

The Seven “C”s of Success*

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Introduction

2007 marks the 50th year since I graduated from college, the 43rd since I became an independent, and the 23rd since I started Five States Energy Company.

Some of you may be considering becoming an independent, or have already taken the big step of opening your own office. Becoming an independent today is certainly different, and perhaps a good bit more difficult than it was in 1964, when I made the decision to leave my comfortable, well-paying job with a great company and join the ranks of the unemployed. Yet I know of many geologists who have been on their own for only a few years, who are achieving great success and having a wonderful time.

Looking back, there’s no way to list all the changes that have taken place in exploration, drilling, completion, and production since I left the mother ship. Incredible advances have been made in all fields of basic and applied sciences. When I graduated from college, computers were still in the vacuum-tube stages at MIT, and calculations were mostly done long-hand or with the help of a slide rule and a legal pad. The Soviets had not yet hurled *Spunik*, their grapefruit-sized satellite, into the stratosphere and ignited America’s race to the moon. By today’s standards, exploration geophysics was primitive, the concept of plate tectonics was an irrational and discredited theory, and the idea of global warming while walking across the snow-swept campus of the University of Oklahoma in the middle of winter would have seemed absurd.

Today, when I look through university catalogs I am amazed at the variety and depth of course curriculum, I am in awe of the students who are able to handle the work. Graduates are almost universally more knowledgeable and skilled in a variety of academic subjects than were my peers and I.

Nevertheless, using even the limited knowledge that they had gained somewhere along the way, many geologists of previous decades formulated worthy theories and models of the earth and used them to find enough hydrocarbons to meet the requirements of the world’s ever burgeoning population. Remarkably, many of the old codgers of my generation are still passionately at it, working with fresh concepts, new technologies, and, obviously, younger associates.

In the fifty years or so I’ve been in the industry, one of the greatest privileges I’ve had has been to know and occasionally work with some of the men and women all of us would agree have been successful. Many of them discovered their share of oil and gas and made at least enough money to live comfortably. They seem to have been born with special gifts of observation, analysis, and understanding, characteristics they applied to geology, but would have served them equally well in whatever vocation they might have chosen.

As I’ve mulled over this presentation for the last several months, I’ve given a lot of thought to my personal geological heroes and considered the attributes that contributed to their successes. I’ve recently visited with several of them again and gone back and reviewed notes from prior years. Obviously there are a lot of factors that add to success, but several seem to keep popping up again and again in one form or another, and these I’ve

grouped into a total of seven. I call them the “Seven ‘C’s of Success” and I’d like to talk a little about them today.

First though, I’d like you to know how I view success. To me, it’s not about money, although that’s probably what initially motivates us to a greater or lesser degree, especially when we are just starting out and wondering if we can stay in business long enough to make house and car payments and provide some security for our housemates. It’s also the most common way we keep score of our progress. However, if one predicates success on money alone, the journey is likely to be a long and rough one. As the old saying goes, “He who marries for money earns every penny of it.”

For me, success is all about personal satisfaction, being totally absorbed in an idea or a project, and waking up truly excited to get back to work. It’s having the freedom to decide what you want to do, when and where you want to do it, and with whom. It’s the reward of spending long hours doing something you really enjoy, and learning that you can do it as well or better than almost anyone else.

Most of the people of my generation whom I consider successes have little interest in retiring. As one eighty-something independent geologist told me just last week, “I’m working harder today and having more fun than I’ve ever had.” He’s a long-standing member of AAPG and has attended almost every annual meeting since he’s been a member, as well as numerous seminars and short courses. He didn’t need to tell me that he’s also drilling more wells and finding more oil and gas than he ever did. I already knew that.

I also believe that success involves developing a generous quality of life, of giving back, of contributing to others as friends, mentors, sounding boards, or associates, or in other ways, such as serving as geology merit badge counselors for Boy Scouts, volunteering to talk to local school groups, or contributing funds to worthy causes. Beyond the obvious talents of my heroes, most had deeper dimensions, a presence that made them especially interesting and rewarding to know. One might call it warmth or perhaps charisma. Through the years I’ve kept a list of such people. I think of them as my personal heroes. They’re the ones I’ve tried to be with more often, learn from, and pattern some of my own personal and professional practices after.

Well, on to the seven “C”s.

The Seven “C”s

My first “C” is **character**.

Character is the starting point for anyone, especially an independent, whose good reputation is as important to success as ambition, knowledge, or experience. Without exception, I can trust my heroes. They have a measure of honesty, integrity, and wisdom that I admire. I’d never worry about them revealing a confidence or utilizing a fudged data point. I consider them absolutely trustworthy.

