

WEST SIDE STORY

◆ Drake Lawhead interviews Rialto Energy's managing director, Jeff Schrull, about its West Africa operation



Jeff Schrull has 25 years of industry experience, including 18 years with Chevron. Before Rialto, he was corporate general manager of exploration for Addax Petroleum between 2006 and 2010. During this time Jeff was successful in building Addax's exploration business throughout Africa and played a key role in the subsequent sale of Addax to Sinopec.

Describe what kind of company Rialto Energy is, in a nutshell?

We are an emerging West Africa-focused E&P operating company with a strong focus on becoming an established production company by late 2013 or early 2014. Key to our success is developing strong relationships with the host governments and NOCs, like Petroci in Cote d'Ivoire, who are our partners in the CI-202 block we operate. Rialto is also a company that is very serious about operating safely and in harmony with the environment.

What was the thesis behind your focus on West Africa? How did you come to be working there, and what is it that attracts you to the place from an E&P point of view?

The last few years I was at Chevron I was the new ventures manager for the Nigeria Mid-Africa business unit and became aware of the enormous potential in multiple basins in West Africa. My subsequent time at Addax really made me come to appreciate the cultures of different countries and understand how E&P opportunities can be turned into thriving businesses. These businesses are profitable for the company and also benefit the people of the country by providing for local energy needs, creating jobs and helping contribute to economic growth.

By the time this is published, you will have listed on the London AIM market. What is the strategy behind that – what are you hoping it will do for the growth of your business?

Listing on AIM will help diversify our investor base and hopefully generate some potential corporate opportunities that will help Rialto grow and deliver value to our shareholders.

What is on the horizon for you that you are most excited about?

Our current three-well drilling programme in Block CI-202, the subsequent development of the Gazelle Field and our future exploration drilling in 2012/3. We shot a block-wide 3D survey in December 2011 and as geophysicist by background I am very excited about the low risk prospects our team are mapping.

What are the main challenges you experience operating offshore Cote D'Ivoire – a country that has experienced significant upheaval in the last 12 months. What is the political risk like, and what is the operational risk like?

We view the political risk as quite low, as evidenced by the International Finance Corporation (IFC) investing in Rialto and other energy projects in the country. Importantly, we have a local presence by way of an office in Abidjan which has never experienced any difficulties, so we are confident in saying that the operational risk is relatively low for West Africa.



Rialto's Transocean GSF Monitor Jack-up rig being towed to location.

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What is the latest on your Challenger Minerals Inc joint venture? Which other parts of the globe apart from West Africa do you find most interesting from an E&P perspective, and why?

CMI has been sold by Transocean, hence our joint venture is no longer in place. We continue to pursue other select West African opportunities, but our current strategy is to remain focused on Cote d'Ivoire for the time being, as we have lots of exciting activity to keep us busy.

What are the greatest challenges faced by a CEO of a small or mid-cap E&P firm from a leadership perspective, and what qualities do you think are essential for a CEO to possess?

The big challenge faced by the industry as a whole is availability of human resources, especially in all engineering disciplines and G&G. A CEO of a small company needs to be focused on a concrete business strategy that can be communicated when building a team and guiding the organisation to execute that plan successfully. Working in West Africa also requires a passion for the business and patience, which comes through experience.

What does success look like for Rialto Energy in the next 12 months? And in the next three to five years?

Completion of our Gazelle appraisal programme and subsequent booking of proven reserves, followed by the execution of our Gazelle development plan and first production of circa 8,000 bopd and 100 mmcf/gpd by late 2013 or early 2014. In parallel we will be drilling up our low-risk exploration portfolio and booking and developing additional reserves.

Is making Rialto another Addax – and selling to the Chinese – on the cards?

Corporate transactions should always be strategic considerations for all publicly owned companies. However, at the moment, our only focus is on growing the business and developing value for our shareholders.

Which other oil companies do you admire currently, and can you explain why?

Tullow and Kosmos as they are visionary – and quite successful – oil and gas explorers. Perenco because of their operational excellence, especially in West Africa and Chevron because it is, in my opinion, the most highly respected supermajor.

When you're away from work, how do you enjoy spending your spare time?

I enjoy cooking with my wife, writing country music and watching my greyhounds run.

Finally, something we always ask: What three things would you bring to a desert island? (NB: You are NOT allowed Practical Raftbuilding for Dummies, a satellite phone, tickets for the ferry, etc!)

A case of 1982 vintage of Petrus from Bordeaux, a complete set of all Star Trek series ever made and a top-notch set of fishing gear, including a very sharp knife. ●