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DCA President Kevin Miller
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North American PIPELINES™

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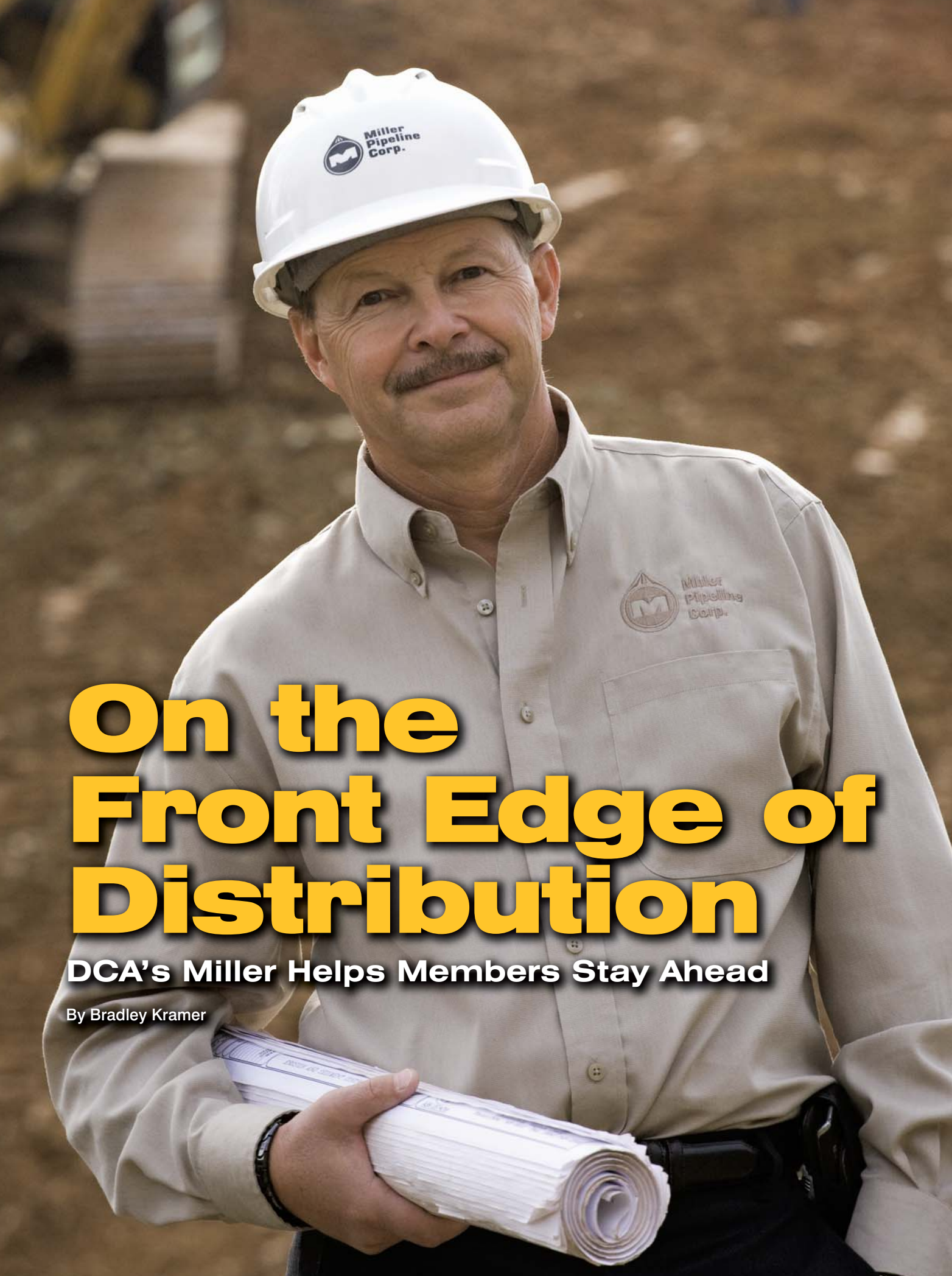
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On the Front Edge of Distribution

DCA's Miller Helps Members Stay Ahead

By Bradley Kramer

Natural gas distribution contractors were among the avant garde to face the reality of the recession, thanks to the housing market crash in the United States. Business was booming in 2008, but the economy started to spiral downward thereafter in the wake of the global economic downturn. It may seem that these contractors are staring at a pretty bleak picture. But there is hope.