Never overestimate or overstate your knowledge, competence, or experience. The independent’s world is actually a pretty small pool of professionals, and breaches of ethics or errors in judgment are discovered quickly, and news travels fast and far. Always be conscious that your good reputation is on the line every day and, once damaged, can take a long time to heal.

My second “C” is **competence**.

Competence is the product of all the knowledge and experience that an independent’s career is built upon. We can spend a lifetime acquiring knowledge but there’s always more to know and to learn. I can’t emphasize strongly enough the importance of continuing education. Fortunately, because of the internet and other means, knowledge is much easier to access than ever before, but it takes dedication and discipline to continue to learn throughout a career.

One's career can be built around a **specific competence**: perhaps the detailed knowledge of a geologic basin or province, a professional specialty or technical skill, or an exploration technique. Whatever you decide yours will be, it becomes your personal "admittance badge". It's your professional *persona*, the identity by which you are known and recognized. The reason why clients, associates, or investors come to you rather than someone else is because they've learned you're the "go-to" person when they have a need.

The sooner you can establish your professional specialty in the minds of others, the better. First, become clear about it yourself as soon as possible and then enhance it by attending all the seminars, conferences, and workshops possible. You'll soon build your reputation on your skill.

The third "C" is **commitment**.

I've listed several other words for this: **passion, dedication, single mindedness, driven**. Spouses might use "obsessive" or even "pathological." It's probably the single most dominant ingredient of success. It's much more than simply being interested or self-motivated. It's what your mind often centers on when given the opportunity. It's what stimulates your brain to be an "idea factory" and gives you that "can't wait" feeling to get to work. It's the juice of life itself, and it's obvious when you engage with anyone who has it. They'll often start a conversation with something like, "Let me tell you what I've been working on," and then will talk about it as long as you'll listen.

If you have time and can get on their wave-length, their enthusiasm may stimulate your own thoughts, and you'll go back to work with your batteries recharged. If you don't have the time or inclination to listen, you'd probably just as soon spend time in a foxhole with a one-year-old than sit next to one of them at a dinner. Regardless, they're the ones who generate the ideas, do the investigations, write the papers, and are at the very base of the exploration and employment pyramid that the less motivated or talented of us depend upon.

We've all known men and women with a "passion for geology". It took me only a few moments to list such individuals as Bob Allen, Tom Barrow, Dick Bloomer, Robey Clark, Tom Diblee, Gerald Friedman, John Gray, Robbie Gries, Bob Gunn, Rufus LeBlanc, Susan Morrice, Deborah Sacrey, Wilbur Sherman, Bob Sneider, and Bob Weimer. I can't imagine having a conversation with any of them for any period and not talking about geology.

One expression of **commitment** is **optimism**. Most of the successful oil finders I've known are the most optimistic. They believe that oil is everywhere, and the next well they drill will find a lot of it.

Dr. Grover Murray, a distinguished past president of both the AAPG and Texas Tech University, authored a paper entitled, "*The Ubiquity of Petroleum*." His point was that oil is found in rocks of all types and ages, to some degree in almost every country of the world. We should conduct exploration expectantly, never condemning any area before thorough examination and review, and never totally. There are many areas I mentally wrote off after a cursory review that later were proved productive by geologists with more imagination, insight and optimism than I demonstrated.

I've recently been involved in an exploration program in north Texas with a geologist who is one of the most optimistic people I've ever known. He once expressed his confidence in a large piece of a county by saying that he believed one couldn't drill a dry hole in the area, although there were plenty of old ones drilled by others on his maps. He was the prospect generator of a well recently drilled in north Texas. I won't get into all the embarrassing details, but suffice it to say that when the rig was moved on our lease, neither of us was present, and the lead truck driver stopped and set the rig up a half mile short of the location stake. By the time the error was recognized, the well was already underway, and the decision was made to continue drilling. With the geologist carefully examining every sample, he soon recognized a slight show in a new oil zone, which ultimately resulted in the discovery of a new field. His optimism and enthusiasm gave him the confidence that

made the discovery possible. However, neither of us would deny that Fate might have had her fickle hand on his shoulder as the well was drilled.

Anyone who has had the opportunity to hear Bob Gunn present a prospect finds Bob's optimism contagious. All previous wells drilled in the region, whether by Bob or others, provided him enough data and information to lead to the inescapable conclusion that next well he drilled well would find oil or gas. Often it did. Prospective investors listening to Bob sometimes find it difficult to keep their hands off their checkbooks until he can finish his presentation.

Unfortunately, not all wells are successful, not even Bob's, and another manifestation of **commitment** is **tenacity**, or being **thick-skinned**, an ability to roll with the punches, to handle adversity with grace. It's a necessary ingredient of success. A successive string of dry holes, or the inability to buy leases, or failure to sell a deal, or to make a good well in a zone that calculates productive can make even the most optimistic geologist lose confidence. **Commitment** gives one the ability to regain self confidence, forget yesterday's failures, and go back to work with enthusiasm.

