

High Sierra has been cleaning house in oil and gas industry

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High Sierra Energy LP began in 2004 after two longtime Denver oil and gas executives, Jim Burke and Brian O'Neill, shared a bottle of wine over dinner.

"I said, 'I want to do something,' and we said, 'Let's give it a go,'" said Burke, now president, chairman and CEO of High Sierra.

The private company's first move was to buy Centennial Energy LLC in December 2004. The subsidiary, still part of High Sierra, specializes in transporting and marketing natural gas liquids (NGLs) such as butane and propane, as well as crude oil, across the country.

From there, High Sierra has grown to 425 employees with 2011 revenue of \$2.8 billion, up from \$2.2 billion in 2010, Burke said.

And it's become one of the biggest companies that cleans and recycles water used in oil and gas operations in the Denver-Julesburg Basin, which sprawls north and east of Denver into Nebraska and Wyoming.

Worries about the supplies of water used in drilling and hydraulic fracturing have risen in the last several months, as energy companies have announced plans to drill hundreds of horizontal wells in the basin and the Niobrara oil field in the next few years.

High Sierra's leaders are thinking about taking the company public, but haven't decided yet, Burke said.

O'Neill is still a board member for High Sierra, based in the Cherry Creek area, but he's stepped away from day-to-day operations in the last year, Burke said.

High Sierra operates in several areas,



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High Sierra Energy leaders: left to right, James Burke, president, chairman and CEO; David Kehoe, COO; Nicholas Aretakis, vice president and CFO; and James Winter, vice president. The company is considering going public, but no final decision has been made yet.

including these:

- High Sierra uses its 2,400 rail cars, plus trucks and access to pipelines, to gather, transport and market crude oil and NGLs across the nation.
- It's in a joint venture with Sertco Industries Inc., based in Okemah, Okla., to manufacture natural gas-powered, trailer-mounted compressors used on oil and gas wells.
- The company also cleans water used in drilling and hydraulic fracturing

(fracking) for re-use and recycling in the oil and gas fields.

Last year, High Sierra expanded its Wyoming-based water business into Colorado. In June, High Sierra announced it had closed the purchase of Conquest Water Services LLC of Greeley — one of Colorado's biggest companies that cleans and disposes of water used in oil and gas operations in northern Colorado.

"We transport or handle about 200,000 barrels a day of water, crude oil and natu-

ral gas liquids, combined," Burke said. "We're growing rapidly and building infrastructure in the shale plays nationwide."

Terms of High Sierra's deal with Conquest weren't disclosed, but Burke said the company has invested about \$200 million in its water business in Colorado and Wyoming.

Niobrara and fracking concerns

The company's Pinedale recycling plant in western Wyoming processes about 60,000 barrels of water a day for re-use in the field.

The company also cleans an additional 20,000 barrels of water a day that's clean enough to be discharged into the river, Burke said.

"We deliver water back for fracking to save the local water supplies, and also inject water into the New Fork River, a tributary of the Colorado River," Burke said.

One of High Sierra's clients in Wyoming is Denver's QEP Resources Inc. (NYSE: QEP).

"This [High Sierra's work] reduces the use of fresh water and helps sustain the valuable water resources in the Pinedale area," Joe Redman, QEP's general manager for its Pinedale division, said via email. "This is a critical service for QEP as it supports our natural gas development program in the Pinedale Field. Without the service provided by High Sierra, the demands on the fresh water supply would be significant."

About 94 percent of the water QEP used in fracking operations in 2011 had been recycled, he said.

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