The Distribution Contractors Association (DCA) provides its members with a variety of educational events and a wide berth of social networking opportunities. The association's leadership prides itself on staying on the leading edge of the distribution pipeline business. Though distribution work might be slow, this is a perfect time to retool for the work ahead or venture into new markets.

For contractors facing a new construction season without much work to look forward to, 2010 DCA president Kevin Miller says companies should take this time to work on strategic planning and become more efficient to be ready for when the economic conditions — and construction bids — pick up.

Miller, who was elected president of the DCA at the association's annual convention on Feb. 27, is also president and chief operating officer of Miller Pipeline Corp., based in Indianapolis. He says education about other markets and business opportunities provided by the DCA can help its members weather the bad economic climate.

Although distribution pipeline construction projects are not as plentiful, Miller sees opportunities in other markets, such as large-scale transmission lines. Over the long term, a

lot of pipeline work is going to be on the transmission side. Even today, while the economy is struggling, transmission work is solid. "Once that train is moving," Miller says, "it's hard to stop it even in a hard economy."

Miller has also seen a lot of growth in pipeline replacement projects for distribution pipelines.

The DCA is a perfect resource for contractors to learn about what is going on with the industry, what opportunities are available and what other contractors are doing to remain successful.

One of Miller's main tasks, he says, will be helping out new DCA executive director Rob Darden, who took over the position after the retirement of long-time executive director Dennis Kennedy, who stepped down on Dec. 31, 2009.

"We have to educate him [Darden] so he knows what our member companies do," Miller says. "He has a lot of association experience, just not in this industry."

The association also has a five-year strategic plan, which is set to expire this year, and Miller and the board of directors will need to craft a new plan for the next five years.

The DCA was originally founded in 1961 to help contractors negotiate union contracts, but the group has since evolved into an educational hub for distribution pipeliners. Miller's uncle, Don W. Miller, who started Miller Pipeline in 1953, was the DCA's founding treasurer and became president in 1969.

"We try to be on the cutting edge of information in the industry," Miller says of the association's role. "We get a bird's eye view of the issues and challenges facing our members."



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One of the main benefits of being a member of the DCA, Miller says, is the social networking among similarly minded contractors.

"It allows you to talk to other peers who are not your regional competition," Miller says. "You get honest advice where you wouldn't with a direct competitor. You would never spill the beans about what makes your business better."

Miller isn't alone in this sentiment. His predecessor, 2009 DCA president Shepard Poole, says that the members are what make the association what it is.

"In terms of networking opportunities, we are the best of any other association I've been involved with," Poole says. "For a bunch of competitors to get together to try to make the industry better is remarkable."

Poole is president and chief operating officer of Hallen Construction, a family-owned firm based in Island Park, N.Y., which Poole's grandfather, Arthur Poole, purchased in 1951. Hallen's roots date back to 1927. Poole has been with the company since 1987, when he started as a laborer. He has been a member of the DCA throughout his time in the pipeline industry.

"DCA not only promotes the industry, it promotes its members as leaders of the industry, whether they are a member or an associate member. They are the best of the best."

Distribution During the Downturn

What drove the boom in the pipeline industry in 2008 was the high price of natural gas. "Everyone was getting money and everybody drilled wells," Miller says. "Then the



DCA president Kevin Miller (right) says contractors should review strategic plans and become more efficient during the slow economy until business picks up. He reviews bids with Miller Pipeline CEO Doug Banning (left) and vice president of transmission Keith Miller.

recession hits and the gas wasn't needed." The result was too much gas being drilled and prices fell. Though, despite the current trend, he says, natural gas will remain a sound business as some research has determined that reserves will provide another 30 to 40 years of supply.

