

Behind the deal: Houston energy services co. to hire after Canadian acquisition

By Joshua Mann – Reporter, Houston Business Journal
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Houston-based Tally Energy Services is looking to increase its headcount by about 20 employees by the end of the year, now that it has closed its fourth acquisition.

Tally Energy announced the acquisition of Canada-based Gearcon Inc. April 17, which brings downhole motors into its drilling services sector, according to a Tally press release. Financial terms were not disclosed.

Tally has already hired three employees in Houston to handle the business, but CEO Chris Dorros said he expects that number to rise to around 20 by the end of the 2018. The company now employs around 170 people, Dorros said.

“We’re really in the process of transitioning,” Dorros said. “There’s a lot left to do on the hiring side. But we need to get our facility, and we need to get our volumes up, so there’s a lot still to be done.”

No Gearcon legacy employees now work at Tally, though Gearcon’s founder, Robert Roszak, is staying on for the time being as a consultant to help with the transition before he retires, Dorros said. Tally is “keeping the door open” for some key employees to relocate to Houston, but nothing has been finalized, Dorros said.

Dorros and Roszak declined to comment on the number of people who worked at Gearcon prior to the merger.

“(Roszak is) very engaged with the transition and will be coming down multiple times for the next six, eight, 12 months,” Dorros said.

Tally is working on consolidating its real estate to put all of its drilling service lines under one roof, and while Dorros said the company isn’t quite ready to reveal any details on that front, he hopes to have more to announce in the next couple of months.

“I know how interested everybody is, but we’re just not quite there yet,” he said.

Stephanie Hertzog, a Tally senior vice president, said last year that the company plans to merge its other two drilling services companies, Terra Directional Services LLC and Premier Directional Drilling, under one roof and business structure.

Dorros declined to comment on Tally’s revenue. Tally is backed financially via more than \$130 million in private equity commitments from RedBird Capital Partners and Sallyport Investments LLC. Sallyport founder and owner Douglas Foshee also serves as chairman of Tally. Prior to forming Sallyport, Foshee served as chairman, president and CEO of Houston-based El Paso Corp. until it was acquired by Houston-based Kinder Morgan Inc. in 2012.

How the deal came about

Don Mason, the president of Tally’s first acquisition, Terra Directional Services LLC, has been tracking technology trends and keeping an eye on further acquisition opportunities for the company, Dorros said.

“He happened upon Gearcon and met Roszak, who’s the founder and former owner of the business, really because he was also looking south,” Dorros said. “Really, we sort of found each other... I guess you could say we were looking for the same thing at the same time.”

The Canadian oil and gas market still hasn't recovered from the oil price downturn to the same extent that the Permian Basin has, so Roszak was looking for options to get his business into the Texas market, Dorros said. That contact occurred about a year ago, and the companies spent most of the second half of 2017 doing field tests to make sure the Gearcon tools worked under Tally's operating conditions.

Tally was already looking for the kinds of drilling tools Gearcon offered, Dorros said.

"This was always on our road map," Dorros said. "If we had not been successful with acquiring Gearcon, we would still be working in the drilling tools space, trying to get vertically integrated."

Tally tends to do its acquisitions outside of the brokered market, instead seeking out competitive deals on its own, creating a competitive edge for itself, Dorros said. Tally plans on doing both inorganic acquisitions and having organic growth, Dorros said.

"The alternative to an acquisition like Gearcon is literally starting with a blank sheet of paper," Dorros said. "You can do that, but it's very time consuming."