

Waste water from Oil and Gas drilling operations has been an environmental problem for many years. Clean water advocates have loud voices when it comes to well water pollution. Waters used in drilling have many chemicals and needs to be cleaned.

The waste water recycling and remediation business is something that is set to become quite massive in the years to come as more and more nations become very conscious of the water their populations use and drink

Presently there are many companies that are making an effort to move into the remediation industry and one of those is Houston Natural Resources (OTCMKTS:HNRC). Investors who are interested in emerging industries should consider taking a closer look at Houston Natural Resources This report looks into every aspect of the company in order that the investor can make an informed investment decision.

TECHNICAL

These oil service shares are ready to advance after establishing a solid base at the \$0.74 cent level. We see slight resistance at \$1.25, and \$2.00 levels after which we see a major shift in sentiment driving these shares significantly higher. **We look for a move to the \$4.00 level**



KEY STATISTICS

Price as of 11/23/21	\$1.20
52-Week High - Low	\$0.25-\$3.90
Est Shares Outstanding	18.40M
Market Capitalization	\$22.44M
Average 10 Day Volume	49,740
Exchange	OTC

Source: Yahoo Finance / OTC Markets

RECENT NEWS

Thu Nov 18th, 2021

The US Flirts with SPR Release, but Energy Trend Points Higher (HP, HNRC, PDCE, PBF, CPE, SM, SWN)

Thu Oct 7th, 2021

HNRC - Expert Management Team Leading Business Expansion Plans

Mon Sep 27th, 2021

HNRC - Environmental Remediation Services and Upside Outlined

[HNRC Investor Deck Click Here](#)

ABOUT

The oil and gas industry has seen a recent decline due to regulation recently passed by the Biden Administration hurting the entire sector. We feel that this decline is temporary and as the resulting price increases in gasoline and oil products take hold, drillers will once again reap the profits through more drilling, more wells and more well reconstruction.

The company intends to rework 83 wells and become a producer in addition to its well water remediation business. [Appraisal](#)

FINANCIAL - 9 MOS - SEPT 30, 2021

Q3 revenues increased 81% to \$12.8M from \$7.0M. Q3 Earnings increased 192% to \$6.3M from \$2.1M - [Click Here](#)
With 18 million shares outstanding we think that these shares have **all the right stuff**

COMPANY BACKGROUND



Houston Natural Resources has emerged as an important player in the recycling and remediation industry in recent times. The company may enjoy a competitive advantage over its peers due to its advanced technology and also because of the deployment of processes that are both socially as well as environmentally safe.

However, the technology development by a company has to be deployed in specific industries so that revenues could be generated. Houston Natural Resources has planned to build its facilities in those regions in which oil is produced and there is the presence of active wells.

The Houston Natural Resources Oil Services division seeks to provide its state-of-the-art technology to these regions. The company is looking to provide its recycling technology to as many active oil wells as possible which are producing oil and gas. In this way, Houston Natural Resources would not have to be dependent on the possibility of the drilling of new oil wells or the fluctuation in the prices of oil. To that

RECENT NEWS (Contd.)

Aug. 19, 2021 - HNRC outlined today its plans over the next ninety days for its subsidiary Houston Natural Resources, Inc. Announce a target acquisition to increase revenue and assets.

Increase the volume at its water treatment facility, operated by its subsidiary HNR Oil Services LLC, from the more than 1,000 truckloads per month currently being processed

[HNRC - Investor Deck Click Here](#)

end, the company is currently engaged in the building of a large complete recycling facility in the state of Texas that is going to be one of a kind.

This plant is meant to help in the elimination of old-school disposal methods with regards to the disposal of by-products from oil drilling and eventually help in reducing pollution. In addition to that, the company is currently working on building a team of knowledgeable and skilled professionals who can help in making Houston Natural Resources a major name in the recycling and remediation industry.