Miller and Poole have no doubts that 2010 will be a tough year for distribution pipeline contractors. However, the DCA current and past presidents believe that contractors can find support in the relationships they build through the association.

"The economy at the beginning of last year [2009] was very difficult," Poole says. "There was no money coming in and no work. By the end of the year, 2010 was looking like it could be a better year. Members were moving to be more efficient. The DCA increased its members and we had a record number of first-time attendees. 2010 so far has still been a struggle, but it looks promising that the second half of the year could improve. That's a big if."

By developing good relationships with various members and associate members, which are mostly comprised of equipment manufacturers, distribution contractors can support each other on future projects, Miller says. These relationships can lead to smoother negotiations on contracts and pricing. These relationships can also provide valuable information in terms of executing a project.

"Our group is pretty diverse," Miller says. "We have people who specialize in all different kinds of work. It's practical knowledge."

The DCA has a number of committees dedicated to different sectors of the industry, such as government relations, horizontal directional drilling, labor, industry relations and safety. Through its sponsored events, the association provides needed information on industry trends, technological advances and regulatory concerns.

"We try to stay on the leading edge of the things that are affecting or will be affecting our industry and try to stay ahead of that," Poole says.

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Meet Kevin Miller

Kevin Miller remembers being exposed to the pipeline industry as a young lad and hearing his father Dale Miller talk about the business. Kevin's uncle Don W. Miller started Miller Pipeline in 1953 and ran it with his brothers, Dale, Paul and Karl.

Kevin started working with the company after school in the janitorial department, emptying the trash and cleaning up around the shop. After he graduated high school, Kevin started to work his way up through the ranks, starting as a field laborer. He started working on a vacuum excavator and transitioned into gas pipelines. He later became a crew leader, working on different types of distribution pipeline projects.

Next, Kevin became a superintendent under Dan Watters, then general superintendent, whom Kevin followed up through the ranks all the way to the top of the company, eventually taking over as president after Watters retired in 2005.

"When I first had the opportunity to move up to supervision, it really wasn't something I was looking to do," Kevin says. "I really enjoyed laying pipe. Like my uncle [Karl] who never left the field, I enjoyed operating machinery and being outside. I wanted to be a top-notch crew leader. When the opportunity came, my gut reaction was to avoid it. After some soul searching, I decided, yeah, I'll give it shot. There have been some very rewarding things that have come out of managing the business."



Goals and feelings of achievement are different on the management side. Out on the crew, Kevin was used to setting goals by the amount of work completed. Satisfaction on the management side is a little different. "You don't walk away with that same feeling you get if you laid a great bunch of pipe that day," he says.

Kevin likes that the gas pipeline business is a dynamic industry. There's no boredom. "There's always a problem to solve, always a customer who needs help," he says.

The pipeline business has changed a lot since Kevin started with Miller Pipeline, he says. The company has grown outside being just a regional contractor and now operates in 16 states. The company prides itself on the relationships it has with its customers, many of whom have done business with Miller Pipeline for more than 20 years.

"The company was founded under my uncle's [Don] principle that he'd rather receive a compliment than a profit," Kevin says. "You may not make the big bucks today, but over the long haul you'll stick around longer and make more money than the other guys."

Safety is one of the primary concerns within the pipeline construction industry and therefore a major focus of the DCA. The association's Safety and Risk Management Committee provides a number of training programs, such as the annual Safety Congress, held April 19-21 in Grapevine, Texas, this year.

"Some of our members have perfect safety records, while some others don't," Miller says. "Our members have the opportunity to learn from successful safety programs to improve."

It's that cooperation between members and the learning experiences those relationships provide that makes the DCA a beneficial organization to its members and associate members.

"Be active," Poole advises. "The DCA will only stay great with the continued involvement of its members."

By staying active with the DCA, member contractors will be ready for when the economy improves.

