

Entrepreneurship: Transitions and Strategies, Riverford Exploration, LLC

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Abstract

Riverford Exploration, LLC's sustainable strategy is centered on low-risk projects with cash-flow certainty. This is accomplished primarily through acquiring long-life, low-operating expense investments in proven developed producing (PDP) non-operated assets with quality operating partners. Mineral interest in producing and non-producing properties supplement the non-operated working interest positions. Outside consulting has provided high returns but has lower cash flow certainty.

Higher-risk, higher-return, and higher-upside exploration projects were added once the sustainable strategy met financial goals and projections. These successful projects have significantly contributed to Riverford's production, reserves, cash-flow models, and objectives. These strategies are built for long-term participation. Constant review of all properties has led to strategic sales of assets not consistent with these strategies. Sales provide immediate cash flow and continued organizational focus on projects still consistent with Riverford's model.

Riverford's competitive advantage is the development of projects, investment, and management of onshore U.S. basins, plays, and projects while employed with large integrated public and private independent firms. These provided opportunities to establish and create technical and industry business expertise.

The transition into entrepreneurship from employment occurred gradually over fifteen years. Employment in private firms allowed for participation in the firms' projects and development of Riverford independent investments with the approval of these private firms. Established cash flow generated the opportunity to seek more independent opportunities, including outside consulting.

Initial and longer-term funding has primarily been self-sourced. Outside individual investors and bank debt have provided funds for higher-cost, individual projects allowing for continuous development or greater participation in high-potential projects.

Riverford has participated in over one hundred producing wells and projects in the Gulf Coast, Permian, North Texas, Anadarko, Williston, and Illinois basins with over two dozen operating companies and generating partners during the past twenty-one years. Riverford's producing assets and strategies should have the company well-positioned for continued success.