

Basic Energy Services enters inland barge business

A NEW PLAYER in the US Gulf Coast inland drill barge business is really an old name among land contractors. **Basic Marine Services**, a division of **Basic Energy Services**, now owns three inland workover barges purchased last December from **Delta Seaboard**. The company views its operations in the transition zone as a logical extension of its onshore workover operations.

The rigs are relatively young, having been built in 1997. One of the barges had worked as recently as 2003 but all were stacked throughout 2004. Two of the units already had equipment mounted on the barge while the third is essentially a bare barge with quarters.

Rig 11 was completely refurbished earlier this year and was available for work in early April. The second barge, Rig 10, is being refurbished and will be available in June. The company will evaluate the market before refurbishing the third unit.

"We have plans to reactivate the third barge but we are going to hold that until the first two projects are under way and on the payroll," said **Ken Huseman**, President and CEO of Basic Energy Services in Midland, Texas.

"I'm sure we will spec out and purchase equipment and get the third barge operational."

Mr Huseman anticipates that unit will be refurbished and available for work before year-end.

EXTENSION OF ONSHORE

Mr Huseman said the company entered the transition zone market because it is a logical extension of the company's onshore workover business.

"The gas market in South Louisiana is a good market," he noted. "I don't think it's as busy as land but it looks like it's picking up some speed."

Mr Huseman anticipates that most of the company's operations will be in South Louisiana but he also noted that there are some opportunities along the lower Gulf Coast of Texas.

ACQUIRING PERSONNEL

An equipment broker brought the barges to the company's attention during summer 2004. The purchase wasn't concluded until December 2004.

"These were stacked, idle pieces of equipment with no people associated with them," Mr Huseman said, "so we had to find people.

"Once we found the people that had the expertise in that market, then we made the deal (to purchase the barges).

"We slow played the equipment deal until we found people that we were comfortable with to put the business plan into operation," he continued.



Equipment on Basic Energy Services' Rig 11, the first of the company's three inland workover barges, was completely refurbished earlier this year. The barge can work in up to 10 ft of water and drill to 25,000 ft.

The process of finding the right qualified people to operate the barges and the business took about six months, according to Mr Huseman, who explained that "it was almost like finding a needle in a haystack because there aren't very many people with the right combination."

The company talked with different people but just could not get excited about the prospects of the deal until it found the right personnel.

Once the people were located and hired, and everything else fell into place, the company moved quickly on the equipment purchase.

REFURBISHMENT WORK

While Basic didn't have much difficulty purchasing equipment for the refurbishments, there were a few glitches. The rigs are typical land rigs that had a good supply of spare parts. In one instance, a power swivel purchased for the refurbishment took longer to be delivered than the schedule originally allowed but that problem was overcome.

However, the company still had to deal with more expensive equipment with longer lead times.

"As soon as we acquired the barges we did a quick assessment of what we thought we would need to put them to work," Mr Huseman explained. "We're fine for the first two barges.

"But it remains to be seen on the third barge, which we are probably going to outfit with new equipment, if we are going to deliver that one quite as quick as we think."

The Rig 11 refurbishment program was essentially a deck up project. The derrick was removed and magnafluxed, with all necessary repairs performed and a fresh coat of paint. The drawworks were completely rebuilt. All parts, bearings, etc were replaced as needed. Pumps were rebuilt. The drawworks were repowered with new **Caterpillar** low-emission engines.

Rig 10 will receive the same treatment. All of the refurbishment work is being performed at the **Superior Derricks** facility in New Iberia.

The barges can operate in up to 10 ft of water and drill to 25,000 ft with 2 7/8-in. tubing.

Basic Energy was considering installing one of its larger land rigs on the third barge, the unit without a rig, but the company is reconsidering that.

"We may rethink the whole project and develop a package that more ideally suits the application rather than making something fit what we have," Mr Huseman explained. "We are going to use our experience with the first two barges to evaluate exactly what we should install on the third barge.

"There is newer technology available, more efficient equipment, and we will be looking at all of that." ■