
IPAA Private Capital Conference

Scorecard for Success

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What is success?



What does your scorecard look like?

2X

3X

4X

How do you get there?

- **Right team**
- **Right financial partner**
- **Right strategy**
- **Right exit**

Right Team

- **The most important thing.**
- **Bad partners will ruin you.**
- **Best engineers, geologists, land, and financial people.**
- **Smart, hardworking, entrepreneurial, A players.**
- **Pay up to get them. Don't settle.**

Right Financial Partner

- **They are not all the same.**
- **Need to understand a partner's:**
 - **Investing philosophy**
 - **Control practices**
 - **Reporting expectations**
 - **Technical assistance**

Deal sheet not as important as fit.

- **Equity partner will be constant companions for years.**
- **Don't trade a few points for worse quality of life.**
- **Bad fit with team or strategy will make things unpleasant for a long time.**
- **Team and equity partners have to work together to succeed.**

Right Strategy

- **Drill or acquire, or both?**
- **Oil or gas?**
- **Big deals or small deals?**
- **Focused area or play everywhere?**
- **Data rooms or find your own deals?**

Know what you are good at.

- **Everybody has money.**
- **Lots of people chasing deals.**
- **Focus on areas where your knowledge and skills give you an advantage.**
- **Your strategy must fit the strengths of your team.**
- **Be flexible as market and commodity prices change.**

Right Exit

- **Team has built up a group of assets.**
- **When is the right time to sell?**
- **Asset sale or stock?**
- **IPO?**
- **All at once or piece by piece?**
- **Hire a broker or sell it yourself?**

Financial partner is critical to exit.

- **Work closely with financial partner to determine exit strategy.**
 - **They are always selling someone.**
 - **Real time market intel.**
 - **Plugged into broker network.**

Take away

- **Build the right team.**
- **Find the right financial partner.**
- **Together, buy and develop the best assets efficiently.**
- **Sell at right time, maximize return.**