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POWER SOURCE

Depleted uranium is being touted as the next green source of renewable energy.

P.10

DOWN MEXICO WAY

P.50 / ECU SILVER MINING INC.

P.80
GALLEON
DRILLS AGGRESSIVELY
ON ALBERTA'S PEACE
RIVER ARCH.

A Superior Position

Superior Pipeline, a subsidiary of Unit Corp., intends to further its position in Texas' Granite Wash and Pennsylvania's Marcellus Shale.

[BY KATHRYN JONES]

In an effort to expand its presence in the Texas panhandle, Superior Pipeline Co. of Tulsa, Okla., recently completed construction and is in the start-up process for a new 50-million-cubic-foot-per-day (mcf/day) gas processing plant – the company's biggest plant to date, President Bob Parks says. "There is an increase in drilling activity in the Texas panhandle where production companies are producing gas from the Granite Wash formation," he notes.

Situated in the northern Texas panhandle and in western Oklahoma, Granite Wash is an emerging gas play said to be present in several different zones at depths ranging from 9,500 to 12,500 feet deep. It is not a shale play, but a tight gas sandstone formation with multiple intervals to develop. Its name refers to the sandstone created during the weathering process that granite underwent over time. Recent advances in technology have made the play very economical.

"We have had a position there for eight years, and with the growth of natu-

PROFILE

Superior Pipeline Co.

www.superiorpipeline.com | Total assets:

\$210 million | Headquarters: Tulsa, Okla.

Specialty: Natural gas processing

Employees: 400

"I think the secret was out that this was definitely an area that had substantial growth opportunities."

// CHUCK DAVIES, VP of business development



Superior Pipeline is starting up a new plant at the Granite Wash formation in the Texas panhandle.

ral gas production, we have been able to identify the potential for expanding our asset base,” Parks says of the play. “So, we built this new, larger plant, which incorporates the newest technology available in the gas processing industry.”

The new plant complements Superior Pipeline’s existing Hemphill gathering and processing facility, which currently consists of four processing plant skids in Hemphill County, Texas. The system includes approximately 130 miles of pipeline that provides compression, processing and gas services to 230 wells. The plants share an expanded combined processing capacity of 100,000 mcf/day with residue gas deliveries into the Southern Star and Oneok Westex pipelines. The natural gas liquids are delivered into Oneok.

EXPANDING PRESENCE

In 2008, Superior Pipeline opened a new office in Canonsburg, Pa., which has allowed the company to establish a presence in the Marcellus Shale.

Chuck Davies, vice president of business development, says the company saw the potential of the Marcellus gas play in 2007, when there were very few wells being drilled. “It was still a fairly well-kept secret,” he notes. “But by 2008, I think the secret was out that this was definitely an area that had substantial growth opportunities.”

Superior Pipeline is developing a number of projects in the area, one of which is the Bruceton Mills System in Preston County, W.Va. “We are hoping to begin construction in January,” Davies says. “We are looking for in-ser-

vice start up by mid-2011. Other projects being developed have not been released publically yet.”

Superior Pipeline is “always looking for new geographical areas” where it can develop a presence, Parks says. The company’s focus is on greenfield construction projects. “Otherwise, we’d be dealing with our own peers and competitors, trying to buy what they already own,” he points out. “If everyone else spends their time trying to buy each other, the prices run up and the value for what you get is run down.”

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In addition to looking for areas that need new infrastructure, Superior Pipeline wants to develop a presence in places where gas processing plants are not only necessary, but would also add value, Parks says. "Two areas in particular that we are attracted to are the Bakken and Niobrara shale plays in North Dakota and Colorado, although we don't have any firm plans in these areas at this point," he notes.

IDEALLY POSITIONED

Superior Pipeline was established in 1996 by Parks and two corporate partners. One of the corporate partners was a private firm based in Dallas, the other was Unit Corp., which is now Superior Pipeline's parent company. In 2004, Unit Corp. bought out the equity owner-

ship of Parks and the Dallas investment firm, Parks says.

Unit Corp. is a diversified energy company engaged through its subsidiaries in the exploration for and production of oil and natural gas, the acquisition of producing oil and natural gas properties, the contract drilling of onshore oil and natural gas wells, and the gathering and processing of natural gas. The company is based in Tulsa with regional offices in Oklahoma City; Borger, Houston and Humble, Texas; Denver; and Casper, Wyo.

Superior Pipeline's position as a subsidiary of Unit Corp. is one of its competitive advantages, Parks says. "We are a subsidiary of a public company that is very conservatively financed, and that allows us to have access to growth capi-

tal," he explains. The company's assets total \$210 million, but Parks would like to see that number quadruple within the next 10 years; with Unit Corp. as its parent company, he predicts it is an achievable goal. "Superior has experienced very steady growth from its inception, and once Unit Corp. became 100 percent owner, Superior has further accelerated its growth," he says.

"There is a very robust market for natural gas – particularly with the inception of these new shale plays – to the point where there are very well-respected industry analysts suggesting that the U.S. will be exporting natural gas in the next few years as opposed to importing it," Parks says. "If that's the case, we have plenty to keep us busy right here." **EMI**



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