

Atlas Sand has been one of the quieter outfits in the Permian Basin sand rush this year – a new entrant flying below the radar. Not anymore.

On December 19, 2017 the company press released bold growth aspirations that if executed would make them bigger than either of the two largest frac sand suppliers (Unimin and US Silica) in the country today (based on existing production).

With the recent closing of their Monahans property deal, the company released a ton of new information about their assets and strategy today.

The company activated a new website and published detailed spec sheets. But most importantly, they issued a press release with some eye-catching statements about future capacity.

We've been assuming Atlas brings two plants online next year worth about 6mmtpa. That hasn't changed. But their plans beyond that are newly disclosed.

The Company announced plans to bring on at least 12 million tons of total production potential in the Permian Basin, possibly as early as the end of 2019.

Moreover, management stated they "could potentially double that capacity to 24 million tons in 2020 or 2021." If Atlas fully built out to the 24mmtpa potential they claimed they have their sights set on, that would make them larger than any single frac sand producer in the current United States market.

We'd also note that this aggressive growth disclosure is likely to curb any remaining appetite for incremental mines / investment in the Permian Basin. If fully built, the new capacity Atlas suggested they are evaluating would increase our Permian in-basin capacity estimate by 27%. The question is... will supply/demand alignment be there to justify this and other expansion projects in the years to come?

Here Is The Press Release

We don't often republish press releases (in fact this may be an Infill Thinking first). Given the level of interest in this private player and the extent of the detail and strategic disclosures in this release, we are making an exception and re-publishing in full with the company's verbal consent. Here it is:

Atlas Sand Company Announces Plan to Locally Supply the Permian Basin with 12 Million Tons per Year of High-Quality Frac Sand

AUSTIN, Texas, Dec. 19, 2017 /PRNewswire/ — Atlas Sand Company, LLC (“Atlas,” “Atlas Sand,” or the “Company”) is pleased to announce its plan to locally supply the Permian Basin with 12 million tons per year of high-quality frac sand including a 40/70 and 100 mesh size product.

Atlas has commenced construction on its first two plants. The Company's Kermit plant is expected to achieve first production during the second quarter 2018 and the Monahans plant is anticipated to begin production in the third quarter 2018.



Atlas Sand's Large, Logistically Advantaged Position in Kermit and Monahans, TX

Key Highlights

- Founded by Ben M. "Bud" Brigham, who previously founded Brigham Exploration Company, which sold to Statoil in 2011 for \$4.7 billion, and Brigham Resources, which sold to Diamondback Energy for \$2.55 billion in early 2017, Atlas represents the latest of Mr. Brigham's long-running and highly successful oil & gas related ventures.
- Atlas is the only native Permian sand producer, organically funded by independent private investors with substantial experience and industry relationships with Permian operators and service providers, as a pure play West Texas frac sand producer.

- Atlas does not own legacy assets in other regions that are vulnerable to the Permian sand disruption.
- Atlas controls approximately 6,000 acres or 60% of the Kermit dune and approximately 8,500 acres or 100% of the Monahans dune with the exception of the state park. Additionally, Atlas holds approximately 23,500 acres of off-dune buried sand proximal to the open dune.
- By acquiring the vast majority of the two giant open dunes in the Permian sand fairway, the Company believes it owns the largest and highest quality tier one frac sand reserves in the Permian. Modern open dunes have benefitted from thousands of years of additional geologic winnowing and processing, and have not been subjected to the degree of soil development, organics and impurities (which lowers yield) as the buried sand deposits. As such, Atlas expects to be the lowest cost producer of Permian frac sand.
- By controlling the vast majority of the two giant open dunes at the north and south ends of the Permian sand fairway, Atlas is logistically advantaged to reach wellheads throughout the entirety of the Midland and Delaware basins.
- Atlas has excellent access to major thoroughfares in the Permian sand fairway, with the Company's mine sites positioned close to I-20, TX-302, TX-115 and TX-18, thereby greatly facilitating efficient sand deliverability.
- Atlas will provide high crush strength 40/70 and 100 mesh sand from both dunes. The Company's 40/70 sand has a 7-8k crush rating and its 100 mesh sand has a 10-12k crush rating, based on independent testing performed by Proptester.
- Atlas has received permit approval for the Kermit and Monahans sites representing a combined total permitted nameplate capacity (i.e., input) of approximately 8.8 million tons per year.

