

Drilling demand persuades Odessa family to start again

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"My grandfather started working on drilling rigs when they were steam-powered, so we've been through every boom and bust," said Fred Forster III, chairman and chief executive officer of Forster Drilling Corp.

Believing that "there's never been a better time to be in the drilling business than today," he formed Forster Drilling last year and has adopted a three-pronged approach to the energy business. Forster Drilling's contract land drilling services is headquartered in Houston and just signed a one-year drilling contract with Chesapeake Energy of Oklahoma City.

To fulfill those drilling contracts, the company has opened the second prong in its business plan, a manufacturing facility in Odessa at 280 S. Industrial, a site consisting of five fenced acres, two 15,000 square-foot "rig hangers," each with twin overhead electric cranes, a stand-alone engine shop, sandblasting and painting booth and associated offices. The facility is capable of rebuilding stacked drilling rigs and used major rig components to "like new" condition and build new rigs and new major components. Forster owns seven drilling rigs being rebuilt to "as new" condition and plans to send them throughout the Permian Basin, Barnett Shale in the Fort Worth and the Cotton Valley play in East Texas. The first rig was recently completed and is headed to Jal, N.M., where it will be put to work under the Chesapeake contract.

"By necessity we had to go into manufacturing," explained Forster.

Six more rigs are in various stages of construction and "we will get more as we can afford them," he said, noting that the next completed rig to be shipped out is destined for the Barnett Shale and a third rig is also "spoken for."

The company does all the steel components, he said, and some of the pumps and drawworks will be brought in from China. Forster's Odessa facility currently employs 30 and he is preparing to add 7,000 square feet of space to the existing 13,000 square-foot building.

The third prong in Forster's drilling plan is taking minority participation in clients' drilling plans as well as exploration and development of, production and sale of crude and natural gas. This portion of the business is located in Midland.

To finance the company, "I've sold stock to friends who have taken a giant leap of faith in me," Forster said, adding he will be headed to New York this coming week to make presentations at an energy symposium.

His ultimate goal is to build a fleet of 40 rigs capable of drilling from 10,000 to 20,000 feet, focused on Texas and New Mexico and clients drilling for natural gas and where both rig utilization and day rates are higher. The biggest challenge, he said, is manpower.

"The lowest man on the totem pole makes the equivalent of \$50,000 a year," he said. "We will get the people we want eventually and we're going to try to run an extra person with each crew so we're constantly training."

He himself began spending his summers working on drilling rigs beginning at age 14 and observed the difference between conditions then and today is that "in my early days, everyone worked continuously. Now it's six days on with two days off. Back then, you made good money but you worked continuously so you had no time to spend it."

His grandfather, Fred Forster Sr. began working on steam-powered drilling rigs for Mandeville and Thompson drilling, later A.W. Thompson Drilling, in the early 1920s and worked for them for more than 30 years throughout Oklahoma, Texas and New Mexico as drilling superintendent. Forster's father, Fred Jr., joined Thompson Drilling in 1948 as an engineer and then rig supervisor. The two left in 1952 to form Forster Drilling in Odessa, ultimately growing the company to a 10-rig fleet with a division in Arkansas. The Forsters consolidated their company with Major and Giebel Oils in Midland to form Major Giebel and Forster (later MGF Oil Corp.) and MGF Drilling, a wholly-owned subsidiary that grew to a 55-rig fleet.

Fred Jr. retired from MGF in 1975 and in 1977 he and his son bought a four-rig drilling company in Fort Worth to form the second Forster Drilling. They sold it to Williams Brothers in 1980 and Forster stayed with Williams Brothers until he and his father bought Pulliam Drilling in Woodward, Okla. Forster served as president of the company until it was merged into Norsul Oil and Gas, which was eventually sold to Wes-Tex Drilling of Abilene.

He formed Forster Drilling Corp. last year with his father serving as chairman emeritus.