



*From Left: Dr. Duhalt, Mr. Brooker, Mr. Rawdon, Mr. Zuckerman, Dr. Morgan*

# Where Do We Go From Here?

The 2015 Texas Energy Council Symposium: Panel 4

## Where Do We Go From Here?



### Quotable:

“Our institute got visited by over 20 countries (this past year)... the biggest take away that they get is the technology it takes to get this done.”-Morgan

“PEMEX is not isolated from what happens with the price of oil, so it has also established some sharp cuts in spending. But the problem in Mexico is that a falling oil price has repercussions not only for the company, but also the government.” – Duhalt

“With respect to Energy Reform (in Mexico), it’s not the same to open up your sector when the price of oil is \$100/barrel and not it’s \$45-\$50/barrel. It takes the shine or attractiveness off of the energy reforms.” – Duhalt

“I’m of the view that we’re going to have a lot of zombie companies in this industry. What I mean by that is that there are a lot of companies that should go out of business. They’ve got way too much debt. They never really made that much money when times were good and they surely aren’t going to make much money now.” – Zuckerman

“I’m scared of zombie companies because I have to do their reserves!”- Brooker

“\$70 is the new \$90 because in a decreased capital cost environment we can live with lower oil prices and a little bit of movement in natural gas. If the U.S. continues to shift a little bit more to natural gas, as well as the rest of the world, having both of those commodities a little healthier is going to help us in a going forward basis.”- Brooker

### **Moderator: Dr. Ken Morgan**

*Director, The TCU Energy Institute (Ft. Worth)*



### **Panelists:**

#### **Todd Brooker**

Senior Vice President,  
Cawley Gillespie &  
Associates (Austin)

#### **Dr. Adrian Duhalt**

Professor

The Business &  
Economics School at the  
University of the  
Americas- Puebla &  
Associate Academic at  
Rice University’s Mexico  
Center

#### **Jack Rawdon**

RKI Exploration &  
Production, Inc.  
(Oklahoma City)

#### **Gregory Zuckerman**

Author, [The Frackers](#) &  
Reporter, *The Wall Street  
Journal* (New York City)

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“I don’t think it’s as much waiting for the price to increase as much as it is to keep it stable.....But the thing is if you have a stable oil price, then we can plan our business and understand our development programs and what we can and can’t do in our different fields that we operate in.” – Rawdon

“Who’s going to benefit from the gas revolution here in Texas and the answer is Mexico.”- Duhalt

“I don’t think we are going back to the days before fracking. It’s just too important a technology. It’s unlocked rock that (we) never before thought could produce the hydrocarbons that it has, but I still think you refine it, you get the costs down and use it responsibly.”- Brooker

“One of the lessons from this whole era is to be skeptical of the experts- be it about OPEC or the future of energy prices. Everyone in the industry is saying “\$70-\$90, \$70-\$90, eventually we’re going to get back to \$70-\$90 because, of course, the world’s growing and China’s got a middle class, etc.’ and I’ve learned to be really skeptical because just like the experts got it completely wrong with this shale revolution. Exxon was sitting on the Barnett and didn’t ever do anything about it. It took George Mitchell and some others to gamble on it.”- Zuckerman

“In 2008 drilling activity in the Barnett Shale immediately fell off, but production continued for about four more years.”- Ireland on the Barnett Shale after the 2008 price drop

“As investors, we’re drawn to this shift to unconventional resources to really grow production and to finance the transition that the industry has gone through the last few years.”- Damon Box

“If the question is ‘what just happened?’ and ‘where are we right now?’ –I think people are still trying to figure out where we are right now.”- Box

“What just happened—it’s pretty simple: Five years of \$90+ oil drove down the demand, \$90 oil built up supply.”-Campbell

“What’s a long downturn? Is that \$70 oil? Is it \$50 oil? I don’t know. If I said \$60 oil, the one thing we do know is that I would be wrong.....” - Campbell

“The Shale Revolution reminded us of a couple of lessons that we often forget. The first lesson is never say ‘never.’ Will we have \$100 oil? Possible. Will we have \$20 oil? Possible. So, never say ‘never.’ The second lesson we learned is that the only constant is change. But the third lesson of the Shale Revolution is that this change is happening faster and faster and that the change tomorrow is faster than the change today.” - Alhaji

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“I think EBITDEx is something that’s important and I do like the use of it. I think it is a real helpful tool to forecast probable future reoccurring operating cash flows. But impairment and depletion: those were real dollars one day. Yeah, they were in the past, but I think they are important.”- Blice