

DALLAS BUSINESS JOURNAL

For the fourth year in a row, this Dallas energy investment firm is looking to double in size



President and Co-founder of Accelerate Resources, Patrick George (Left), and Founder and CEO, Brennan Potts (Right).

BY DAVID AJAMY
Digital Reporter, Dallas Business Journal

In 2016, Brennan Potts and Patrick George teamed up and formed Accelerate Resources. The two, now serving as CEO and president respectively, describe the venture as a technology-driven oil investment company that is leading the change with a new business model for energy.

What Accelerate does is invest in nonoperational working interests in the Permian Basin. The company puts funds towards a fractional investment – anywhere from 1 percent to 10 percent – in the development of well. While they invest, Accelerate does not operate the well, choosing to only participate as a partner.

“Nonoperational working interests have been around the

industry for a very long time,” said Potts. “We’re at the forefront of pioneering a new type of asset class. ... That is aggregating these fractional working interests in the premium areas all over the Permian Basin to build a diversified portfolio of the best wells in the U.S.”

With an average investment of 4 percent, the company currently has investments in more than 1,000 wells that are either producing or will be producing in the future.

“What we found is that there’s a dislocation in this energy market specifically surrounding nonoperational working interests,” said George. “What we really saw was an opportunity to build a portfolio of nonoperationals that we could acquire at very attractive discounts.”

DALLAS BUSINESS JOURNAL

While the two came up with the idea separately, they joined forces to found the company together.

“Just keep pushing and working hard. It’s an emotional roller coaster,” said Potts. “If you’re not able to handle the emotional ups and downs of being an entrepreneur, it’s not for you because there’s definitely high moments. There are also some stressful low moments, and you have to be able to weather that storm.”

Four years later, the company is experiencing significant growth.

However, starting a business venture comes with challenges. Potts acknowledged that while they made mistakes – but they didn’t let it phase them.

“We’re not afraid to fail,” said Potts. “We continue to try new ideas and we get out there and see if it works for our business. If it doesn’t, we move on.”

As seen in the company’s growth from 20 wells in its first year to a planned 500 this year, the two Dallas natives have done just that.

The first year for the company moved much faster than George anticipated with Accelerate’s capital-raising roadshow lasting only 10 days. George had planned for the effort to last as long as a year. With Potts at the helm of the campaign, Accelerate had a contract with Pine Brook Partners in less than two weeks and the company was off.

The two didn’t disclose how much capital they’ve raised to date, but Potts said that the average cost for a well deal comes out to about \$1 million.

Even with the speed of their contract, the two said the company’s start was cumbersome as they worked to get the logistics of the company in place.

As Accelerate enters 2020, the company now has 21 employees and a strong foundation for future growth against the growing field of competition.

Potts said that Accelerate was the first energy company to focus exclusively on buying fractional or nonoperational working interests in the Permian Basin.

Since the company’s start, Potts and George have seen other companies follow their business model.

However, they said Accelerate has an advantage over the competition in two ways. First, since Accelerate was the first company to operate the business model in the region, they have become a leader in the field.

“The key differentiator from our competition is the fact that we specialize in deploying technology, like big data analytics, to help us make better and faster decisions than our competition,” said Potts.

With a forward-thinking technology-driven approach and collection of proprietary data, Potts said they have been able to leap ahead of the competition.

Secondly, due to a lack of investment returns, parts of the energy market has drifted out of favor with investors and Accelerate has found a niche path forward in the industry.

“It’s causing a large contraction in capital availability to oil and gas companies and creating a lot of distress in the market,” said Potts. “But Accelerate is excited to see that because it creates additional opportunities. We see the current distress in the energy market as an opportunity for Accelerate to double down, continue to make accretive acquisitions and to continue our growth story.”

While the overall Permian Basin rig count is down since Accelerate’s start in 2016, Potts said because of the company’s unique process, their rig count is up almost 100 percent year-over-year.

Due to the right systems, technology and people, George said the company has been able to double in size each year.

As Accelerate looks to the future, the company’s leaders are eyeing continued growth and plan to double the size of the company for the fourth year in a row.

“On down the road, who knows what the future is going to look like? There’s a lot of volatility in the energy business, and there are a lot of challenges. Things are always changing,” said Potts. “If we continue to execute like we have, the future for Accelerate will take care of itself.”