

Chester J Jachimiec of Down Hole Water Management

Speaker1: [00:00:04.77] This is the Investor Connect podcast program. I'm Hall Martin and the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, many other investors for early stage and growth companies. I hope you enjoy this episode. Hello, this is Hall Martin with Invest Connect, we're here with Chester J Jachimiec, president of Downhole Water Management. Davo Water Management has developed and patented a down separation system for disposing of produce water from natural gas wells and from oil wells in the same wellbore, eliminating the need of lifting the contaminated produce water to the surface and hauling it to a separate disposal. Well, the system has been demonstrated in numerous live wells and is ready for commercialization. Jeff, thank you for joining us. Appreciate it. So what was your involvement in oil and gas?

Speaker2: [00:00:53.07] Well, right now I'm heading up the company, down the water management. It's part of a private office group, technology company that has been developed over a series of years. We've got some very interesting and I think impactful technology for the oil and gas industry. We've got three different technologies. They're covered by eight issue patents. And the long and short of it is we're able to separate produced water downhole and inject it into a lower zone that's been opened up to take the water. So we never bring it to the surface and never has to be hauled away and reinjected into a commercial disposal. Well, and that that results in a number of features. We really take all of the boxes we see typically we see improved gas production because we're removing the hydrostatic had in the well. We reduced operating costs. We're we're eliminating the surface water handling costs. And on top of that, we're environmentally friendly because we don't move the water past the freshwater aquifer either on the way up or the way down. And we don't have any chance of over the road spillage. So I think it's a unique technology. There's a big place for it. And we're in the process of commercializing that now.

Speaker1: [00:02:20.08] Right. And so what excites you right now in the oil and gas space?

Speaker2: [00:02:23.49] Well, I think we're seeing some light at the end of the tunnel. We've gone through a low price environment for several years and we're starting to see activity pick back up. I think natural gas in particular is is headed towards an upturn. That's one of the best

fuel sources for reliability in the energy space and in the rather the electrical space. And just a few weeks ago, we experienced unreliability in the in the electrical grid. And I think natural gas has a huge role to play in stabilizing that so we can move towards renewables. But natural gas is a perfect buffer for that to make that transition right.

Speaker1: [00:03:11.04] What's your advice for people investing in oil and gas? What do you tell them to do before they write that first check?

Speaker2: [00:03:16.26] Well, I think you need to look for innovators. You know, this is a huge industry. A lot of players. It's under a lot of stress as far as pricing and efficiencies. And the innovators are the ones I think you have the advantage either finding finding new resources more economically or producing those resources more economically. That's where my company fits. In the second sector, we've tried to improve the profitability of mature and maturing fields, and that has a big role to play in terms of resource conservation and extending the useful life of wells.

Speaker1: [00:03:57.61] So how do you see the industry evolving from here?

Speaker2: [00:04:01.71] It's a huge industry. It's not going away. The demand for hydrocarbons, both oil and gas, is is huge. Worldwide renewables have their place and they're expanding. But it's going to be a long, long time, I think, before renewables will really replace hydrocarbon energy. And then you have chemicals, you need petrochemicals, you need feedstock for petrochemicals. And we rely on that, including the renewables relied on that. Are some of the some of the equipment in the renewable industries, of course, is is founded on petrochemical supplies. So I just see more of the same. And we have to go farther afield to find hydrocarbons. We have to go to deeper water. We have to go to outlying areas. All of that takes more and better technology and better processes. So if I'm if I'm an investor in the energy industry, I look for people who have innovation on their side.

Speaker1: [00:05:06.24] Ok, and what you think is the biggest change you'll see in, say, the next five years?

Speaker2: [00:05:10.95] Well, I don't have a crystal ball. I see more growth. Frankly, I don't see a huge ramp up in prices on a city. A steady improvement, you know, we've been through an economic decline worldwide, and that's depressed demand, if that will turn around in the next five years, then we'll see increasing demand. And, you know, oil and gas is is replaceable energy source, rather, you have to replace it and you have to go out and find more of it and produce more of it to replace what you used. So that's just going to put more stress on the industry and could lead to an increase in prices. But I wouldn't bet on a big upswing like we've seen in some the past few years.

Speaker1: [00:05:58.59] Well, great. Well, tell us more about your firm there and the technology you have going forward and tell us how you run with that.

