How To Turn $1 Million Into $500 Million In 4 Years Or Less | Clips | Dad Saves America

5 MIN · YOUTUBE · HTTPS://WWW.YOUTUBE.COM/WATCH?V=D5NP3X00J60
https://www.youtube.com/watch?v=d5NP3X00J60

SUMMARY

The speaker discusses a successful investment strategy that transformed a $1 million investment into $500 million in profits over four years, attributing this success to strategic timing, skilled personnel, and a bit of luck. The approach involved identifying undervalued oil drilling opportunities and leveraging the expertise of retired executives from major oil companies.

- *Secured $1 million in funding and achieved a 500X return over four years.*
- *Focused on undervalued oil drilling projects in the Gulf of Mexico.*
- *Employed retired executives from major oil companies to identify profitable tracks.*
- *Used cost-effective, scrappy drilling platforms to maximize profits.*
- *Benefited from rising oil prices and successful drilling outcomes.*
- *Emphasized the importance of timing in selling the investment.*
- *Took a year off after the success to reflect and plan next steps.*
- *Utilized the Socratic method to teach and learn from MBA students about future opportunities.*

- We took a million dollars in funding from a New York venture capitalist, and four years later we had turned that million dollars into
$500 million of profits. So it was, I mean, it
was a great strategy, it was great people, it
was incredible timing and we were really, really
lucky, all of that combined. And effectively during that
whole period, took no risk. - This is not gonna be the focus
of our entire conversation, but for somebody watching
this, first of all, it's a 500X return, which
is completely crazy.

- Yeah. - How does that happen? What's the shortest version of how you go from a million to 500? For someone to be like, to understand it. - Yeah, so I'll explain this. Think about the Gulf of Mexico, you're out in the ocean and there's effectively attractive land, just like a piece of real estate, except it's on the ocean floor. You are Exxon. You have the rights to drill on that land for a five year period.

If you establish production
and find oil and gas, you can keep it as long as it produces, otherwise you must give it back. In the heyday of the 1970s and high oil prices, you paid a hundred million

for the right to this track. You found 10 million worth of oil and gas, but it's going to cost you
10 million to get it out. So no profit, you're upset
you spent a hundred million, oil prices are down and you believe never coming back up.

And what are you going to
do with this expiring lease? So, I show up I've got
enough money to drill a well right next to your well, so I know there's $10
million of oil and gas, but I can scrappily put
together a platform, not a brand new shiny one, but a used junk-looking platform, but still safe for $5 million.
So, I am guaranteed 5
million in profits already, and that's only 50 acres
of the 5,000 acre tracks.

Anything good can happen as
long as I hold that track. So we effectively found
19 of those projects. Now how do we find them? Well, all the major oil
companies at this point awarded any executive who
would retire over the age of 50 a million dollars in cash,
like a bonus to retire. - Now you think about that. - But why? What were they doing?
- They had too many people. So who retires? Think about that for a second.

Well, the people who are capable and think they can get another job, leave. But the major organizations
have to be fair to everyone so they offer it to everyone. Their best people retire, we go in, hire the chief explorationist for Exxon, and Mobile and Chevron, so we hire one from
every major oil company. By the way, they know
where all the tracks are. It's not a conflict of interest because the majors want
to get rid of the tracks.

They're best friends all trust in that we won't spill any
oil 'cause they're capable. And so here I am at 26 with a lot of 63 year old explorationists working for me that know
where all the best tracks are. And all we do is go and drill where oil has already been found, scrappily put together junk
platforms and turn them on. And that's how you turn $1
million into $500 million. - Now what was the luck part?

You said luck. - Well, the luck part
was that prices went up. In the meantime, people
found production on acreage we held right next door. So it's like Disney World
building next to your ranch, suddenly your ranch is worth more. We drilled slightly deeper in some places and found more oil. So effectively, there was, you

know, we had very little risk of loss in lots of things
that could go right, and all those things went right.

Prices went up, we found
more than we thought, our costs were down. And if you multiply all those together, there's an enormous amount of leverage. So we probably should
have made $20 million on our million dollars, but everything went right and
so we made 500, and we sold. - At the right time. - That's, I mean, maybe the
only smart thing was selling, 'cause I'd been down that rodeo before. Having been raised in oil and gas family I knew that oil prices go
up and oil prices go down.

- What was the lesson there for you? Because you go where you go next is the least obvious place I would think. - Well, I think the
biggest lesson from that, the first thing is, of course,
I didn't get all 500 million, we had investors, but I had plenty. And someone told me, gave me the best advice
I've ever been given, and I do not remember who it is. And I 10 years later I didn't remember, I'd forgotten 'cause it
was a passing conversation.

Someone said, "You should
take all that money, all of your profits,
and put them in the bank for one year and do nothing,
just think about life, because otherwise you're
gonna get wrapped up on boards and invited to do things, you're gonna get busy but you're not gonna
think about what matters." And so I took that advice. I made a promise to myself I wouldn't, I mean I might buy a new car or something, but I wasn't gonna splurge
and I wasn't gonna reinvest.

And I took all the best materials from the best Harvard Business
School courses I had taken, put them together and
went to teach a course at the University of Texas socratically, so the Harvard Business School teaches by the Socratic method, you only ask questions to learn. So I basically went to stand in front of a class of MBA graduates,
most of 'em are MBA students, most of whom are my age, and
ask questions to learn myself about what I should do next.

- If you enjoyed this video we've got more where that came from. Be sure to check out my full conversation with Jeff Sandefer. And one of the best ways
you can help support us is to subscribe to the channel so you won't miss our interviews and short videos as
they come out each week.