

DALLAS BUSINESS JOURNAL

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STRATEGIES

Business leaders relive their steps to success.



Verado Energy CEO Christopher Graham in his office with a jar of crude oil from a recent drilling success in Eastland County between Abilene and Fort Worth.

JAKE DEAN

HOW I...

Took our energy exploration and production company in a new direction — literally!

Christopher Graham cut his teeth working as an engineer at Irving-based Exxon Mobil Corp. (NYSE: XOM), then went on to be a consultant with Netherland, Sewell & Associates Inc., the Dallas-based oil and gas consulting firm.

The 37-year old applied all that he learned at his previous positions when he took over as president and CEO of Verado Energy Inc. in January 2013. As a result, he's taken the Dallas-based driller in a new direction.

Verado's existing natural gas reserves have been slowly running out. It's now so hungry for new properties that it's in acquisition mode.

The company has interests in 750 wells and operates about 175. The Dallas-based company has 50,000 leased acres, mostly in East Texas.

For decades, Verado Energy Inc. has been almost entirely focused on natural gas and oil plays in East Texas. We hit pay dirt 98 to 99 percent of the time, which means our dry hole ratio was very low.

That's because we target fields that already have proven reserves. Historically, we're an E&P company

that does more production than exploration.

This has served us well over the years, but I saw huge potential for growth when I joined Verado as CEO and president.

That started by shifting responsibilities internally so we could focus more on acquisitions in new places where we've never drilled before. That includes Oklahoma, New Mexico and other regions of Texas.

Our main focus remains in Texas, though. Instead of outsourcing engineering, we're doing more of that in-house.

We're going after oil-and-gas acquisitions that have a good mix of proven reserves and raw, untested land. The more proven it is, the more it costs because there's less risk.

Likewise, land that hasn't been drilled yet carries significant risk for dry holes.

We don't want to be on either end of the spectrum – the ideal acquisition has an even mix of both.

On a shelf in my office you'll see a jar of crude oil from one of our most recent drilling successes in Eastland County between Abilene and Fort Worth.

I've worked as a consultant for oil and gas companies in downtown Dallas for seven years, but I felt mostly disconnected from the actual drilling. Before that, I worked as a reservoir engineer for Exxon Mobil.

I like to see the rubber hitting the road with oil and rub shoulders with the workers on the drilling rig.

My time as a consultant proved valuable. I worked with companies like Chesapeake Energy, who were heavily leveraged in natural gas when the price crashed in 2008 and 2009.

Oftentimes these companies would have knee-jerk reactions to changes in commodity pricing because they have shareholders.

At Verado, our history goes back to the 1940s, under a different name, with private ownership that takes a more long-term approach to oil and gas. It's nice to have ownership that doesn't overreact to trends.

Many of the small, independent wildcatters out there focus on pioneering a new technique so they can prove up an oil and gas field and entice a bigger company to buy them out.

We don't flip properties.

We want leases that have long-term

► CLOSER LOOK

VERADO ENERGY

Corporate office: 8150 N. Central Expressway, suite 850, Dallas

Field office: 1121 E. Southeast Loop 323, Suite 100, Tyler

Where they operate: Texas, Alabama, New Mexico and Oklahoma

Interests: 750 wells

Operates: 175

Leased: 50,000 acres

CHRISTOPHER GRAHAM

Title: President and CEO

Age: 37

Education: Bachelor of science in chemical engineering from Brigham Young University

Associations: Registered Professional Engineer in Texas and Louisiana and Society of Petroleum Engineers

value that we can lease, drill and keep. We take pride in building relationships with our landowners.

We're driven by a long-term rate of return so if we find a good natural gas asset, we'll buy it even though prices are low.

– As told to Nicholas Sakelariz