Capitalist utopias and financial futures of the US oil and gas industry

Drawing on long-term fieldwork involving almost a decade of interviews and observations, Dr Mette High, Director of the University of St Andrews’ Centre for Energy Ethics, UK, investigates what happens when oil industry entrepreneurs with utopic projects and private equity firms looking to invest come together. In this study centring on Weld County, Colorado – with more than 22,000 active oil and gas wells – she examines how entrepreneurs are urged to ‘dream big’. Despite the optimism of oil utopias, the ambitions of entrepreneurs are disciplined by financial institutions. High reveals how private equity investment simultaneously encourages entrepreneurial euphoria while conditioning both the social and financial dreams of entrepreneurs.

Described as ‘the golden ticket that can turn any dream into reality’, private equity investment is a form of financial investment that encourages entrepreneurs to ‘dream big’ – so big and daring that their hopes and visions reach way beyond the ordinary and into the realms of utopia. Private equity is a powerful force in the world of finance. Dominated globally by the United States, the private equity industry fosters innovation and has a major influence on the economy. Private equity firms invest in and acquire companies not traded publicly on a stock exchange. They usually acquire a controlling share, thus permitting them to restructure businesses, making them more profitable.

A PRIVATE EQUITY OIL RUSH
Dr Mette High, Director of the University of St Andrews’ Centre for Energy Ethics in Scotland, UK, examines what happens when oil industry entrepreneurs with utopic projects and private equity firms come together. In her recent article titled ‘Utopias of oil: private equity and entrepreneurial ambition in the US oil and gas industry’, published in the world-leading academic journal Cultural Anthropology, High discusses the interconnection of finance (private equity) and global commodity markets and the extent to which they come to inform entrepreneurs’ aspirations.

Her ethnographic research with long-term fieldwork involving almost a decade of observations, interviews, work shadowing, and archival research, High focuses on the relationship between private equity investment and the projects envisaged by oil industry entrepreneurs in Colorado. In this study centring on Weld County – with more than 22,000 active oil and gas wells producing 89% of all crude oil and 33% of natural gas in Colorado – she examines how these entrepreneurs are urged to ‘dream big’ with fantastically ambitious and visionary thinking that the prospect of drawing private equity investment might generate a ‘private equity oil rush’. The research follows what transpires when entrepreneurs with utopic projects come across private equity firms from an energy humanities perspective, helping us to understand how energy influences society, and vice versa.

CAPTURING EXPERIENCES
High has recorded experience of more than 150 open-ended and semi-structured interviews with participants. She met with landmen negotiating and acquiring mineral rights leases to the land. She has spent time on the drilling rigs and observed operations involving large numbers of people, trucks, and equipment. She called in on the crews’ shops, where equipment and trucks are based, and the producing operators’ field offices, where wells are digitally monitored, and engineers are always on standby. She had meetings with the environmental subcontractors who monitored, and engineers are always on standby and those of former workers who have retired, been laid off, or been involved in accidents. High recorded more than 150 interviews with engineers, crew, subtractors, and other participants.

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To do oil differently: High, who has recorded experience of more than 150 open-ended and semi-structured interviews with participants, has spent time on drilling rigs and observed operations involving large numbers of people, trucks, and equipment. Her research reveals how private equity investment simultaneously encourages entrepreneurial euphoria while conditioning both the social and financial dreams of entrepreneurs.

TO DO OIL DIFFERENTLY
Through the actors’ conversations and dialogues, High demonstrates how these capitalist visions of entrepreneurship are encouraged through the provision of capital investment for start-ups, private equity firms encourage utopian spaces where the dreams of entrepreneurs can thrive. These spaces present new creative horizons inside an industry that, in other respects, is propelled by existing inflexible commodity-production objectives. Taking advantage of the disparities that exist in extractive economies, some entrepreneurs wanting extravagant customer-appreciation parties. Her hosts also welcomed her to dinners with friends, family barbecues, evening dog walks, and church services on Sundays. Throughout this time, High has heard many optimistic accounts, with each entrepreneur’s description of their utopia going far beyond the conventional tasks of developing a new oil and gas company, such as devising company structures, management teams, and plans for drilling wells. Fund managers, however, have a vast number of investment propositions to evaluate. Homing in on the numbers, risks, and potential profit, they decide whether a proposition is worth pursuing further. In contrast to the daring dreams of entrepreneurs brought about by the thought of private equity investment, High shows that it’s the ordinary conventional oil and gas projects that eventually succeed in attracting private equity capital. Despite the blue-sky thinking and encouragement of oil utopias, sooner or later, the ambitions of entrepreneurs are disciplined by the ethos and practices of financial institutions.