- Consistent with Atlas' founders' long history of good stewardship of its resources, Atlas has developed a minimal impact and conservation plan and will continue to work closely with industry, local officials and governmental agencies to instill best practices regarding long term environmental sustainability in the West Texas sand trend.
- By year end 2018, Atlas will have both the Kermit and Monahans plants on-line with annual sand production potential (i.e., output) of 6 million tons per year, at full utilization. The Company plans to bring on at least 12 million tons of total production potential in the Permian Basin, possibly as early as the end of 2019, and could potentially double that capacity to 24 million tons in 2020 or 2021. It is estimated the Company has over a century worth of tier one sand reserves available for expansion to reliably satisfy future demand.

Atlas Sand's Chairman and Founding Investor, Bud Brigham commented, *"We're very excited to announce our plan to supply West Texas with the highest quality premium frac sand, which we believe is uniquely sourced from the giant modern open dunes, and which are logistically advantaged by their positions in Kermit and Monahans, Texas. We have assembled a great team and a dominant position in the basin, with unparalleled size and scalability. Our reserves are optimally located to serve a significant share of the robust activity in West Texas. Furthermore, the open dunes offer higher mining yields, which we believe positions Atlas as the provider of choice in the Permian. This is the best opportunity I have seen in my career in the energy sector. I could not be more excited to be leading and growing Atlas into the dominant sand provider serving the Permian Basin."*

Atlas Sand's Top-Tier Management Team

In addition to Mr. Brigham, Atlas' management team includes several key individuals who bring significant experience in both the mining and exploration and production industries:

- Hunter Wallace, COO
- John Turner, CFO
- Tim Stauffer, VP – Operations
- Chris Scholla, VP – Supply Chain & Logistics
- Kirk Ginn, VP – Human Resources

Hunter Wallace, COO, stated, "As we move towards first production, we're excited and encouraged by the high-quality individuals we've hired, and we continue to look for motivated individuals to join our team, both in Austin and in West Texas. Atlas Sand has combined the mindset of an E&P operator with some of the best talent in the mining industry to design the highest efficiency plants with unrivaled dependability. We believe our ability to consistently and reliably provide timely product deliveries day in and day out will set us apart and prove extremely important as the basin shifts towards regionally sourced sand. We also believe these same efficiency & dependability advantages provide a distinct benefit to our employees, and will make Atlas a more fulfilling and enjoyable place to work, which will be very important in this competitive hiring market."

John Turner, CFO, added, "It's special to be an organically founded and funded enterprise with a solid and very conservative balance sheet, the highest quality Permian sand reserves, state-of-the-art innovative plant designs, and a "Built to Last" mission..."

...We look forward to partnering with our Permian brethren to further differentiate the Permian Basin in the worldwide oil and gas marketplace.”

Website Launch

Atlas would like to invite interested parties to view our website, which is now live. Please visit www.atlassand.com for further details regarding our history, management's background, product offerings and specifications, sales information and employment opportunities.

About Atlas Sand

Atlas Sand was founded organically by long-time E&P operators with significant experience in the Permian Basin alongside the best talent available in the sand mining industry. The Company was formed to provide the oil & gas industry access to the largest, highest quality frac sand reserves located in the heart of the most prolific resource plays of West Texas, including our high crush strength 40/70 and 100 mesh products.

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Note: Infill Thinking received verbal consent from the company's CFO to republish the full press release. Feature photo credit courtesy Atlas Sand.