

Startups Launch To Advance Industry

By Colter Cookson

With its ability to drill thousands of feet below ground, transport oil and natural gas hundreds of miles, and turn those raw materials into everything from electricity to plastic, the oil and gas industry is a modern marvel. It owes much of its success to its people, who are always looking for better ways not only to plan, drill, complete and manage wells, but also to provide the countless ancillary services that make production possible.

Nowhere could that spirit of innovation be more evident than in the newest service and supply companies. These startups’ founders are leveraging their track records, relationships and expertise to identify gaps and inefficiencies in traditional processes, then come up with creative solutions. Their focuses range from providing capital to optimizing drilling equipment, digitizing well logs, remediating sour crude and treating produced water.

“This is an attractive industry in which to work,” reflects Evan Turner, the founder and managing partner of Drillcore Energy Partners LLC, a private equity firm that launched in 2017. “From a technical standpoint, the industry never rests. It is always coming up with new ways to drill and complete wells that gradually expand the areas we can economically produce.”

Turner’s previous experience includes establishing the oil and gas/natural resources group at CohnReznick Capital and launching the oil and gas private equity arm at StormHarbour Partners LP. He says he formed Drillcore with a team of experienced, technically-minded professionals to address private companies’ need for capital.

“The upstream equity market is crowded with existing sponsors, but there are thousands of privately held or private equity-backed companies in the United

States that are looking for additional capital, or the technical and financial knowledge our team can provide,” he assesses.

“We started the firm at the right time in terms of prices,” he comments. “Prices have stayed in a reasonable band since we launched. They are stable enough to generate attractive returns, but in many areas, we can still take advantage of relatively low service and basin-entry costs.”

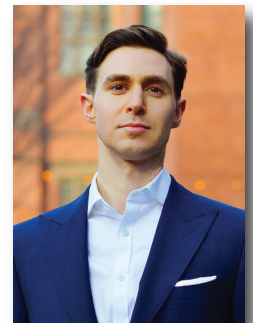
Outside its initial fund target of \$250 million, Turner says Drillcore looks at oil and gas opportunities on a deal-by-deal basis, then goes to limited partners and co-sponsors to secure capital for the most promising opportunities. “This allows

a reservoir engineer, and a chemical engineer, all of whom had industry experience before transitioning to energy finance and principal investing roles, and eventually partnering to launch the firm. “Our in-house technical expertise allows us to review and analyze opportunities quickly,” Turner says. “We also can buy and operate assets ourselves, but we prefer to leverage the experience of other oil and gas operators.”

Turner says the team’s experience helps it structure deals in ways that are beneficial to all parties. In addition to traditional buy-outs or platform investments, Drillcore partners with existing companies through joint ventures or Drill-

“There are thousands of privately held or private equity-backed companies in the United States that are looking for additional capital, or the technical and financial knowledge our team can provide.”

EVAN TURNER
Founder and Managing Partner
Drillcore Energy Partners LLC



us to look at other opportunities without size limitation,” he mentions.

According to Turner, Drillcore’s sweet spot is \$25 million-\$125 million, with an average deal size around \$75 million. He says the firm favors oil-weighted opportunities from Texas to North Dakota. “We prefer unconventional opportunities, but we will look at conventional assets in areas with stacked pay that can be developed through horizontal drilling,” he says. “Ideally, the assets should have a proved, developed, producing reserve component.”

Drillcore’s team includes two geologists,

Cos. While Drillcore prefers control-oriented investments, it is open to co-investments alongside other investors with shared attribution.

Although it focuses on exploration, drilling and production companies, the firm will invest in oil field service companies and equipment manufacturers if the economics are compelling, Turner adds. “We will look at opportunities that are close to the wellhead, such as oil country tubular goods, fishing tools, down-hole equipment and the associated maintenance,” he details. □