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Apart from being allowed into workplaces to observe events taking place, High was invited to corporate events, including in-house client presentations, investor calls, and
Renewable energies could be the next new investor rush.

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High encourages her readers to seriously consider private equity capital as an investment source that simultaneously encourages entrepreneurial euphoria and optimism, and conditions both the social and the financial dreams of entrepreneurs. Consequently, private equity funding is encouraging and conditioning the continuation of late capitalism: a globalised, post-industrial economy, where everything is considered commodifiable and therefore consumable.

RENEWABLE ENERGY – THE NEXT NEW INVESTOR RUSH?

As private equity firms look towards renewable energy for what could be the next new investor rush, High suggests that it is the ordinary, conventional projects that are not particularly innovative financially that may well lead the renewables rollout, regardless of the hopes of some for alternative ownership models for renewables, such as state ownership, community ownership, or shared ownership.

While there is much research into how individual energy sources can give rise to different kinds of social relations, High demonstrates that we also need to pay close attention to the particular kind of investment capital/financial arrangements that's involved. It is not just about how we fuel our societies, but also what kind of society we wish to fuel.

To do oil differently are observed trying to foster an ethos of concern and inclusion toward what they regard as ‘under-loved assets’, irrespective of whether they be human or not. Nonetheless, when entrepreneurs engage with private equity investors, a noticeably conventional philosophy is reaffirmed, informing the flow of finance capital. This ethos restrains the ambitions of entrepreneurs, directing them toward the conservative as the interests of the investors expunge their more creative and daring visions.

ETHICAL PERSPECTIVES

High also considers how the ambitions of both entrepreneurs and private equity companies’ fund managers pivot on ethical sensibilities. In another article, ‘Articulations of ethics’, she describes how she approaches ethics within her work and how the various ethical regimes that intersect don’t automatically align. Oil and gas industry actors can share a moral vision, but their underlying values and systems of ethics often vary significantly. Individuals are therefore continually engaging with several regimes of ethics concurrently. Some are highly formalised regimes of ethics, such as engineering ethics embedded in professional codes of practice, while others adhere to more personal and often idiosyncratic points of view. High concludes that bearing in mind how energy ethics concerns many co-existing ethical regimes, questioning individual moral presumptions has enabled her to understand how the various actors justify their individual ethical beliefs and the philosophies that support them. Consequently, ‘we can respect the epistemological grounds for our work and ensure its political potential to see new worlds.’

Behind the Research

Dr Mette High examines the relationship between private equity investment and the projects envisaged by oil industry entrepreneurs in Colorado, USA.

Research Objectives

Dr Mette High is Reader in Social Anthropology at the University of St Andrews and Director of the Centre for Energy Ethics. As part of her broader interest in energy industries, commodity markets and global finance, calculation and risk, she seeks to understand how people in the oil and gas industry make financial and ethical valuations of natural resources.

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Collaborators

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What initially sparked your interest in the anthropology of the oil and gas industry?

Growing up in Denmark, I never thought much about the oil and gas industry, which was based in the North Sea, offshore, out of sight, out of mind. Yet the revenue from the industry enabled the consolidation of a strong welfare state with a well-funded education system, public transport system, public healthcare service, etc. So the industry was constantly present, yet invisible. As I grew older and fossil fuels became increasingly politicised, I was keen to understand the industry as not merely an economic sector, but also a culture of work. How did those in the industry make sense of the world? What were their visions and ambitions? What would be awaiting if I wasn’t simply led by my own assumptions but instead created an open space for listening patiently to how people in the industry saw the world?

References

High, MM, (2022) Utopias of oil: private equity and entrepreneurial ambition in the U.S. oil and gas industry, Cultural Anthropology, 37(4), 738–763. doi.org/10.14506/ca37.4.06


Personal Response

@HighMette

mmh20@st-andrews.ac.uk
www.researchoutreach.org
www.researchoutreach.org