

U.S. edge 'unbeatable' in shale play

By Jennifer Hiller

Updated 8:15 p.m., Tuesday, September 25, 2012

A few years ago, the U.S. was an “energy couch potato” — consuming lots of energy without offering much production to the global energy mix.

Now, as U.S. energy companies aggressively pursue the oil and gas locked in layers of shale rock, other countries are sitting on the sidelines, said Al Holcomb of the San Antonio-based Lewis Energy Group.

“The rest of the world is still sitting,” Holcomb said. “It's given us an unbeatable edge.”

Holcomb, vice president of acquisitions and divestitures for Lewis Energy, said shale production is giving the U.S. a leg up economically against other economies, as well as making the country more energy independent.

Holcomb spoke to members of the Association for Corporate Growth at a luncheon Tuesday at the Plaza Club. The oil and gas company drilled its first Eagle Ford well in 2002 and had a 300,000-acre stake in South Texas' Eagle Ford Shale by the start of the boom in 2008. It is in a joint venture with BP to develop much of that acreage.

“This play is huge,” Holcomb said. “South Texas is emerging as one of the hottest oil and gas regions in this country.”

Holcomb said that as U.S. shale production has increased, conservation efforts have reduced energy consumption — a great combination for consumers.

Natural gas prices have dropped. Unless a new use comes into play, such as converting large numbers of cars and trucks to run on natural gas, prices likely will remain low.

“Natural gas could remain oversupplied, and prices could remain low for several years,” Holcomb said.

Producers likely will continue chasing oil instead of natural gas, although technological advances in hydraulic fracturing mean the U.S. suddenly has access to a wealth of both.

“The big winner in this will be our country,” Holcomb said.

For now, most European countries remain opposed to hydraulic fracturing, the process of using sand, water and chemicals pumped at high pressure to fracture dense rock formations to release oil and natural gas. Holcomb believes that's a strategic mistake. “I would be much more afraid of (Russian President Vladimir) Putin and the Russians than I would be of fracking,” Holcomb said.

Lewis Energy and BP entered a joint venture in 2009, which the companies expanded in 2011, with 150 wells drilled so far and 2,000 planned in the next 10 to 15 years.

The vast oil and gas play in South Texas contributed \$25 billion in total economic output to a 20-county South Texas region last year and provided 47,097 full-time jobs, according to a study prepared by the Center for Community and Business Research at the University of Texas at San Antonio's Institute for Economic Development.

Oil production in the Eagle Ford Shale formation topped 310,000 barrels a day in July.

Eduardo Berdegué, managing director of Corporate Finance Associates, noted that to many in San Antonio, the Eagle Ford Shale was nothing but a funny name — “a tongue twister” — a few years ago.

“Now I know better,” he said, noting that it represents an enormous future revenue stream for South Texas and San Antonio.

jhillier@express-news.net Express-News archives contributed to this report.

Twitter: @Jennifer_Hiller