

Names You Need To Know In 2011: John Schiller At Energy XXI

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John Schiller

Think BP's oil spill and Obama's drilling moratorium has scared wildcatters out of the Gulf of Mexico? Think again. Houston-based Energy XXI, led by John Schiller (nominated for our [Names You Need To Know project](#)), has teamed with McMoRan Exploration and is in the process of drilling some of the deepest wells ever in the gulf—30,000 feet down. The consortium has already made discoveries at the Blackbeard prospect and at [Davy Jones](#).

Depending on the results of secondary wells, now being drilled, these have the potential to be megafields—located smack dab in the source rock that for millions of years fed the smaller, shallower fields above them. Schiller says the prize could be as much as 100 trillion cubic feet of natural gas—about as much as the entire country uses in four years.

Worrying about a BP blowout redux? Don't. These wells may be deeper than anything BP has attempted in the gulf, but they are not in deepwater. Rather these prospects are in the shallow

waters, just offshore in waters less than 50 feet deep. The rigs drilling these wells sit on the seabed; the blowout preventers controlling the flow sit above the water line; and the well designs these guys are using are far more conventional than what got BP into trouble.

Why single out Schiller and Energy XXI when partner McMoRan (led by Jim Bob Moffett) has a much bigger stake in these projects and is controlling the operations? Well, to be diplomatic about it, Moffett, 72, is already a legend in his own time. As the chairman of both McMoRan Exploration and Freeport McMoRan Copper & Gold he has established himself as one of the world's great exploration geologists. And it was Moffett who had the guts to buy Exxon out of the Blackbeard well after Exxon had sunk \$210 million into drilling it (just not quite deep enough).

Schiller, on the other hand, at just 51, still has a lot of game left in him. Since taking Energy XXI public in 2005 he's done a handful of acquisitions, all in the shallow waters of the gulf shelf. A \$500 million equity offering just last week gives him plenty of cash to make his next big deal, probably by the end of the year. The plan is to keep gobbling up old shallow fields, using new technology to get more oil and gas out of them, all the while drilling deeper in search of the motherlode. Some even suggest that Moffett's succession planning could involve merging McMoRan and Energy XXI, with Schiller taking over (we'll ask Moffett and let you know).

No matter what happens in the distant future, today Schiller is in the middle of the most exciting oil and gas play in the Gulf of Mexico, one whose true scope will become evident in 2011.