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CITY BEAT

Who's who in tax abatement projects

Nearly half of all the tax abatement projects granted by the City of Houston are located in the district of City Councilwoman Helen Huoy.

The city has given abatements to 19 businesses through August of this year for projects expected to bring 7,655 new jobs and \$127.8 million of additional investments.

Eight of the building or expansion projects are in Huoy's northwest Houston District A, where abatements were



Huoy

granted to Veragon Corp., Siampro Films Inc., Novo Industries, Kvacner, O'Brien Paint Corp., Teknos, H.E.B. Grocery

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PROFILE



Physician, painter and booming entrepreneur

Dr. Dominic Man-Kit Lam has made his mark as a medical pioneer and an accomplished artist. Now the chairman of Houston-based AgriStar Inc. is blazing new trails in biotechnology by cloning a new generation of flowers and food crops.

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Foreign banks a growing force in Houston

Global giants gain ground in local lending

By Kenneth R. Pybus
Houston Business Journal

Foreign banks rushed in to fill the void when the economic downturn curtailed local lending activity in the 1980s. But even though competition is once again getting tighter in Houston, statistics show that the global players are holding their own in the local lending market.

Data compiled by the Federal Reserve Bank of Dallas shows that foreign banks have become a major source of financing in the Southwest.

Although foreign-owned banks have only been allowed to maintain agency offices in Texas since 1985, they have taken nearly 20 percent of the

loan booking market during the past three years — and nearly all the major players are based in Houston.

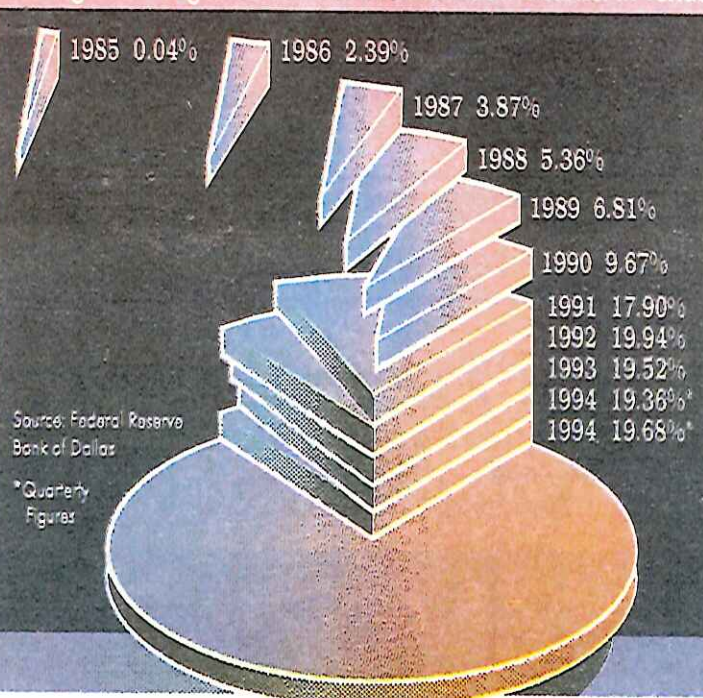
"For a number of years, we have watched the Houston market take on a greater and greater role in the area of foreign bank lending," says Susan Tetley, a researcher at the Fed.

Many of the foreign banking agencies came to Texas in the mid-1980s to take part in the globalizing energy industry, but now they handle wholesale commercial lending and other financial services, including credit lines and letters of credit.

Sixteen foreign banks have local offices that actually book loans for their regional clients.

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Foreign Banking Share of Commercial Loan Market in Texas



Councilman sells village new city hall

Some Hedwig residents questioning transaction

By Martha Binig Drake
Houston Business Journal

Hedwig Village city officials are buying their new city hall building from a fellow council member.

The transaction would have been illegal before 1989, but a change in state law now allows for such deals.

Hedwig Village Mayor Bob Goehrs initially claimed the city was purchasing the 9039 Katy Freeway building from the Resolution Trust Corp. But Councilman Harold A. Clark has filed an affidavit disclosing that the city is actually buying the building from him.

Clark says he and his son, Craig A. Clark, purchased the four buildings of the 9039 Katy Freeway complex — of which the new city hall is one — from the Federal Deposit Insurance Corp. in November of

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Porter (left), Roscom and Stover of Genesis Eurasia: Strange food, strong liquor and sparse living conditions proved to be ingredients for success

China coup The Genesis of an Asian oil venture

By Ann de Rouffignac
Houston Business Journal

After dining with the chairman of the local Communist party, drinking the local brew and living in "rough" accommodations in the desert region of Shaanxi, China, three principals of Genesis Eurasia Corp. returned to Houston last month with signed oil pro-

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Houston 100 winner satisfies curiosity

Jones Business Systems claims title of city's fastest-growing company

By Laura Elder
Houston Business Journal

When Scott Shadle entered his company in this year's Houston 100 competition, it was more out of curiosity than a desire to win.

