When Ken and Zach Carlile run into each other in the hallways at work at Camterra Resources, it’s really nothing new. The father and son used to run into each other on their way to classes at Baylor all the time. Zach was a junior, pursuing a degree in Business Administration, when his father, Ken, returned to Baylor to work on his Ph.D. in Geology.
“I used to fly down to Waco once a week for three days of classes,” said Ken. “It was great because I was able to see Zach and watch him play intramural basketball with his fraternity brothers once in a while.”

Zach remembers another perk. “He used to fly in and buy lunch for me and 40 of my friends,” he laughed. They graduated from Baylor on the same day in 1996. For Ken it was his third degree from Baylor, having previously earned his BS in Geology in 1969 and a DDS from Baylor College of Dentistry in 1973.

After earning his first degree, Ken went to work for the family business, Marshall Exploration, a corporation founded by Ken’s father, Quinton Carlile, in 1964. Quinton, also a graduate of Baylor’s Hankamer School of Business (BBA ’47), had confidence in his son’s Baylor education and knowledge of geology, but he didn’t trust the oil and gas industry.

“My father really didn’t believe that the oil and gas business was going to make it. It was about $3.00 a barrel for oil then, and only around 12 cents for gas,” said Ken. “So we all went back to school, and I chose dentistry.”

Ken practiced as a dentist for several years, before returning to his true love, geology, with the family business.

“It was always about drilling, either shallow or deep,” Ken said. “You just can’t drill as deep in dentistry.”

Quinton Carlile’s fears were unfounded, and years later, Ken found himself trying to talk his son, Zach, into getting into the family gas and oil exploration business.

After graduating from Baylor, Zach moved to Kansas City, where he worked first as an internal bank examiner, and later as an investment analyst for a life insurance holding company. He later earned his MBA from Southern Methodist University in Dallas, where he found that his Baylor degree served him well.

“An MBA in Accounting is pretty rough, and I expected it to be difficult, but Baylor had given me a great business education,” he said. “I was extremely well-prepared, especially in Finance and Accounting. I felt like I had gotten a head start on my MBA while I was at Baylor.”

Zach went to work for Camterra Resources, the oil and gas exploration arm of the family business in 2001. He first served as vice president of finance and later became the company’s CEO, the position he holds today.

“It took a certain amount of arm twisting, I think,” Ken laughed. “Kansas City is a fun place to live, and Marshall, Texas, is barely a one-picture-show town. But I told him that we needed him, and we really did. We’ve grown a lot and we needed his expertise; we needed some younger perspective.”

When Zach made the choice to return, he was able to merge his knowledge of business with his knowledge of geology.

“Our job is to find oil and gas at an economic price, and it’s getting more and more difficult every day,” Zach said. “It’s a lot like farming, but farming for oil and gas reserves, and trying to farm 100 feet below the surface of the earth.”

The difficulty, he says, and what is driving some of the increase in gas and oil prices, is the cost of finding good, economically feasible product.

“We have to drill deeper and deeper; the rock formations we’re exploring are deeper and deeper,” he said. “It’s like we picked all the low-hanging fruit 20 years ago. At that time we wouldn’t have touched, or even looked at, the places we’re drilling now. It would have cost too much. But new technology and better prices are making it economically feasible for us to go there now.”

Camterra now has sites in six states, plus off-shore in the Gulf of Mexico. The company was built on a framework that began when Marshall Exploration acquired the U.S. branch of Neste Oy, a Finnish oil and gas company, in 1992. Currently, they work more in the area of natural gas than oil.

“It’s a natural gas pond that we’re fishing in,” said Zach. “The oil reserves really hit their

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peak in the United States in the ‘70s, and now it’s mainly natural gas where we are located.”

Zach believes Camterra will continue to focus mainly on natural gas in the future. He said that exploration and cost effectiveness are the company’s biggest challenges.

“Those ways, we’re a lot like a pharmaceutical company,” he said. “You hear about them making a lot of money on a blockbuster drug, like Prozac. Once you find the formula, it’s easy to make the drug. Just like once you find the field, it’s easy to collect the resources. But once the gas or oil is gone, it’s like a pharmaceutical company’s patent ending. The profit goes away, too.”

He also compares the industries’ research and development phases.

“The hardest part for both industries is finding the next one,” Zach said. “You hear about the big, blockbuster drugs, but you hardly ever hear about the drugs that pharmaceutical companies spend millions of dollars researching and testing, but don’t make it out of trials. You can do all your homework, do everything right for your investors, but if it’s not there, all that time and money is lost. That’s one factor driving prices in both industries today.”

Despite the risks, the father and son team are both optimistic about the future, and enjoy using their skills to hunt for just the right field and just the right investors. One thing they are certain of is that their Baylor family will always be a part of their family business. Camterra, and its family of companies, already employs several accountants, attorneys and geologists with Baylor degrees, and they plan to continue to do so.

“Our job is to find oil and gas at an economic price.”

“Traditionally, Baylor turns out good people,” said Ken. “They leave with good business sense. We see it especially with the business and accounting people. When they start with us, we don’t have to do as much on-the-job training. The school has brought them up to a level where they can just jump right in.”

And Ken appreciates what he feels is the Baylor difference.

“With a Baylor person, you don’t have to worry about some of the problems other companies have,” he said. “Their work ethic is excellent. They have a moral compass that is right where it needs to be.”

Members of the Carlile family helped provide for the Carlile Geology Research Building, which will be built adjacent to the Baylor Sciences Building.