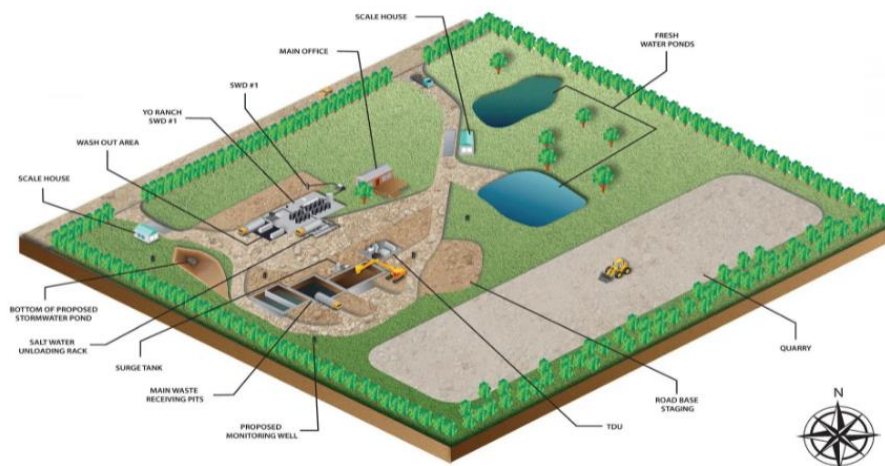
How It Will Work

If investors are to have an understanding of a company, then in addition to its core business, it is also necessary for them to know about the specific way in which the whole thing is going to work. Merely an overview of the aims and expectations of the company is not enough. Without further ado, it is important for investors to take a closer look at the Licensed Reclamation Plant that the company is currently building in the South Texas area.



The company calls it a 'trailblazing facility' that is going to bring about meaningful change when it comes to the reduction in pollution. The disposal methods from oil drilling remain one of the biggest reasons behind environmental harm and this facility is going to use the innovative technology from Houston Natural Resources to get rid of the harmful methods that are currently used in the industry.

More importantly, the facility is also going to help in controlling pollution by reducing costs significantly with regards to the control of oil field waste.



It is important for investors to note that Houston Natural Resources has managed to acquire the necessary permits by way of which it is going to be able to operate a number of oilfield waste recycling plants of its own.

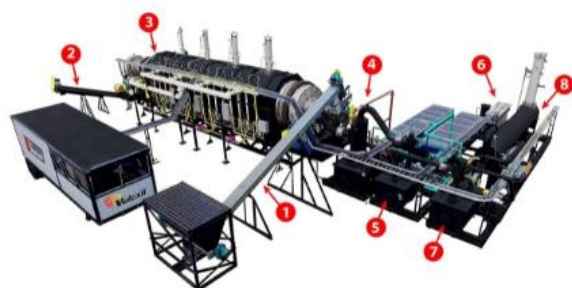
The company has noted that the land it has acquired for the different facilities have considerable land area and hence, there is enough space for storing equipment, gravel mining, and also for expansion of the facilities in the future. The facility that is being built in South Texas at this point in time is going to have a capacity of taking care of as much as 25,000 barrels of recycled salt water and fracking fluids among others.

In addition to that, the facility is also going to have a thermal desorption unit of its own. This particular unit is going to be responsible for cutting materials that are heated to a temperature of as much as more than 640 degrees Fahrenheit. It is an important aspect of the plant and is meant for helping with vaporizing all the oil and water from cuttings.

Now that you have an idea about the nature of the facility, it is important to note how it is going to be managed and supervised. The company has stated that

HNR Oil Services is going to be run by highly experienced and seasoned personnel from the oil industry. Many of them are going to be part of the staff and on the other hand, some of them are going to be employed as consultants. Houston Natural Resources has claimed that the multifaceted facility is going to position the company as one of the leading lights of the environmental remediation industry.

The Industry



Before going further, it is necessary for investors to get an idea about the nature of the industry in which the company seeks to operation and the sort of scope that lies there. It could be said that Houston Natural Resources is involved in what is broadly known as the 'water industry'. The company is involved in producing clean water that is in turn used in the process of oil drilling.

The water is mainly used in order to clear the mud that is encountered during the course of oil drilling. The water also serves the purpose of cooling the drilling unit. In addition to that, investors ought to note that the oil and gas and oil services industries have both made a roaring comeback in recent times primarily due to the remarkable rise in the rise of commodities.

Hence, more oil wells are going to be drilled by oil companies and that is going to result in higher demand for water cleaning services from companies like Houston Natural Resources. Back in 2020, the worldwide wastewater and water market had a valuation of as much as \$263.07 billion. It has been projected that the valuation of the market could hit a staggering \$500 billion by 2028. That reflects a compound annual growth rate or CAGR of as much as 7.3% from the year 2021 through to 2028.

As the market continues to rebound and slowly but surely gets back to the levels before the pandemic, the industry is only going to grow and that can only be a good thing for Houston Natural Resources in the long term.

Investment Highlights

Now that you have a thorough idea about the nature of the company, its business, and the industry in which it is involved, it is time for you to take a look at some of the factors that might make Houston Natural Resources a compelling investment option.

A. Potential of HNR Oil Services

It could be said that the company's subsidiary unit HNR Oil Services could well be the main driver of growth in the near future and that is possibly one of the more important things that investors out to keep in mind when considering the stock.