Speaker2: [00:06:05.31] Well, we've got we've got three technologies. The the most mature and ready to be released is the downhole gas water separator. We've tested that in forty different well bores. We've seen anywhere from 20 to 400 percent improvement in gas flow. The 400 percent is definitely an outlier. That was a very low pressure. Well, but what we do is we eliminate that hydrostatic column of water that's 6000, 8000 feet tall, pressing on the formation, and that tends to open up gas production. And then we're eliminating all surface disposal of the contaminated water with saltwater that normally has to be pumped to the surface. Tonkawa and reinjected in a commercial. Well, so we remove that cost. And what we do is our device sits at the bottom of the hole, basically in a proprietary packer, and we open up a lower zone that will take water and we basically remove all of the fluid in a gas well, all of the contaminated water through our device, through a hole on the back or through a One-Way mouth and inject it into the lower zone and we generate 5000 high pressure. We can move a thousand barrels a day fluid in a five and a half inch casing. That's way more than most wells produce. And so we can handle just about any well, any oil that's got a vertical segment. We have to set our device in the vertical. So the second technology is an oil water separator, downhole oil, water, separate. We have not tested that in a live well yet, but it uses about 95 percent of the gas water separator.

Speaker2: [00:07:55.53] What a small change. We use a capillary system at the top of the device to to use the internal pressures that we generate to lift the oil, the crude oil to the surface and inject the water downward to lower. So we've seen that oil and water separates very rapidly at

those downhole pressures on temperatures. And so we're able to get a good oil water cut and we regulate the production of oil at the surface. We wind up eliminating about ninety nine percent of the salt water at the surface. So, again, whether it's a productivity enhancement to oil wells and it can really bring some old and maturing wells back online and back in full production, the last thing we develop to optimize the two downhole separators was a surface pumping system we called a surface pump and monitoring system. It's basically a hydraulic ram inside a derrick and it lowers and raises the sucker rod and powers our device downhole. But we've made it very smart. It can pump off and back off of pump up. We can bury the stroke without a single stroke and it can optimize other artificial lift applications like heavy oil. So we see that as being in addition to helping our downhole separators. We see that as a very good artificial lift device and a smart artificial lift device for heavy oil and other applications. So all of that will be in our service company and that's what we're attempting to lift off and around here in the coming months.

Speaker1: [00:09:38.88] So what are the challenges for the oil and gas operator in today's market? What do they face?

Speaker2: [00:09:44.64] Everything comes down to efficiency. I mean, in this environment, the guy who is more cost efficient is better at finding oil or gas at a lower price. And it's better to be able to produce it at a lower cost per barrel or per NCF That's that's the winner in this market.

Speaker1: [00:10:06.00] Great. We see a lot of different oil fields and types, you know, discovery wells, production wells and other things. What do you think is a good opportunity for investors to pursue today? What do you put at the top of the list?

Speaker2: [00:10:18.09] Well, we've got 100 percent of our. Our marbles on placed on, mature and maturing, well, I mean, that's that's where we focus. How do we increase the production, increase the efficiency of mature and maturing fields? And we're solidly in the middle of that. And I think that's a good place to be. I mean, a very steady cash flow, long term, low decline curve. You know, what you're going to produce. And if you can optimize that with a technology like ours, then so much the better.

Speaker1: [00:10:52.17] That's great. Well, in the last few months that we have here, what else should we cover that we haven't?

Speaker2: [00:10:56.28] Well, I'd just like to say that if there are some investors out there that would be interested in talking with us, we would definitely like to have a dialogue. We are in the process of raising capital to to move the service company forward. We also have a strategy to acquire some mature and mature fields and improve them with our technology. The idea being that perhaps we can acquire something that's solid, solid, double and turn it into a for buying a home run by by reducing the operating cost and increasing the production. So we've got a couple of different methods to do that. We would love to have a dialogue and come up with something that works for both parties.

Speaker1: [00:11:44.16] Right. Well, how best for listeners to get back in touch with you

Speaker2: [00:11:48.66] Is probably email. That's my first initial and last name all come together. So it's c a, c, h, m, e, c and AT&T dot net or call me on my cell. I'll answer it just about any time, day or night. And it's seven one three six to eight six five eight to go.

Speaker1: [00:12:12.84] We'll put the email and the phone number in the show notes and want to thank you for joining us today and to have you back for a follow up soon.

Speaker2: [00:12:20.16] I appreciate that. Thank you so much.

Speaker3: [00:12:22.44] Investor Canek helps investors interested in startup funding. In this podcast series Experience, investors share their experience and advice. You can learn more at Investor Connect, Doug. Paul Martin is the director of investor Canek, which is a 523 non-profit dedicated to the education of investors for early stage funding, all opinions expressed by Hall and podcast guests are solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.