

Mountain Drilling built around automation, safety

By Linda Hsieh, Associate Editor

AS A LONG-TIME industry veteran, Ray Peterson knows a good business opportunity when he sees one. He sees it now, in fact, in the incredible growth of the land drilling market.

"It's a very good time, no doubt about it," Mr Peterson said. "There's a lot of optimism. Even though history shows us that none of the upticks last as long as we'd like them to, I feel like this one is a little different. This one should be sustainable."

Mr Peterson, who served as IADC chairman in 1998 and won the Contractor of the Year Award in 2001 when he was with **UTI Drilling-Midland**, recently started **Mountain Drilling**. The Houston-based company put its first rig to work in Wyoming in late March.

It has 9 more rigs on order and expects to take delivery of all 9 before year's end. The Italian-built **Drillmec HH 300** automated hydraulic rigs feature an automated pipe handling system based on a vertical basket, top drives, touch screen digital controls and are rated at 1,500 HP.

"We're building our company around these high-tech rigs," Mr Peterson said. "We chose this type of rig because it is very technologically advanced, and the automation makes it much safer because it reduces crew size."

"We've seen the rig work in other parts of the world," he continued, "in Iceland, Venezuela and the Mideast, and they've performed very well. They've been on the market for about a year and have been proven. They're very different from what has been used in the US before."

IMPORTING TECHNOLOGY

Mr Peterson agreed that he's starting to see more drilling technologies being imported from outside of the United States.

"For Mountain Drilling, that's exactly the case. The drilling technology we're using was available in Italy but not in the US. But I would add that there is still an abundance of new technology being created domestically as well," he said.

"The US land drilling industry has had to look to different places, oftentimes foreign countries, for drilling equipment simply because there's such a shortage here. The US manufacturing capacity is



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full, and the imports are just a function of the demand," he said.

Initially, Mountain Drilling will be focusing on the Rockies and the Barnett Shale

play in the Fort Worth basin. Mr Peterson said he was confident that the Drillmec rigs will have contracts lined up as they are delivered.

"There are so many areas showing strong growth or potential. Operators are looking everywhere to increase their gas reserves," he said.

Although Mr Peterson is "somewhat" concerned about overbuilding — "mainly because I've seen the industry do it before" — he remains comfortable that strong demand for natural gas means there's still room for additional rigs.

He also noted that while gas prices have dropped from their peak during late 2005, "they're still good, strong prices."

A PEOPLE BUSINESS

While Mountain Drilling is building its business model around the high-tech hydraulic rigs, Mr Peterson pointed out that the company's biggest assets are still its employees.

"We're very excited about everything this Drillmec technology has to offer, but this business is still a people business," he said. ■