for more than a decade and we will welcome him as a full SIPES member. He is lifelong Texan interested in both exploration and development geoscience. Gregg Martinez joins us as a limited member. He is currently employed as the chief geophysicist for Cathexis. His career includes stints in both the service company and operating company aspects of the oil and gas industry. I have worked with Gregg on several projects in the past and I am glad to see him as a SIPES member. Jim Osborn joins SIPES as a full member. He is an Indiana native who has spent the majority of his career as an independent geoscientist working in East Texas. His primary interest is exploration geophysics. There is one new applicant for consideration this month: John Wallace ("Wally") Marks who is applying for SIPES membership via DPA reciprocity.

Jim Osborne

Gregg Martinez

Laura Domingue

Brian Key

If you have O&G production for sale contact John Smolen or Tom Nguyen at 832-742-9220

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Upcoming SIPES Events
Nov 20: Joint luncheon with HAPL, Gregg Robertson.

Upcoming HGS Events
Visit HGS.org

Science-Based Events in Houston
Museum of Natural Science Lectures
Nov 12, 6:30pm: Lecture—Ice Age Yucatan, complete well preserved skeleton of a young girl from over 12,000 years ago.

University of Houston Free Lectures
Nov 11, 5:30pm: Moderated Debate on America’s Energy Transportation Infrastructure: Is It Safe?

Energy Prospectus Group
Dec 1: Luncheon, Hemisphere Energy Corp, Hess Club, 5430 Westheimer Rd

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