

Variety Of Oil, Gas Projects Keep Independents Busy On Gulf Coast Onshore

By Al Pickett
Special Correspondent

Independent producers may be world-renowned for their expertise in unconventional gas plays, but they also know a thing or two about oil. Independent operators have been steadily ramping mainstream U.S. oil drilling activity to levels not seen in nearly two decades. In fact, in the third week of March, Baker Hughes counted 474 rigs drilling for oil in domestic basins, marking four consecutive weeks in which the U.S. oil count came in above 450 rigs. The last time that occurred was in December 1991!

Like elsewhere around the country, the oil drilling resurgence on the Gulf Coast is a matter of economics, according to Harvest Petroleum Inc. President Bob Harvey. "With oil prices at \$75-\$80 a barrel and natural gas in the \$4.00-\$4.50 an Mcf range, it makes sense to drill oil prospects or multipay prospects with both oil and gas, especially for smaller independents," he says. "We are concentrating on projects that have strong oil or condensate components."

However, it is not oil drilling alone that is fueling activity onshore the Gulf Coast. Several independents are busy pursuing oil and gas prospects that largely are flying under the radar in conventional geology all along the Gulf Coast—from South Texas to Louisiana, Mississippi and Alabama. Projects range from deeper exploration targeting Yegua and Miocene-aged gas sands, to relatively shallow

Hackberry and Frio oil drilling, to infill drilling and enhanced oil recovery work to boost rates from mature producing properties.

Strong On Oil

Harvest Petroleum's Bob Harvey says oil development opportunities are vital to smaller independents such as his company. "From our perspective, we do not want to spend a bunch of money chasing gas shales. A small independent has a tough time making money in a crowd," he offers. "We are strong on oil. Our bread and butter is oil projects in which we can get a good product price without having to deal with so much competition."

Accordingly, Harvey says Harvest Petroleum's strategy focuses on smaller-sized prospects in the Bakken oil shale in the Williston Basin and lower-risk opportunities in and near existing producing fields in the Gulf Coast. Harvest Petroleum operates a lease near Santa Fe, Tx., in Galveston County, and has a nonoperating share of a 12,000-acre lease in St. Landry Parish in Louisiana.

"Smaller independents have to be oriented toward oil," he claims. "All the big company budgets are going to shale. We can either tag along or look for oil plays appropriate for our size of company."

Harvest Petroleum is looking at several Gulf Coast oil opportunities and analyzing data, Harvey reports. "We have the drilling dollars," he states. "We are looking for the right deals that fit our position. To justify going for it, we need an 'oily' project that fits our investment criteria." □