



Maximizing your investment in private air transport

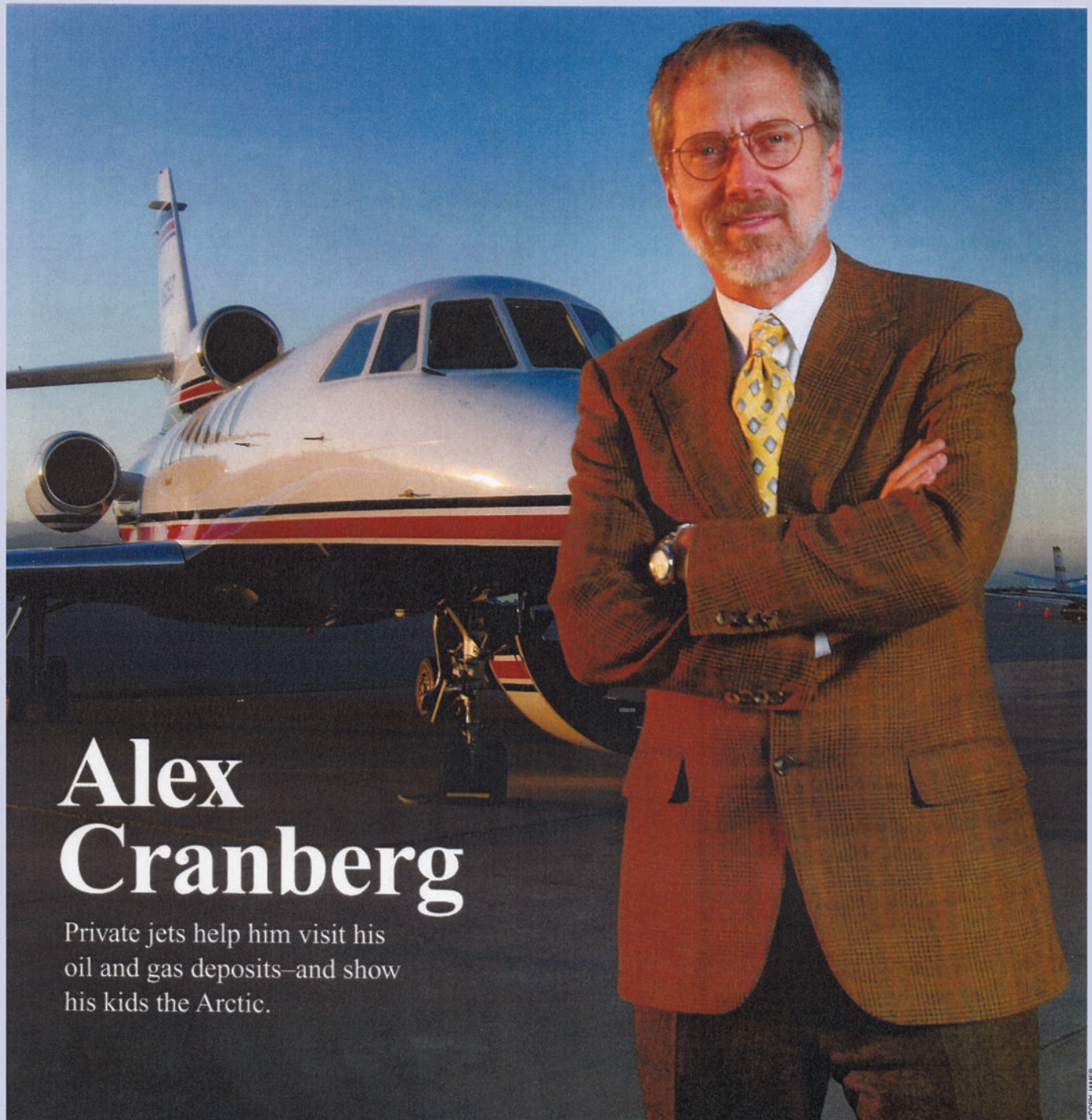
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Alex Cranberg

Private jets help him visit his
oil and gas deposits—and show
his kids the Arctic.



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SOURCE: Business Jet Traveler

Center Stage

Alex Cranberg

An oil tycoon with energy to spare

Interview by Jeff Burger

A childhood move to Austin sparked Alex Cranberg's interest in the field that still dominates his life. "I got fascinated with all things Texas," he recalled recently, "and the oil business is about as Texas as you can get. We'd drive by these big refineries and drilling rigs and it always fascinated me. And then I entered college at the time the Arab oil embargo hit, so there was a lot of focus on oil."

Cranberg earned a B.S. degree in petroleum engineering from the University of Texas and an M.B.A. from Stanford. After that, he held engineering, financial and management roles with several oil and gas exploration and production firms. Meanwhile, his private life benefited from his involvement in the field: He met his wife, Irish geologist Susan Morrice, "when she was looking at an oil deal at a company I was working for."

Cranberg, who's 50, has managed the oil and gas portfolio of General Atlantic Partners since 1981 and has been president and chairman of Denver-based Aspect Management Corp. and Aspect Energy, LLC, since their inception in 1993. Aspect is a leading oil and gas explorer in the upper Texas Gulf Coast and southwest Louisiana.

Aspect's success in the energy field has allowed Cranberg to focus some of his own energy on public service. "I'm distressed that education has been dominated by a big, bureaucratic government monopoly," he said. "It squelches innovation and does not serve the child well. So I've been supporting vouchers and charter and private schools—alternatives that challenge the status quo to be better. Wealthy people can make up for problems of a public school by moving to a higher quality district or sending their kids to private school. Charter schools and vouchers offer the same opportunities to everybody, so you don't have to be rich to send your kid to the school of your choice."

