

# A FORTUNE FROM OIL

Millionaireasia gets the lowdown on an unusual investment opportunity from ONE Energy.

Photos by Daniela Vesco

It might not be the most publicised investment opportunity in the world, but if their track record is anything to go by, then ONE Energy is worth a look. The company is in the unusual business of acquiring previously drilled wells that are

not producing and re-stimulating them back into production; that or employing secondary recovery techniques on older oil fields. Millionaireasia talked to CEO Daniel Vesco about the opportunities this creates for investors.

#### How did you get involved in such an unusual business?

My background is finance and distressed assets. In 2001, I started an investment company in Hong Kong and over the years, as the oil and gas market began to heat up economically and politically, my company was getting enquiries from potential clients who were interested in international oil and gas plays. Our role was one of intermediary or advisor and we saw great potential in the future of the energy sector. We decided to participate as a principal rather than on the sidelines and ONE Energy was formed.

#### Why have these previously exploited oil wells not been fully exploited already?

The major reason the wells we own where not fully exploited by their original owners is a function of oil prices relative to extraction and operational costs. Drilled between the 1950's and 1980's, when in production, oil prices were in the US \$20s and lower per barrel, making it uneconomical to keep the wells in operation. Under typical lease terms, leases are held by production, meaning, if no wells on a lease are producing for a specified length of time, the lease lapses. At such a low price per barrel, it was not economical for the operator to maintain production and be unable to fully exploit the wells. In order for ONE Energy to protect itself from low oil prices, and therefore, risk of losing its leases, clauses have been included in ONE Energy leases which address this specific legal issue.

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**Where are the majority of the wells and how many do you currently own?**

The total number of producing oil wells in the US, as estimated by World Oil, was 526,114 for 2009. ONE Energy currently owns wells in Texas, the state that had the highest number of oil wells at 149,102 in 2009. They currently total approximately 60 spread over 13 leases.

**How can investors benefit from ONE Energy?**

The concept of individual ownership of mineral rights is unfamiliar. When people are asked about oil, they generally think of the government or National Oil Companies. ONE Energy provides a conduit for an investor to have a direct ownership stake in a well or an oil lease with many wells. This provides another avenue for investment not normally available.

**What kind of returns have been achieved in the past?**

ONE Energy has performed workover maintenance on fourteen of forty-eight wells currently in the rework pipeline program. All were put into operation as a result of our efforts, giving ONE Energy a 100% success rate on its workover program. The dividend rate to investors thus far has exceeded 15% and can approach 20% in some cases. That being said, oil prices are volatile and people can lose money in the oil sector. If the price can be \$145 in July, it can also be \$30 in December, as is what happened in 2008.

**What is the minimum investment required to get involved?**

The minimum investment is US\$250,000.

**Why would someone choose this over a more common investment opportunity?**

Risk diversification is paramount to a well-balanced portfolio. Oil and gas can be part, but only a part of an investor's

portfolio. It can be different to investing in the stock market. Investors can own part of a physical asset, an oil and gas well/ lease, rather than a stock certificate. If a company goes bankrupt, a stock certificate may be deemed worthless. If an oil and gas operating company goes bankrupt, the investor may still own his "piece" of the oil well notwithstanding the operating company's financial position.

**What is ONE Energy's stance on green energy?**

ONE Energy believes that our dependency on hydrocarbons will prevail throughout our lifetime. However, it is important we help grow and support renewal energy sources such as wind and solar power to compensate for the oil depletion and inability to replace oil reserves quickly enough.

**How is the future looking for ONE Energy?**

Since ONE Energy acquired its first batch of wells, the price of oil per barrel has increased by approximately 25%. Secondly, the company has had a 100% success rate on its rework program, significantly increasing its production and we are optimistic that the success rate will remain at a high level. We continue to expand our operations and evaluate exciting opportunities, not only in the United States, but internationally as well. An IPO may be considered as we watch the markets over the coming few years.

For more information, visit [www.oneei.com](http://www.oneei.com)



**A Millionaireasia Summit**

Millionaireasia members are invited to meet the founders of ONE Energy at our 38th MA Summit in February. Please email [rsvp@magreaterchina.com](mailto:rsvp@magreaterchina.com) for details. Limited spaces available.



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