The fourth "C" is **concentration**.

It may just be another manifestation of **commitment**. It's devoting one's exclusive attention to the work. A similar meaning is **intensive observation** and reflection. A characteristic of oil finders is that most are **data-driven**. They can become totally absorbed in collecting information, examining even the least obvious factors of an area or prospect, analyzing them, relating them to other pieces of data, and synthesizing everything into a model or concept.

The geologist of the well I previously mentioned that was drilled at the wrong location prefers to run samples at night so that he can recognize even the faintest glimmer of fluorescence. I've known him to spend more than an hour looking at a single pan of samples, turning each fragment over and over. Even without seeing fluorescence, he'll call for a drill-stem test if he spots a hint of stain in a fracture or pore, or a rhomb of calcite or dolomite in a target zone that might indicate porosity. Because of his passion, intense concentration, and attention to detail, two other zones penetrated the same wrongly-located well were identified and successfully tested as future completion zones.

The fifth "C" is **Creative**.

It's thinking "outside the box." It's a truism that "old ideas may find oil in new areas, and new ideas may find oil in old areas, but it's unlikely that much new oil will be found in old areas with old ideas."

Ted Beaumont and Norman Foster did us all an enormous service by developing and presenting their courses on creativity, helping apply the new knowledge about right and left brain functions to petroleum exploration. Former AAPG president Ted Bear became a student, then an active advocate, of right and left brain concept utilization. If you haven't had the opportunity to take Ted Beaumont's course, you should try to get him to give you some tips while he's here.

I worked several years for Ross Perot's oil company Petrus. Ross used to say that he wanted "geologists who could hear music in the night." By that he meant that he wanted explorationists who could create their own symphonic paradigms and generate their own prospects. I think Ross' kind of music can occur when all the data and facts of an area are fed into a creative mind and allowed time to ferment in the recesses of the unconsciousness. More often than not the flashes of intuition and creativity come to us in the most unlikely times and places: while walking, or showering, or waking us from the deepest realms of sleep.

The combination of passion, thought, data, time and creativity can lead to the formation of my sixth C.

The sixth “C” is **Concept**.

From a geologic point of view, “**concept**” is the way the world looks in three dimensions. If a geologist cannot picture an area as a block of material rather than in plan view or cross section, he or she will be at a tremendous disadvantage all through a career. The ability to put an area in three-dimensional context was best exemplified for me by Richard Hollingsworth, now deceased, a great stratigrapher, who for years ran the sample cut and sample log service in Midland. Hollingsworth was so familiar with the style of tectonism and sedimentation in the Permian Basin that as he ran samples he constructed in his mind a mental image of a three dimensional model of the area in which he was running samples. With each fragment examined he mentally assigned a logical environment of deposition, then predicted what the next sample should be. Every sample required him to re-examine the logic of his model and consider other possibilities. He learned to predict the existence or absence of such features as nearby reefs, algal mounds, and the like, even when they had not been suggested by other means.

I once spent a day in the Houston office of Bob Sneider. Sneider’s company had just bought an old producing oil field in west Texas, and Bob was directing one of the most detailed analyses that I had ever witnessed. Besides his team of on-site specialists who were dissecting and mapping the field in the office, Bob had several other geologists working at the core repository in Austin, examining samples and cores and filling out data sheets which he integrated each day into the study. I asked him if he was planning an infill drilling program for the field, and my question seemed to irritate him. He told me that he was actually doing “exploration”. He said that he wanted to learn so much about the field that he could use it as an exploration model for new fields that might lie undiscovered, ten, twenty, or even fifty miles away. In doing so he challenged any accepted concept that might be in conflict with new data and revised his regional models as he went. He was creating a template to help him search for the “next big one.”

Incidentally, Norm Foster and Ted Beaumont’s eleven-book series of traps in the invaluable AAPG Treatise is a goldmine of exploration models. Likewise, the Oil and Gas Atlas series of the Texas Bureau of Economic Geology, and those of the Oklahoma Geological Survey, the Rocky Mountain Association of Geologists, and various other organizations are playbooks for anyone seeking to get a broad overview of petroleum trends, plays and models.

In the mind of an explorationist, or an entrepreneur, “**concept**” can also be a unique and powerful idea that gives life to the development of the enterprise. Mr. Perot often said that every great company is built upon its creator’s “secret.” One example he mentioned was Henry Ford, who conceived a “secret” of assembling automobiles on a moving track and proved its value by making and selling literally millions of cars. Ross said he discovered his secret of utilizing computers in the business world and built the world’s largest computer services company. He encouraged anyone who aspired to succeed to develop a “secret” and then put it to use.

