

BALANCING ACT

COATED PIPE PRESENTS CHALLENGES

What do you get when two giants in the oil and gas pipe-coating business put their heads together to target the Gulf of Mexico deep-water market? One joint venture, two highly busy yards, a state-of-the-art coating plant, and a baker's dozen of Kawasaki wheel loaders — all located in Channelview and nearby Sheldon, suburbs of Houston, Texas.

It is a great strategic match. Socotherm Americas SA, a subsidiary of Italy-based Socotherm, is a leading company in the field of steel pipe anti-corrosion coating and thermal insulation — primarily for underwater use. LaBarge Coating, a spin-off from US-based LaBarge Pipe and Steel, is well-known for its anti-corrosion coatings for pipe being buried or exposed

to hostile environments. The joint venture, aptly named Socotherm-LaBarge, opened the new coating plant with its accompanying yard in early 2008 and has been off and running ever since.

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Oil and gas pipeline jobs are usually huge, requiring hundreds of miles of steel pipe. Pipe comes in a variety of diameters — 12 inches to 42 inches are typical. Lengths are usually 40 feet. When the pipe is double jointed (two lengths externally and internally welded together) and then coated, the resulting pipe is 80 feet long, can weigh up to 40,000 pounds, and requires a real balancing act to handle.

To give you an idea of scale, one of the company's latest jobs had them offloading 34,000 40-foot pipes, double-jointing and coating them all, and then loading the resultant 17,000 80-foot joints onto 40 railcars bound for Louisiana and north Texas for the Mid-Continent Express pipeline project.

While offloading and loading of rail cars is usually handled by Pettibones and a crane or two, the company's fleet of Kawasaki wheel loaders does the rest. Ranging in size from the 80 all the way up to the 115, the 13 wheel loaders often run 20 to 24 hours a day.

Ken Sheffield is the yard supervisor at the Sheldon location, which receives the raw

The 80-foot double-jointed pipes can weigh up to 40,000 pounds a piece. About 8,000 of the pounds are centered in the forks. The rest hangs off each side.



steel pipe by rail, truck, and barge. His yard runs the various 90s the company owns.

“Our Hyster and Taylor lifts are used for general yard maintenance. But the Kawasakis are used in heavy production because they are so versatile. They’ve got some safety features I really like. And because you can roll the pipe way back on the Wicker forks, they are safer to run with, you can maintain maximum height, and we have a lot less dropped pipe. The clamps on the Wicker, plus the stability and lifting capacity of the Kawasakis, help keep everything under control.”

PIPE MANIA

Houston, being a port city, can be tough to find good wheel loader operators because there are so many pipe yards around. An operator may claim to be able to handle pipe, but the reality may prove otherwise. Running a loader with a heavy 80-foot pipe 16 feet in the air through a busy yard is not the same as handling a loader with a bucket filled with dirt at a construction site. So at the combination coating plant and yard in Channelview, Socotherm-LaBarge tests their potential operators first, before turning them loose. That’s because if a pipe is scraped, dropped, or damaged while being

handled, it has to be repaired and recoated — easily costing the company thousands of dollars per pipe. And when the pipe comes from the customer’s own inventory, it gets even more expensive.

Brian Belgeri is the purchasing manager of the Channelview facility. “We took over this property not too long ago and had to clear and prep the property quickly. One of



Steve Green, Hi-Way Equipment, and Brian Belgeri, Socotherm-LaBarge

the things we had to do was move the solid concrete slabs left over from the trucking company we purchased the land from. That’s when the 115s arrived. Although they were purchased to handle the largest and heaviest of the coated pipes once the coating plant was opened, it turned out they were ideal for moving those solid concrete slabs. The 115s are very stable and our operators love the joy stick.”

RUNNING IN CIRCLES

“For awhile, things were so hectic I had to chase down the loaders just to get them through routine maintenance,” says Mark Yager, Equipment Manager. “It’s tough out here — very dusty. But we’ve had no problem with overheating. Houston is also known for its heat. So we’ve got heat, dust, and running 24/7 — a good formula for a breakdown. But we haven’t had any.”

