

Venture Capitalist Ron Bauer Explains the Reason Behind Rising Oil Prices

By **Josh Turnrow** · September 14, 2022



Entrepreneurs, start-ups, and SMEs have to navigate a long road of uncertainty if they dream of ever going public. Throw in the spiking oil and natural gas market – and you have a recipe for a particularly rocky road. Fortunately, those seeking the global market don't have to travel through difficult times alone. Renowned venture capitalist Ron Bauer, through Theseus Capital, is the experienced mentor ready to bring foresight to your business.



You don't have to be an economist to be losing sleep over the current price of oil and gas. You could be an executive sitting in a boardroom trying to figure out how you are going to make the supply chain work, or just somebody looking to top up your tank at the pump – all of us are feeling the squeeze – even those charging electric cars with the increase in electricity prices. For all the talk, there are few people trying to get to the heart of the issue. Part realist, part optimist, Ron Bauer of *Theseus Capital* is just the business mentor and guide that times like these require.

With over 20 years of experience working hands on as a principal investor and entrepreneur taking companies from start-up to publicly traded entities, Bauer has an immense amount of insight from years of investing in the oil and gas markets. He now acts as a trusted mentor and go-to expert on helping founders raise money and successfully complete the IPO process. He's a personal mentor to countless founders navigating their way to global stock exchanges for the first time, through *Theseus Capital*. Trying to walk your business through uncertain times is tough enough, while at the same time planning to raise money or go public makes it even more difficult? Bauer is the mentor for you.

Bauer explains the recent surge in oil prices – which ended the month of July floating slightly above \$100 a barrel

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slightly above \$100 a barrel.

"It goes in waves," Bauer says, speaking to the 20 years he's spent investing in oil and gas exploration projects. It's certainly easy to get caught up in the emotions of the moment, but the venture capitalist reminds us that "It's a cycle: these prices today are still less than they were in 2010."

This is a healthy dose of context for those thinking that the current state of things is unprecedented. In 2008, crude oil hit \$147 a barrel – which at that time was a record high – amidst a recession and global unrest. It would go on from there to peak and flutter around the \$120 mark – not cooling off until the mid 2010s to the low prices we are now using to compare to our current situation.

Just as alarm bells are going off now – people found plenty to be concerned about the last time crude oil went through the ringer. "People were coming out and saying that America is running on empty – relying too heavily on the Middle East and desperately needing to explore and drill at home. The sentiment was that America was never going to be energy independent."

But as Bauer describes it, the oil market moves cyclically. Just as the political zeitgeist bounces back and forth – so does the will and urgency of investors to move in on the American oil market. 2013 saw the start of the fracking revolution, which by 2015 had caused a 47 percent reduction in the cost of natural gas.

Flash forward to March of 2018 – the *International Energy Agency* was reporting that in the next few years, "gains from the United States alone will cover 80% of the world's demand growth."

With the benefit of hindsight – we can look back to this *IEA* report and wonder where things took a turn. Bauer lays it all on the table.



"There's a big issue with supply and demand," he says. "People have come out of a pandemic they're moving around a lot more: flying, driving, and traveling. Meanwhile, there hasn't been investment in oil and gas infrastructure for many years. I had left the energy space back in 2011/2012 as it was oversold and depressed, but I saw the supply crunch and demand increase coming about a year ago and I re-entered that business aggressively searching for exploration assets globally."

After a change in management at the highest level, America saw newly elected President Joe Biden kneecapping the country's energy exports. The Keystone XL pipeline was shuddered, and executive actions saw the suspension of oil and gas leasing from public lands. With moves like these, nobody should be surprised about the cost of oil. "Obviously," Bauer says, "demand has gone up and supply hasn't. There is a massive domestic shortfall that needs to be addressed and filled."

Add in global conflict that kicked Russian natural gas off the playground – and these moves became all the more consequential.

For investors thinking this opens the door to electric powered vehicles – Bauer isn't as bullish. "When you plug in an electric car," he says, "that power is coming from a power station – fueled by either coal, natural gas, or nuclear power." Coal is a dirty choice and nuclear has a way of giving people the jitters. That leads us back to petroleum – whether we're driving electric or not.

Until American energy independence becomes a priority again, all Americans can do is brace against the wave.

It's a blunt picture that Bauer paints, but it's the full one.

It's the same outlook that has given Bauer a permanence that sits outside the natural ebb and flow of the global economy. It's an honest and straightforward approach to the good, bad, and ugly that entrepreneurs, business owners, and SMEs have come to trust when they turn to the long-time venture capitalist for guidance on raising money or going public or for general guidance and mentoring.

If you need somebody who can turn a deep understanding of the past into foresight – or

someone who can guide you through the landmine-packed path of raising money to an IPO
– Ron Bauer of Theseus Capital is ready to mentor or guide you.

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