

MicroSeismic shakes up expansion plans

Premium content from Houston Business Journal by Molly Ryan, Reporter

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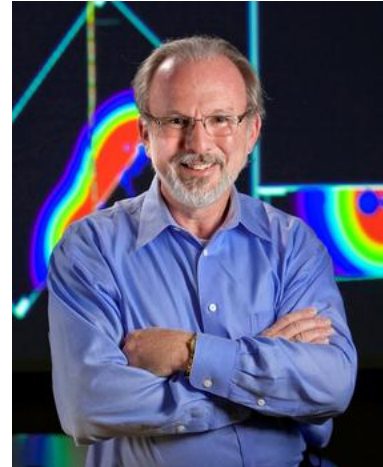


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After several years of consecutive growth, Houston's **MicroSeismic Inc.**, which has a technology that monitors and maps microseismic activity for drilling companies, plans to ramp up expansion plans to full throttle.



Peter Duncan, CEO and founder of MicroSeismic

From 2010 to 2011, MicroSeismic's revenue only grew about 4 percent to reach \$55 million — a far cry from its 2009 to 2010 revenue growth of 208 percent. However, the business, which serves oil and gas companies with hydraulic fracturing operations in shale plays, once again has a goal of massive expansion, and it intends to increase its revenue by around 25 percent starting in 2013.

MicroSeismic will lead its expansion effort out of a new office at 10777 Westheimer Road in the Westchase District. The larger 31,000-square-foot, Class A space MicroSeismic moved into in early October has increased the company's footprint by more than 40 percent, giving it room for about 180 employees. Although the Houston staff is currently around 120, MicroSeismic, which has about 300 total employees, anticipates increasing its staff by 60 people in 2013, and about half of the new positions will be in Houston.

To sustain its growth, [Peter Duncan](#), CEO and founder, said the company will continue to develop services to offer drilling companies more-efficient well-placement options while edging out competition from oil service giants, such as Houston-based Halliburton Co. (NYSE: HAL) and **Schlumberger Ltd.** (NYSE: SLB).

"We are investing more in this niche we service," Duncan said. "A big company has a hard time focusing on the small niche (of microseismic monitoring), and we focus on it 150 percent."

MicroSeismic has not been immune to the business slowdown caused by lower land rig counts in the U.S., although Duncan said he does not think this will adversely affect his business in the long run.

Since the cost of natural gas is low and the price of oil is volatile, many energy companies have cut back on drilling operations in recent months, which has led some businesses, such as Halliburton, to report lower third-quarter profits.

“We have been a victim of our success,” Duncan said, explaining that advancements such as MicroSeismic’s software, and hydraulic fracking in general, have led to the release of unprecedented amounts of natural gas, which has lowered its price, making it not as profitable to drill for new sources. “Yes, we are seeing a flattening, or a slower growth rate. We just have to be confident (the price of) natural gas will go back up.”

Also, lower rig counts don’t always mean bad news, said [Maryanne Maldonado](#), vice president and managing director of the **Houston Technology Center’s** energy division. Rigs also are operating more efficiently, she explained, and these active rigs still use MicroSeismic’s services.

In addition to work in U.S. shale plays, MicroSeismic also plans to expand its international presence in the next year as overseas shale markets gain traction.

“We have done work in China, India, Argentina and Turkey, and we will expand more internationally as those markets develop,” Duncan said. “We expect to be one of those technologies that gets exported.”

And MicroSeismic could expand to other industries, such as monitoring gas storage cavities, he added. However, right now, there is such a demand for MicroSeismic’s fracking services, “we don’t have the bandwidth to keep up,” Duncan said.

“I think there is tremendous outlook for this company,” HTC’s Maldonado said. “Interpreting data in a cost-effective way will be beneficial for many aspects of the market.”

Microseismic

HQ: Houston

2011 revenue: \$55.5 million

Top exec: Peter Duncan, CEO and founder

Employees: 300

Founded: 2003

Ownership: Private

Web: microseismic.com

Molly Ryan covers manufacturing, technology, the Port and logistics.