Cranberg's other current preoccupation is business aviation. Like many top executives, he relies on private jets for his travel. But Cranberg has carried his enthusiasm for the field a step further by becoming the main backer of XJet, a new membership club for private jet owners at Centennial Airport in Englewood, Colo., the nation's second-busiest general aviation facility. The club offers hangars, pilots, fuel and maintenance and has begun construction on a clubhouse with a library, offices, conference rooms, an art gallery and a gourmet restaurant.



PHOTO: MCCOY JAMES

What airplane do you own?

Actually, I have one and a half. I had owned a Citation V and we just bought a Falcon 50. We're keeping a half interest in the Citation for backup.

Why those models?

The Citation handled my typical travel from Colorado to Texas and occasionally to the East and West Coasts. In the past couple of years, though, we've gotten a significant project under way in Hungary. And we're partners in the first oil deposit ever discovered in Belize, so there's been a lot of travel to that country, which is just outside the Citation's range. With the Falcon it's easy.

I haven't been to Hungary with the Falcon yet, but my wife and I go to Europe every year. We love to take the Citation because we take our kids. We call it the "aerial family road trip." We've got a seven-year-old and an 11-year-old.

My own kids are about to turn seven and 11.

Then you know—four hours is about the most time you want to spend on an airplane without a stop with kids that age. We've stopped along the way in some amazing places in Canada, Greenland and Iceland. And the Citation has such capacity for short-field performance. It's able to get into places that are very difficult to get into using commercial aviation. So, ironically, my kids' lives have been

enriched by not having to go nonstop to Europe.

Are the Citation V and Falcon 50 the first jets you've owned?

Yes. Before that, we leased a Citation II. And for a couple of years while we were leasing, we also had a one-eighth fractional share of a Hawker 1000 with NetJets. The theory was that we'd have access to a plane in Europe [via NetJets Europe] and also have a backup here.

My frustration with fractionals was that operating under [Federal Aviation Regulations] Part 135 involves significant restrictions. There were airfields I couldn't fly into. [Some fractionals operate under Part 91 Subpart K, which

has similar restrictions.] With charters, meanwhile, I'd fly to Houston and want to fly back the same night and start bumping into problems. [Charters also operate under Part 135.]

You're happier with your own airplanes.

Yes, and much happier than I was with commercial aviation. Before I got a plane, I used to think it was a big indulgence. You don't realize all the opportunities you don't expose yourself to because you're unwilling to set up a trip using commercial aviation. With everything I had to do to go to Houston and back, it had to be pretty important for me to be willing to do it. It was two days and a lot of hassle. Now I can get in a full day in Houston and be back in time to be at the dinner table with my kids and my wife. So I'll go down there at the drop of a hat.

How did you get involved with XJet?

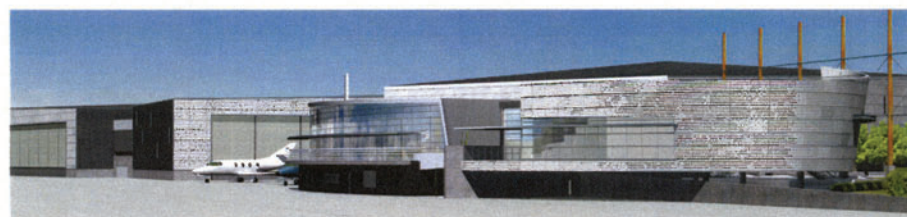
I started seeing things that frustrated or annoyed me in my travels and I felt the business traveler wasn't being served as well as he could be. In Denver, for example, it was difficult to find good hangar space with reasonable-cost fuel. Then I met Josh Stewart [now XJet's CEO]. Josh is a former bush pilot in Africa. We started talking about his dream of creating a high-quality service facility for private aviation. The concept came about as a combination of Josh's dream and my experiences.

XJet's publicity materials emphasize luxury while also suggesting that members will save money on fuel.

I know that sounds too good to



Alex Cranberg files about 250 hours per year, for both business and pleasure. Below, an artist's rendering of XJet's Englewood, Colo. facility.





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"I have a very spontaneous, opportunistic approach to life in general and business in particular. And that approach really fits well with private aviation."

be true. But the FBO business model is based on selling fuel. [*FBOs, or fixed-base operators, provide aviation ground services at airports. See Bizav Basics on page 12.—Ed.*] The XJet business model calls for a straight pass-through of fuel costs—no profit. And through our strategic partnerships, the fuel is available throughout North America to our members for \$1.50 to \$2 a gallon less than you'd pay elsewhere.

But you are a for-profit operation.

Yes. XJet's margin comes from the real estate side. We're providing high-quality hangars and fee-based club membership.

XJet's total package of services is the part that has me most excited. Most people don't have a full-blown flight department. They're like me—business guys who don't know a lot about managing planes and the maintenance and regulatory issues. They want to be able to not worry about all that. They want to be able to call up and have the

plane waiting wherever and whenever and have backup plans for whenever their own plane is down.

XJet supplies the pilots?

Yes. And everything—training, vacations—is taken care of. Maintenance, too.

The club will be limited to 30 members, I understand.

We're limited by the hangar space. But we'll have two kinds of members. There are members who own planes—those are the 30. Then as we see how much excess airplane availability there is that people want to be able to charter out, we'll bring in non-airplane-owner members. But the first priority for charter will be to our own members. So, for example, if my plane isn't available or isn't right for the mission I have in mind, there'd be another plane available where I could have confidence in the maintenance and the pilots. □

Fast Facts

Name: Alex M. Cranberg
Age: 50
Home: Denver
Occupation: President/chairman of oil gas exploration firm
Aircraft owned: Falcon 50, Citation V
Hours flown: About 250 annually



Cranberg's recently acquired Falcon 50.