



Oilchange

You have to be adaptable to succeed in the oil and gas industry, Enerflow Industries' Larry Lindholm and Marc Williamson tell Gary Toushek

Larry Lindholm and Marc Williamson are veterans of the oil and gas industry around the world. Between them they've accumulated decades of experience on the well service equipment side of the business. In 2003 they talked each other out of early retirement, deciding instead to start

their own company, Enerflow Industries, based in Calgary, to custom design and manufacture a range of oilfield equipment, including service rigs, for fracturing, cementing, hydration, acidizing, nitrogen, drilling and coiling. And they wanted to provide overhaul and refurbishing services as well, "because we have to service what we sell for customer satisfaction," says Williamson.

One of their first products was ECAMS—Enerflow Control and Measurement System—a high-tech control system with a touch screen that allows an operator to easily and accurately control any number of Enerflow's equipment systems. ECAMS was a hit, particularly on one of Enerflow's most successful machines to date, a fracturing (frac) pump with a 2500-horsepower Caterpillar engine, a unit on wheels with a high-pressure, high-volume, high-power pump used in hydraulic fracturing treatments; they affectionately refer to it as PussyCat. Last year they manufactured 180 pump units for domestic and international oilfields.

Major clients include Calfrac, Century, Pure Energy, Schlumberger, Halliburton, Trican, Gasfrac, Pride San Antonio, Pioneer and other worldwide service companies. Enerflow is going after and getting business in Russia, Algeria, India, Pakistan, and South America. "We shipped our first truck to Poland, as well as our first rig to Peru; Brazil has announced some major investments in oil exploration, and we've been talking to them," says Lindholm. Enerflow is also looking at China as a new market ripe for expansion, with its many proven oilfields. They have a country manager in charge of their initial interests. "In the last six months we've entered several tender rounds with bids, and our view is that China offers huge potential for us; we're actively working on a few strategic oilfields."

Previously Enerflow had five manufacturing facilities in Calgary, which were consolidated into two, a total of 200,000 square feet, for more efficiency. "One of our existing properties has potential for expansion. So while the domestic market in oil and gas here is doing well, in the near future we anticipate expanding with another building," says Williamson, "although adding additional properties after that may be cost-prohibitive, since the price of industrial real estate in Calgary is going through the roof. The cycle changes every two or three years, and we see that

we're currently at the front of the forward cycle."

They're also opening another production facility, in Texas. "Right now it's more economical to operate in parts of the US, especially Texas," says Lindholm. "Labor and infrastructure are cheaper, and we're also closer to the port of Houston for international business." Adds Williamson: "We've sold a lot of equipment in the

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US; a lot of our customers there are asking us to service that equipment, so we're manufacturing there for our American market."

Alberta's greenhouse gas emissions are a major concern to environmentalists, who put pressure on the government, which in turn puts pressure on the oil and gas industry. Companies such as Enerflow benefit because they're willing to customize, so the situation offers them incentive and opportunity to create technologies for greener methods and processes for the well servicing industry.

"For example," says Lindholm, "a service company came to us with a different kind of fracturing process: they wanted to pump a different carrier fluid rather than using water, because of environmental issues, so we designed a new set of fracturing equipment for them that uses liquid propane, and in doing so the engineering and design process took almost a year. The advantage of liquid propane is that it is natural to underground formations, and it can be recycled down the pipeline or back into a unit, whereas water is limited; this is a big issue environmentally. The new frac system is working well for the service customer, and it's making an impact on the industry."

"We use engines that meet the latest

Environmental Protection Agency (EPA) standards," adds Williamson. "The new Caterpillar model 2500 engine that we're using meets the new Tier Two EPA level. Now we're working on other tier-level requirements; the next level for industrial engines is Tier Four. We have to work directly and closely with the engineering departments at engine manufacturers; it takes us a long time to engineer those process changes into the equipment."

Enerflow is continually trying to bring new people into the business, says Lindholm. "It's always been our philosophy that employees are at the heart of our business. Highly skilled and motivated people are drawn to this atmosphere, where new ideas are encouraged, explored and implemented, so they definitely add value."

On the production side of the business, they have an apprenticeship program for skilled trades, and the mechanical, millwright, welding and electrical aspects are always expanding. "On the engineering side, we're always looking for electrical and mechanical engineers. It's tricky because we can't just bring in anybody off the street and have them building equipment; we have to train them first. We never underestimate what a person can do; some of our new engineers who are eager to learn can get up to speed and pick up the process in six months to a year. We fluctuate between 250 and 300 employees, and we're currently on a hiring campaign."

"Being at the whim of oil and gas commodity market cycles is rough," says Williamson. "It's either full speed ahead or full speed with the brakes on. Two years ago the oil well service companies were raising money left and right to build new infrastructure, then suddenly gas prices fell and everyone put the brakes on. On the manufacturing side of the business, we can't turn it on and off like a switch; we have to plan ahead in terms of purchasing components, design engineering and so on. The industry demands that we be adaptable, and that's probably how we've been successful; we're always adept at changing situations." ■