Jones Business Systems, which distributes and repairs computers, does a majority of its business outside the city and has competitors across the country. So Shadle has had little opportunity to see how his firm compares to others in Houston.

Shadle's curiosity was more than satisfied. The 35-year-old company president learned that Jones Business is sitting on top of the list

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ENERGY

3 Domestic oil and gas industry trade groups fail to agree on merger

REAL ESTATE

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MEDICAL

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33 Banks successfully move into low-income areas and more

LIST

38 Largest area banks (ranked by total assets as of June 30, 1994)

Genesis in Asia

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duction agreements.

"Russia got too easy. We wanted a challenge," quips Dan Roscom, president and chief executive officer of Genesis.

The tiny independent oil and gas company already has a project up and running in Russia, and recently formed a unit to develop and operate joint oil production ventures in China.

In both cases, the businessmen traveled to the target country, persevered through local hardships and came back with what they believe will be lucrative deals.

The company's first foreign project — in the Stavropol region of the Russian Federation — is well under way.

"Black Gold," Genesis' Russian joint venture company and one of the few

foreign entities to get an oil and gas production license, will export its first production early next year.

The first phase of the project, financed by Xavier Mines Ltd. and 14 private investors, is limited in scope and well-defined, says Robert Stover, executive vice president of Genesis.

The joint venture will do routine maintenance, field repair and reworking on 40 wells of the Achikulak Field in Stavropol, one of the oldest oil producing regions in Russia.

In the first quarter of 1995, oil will initially flow at 5,000 barrels a day, increasing to 30,000 barrels when the other fields are also producing.

If all goes well, other projects will follow. Genesis expects to make a total investment of less than \$25 million.

"We take one step at a time, committing no more money or time than necessary to get a specific job done," says Michael Porter, the company's chief financial officer.

Although agreements are in place and work is being performed now, the Russian project required numerous trips and 18 months of negotiations to get off the drawing board. Details of transporting the oil to an international port on the Black Sea are still being worked out, says Stover.

In addition to political and technical obstacles, the trio experienced personal challenges that might have discouraged others.

On one trip to the producing region of Stavropol, Stover was forced to evacuate his burning hotel by jumping from a third-story window. Lucky to land on a rooftop, Stover suffered only broken bones, numerous cuts and torn ligaments. There were no painkillers in the local hospital, and he was relieved to get on the first plane back to the United States.

Roscom says he survived a ferocious case of food poisoning in Russia that left him 32 pounds lighter. But after a

trip to a local hospital, which he describes as something reminiscent of the Civil War era, he persevered and on that same trip successfully negotiated "one of the best deals in Russia."

By comparison, the Genesis executives say, China has been a piece of cake.

"Here, the government is extremely stable and streamlined," Roscom says of the Chinese system.

Unlike Russia, it is clear which government agency has the power to negotiate ventures and who is responsible for specific oil fields, he adds.

After reviewing the petroleum potential of existing fields in central China, Genesis planned a 50-50 joint venture with a Chinese Production Association, similar to their arrangement in Russia.

Typically, Roscom says, the company's agreements call for 100 percent cost recovery within the first two years, then a 50-50 sharing of the profits. In China, Genesis formed two joint venture companies with defined projects to be accomplished in phases.

Working with Chinese data, Genesis estimates production in the range of 10,000 to 30,000 barrels a day once the producing wells are reworked and additional in-field drilling is completed.

Also unlike Russia, China presents no oil transportation problem. With robust domestic demand, the oil will be sold at the wellhead destined for a local refinery. The joint venture company says it will sell the oil for the equivalent of about \$16 a barrel.

The partners travel to see the opportunities and pitfalls firsthand. For example, some of the foreign projects in Russia required investment of a given amount of money up front, whether the project worked or not, explains Roscom.

So far, Genesis has been able to avoid this kind of financial arrangement.

What can a tiny company like Genesis offer that big, well-capitalized major oil companies don't? Faster payback and quick decision-making, says Roscom.

The company has a low-cost structure and almost non-existent overhead. This means faster payback so the host country partners make money sooner, Roscom says.

"They understand that reasoning very well," he says.

The personable Roscom takes pride in his negotiating skills.

"In China, I had to do some hard negotiating and actually walked away from the negotiating table several times," he says. "Instinct told me when to come back and try again. One set of documents was signed at 1 a.m.," remembers Roscom.

He says he enjoyed a rare opportunity to dine with a high party official at his home.

The party chairman of Shaanxi had rubbed shoulders with such famous Westerners as Richard Nixon and George Bush, says Roscom, "but I was the first Western businessman that he had ever met. And he invited me to dine with him and his family."

The Genesis executives say their philosophy is to take a sincere interest in the host country and not to complain. In Shaanxi, the desert environment meant erratic water service in a hotel room without air conditioning, and the food was "interesting."

"I ate the chicken with those little chicken heads still attached and drank that strong liquor. The liquor was brutal. You could smell it across the room," says Porter.

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