

Energy Today

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Don Crider and Mike Scherrer discuss how this prospect generation company stays successful by mitigating risk and staying focused.

Digging



Deep

Five years ago, Don Crider and Mike Scherrer formed Focus Exploration with a vision of pinpointing and mitigating the risk of failure on offshore oil prospects in the Gulf of Mexico. Five years later, Focus Exploration, with Crider as CEO and Scherrer as president, has successfully gained interest in more than 100 blocks in the offshore Gulf of Mexico.



Don Crider, CEO



Mike Scherrer, president



"We're a unique company providing prospects for offshore industry operators and E&P companies," said Crider. "We specialize in locating top quality prospects in shallow as well as deep water for offshore Texas and Louisiana, and we reduce the risk on those prospects ahead of the drill bit."

Seasoned expertise

The success Focus Exploration has seen in the past five years can in large part be attributed to a workforce of employees, each with 30 years of experience in the offshore Gulf of Mexico. Many of those employees worked with Crider and Scherrer as consultants prior to the development of Focus Exploration. "They were the best we had used, and they'd worked with majors and major independents such as Kerr McGee, Marathon, Phillips, CLK, Chevron, Transco, Anadarko, and Spinnaker," said Crider.

But according to Scherrer, that experience would mean little without the guidance and foresight of Crider. "We say 5% or 10% of the geoscientists find 90% of the hydrocarbons," Scherrer said. "And Don is one of those guys who has a gut feeling for a good prospect. That prevents us from spending time on the marginal ones, and we go down the road on the best prospects. It's an efficient methodology, and it's having the right people like Don and our seasoned veterans who know what a good hydrocarbon prospect is."

The company's abilities go beyond gut instinct, however. In addition to 2D and 3D seismic capabilities, Focus Exploration is looking beyond its own back yard to find the next wave of technological innovations in deep water exploration. The company recently partnered up with Electromagnetic Geoservices (EMGS), based in Trondheim, Norway. According to Crider, EMGS's technology has the potential to be a greater risk reducer ahead of the drill bit than the industry has ever seen.

"The technology generates electromagnetic waves, with the source right above the seabed and receivers placed on the seabed," Crider said. "It's actually looking for resistive formations at depth. The resistivity indicates hydrocarbons but can also indicate salt and other elements."

EMGS's technology is not standalone and must be used in conjunction with seismic, well logs, and a thorough regional understanding of the Gulf, which Focus Exploration has, but it brings a new dimension to risk mitigation with its capability as a direct hydrocarbon indicator.

Although the technology is roughly five years old for offshore utilization worldwide, it's brand new to the Gulf of Mexico.



EMGS

Most hydrocarbon reservoirs exhibit high electrical resistivity. For 75 years, borehole resistivity logs have been used to prove hydrocarbon reserves. In 1997, two researchers at Statoil realized it was possible to measure subsurface electrical resistivity from the seabed, and seabed logging was born. In 2002, Terje Eidesmo and Svein Ellingsrud formed EMGS to commercialize seabed logging. Today, Trondheim-based EMGS has conducted more than 400 commercial projects. With five vessels and full service centers in Stavanger, Oslo, Kuala Lumpur, and Houston, EMGS is the acknowledged technical and market leader in the use of electromagnetics to find oil and gas.

But just as when they started the company five years ago, Crider and Scherrer have calculated the risk of this partnership. "The Gulf of Mexico is a very mature basin and one of the most studied in the world," said Scherrer. "From a standpoint of understanding the geology to help us in the Gulf of Mexico basin, it's not as critical. But from the standpoint of keeping up with new technology, this partnership is critical."

Single-minded focus

Focus Exploration has only two or three competitors, companies that focus solely on generating prospects. But there is more to the company's success than a shallow pool of competition.

In numbers alone, those two or three competitors have done roughly 10% the amount of business of Focus Exploration. In five years, the company has acquired interest in more than 100 blocks in offshore Gulf of Mexico. According to Scherrer, most companies do two or three a year. On these, Focus has had 17 exploration discoveries.

When asked why his company is so far ahead of the game, Crider said: "It's our methodology and efficiency of finding the best prospects and mitigating the risk down to the minimum level it can be reduced ahead of the drill bit."

"We have about 14 people here full time. If you were to walk through our office and see the amount of data we go through, the number of maps we generate, and the regional data we have, you would think we have twice that many people," said Scherrer. "In addition to human capital and technological capabilities, our success is based on efficiency."

Focus Exploration also fills a gap in the industry. There are many companies that are purely operators but don't have an exploration group. Because of its laser focus, the company is well versed on efficiently finding prospects for those companies. And many customers contact Focus Exploration because they don't have a way to get prospects.

"The other companies are operators," said Crider. "Their daily chores include looking for oil and gas from a generation standpoint, but they have many other responsibilities. Our responsibility all day long is finding the best prospects available and taking the risk down. That's what we concentrate on. We're not jacks-of-all-trades. We're specialists." ☀

—Amanda Gaines

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