

## *Private Equity* Enables Service Firms To Improve Well Economics

By Colter Cookson

According to alternative investment research firm Preqin, private equity firms have \$971.4 billion on hand to invest in the oil and gas sector. For perspective, that is three times the size of Canada’s total budgeted federal expenditures in fiscal year 2016. Even for a capital-intensive industry, that is a lot of investment dollars waiting for opportunity to come knocking!

A survey of private equity firms conducted by Ernst & Young suggests much of that capital will go to producers and midstream companies, but upstream service companies focused on all aspects of the value chain—from exploration to drilling, completion, production and even back-office business functions—also are in the mix for private equity placements.

### Completion Tools

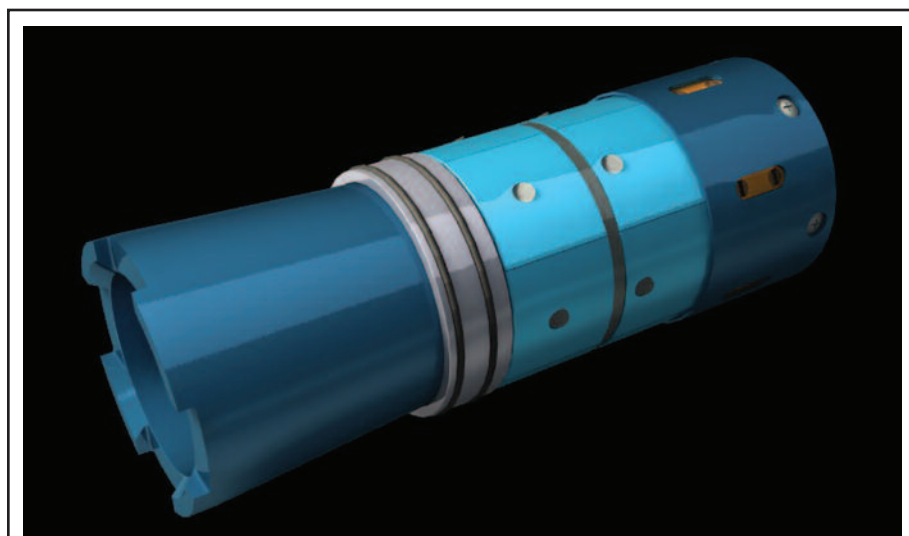
According to Wes Pixley, COO of completion tools provider Choice Completion Systems, successful businesses recognize a timeless truth. “Employees are the best asset a company has,” he outlines. “Treat the employees well, and they will give the customer top-quality service.”

Treating employees well goes beyond compensation and benefits, Pixley con-

tends. “It means listening to the employees, because they are the ones who hear and see what the customers need,” he says. “If we use the feedback they give us to develop tools and solutions that better serve our customers, our employees will take ownership of the product and the compa-

ny as a whole. They’ll work harder and keep passing on what they learn, creating a feedback loop where everyone’s needs get met.”

That loop can be effective only if Choice has employees who understand the industry, work hard, and keep their eyes



This fully composite fracturing plug from Choice Completion Systems can reduce drill-out times and debris as much as 80 percent. The company says it is one of many products designed by a team that has won awards for engineering innovation.



and ears open, Pixley says. “One of the benefits of starting the company in the middle of a downturn is that there were quality people looking for work,” he remarks.

The feedback it gets from employees will only matter if the company has an engineering team capable of developing effective solutions quickly and consistently, Pixley continues. “Our team is among the best in the industry,” he says, noting that its members have earned six U.S. patents and have 13 pending. They also have been honored with two awards for en-

gineering innovation.

“We saw a huge need for a fully composite frac plug, so that is one of the first tools we are introducing,” Pixley says. “The plug has one-fifth the material volume of a standard composite plug, so it reduces drill-out times and debris as much as 80 percent.”

Choice also provides toe actuator sleeves, which Pixley notes enable operators to conduct a casing test and initiate fracs without a coiled tubing unit. Its other products include cemented frac sleeves, cement retainers, packers, and related

well completion accessories. Future product development will include liner hanger systems, Pixley adds.

Choice has offices in West Texas, South Texas and East Texas, he says. Over the next two years, the company plans to expand into every major U.S. basin as industry activity rebounds. “We are going to continue to hire employees who value their relationships with customers and are committed to solving problems no matter when the call comes in,” Pixley says. “As we do that, we will provide good service and our bottom line will take care of itself.” □