



Chris Faulkner

EDITORS' NOTE Chris Faulkner also serves as an advisor to the ECF Asia Shale Committee and sits on the Board of Directors for the North Texas Commission. Faulkner is a member of many professional organizations, including the Texas Alliance of Energy Producers, the Dallas Petroleum Club, and the Independent Petroleum Association of America. He is actively involved in local and national philanthropic and nonprofit organizations, including Dallas Performing Arts and the American Heart Association. Faulkner studied biomedical engineering at Southern Methodist University, business and mathematics at Baylor University, and information science at the University of North Texas.

COMPANY BRIEF Breitling Energy Corporation (breitlingenergy.com) is a growing U.S. energy company based in Dallas and engaged in the exploration and development of high-probability, lower risk onshore oil and gas properties. The company's dual-focused growth strategy primarily relies on leveraging management's technical and operations expertise to grow through the drill-bit, while also growing its base of non-operating royalty interests. Breitling's oil and gas operations are focused primarily in the Permian Basin of Texas and the Mississippi oil window of southern Kansas, with non-operating investments in Texas, North Dakota, Oklahoma, and Mississippi.

How has this business evolved to where it is today?

We started this business in 2004 and completed a reverse recapitalization with a public company last year. We were always raising capital for its first nine years but we had a number of high-net-worth credit and institutional investors as well.

Because it was our money and their money, we had a loyalty to ensure that we were finding and generating low risk, high-potential return prospects.

We wanted to build oil and gas wells and allow them to invest directly into an oil and gas project. So we would go out and drill four wells and the investor would own a percentage of those four

Energy Independence

An Interview with Chris Faulkner, Founder, President, and Chief Executive Officer, Breitling Energy Corporation

wells – the cost would be X and each percentage point would be Y, so it would be about how much an investor wanted to own. You pay your percentage and you receive a percentage of the profits.

We have over 900 active investors today with 4000 shareholders in the business, and we have investors who have been investing with us for 10 years, and we are proud of that.

We continue to grow and we started doing vertical wells in 2004. It was a big pinnacle year for oil and gas – it was a tip off to the shale gas revolution.

We moved into horizontal wells in 2006, and we are focused on Texas right now.

We set out to do this for the long haul and we have had great partners who have trusted us, and we have continued to earn that trust by taking care of our investors.

Is the company well-known and is brand awareness a concern?

Branding is important. We do a lot of public relations efforts, which help the industry create awareness around the safety of fracking, and I'm a vocal spokesperson for our industry worldwide.

The media has done a good job selling fear about things like fracking, while we have not done a good job at selling the facts. Sixty percent of Americans don't understand what fracking is, yet 80 percent don't like it.

America is doing great things. At 8.5 million barrels of oil a day, we're right behind Saudi Arabia in crude oil production. America has brought a 100-year supply of natural gas and manufacturing and jobs back to our country.

America has reduced our imports of oil to 42 percent – the lowest we've been in decades, because of fracking. The oil we have found in North Dakota and Texas represents three million of the 8.5 million barrels that come out of the ground.

How critical have the investments in technology been and is it a key differentiator?

Technology drives this whole industry. We now have visibility subsurface, we can map the ground, we can see what's down there, we can steer the drill bit, we can now drive straight down two miles into the dark, turn, and steer the drill bit like it's a worm, and we can put it in a 7-inch hole, two miles underground and two miles sideways. Technology makes all of this possible.

How critical is natural gas to energy independence and will a combination of elements be needed?

We're independent on natural gas – we have a 100-year supply. Beginning next year, they're going to ship natural gas to other parts of the world, specifically China. Imagine the improvement to the environment in the world by converting all of the coal usage in China to natural gas.

We're going to be an energy exporter to other parts of the world for the first time in 50 years. We are still short on oil – we need more. We're using about 13 million barrels a day and we're producing nine so we have four to go. This means over the next three years, we could be self-sufficient and potentially exporting oil and not having to import any oil from Saudi Arabia, Venezuela, Iran, Iraq, and the Middle East in general.

If we talk about North American energy independence in concert with Canada and Mexico, it could happen in less than three years.

So America is on track to avoid ever dealing with something like the 1977 Arab oil problem again.

In speaking with Washington, how does that dialogue on energy policy work?

We started a government affairs division of our business 18 months ago for that very reason. We are assisting and collaborating with business and oil and gas associations in the development of a sound policy, including the promotion for crude oil exports. We're trying to create opportunities for transportation and natural gas and, as an example, asking gas station owners to add natural gas to their offerings. The reality is that Washington operates on the policy of 50 years ago – they don't fully understand the impact of this revolution and what it's going to mean for energy in this country.

We need to present testimony to the Senate and House by experts like ourselves which will help them understand the tax implications on oil and gas. We need to communicate to the policy makers what energy means to our communities. Right now, there are communities where two percent unemployment exists versus the average of 6 to 7 percent nationally because of this industry. The average individual in the oil and gas industry makes \$46.40 per hour, which is four times the national minimum wage Obama is proposing.

In addition, our energy security is national security. I'm all about renewable energy, coal, oil, natural gas, biomass, thermal – we're going to need it all because this country is growing and it will take everything we've got to power this planet. ●