

# Texas Tea Time

by Katie Porterfield

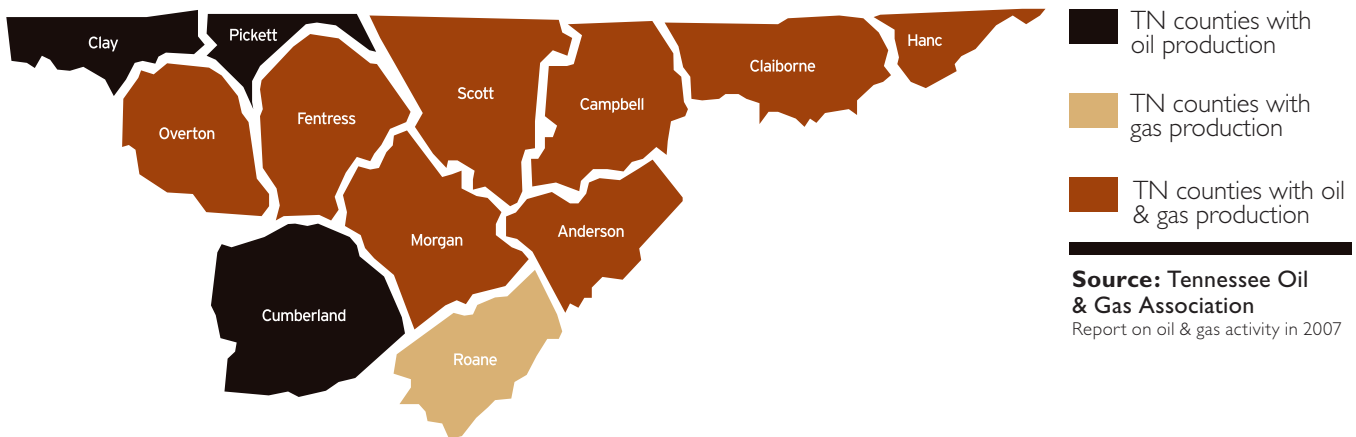
A Louisiana company delves for oil  
and natural gas in **Dyer County**

While it may be too soon for Dyer County residents to take to the streets proclaiming, "There's oil in them thar hills," it's possible that Dyer may someday be added to the list of oil- and gas-producing Tennessee counties. News of Dyer's potential surfaced in March, when the Dyersburg *State Gazette* reported that a Louisiana oil and gas exploration company leased about 6,000 acres in North and West Dyer County. But if Gary

Salmon of GLS LLC—the group on behalf of which leasing company Charleston Energy leased the land—was cautious then about making too much out of his efforts, he's even more so now.

"There is some evidence that the area could hold potential," says Salmon, who is president of HPS Oil and Gas Properties, a holding company that has been in business since 1979.

Though his company hasn't been able to convince a larger energy company to join them in pursuing a



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potential “shale play,” he hasn’t quite given up.

“We are continuing to try to find some informed folks who will joint-venture with us and go forward,” he says.

Evidence regarding the area’s potential stems from the work of two geologists with Tennessee roots. One of those men, Pete Helton, who founded the earth sciences department at Cookeville’s Tennessee Tech University and taught there for about 30 years, declined to comment because this is a “critical time” for a project he’s been working on since 1981. Salmon says that Helton, along with a former graduate student who now resides in South Louisiana, theorized from World War II-era doctoral theses and other records that oil- and gas-bearing shale deposits may lie beneath the surface in this part of the state. Salmon acknowledges that the evidence is “theoretical and conceptual” but adds “We thought enough of the concept that we made an investment, and we are trying to get others interested in the idea of drilling some wells.”

As Salmon explains, his company participates in the drilling of about three to five wells a year in South Louisiana. Today, on-shore drilling typically takes place through joint ventures involving anywhere from two to eight parties.

“Generators and geophysicists in small companies like mine take prospects and ideas and lease land there,” Salmon says. “We might participate for 25% or 50% in a \$3 million effort or 10% in a \$5 million effort.”

He says industry production experts believe this project will require a fairly large front-end investment in drilling analysis.

“We’re moving the first little bit of dirt in the building of a skyscraper,” Salmon says. “So, it is premature to get excited about it at this time.”

But with the price of natural gas at \$8 to \$12 per thousand cubic feet, Salmon says projects like this become more economical.

"They're not economical when the price is in the \$2 to \$3 range," he says.

Salmon's company is also exploring oil and gas possibilities in Houston, Henry and Benton counties, although he says they aren't any further along in the process there than in Dyer.

"What we're trying to do there is simpler," he says. "We've got some ideas, we've done some diagnostic work, and we have new concepts to work with to get the industry interested in drilling a few wells to see if we are accurate."

Though nine Tennessee counties produced gas in 2007, and 11 counties produced oil (see map pg. 19), Dyer and the other counties in which GLS is concentrating efforts have never produced oil or gas, according to the Tennessee Department of Environment and Conservation records. In fact, with the exception of Henry County, where seven oil and gas permits were approved in the 1970s and '80s, TDEC spokesperson Meg Lockhart says oil and gas wells have never been permitted in the counties in question. At press time, that was still the case.

"It is my understanding that there are no applications for permits in any part of West or Middle Tennessee," Lockhart says.

So, the fact that Salmon and company would be the first to produce oil and gas in this part of the state makes even the prospect of such a discovery exciting. And it certainly begs the question—is Salmon downplaying his company's efforts to protect his interests from the likes of a competitor, or is it, as he insists, "premature to start pounding a drum saying, 'We found this, that and the other?'" **tn**

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