

## Bright Spot: Meet Forrest Hise

Brandy Fidler Associate Managing Editor, Oil and Gas Investor Hart Energy Wednesday, November 1, 2017 - 9:00am

Forrest Hise is betting on Gulf Coast conventional oil and gas. In February, the fourth-generation petroleum engineer joined the family business, Hise Exploration Partners, a conventional E&P company that focuses on the Gulf Coast and was founded by his father Richard Hise and grandfather Bill Hise. Growing up in the oil field, the Lafayette, La., native knew he would follow in their footsteps.

Hise graduated with honors from Louisiana State University with a degree in petroleum engineering. As an undergrad, he was awarded one of four deepwater internships from Chevron Corp. and gained valuable experience working in the Gulf of Mexico.

Hise began his professional career with Tradition Exploration LLC as a petroleum engineer. He later joined Freeport-McMoRan in 2015 where he built his experience as a deepwater reservoir engineer working as the co-reservoir engineer for the Horn Mountain asset. Hise eventually rose from the co-reservoir engineer to the primary reservoir engineer with the longest standing continual experience in the field.



As the manager of business development and a reservoir engineer at Hise Exploration Partners, his primary role is to raise capital through private equity groups or capital providers that can fund the company's Gulf Coast development program.

Hise is finishing his MBA at Tulane University's A.B. Freeman School of Business Houston Campus. He enjoys hiking in his spare time—with his most memorable adventure being a trek through parts of Montana's and Canada's national parks with his sister Dr. Taylor Hise, M.D.

**Investor:** What led you to join the family business?

**Hise:** I was at Freeport McMoRan Oil & Gas LLC (FCX) when it divested and became a part of Anadarko (Petroleum Corp.). I was blessed to have an opportunity working with Anadarko, but as I commuted to The Woodlands, (Texas), every morning, I felt called and led to come home to South Louisiana.

In addition, it was always my intent, even as a child, to experience the industry and receive necessary training prior to working with the skilled professionals at Hise Exploration Partners. I made it a personal goal that if I ever had the opportunity to work with my father and grandfather I would have the training necessary to provide a competitive advantage. Everyone here is so talented and skilled that I don't want to dilute the process, but rather be an asset to the team, not a liability.

Finally, I felt overall it was the right time in the industry. The market conditions were right and my training was up to date that I would be an asset. My dad gave me a call and said there's a position open here. You would be a reservoir engineer but will also be a great asset using your Tulane MBA in raising capital for a project that we have. I jumped at the opportunity.

**Investor:** How does your past experiences in deepwater compare with your role today?

**Hise:** What I learned in deepwater was a set of tools that I could bring onshore to our conventional assets here, and it gives us the competitive advantage in South Louisiana. I don't know anyone else using the same numerical reservoir simulation programs in Louisiana that we use in deepwater. We licensed a software package and we're using that to mitigate risk and better understand the reservoir. We have a team that has made their careers in the Gulf Coast and who bring skillsets that combine into a very large competitive advantage.

The mentors and managers that I worked with at FCX pushed me in the right direction, which opened my mind to new ideas and tech that I could bring onshore.

**Investor:** Is the playing field wide open for conventional drilling?

**Hise:** In times of extreme commodity prices, especially low commodity prices, there are chances for opportunity. And that speaks to the human nature we see in oil and gas investing. When commodity prices are low, money wants to go where it's safe, and where everyone else is running. For the last few years, everyone's been running to a resource play or shale play—whether you say Haynesville, Delaware Basin, or the Permian—everyone is looking in that direction; few are looking competitively in the Gulf Coast.

That leaves everything in the Gulf Coast open for those who know how to operate here. And we have a 30-plus year track record of success operating in the Gulf Coast. Therefore, I put my money with the Gulf Coast.

Private equity and capital providers are starting to realize shale plays aren't getting the lucrative return on investment that they once thought they would get. In a business plan where private equity likes to monetize the unit after drilling a few wells to sell the PUD locations, the return on investment is too low compared to what a single success in a conventional Louisiana asset can bring to a portfolio

**Investor:** What is Hise's strategy for 2018?

**Hise:** HEP has three focus areas which include 350 square miles of 3-D seismic that we licensed and proprietarily reprocessed. Our team is going to continue to develop the Gulf Coast with a specific focus being on these areas in Louisiana. Our strategy will be focused on lower-risk development opportunities. So, I like to see a lot of offset production, secondary recovery projects including water floods, and I'm OK with a modest return on investment if it's a lower-risk project, rather than some swing-for-the-fences exploration project that groups have pursued in higher price environments.

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