There are several reasons why the company has so many wheel loaders, as opposed to more Pettibones or forklifts. One, because wheel loaders are articulated, they can get into the pipe stacks easily. Two, they don’t tear up the yard and leave ruts like forklifts will. And three, a wheel loader is much faster than a Pettibone.



TERP — TEXAS EMISSIONS REDUCTION PROGRAM

Texas companies like Hi-Way Equipment must charge their customers a TERP tax because the state imposes a surcharge on the sale, use, lease, or rental of off-road, heavy-duty diesel equipment, which is based on the sale, lease, or rental amount.

THE GOALS OF THE TERP ARE TO:

- Assure that the air in Texas is safe to breathe and meets minimum federal standards established under the Federal Clean Air Act (42 U.S.C. section 7407).
- Develop multi-pollutant approaches to solving the state's environmental problems.
- Adequately fund research and development that will make the state a leader in new technologies that can solve its environmental problems while creating new business and industry in the state.

TERP covers a variety of programs. One is a grant program called ERIG — Emissions Reduction Incentive Grant. The grants offset the costs associated with reducing NOx emissions from high-emitting internal combustion engines — primarily older diesel on-road and off-road equipment. Companies located in designated TERP zones can apply for state grant money to help repower or replace their equipment fleet. The older the fleet, the more money a company is eligible to receive. Companies are held accountable, so if the number of hours a piece of equipment is slated to run is actually less than projected, part of the grant has to be returned.

Grants are only for replacing like equipment — for example, wheel loader with wheel loader, not fork lift with wheel loader. Machines that have been replaced must be rendered unusable, typically by knocking a hole in the engine block. The rest of it can be used for parts.

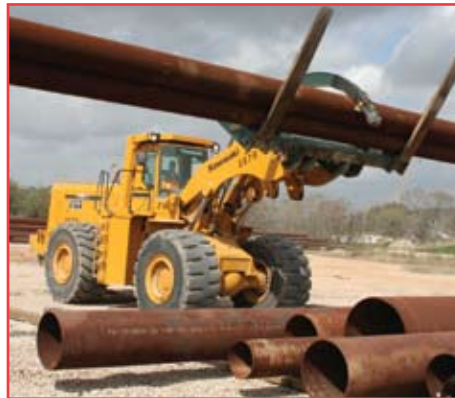
Grant applications are taken in rounds. For more information, go to www.tceq.state.tx.us/implementation/air/terp/index.html

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— Mark Yager, Equipment Manager, Socotherm-LaBarge



The state-of-the-art coating plant turns raw pipe into pipe suitable for the harshest environments.



Most of the time operators are assigned a specific loader, which engenders pride and a sense of accountability.

Early on, in their pre-wheel loader days, they realized they needed to pick up the pace of yard action. The company was contemplating buying more Pettibones. But on the advice of their local Pettibone/Kawasaki dealer, Hi-Way Equipment, they were encouraged to try a wheel loader instead. So they demo'ed a Kawasaki 90ZV at the Sheldon Yard. Much to their amazement, they discovered the wheel loader could do 54 trucks a day. Their Pettibone could only manage 27. Given the wheel loader was less expensive but was twice as productive, the company was sold. They bought the demo unit on the spot, plus one more. The two 115s were next, followed by a slew of loaders sized in between. The loaders use a variety of fork configurations, including Wicker. The four Pettibones, the



Extreme care has to be taken with handling the coated pipe. Damage can occur simply by the way the forks grab them.

newest pushing 17 years' old, have been relegated to loading gondola railcars.

STEALING THE SHOW

“We’ve had some other vendors come by to try to get our 115 business,” relates Belgeri. “We asked one of them to do a side by side test, and after they looked at the specs, they declined. They said they couldn’t even come close. That was the first time I’ve ever had a salesman say that to me. The 115 blew it out of the water. **We also reviewed Deere and Cat. None could compete with the lifting capacity.** We’ve been very happy with Kawasaki. We have no complaints at all.”

Socotherm-LaBarge is serviced by Hi-Way Equipment, Houston, Texas.