"We have to stay the course," Poole says. "Companies may have to look outside their core business for a while. In the meantime, they can work at efficiency. There are opportunities out there. You have to seize them when you can."

A Realistic Example

Miller Pipeline has taken a realistic approach to business in 2010, Miller says. The company is branching out to new areas to supplement its losses and watching its capital spending.

Miller's big focus is on controlling expenses such as rentals, supplies and tooling. In doing so, the company has recently implemented a software program to track labor hours

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Miller Pipeline president Kevin Miller (right) says the relationship with clients is the key to building a successful business.

and promote optimum performance. The program, called WINS, gives the company real time feedback on metrics to measure productivity, Miller says. WINS stands for Workforce Information Network System, a program developed by MobileFrame LLC.

Miller Pipeline and the rest of the oil and gas pipeline market experienced a delayed effect of the recession. Miller Pipeline employed a record number of people in 2009 and achieved about the same revenue as 2008.

“Coming into this year and late last year, we saw things started to peel back,” Miller says. “The 2010 work season is going to be very difficult. There’s not enough work for all contractors. There seems to be a lot of replacement work, but very little new work available. Bids have become more aggressive. The market is very challenging and I don’t see that changing in 2010.”

Through conversations with fellow contractors and customers, Miller says this downturn could last until mid-2011.

“It’s hard to say how business will be for us,” Miller says. “We’ll have a customer spend 40 percent more than they did last year. Things change so fast. Other customers will say they will spend the same amount as last year, and then cut 30 percent.”

One of the reasons Miller likes the pipeline industry so much is because of its ever changing nature.

“This is a very dynamic time for our customers and a very exciting time for us and all contrac-

tors,” he says. “Because of the impact of tight budgets, the economy and competition, there’s not much room for complacency.”

It’s that kind of proactive attitude that keeps Miller and the entire DCA on the front edge of the pipeline industry.

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2009 DCA president Shepard Poole says contractors need to be ready for opportunities ahead. “You have to seize them when you can,” he says.

A Brief History of the DCA

The foundation of the Distribution Contractors Association (DCA) has its roots in the informal discussions of a group of contractors in the late 1950s. There wasn’t a formal meeting of the minds — at least not on record — until May 28, 1961, during a small gathering in Des Moines, Iowa. In attendance that day were such contracting companies as Engineering Construction Co., Underground Construction Co. (Donaldson Construction Co.), Utility Service Co. and Russell Construction Co., as well as some invited officials of the International Union of Operating Engineers.



Shortly after that meeting, Emerson Clark, then the vice president of Engineering Construction Co. in Tulsa, Okla., sent a letter to approximately 45 contractors detailing the outcome of the talks. At a second meeting on June 28 of that year, the original companies were joined by Midwestern Contractors, Midland Constructors, Hood Corp., Beloit Pipe & Dredge Co. and R.E. Reutzel Co. At this meeting, Clark was appointed chairman of an organizational committee, to be assisted by Wilbur Donaldson of Underground Construction Co. and Arthur Everham of Midwestern Contractors. This trio would later serve as the first three DCA presidents.

Originally, the group called itself the Distribution Pipeline Contractors Association. The first DCA organizational meeting was held Aug. 14, 1961, in Kansas City, Mo., where 27 contracting companies became affiliated with the group. Clark was elected president, Donaldson and Everham were elected to serve as first and second vice presidents, respectively, and Don W. Miller of Miller Pipeline Corp., became the first DCA treasurer. It was also at this time that the association elected its first board of directors, comprised of eight leaders from the contracting companies in attendance. In addition, the group began to solicit its associate members and established its Labor Committee.

Ever since its inception, the DCA has been dedicated to progress and promoting the use of the latest construction techniques, equipment and technology. The association hosts a number of meetings throughout the year, including the annual DCA Convention in March and Safety Congress in April. The association’s headquarters is in Richardson, Texas, just outside of Dallas. For more information on the DCA, visit its Web site at www.dca-online.org.