I can think of many geologists who discovered their own secrets and made good use of them. I mentioned several in the little booklet that I understand is included with the day’s materials.

I once asked a geologist working north and west-central Texas what had been his method of finding so much oil and gas. He said that drilling exploratory wells down-dip from oil shows in old dry holes had been his ticket to wealth. I tried to correct him, saying he must have meant to say up-dip. “No,” he explained. In areas where water-drive reservoirs are prevalent, one drills up-dip on a structure to be above the formation water level. In the so-called hard rock areas of the world, the problem is usually lack of porosity rather than water encroachment. It had been his observation that rocks are usually “tightest” near the crest of a structure, with porosity improving down-dip. By focusing his attention on examining oil and gas shows of dry holes where sands with shows were present structurally high on features, then locating his wells slightly off-structure, he’d found several nice fields.

One of his recent discoveries was a zone in a well he identified by sample examination to be oil-bearing. With only two ohms resistivity, electric-log calculations indicated the formation to be water-wet. A review of old dry holes in the area revealed that the zone is present in many other wells, but had always been overlooked because of its low resistivity. Now my friend has a new secret to exploit and is currently leasing a large swath of acreage to extend the play.

Keith Graham, a Midland independent, found that a limestone in Runnels County, Texas, contained oil but was generally not considered an objective in the area because of initial high water-cuts in wells where completions had been attempted. However, Keith learned that such wells could be made profitable by installing large pumping units and moving huge volumes of water. Over a period of several months, oil percentages increased as water volumes decreased. He took new leases over a large area of the county that others had mentally condemned and spent several years fattening his bank accounts there.

Perhaps the most significant new secret of the last decade was the one discovered by the staff of George Mitchell, who learned that gas could be extracted from shale, formerly regarded as among the least likely reservoir types. I realize that it took several years, the work of many people, and millions of dollars to bring their ideas to fruition, but what an impact the Barnett Shale play, and others like it, have made on our industry and on our country's economy!

As I've mentioned, your secret is your personal franchise, your key for finding oil and gas and perhaps replicating your successes time after time, year after year. You may need to discover only one good secret during your career, but part of the fun is always being on the lookout for another.

The seventh, and last, "C" on my list is **Community**.

Regardless of how smart, capable, or independent a geologist starts out believing himself to be, he's ultimately very dependent on a wide community of other people, within and outside of the industry, to help fulfill his goals. He may be creative enough to discover a "secret", but without the help of others to put it into action it may die a lingering death.

One of the first tasks of a new independent is to identify other professional specialists who can be called upon to help sound out ideas and get projects tested. Every independent's address book should contain the names of landmen, petroleum engineers, geophysicists, log analysts, oil and gas attorneys, an insurance specialist, several drilling contractors, and as many investor leads as will fit in the pages. No one can have too many prospective investors or know too many people. That's why active participation in professional, trade, civic, and community organizations is so important. Not only does discussing your ideas with others help crystallize them in your mind, but individuals in your peer group can help get your deals put together and drilled.

Concluding Comments

If I had been looking for another "C" for my list, I guess I would have chosen "**consistency**". By this I mean deciding on a well-defined working game plan and sticking with it year after year. A poster child for this "C" could be my friend, Pat Gratton, who's operated his company for many years putting deals together and getting them drilled with generally the same group of investors. It's been a formula for a career of more than forty years, and it appears that he'll be at it for that many more.

It's fact that when one is in business at a location for a long time, he or she becomes known as the local expert, knowledgeable of a specific geographic area, or field of expertise, as a prospect generator, for a mode of exploration, as a conduit of capital, or in some other way. Everyone can find his or her own niche.

There's one last bit of advice I'd like to offer before you step into unemployment. Make sure you're financially prepared. I generally suggest you have a minimum of two years' savings set aside to invest in your business.

My experience is that projected expenses are always higher and arrive more quickly than expected, and projected revenue is always less and arrives more slowly. Give yourself time to have some luck. Don't think that it's likely for you to make big bucks right out of the box.

As I've discussed and written previously, I'd encourage independents to build future security by earning a "piece of the rock;" in other words, production income from high quality, long-life producing properties. It doesn't matter how you get it: via overrides, carried interests, or purchased interests. Oil and gas income is about the best investment and insurance an oilman can have.

However, having expressed my own personal conservatism, I know of no other profession that offers the excitement and opportunity to create so much wealth in a short period of time. For me, reaching total depth on each new well is like opening a Christmas package. I can hardly wait to see what's inside. There are always surprises.

In a lifetime career there will be times of total frustrations and disappointments; at other times, the headiest of elations. For those who are willing to take the plunge and ride the inevitable cycles of fortune and economics, being an independent can be an exhilarating career.

My best wishes are with you as you make your decisions, follow your passions, find your secrets, and discover new fields.