Employee training a priority at Bronco Drilling

By Linda Hsieh, Associate Editor

AT BRONCO DRILLING, chief operations officer Karl Benzer knows the importance of having a well-trained staff, especially in a time when the land drilling industry is roaring back to life and more rigs are coming onto the market every day.

That’s why it recently built a mobile training facility, fully equipped with computer-based training equipment, that will move from location to location to do on-site training for about 1,100 employees. The Oklahoma City-based company currently has a fleet of 64 land drilling rigs.

The training center is primarily oriented toward government-mandated and HSE training, with a secondary emphasis on equipment. It was built in Oklahoma and began making its rounds in early March.

“We have rigs from East Texas to the Williston Basin in North Dakota, so the center will be traveling all over the United States in order to reach all of our employees,” Mr Benzer said. “We project it will take about 6 months to cover all the rigs, but this will of course be ongoing. Training is a continuous process, and we won’t stop after 6 months.”

POSITIONING FOR INDUSTRY GROWTH

The mobile training center is just one step that Bronco Drilling is taking to ensure it positions itself well for what Mr Benzer say is the strongest up-cycle he’s seen in 20 years.

In fact, he believes the current growth is a long-term trend for the entire industry, he said. “There may be inflection points in the rate of growth and perhaps a leveling out at some point, but I don’t believe that we will go back to the depression this industry saw from the mid-’80s into the late ’90s,” he said.

In any case, Bronco is prepared for the industry’s ups and downs, Mr Benzer remarked. “We have a fleet of state-of-the-art rigs that are continually being refurbished and upgraded, and we have an appropriately conservative financial structure. I think we can weather the industry’s cycles.”

More than just “weathering” the ups and downs, Mr Benzer said, Bronco “intends to be a leader in growth.” In September 2005, Bronco acquired Thomas Drilling, located in Duncan, Okla., for cash consideration of $68 million. The purchase included 12 rigs and considerable excess rig equipment and inventory.

Also that month, Bronco acquired Eagle Drilling, located in Norman, Okla., for cash consideration of $50 million. The purchase included 12 rigs as well as an inventory of rig parts and components.

Bronco remains open to “sensible acquisition opportunities,” Mr Benzer said.

Like many land contractors these days, Bronco has an active rig-building program under way. The company plans to complete an average of 1 rig per month through 2007, with most of the construction taking place in Oklahoma. “We are contracting the rigs about 60 days before completion,” he said.

With so many rigs under construction, Mr Benzer said, the biggest consideration when placing orders has been the timely delivery of equipment components. “Our industry has gotten so much smaller over the last 20 years, now our resources are stretched. On the other hand, that’s also helping to create the growth opportunities we’re seeing now,” he said.

While overbuilding is “something our industry should always be aware of,” Mr Benzer said, he isn’t overly worried about the industry’s current dash to build new rigs. “Demand continues to remain reasonably strong. All drilling contractors were forced to turn customers away last year due to capacity constraints,” he said.

He also noted that he’s seen longer-term contracts than what the land market has historically seen, with 2-year contracts secured in some places.

As far as dayrates, Mr Benzer leaves that up to the market to decide: “The market will tell us what to charge.”

AN EMERGING MARKET

Although demand for rigs appear strong everywhere in the US land market, Mr Benzer noted the emerging potential of the Fayetteville Shale in the Central Arkansas region. The Fayetteville Shale is an unconventional gas reservoir ranging in depth from 1,500 ft to 6,500 ft and is the geologic equivalent to the Barnett Shale in North Texas.

The play is still in its infancy, Mr Benzer said, but it holds “tremendous growth potential.”

Of course, he continued, Bronco “intends to establish a presence in all the geological basins. We intend to have a national footprint.”