Earlier this year on September 27, Houston Natural Resources made an announcement with regards to the fact that it had become the 100% owner of HNR Oil Services. HNR Oil Services is responsible for the collection of fluids that are produced from oil drilling and then disposing of those fluids at the disposal well that is owned by Houston Natural Resources. It is a business that has considerable upside due to the implications for the environment and for pollution control.

B. Multiple Revenue Streams

At the end of the day, investors need to have a fair idea about the source of revenues for a company so that they know what they are getting into. Earlier this year on September 22, Houston Natural Resources enumerated the five streams of revenue for its business. The first source of revenue is from the fees that the company will earn by way of the wastewater disposal services that it provides to producers. The company also stands to generate revenues from the oil that it manages to recover from water treatment.

Houston Natural Resources is also working on developing as many as 83 existing wells and stands to make money from future gas and oil sales. The completion of the building of the Thermal Distortion Unit in the first quarter of next year is also expected to bring in revenues in the \$500000 to \$1 million range.

C. 90-Day Plan

It could be a good idea for investors to note that Houston Natural Resources announced in August this year that it had put in place a 90-day plan for fast expansion, growth, and acquisitions. The company is looking to announce an acquisition target soon with the aim of boosting its assets and revenues.

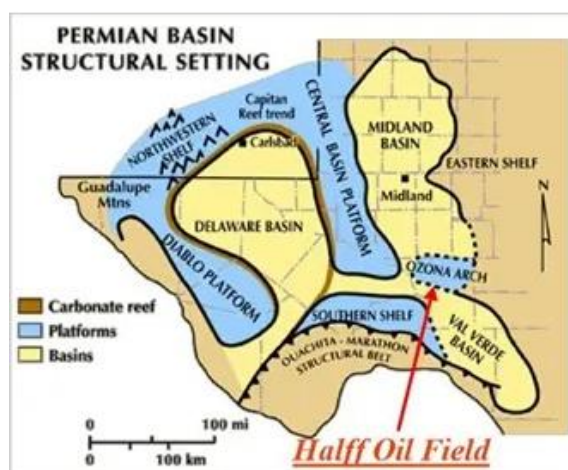
In addition to that, the company is also looking to boost the capacity of its current water treatment facility in order to generate higher revenues. On the other hand, the installation of the equipment it has purchased recently is another major aspect of this 90-day plan and on top of that, Houston Natural Resources is also looking to rework its 83 wells. Last but not the least, listing the stock on a major stock exchange is also on the agenda.

D. Reworking Oil Wells

Another major investment highlight with regards to Houston Natural Resources is the fact that the company has decided to make plans for reworking the 83 wells that it has under its control.

The move is a significant one for Houston Natural Resources considering the fact that reworking the wells is going to help the company in developing \$69 million worth of reserves that it owns at the Half Oil Field. It represents significant assets and according to estimates put forward by the company, it makes up a per-share value of as much as \$4.60 a share.

E. Strong Full Year Projection



Last but certainly not least, the projection from the company about the near future is also an important factor for investors when it comes to gauging its prospects. Earlier on in September this year, Houston Natural Resources had announced that it was expecting to post strong results in the fourth fiscal quarter that was to end on September 30, 2021. Company projecting for year end Dec 31,2021, \$23 mill in revenues and \$10 mill in net profits .

The company also noted that over the course of the past two years, it had managed to double its assets to as much as \$73,446,688. At the end of the quarter on June 30, 2021, the value of its net assets had stood at \$4.76 a share.

Key Management

A company might have everything going for it starting from product to clients. However, without the presence of a capable management team, the possibility of significant success declines. Here is a look at some of the key members of the management team at Houston Natural Resources.

Donald H. Goree, Chief Executive Officer, and Chairman

Having worked in the oil and gas industry for more than four decades, Goree is possibly the most suited candidate for an emerging company like Houston Natural Resources. He was worked in a range of roles related to different aspects of the industry starting from exploration to natural gas gathering to gas liquefaction and gathering. Under his leadership, Houston Natural Resources has also managed to move forward at a handsome clip.

Donald W. Orr, President

Orr is an expert geologist with a degree and has been working in this particular profession for more than 42 years. He has invaluable experience in production-related operations and petroleum geology. More impressively, it might interest investors to note that throughout his career Orr has been responsible for the drilling of as many as 250 oil wells and has a success rate of a handsome 70%. Hence, it can be said that Houston Natural Resources is in safe hands with Orr as its president.