Family-Owned Businesses Color the Past, Shape the Future Of Independent Oil And Gas

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From the very beginning, independents have formed the backbone of the U.S. oil and gas industry. Often they germinated the exploration ideas that became giant plays. And when the majors moved on in search of bigger prospects, it was the independents that stepped in to extend the lives of producing fields by coaxing out valuable hydrocarbons left behind and testing new exploration concepts.
Today, independents drill 90 percent of the nation's on- and offshore wells, and produce more than two-thirds of the country's crude oil and three-fourths of its natural gas.

Through it all–from the earliest wildcats drilled on a hunch and a prayer, to high-tech deepwater operations hundreds of miles from the coastline or horizontal gas shale wells placed precisely beneath a maze of urban sprawl–family-owned independent oil and gas producers and operators have occupied a special place on the U.S. upstream landscape.

They have been innovators and entrepreneurs, sometimes operating on little more than undying optimism and faith in an idea. They can be as small as a single person racing against time on borrowed money or billion-dollar corporations with global reaches.

Faith, persistence, hard work and pride are among the characteristics these family-oriented oil and gas businesses have demonstrated to their communities and passed on to succeeding generations as they did their part to fuel an economy that has long been

the envy of the world, all the while demonstrating an unyielding determination and a can-do spirit that has earned them the proud label of “independents.”

Harding Company

It’s hard to imagine anything further from the oil and gas industry than the furniture business. But in 1953 that was exactly the line of work brothers Charles and Roy Harding were in when they decided to get into the oil business.

They hired a geologist to evaluate some oil and gas prospects, and started drilling 1,400-foot wells in the Strawn Sand in Brown County, Tx. The first seven drilled were successful oil wells.

In those days, Texas Railroad Commission regulations limited the amount of oil each well in the state could produce. However, shallow wells like those the Harding brothers drilled were exempt from prorationing, making their wells very profitable.

“It didn’t take the brothers very long to figure out they were making a lot more money in oil and gas than they were in the furniture business,” chuckles Rick Harding, son of founder Charles Harding, and Harding Company president and CEO. Charles Harding bought out his brother and the name of the company was shortened from Harding Brothers Oil & Gas Co. to Harding Oil Co., and later to Harding Co.

Later company highlights include discovering the A.C. Scott Strawn Sand Field in Callahan County, Tx., in 1956, and the Turnbow (Strawn Sand) Field in Haskell County in 1966, one of the larger Strawn Sand fields in North Texas.

Rick Harding says the company always has put an emphasis on developing and using

technology, recalling that his father was one of the pioneers in developing the dip meter log.

“My father worked with Jimmy Thompson, a petroleum engineer, to develop and refine the use of the dip meter log,” he recalls. “They were trying to find pinnacle reefs. If you ran the dip meter log in a well that was close to a structure, the meter would point in the direction of that structure, putting you on or near its top. My father became a dip meter expert working with the early technology they had. Mike Grace, with Schlumberger, became good friends with my father and began to work with him and the technology.” The FMI log that Grace developed, which grew out of the early work he did with Charles Harding, now is used all over the world, Rick Harding observes.

Today’s Operations

Harding says his company operates in Texas as well as Mississippi, exploring some of the best-known oil and gas formations in both states.

“In East Texas, we operate in the James Lime and the Travis Peak (Cotton Valley),” he details. “We have a project in southeastern Mississippi, in the Smackover and Cotton Valley. We also operate in the Barnett Shale in West Central Texas. Most of our 30 wells are in that area. We also have a huge project that we are starting in East Texas. We have 145,000 acres and will probably drill three or four wells there this year.”

The emphasis on technology that boosted the company in the early years still runs strong today, according to Harding.

“We are using 3-D seismic, horizontal drilling, and advanced fracturing techniques today in the Barnett Shale, and we want to move that technology elsewhere,” he reveals. “The Barnett Shale is the source rock for hydrocarbons above and below it. It’s a blanketed play, and is about as low risk as you are going to get in this business. But 3-D seismic reduces the risk even further. The horizontal wells produce most of their reserves in the first five or six years, and then the production straight-lines for possibly 30-35 years.

“We also have noticed that fracture stimulation in adjacent wells can stimulate production in our well bore,” he continues. “I had a vertical well that was down to making less than 100 Mcf a day. We fractured a nearby well. Then we swabbed the first well, got all the water out of the well bore, and it came back making 500 Mcf/d. When you are in a good area in the Barnett Shale, fracing can certainly bring your initial potentials up to about where they were originally.”

Work With Cities

Harding Co. has capitalized on its experience in the Barnett Shale to develop new

areas of business, Harding reports. Its exploration and drilling efforts in the Barnett Shale have expanded to cover as many as 25 counties in North Texas, including the metropolitan areas of Dallas and Fort Worth. He says the company has taken the time to work with local municipalities, helping them draft drilling ordinances and working to address concerns about safety, noise, lights and other issues. The company was the first to obtain gas drilling permits from North Richland Hills, Grand Prairie, Arlington and Midlothian, Tx., Harding notes.

"Municipalities have the responsibility for the safety and welfare of their citizens, so it makes sense for us to work with them," Harding explains. "We pride ourselves on safety, safety, safety. We have helped cities large and small, including Dallas, bring their ordinances up to today's safety standards for drilling in urban areas.

"Horizontal drilling has been a key component," he adds. "We may drill four to eight wells from one location, extracting resources safely while protecting the environment. We have gone the extra mile to put up noise abatement walls, temporary fencing while we are there, and permanent fencing after we leave. Traffic–the movement of water trucks to and from locations–is another concern we have addressed."

Harding says public education has been a vital ingredient in the company's success with operations in urban areas.

"We hold town meetings, address concerns and answer questions. We are available; we give out our cell phone numbers," he says. "What we tell the community is that we are accessible and we are there to work with them. Then we go to the city administrators because they are the workhorses. We take them to our locations, to see one that has been staked and one that has been built. Then we take them out while the rig is there, during the completion phase, and for the production phase after the rig leaves. Most importantly, we show them all our safety procedures and equipment. Then we go to the mayor and city council, and do the same thing."

Those education efforts begin months or years in advance of drilling, Harding points out, noting that the company has been working with Dallas officials for nearly two years. "We think it's the industry's job to educate the public about how we can develop America's oil and gas safely, protect the environment, and do it in a financially responsible way for our mineral owners," he observes.

Economic Impact Study

As part of its public education efforts, Harding Co. joined six oil and gas firms to provide data for a Fort Worth Chamber of Commerce report on the economic impact of drilling in the Barnett Shale, Harding says. The report found that drilling and production generated $5.2 billion in output and created 55,385 permanent jobs.

Expanding on the education theme, Harding notes his company uses similar

community-sensitive principles when laying gathering lines for its wells, and in conserving water resources.

“When laying gathering lines, we don’t use condemnation or eminent domain to get the necessary rights-of-way,” he reports. “We can use established rights-of-way such as electrical or railroad lands. We certainly do have challenges, but we want to hear concerns and try to eliminate or mitigate problems.”

Harding Company also is involved in water conservation programs because it takes so much water to fracture wells, he notes. The company is looking at ways to reuse fracture flow-back water. “We have been blessed with consistent, good water tables, and we must conserve and protect them,” Harding says. “We must see how we can reuse and recycle that resource. We need to police our own industry, because if we do a good job, it will make it easier for us all.”