



UNDER PRESSURE

A homegrown fracturing company gambles it all, and wins big

By MIKE SIEBER

Founded in 1981, Zanesville, Ohio's, Producers Service Corp., built their business on the hydraulic fracturing of vertically drilled shale wells. With only a few fracturing companies in business at the time, business was stable if not spectacular. And while hydraulic fracturing of oil and gas wells was old news in places like Texas, the term 'fracking' was relatively unknown in Ohio, Pennsylvania and West Virginia until just a few years ago.

Because of an economic downturn in the industry at the time, and with the increase in competition, the company found themselves at a crossroads. Company president, Dan Pottmeyer states that in 1994, the company, and the equipment, was "ready to be sold and disbanded." He goes on to add that the small group of employees "didn't think that was what should happen."

Dan and the employees went to a local bank and pledged all of the company's assets as well as their retirement money in order to obtain financing to purchase the company. "Once we did that, the bank had an idea that we were serious about continuing the business," Dan added.

It was a huge gamble, not only for the company, but for the nearly 40 employees. In the few years after their purchase of the company, business stabilized, and continued to grow incrementally.



Dan Pottmeyer

Then, between 2007-2008, the gamble paid off.

The Monster Marcellus

In the years since the founding of Producers Service Corp. a few things in the industry changed drastically. The first significant change was the perfection of

horizontal drilling. Up until then, virtually all shale wells were drilled vertically, which made it difficult for a company to reap profits from a well. Drilling down then going horizontal allowed companies to drill multiple wells from a single location thus increasing the likelihood that they could get enough rich product to justify the expense of drilling.

The other factor that went in the company's favor was that, because of horizontal drilling technology, the monster shale play that runs through Pennsylvania, Ohio and West Virginia, known as Marcellus shale, could now be exploited.

This shale play is believed to be the largest source of natural gas in the United States, and currently, much of it remains untapped. According to USGS assessment, it's believed that this shale formation contains roughly 84 trillion cubic feet of recoverable natural gas, and 3.4 billion barrels of natural gas liquids.

"Up to now the bulk of our work has been in the Marcellus," says Dan.

While gas companies operating in Pennsylvania and West Virginia are chanting, Marcellus! in Ohio, however, the rallying cry is, Utica!

Utica shale is a bit tougher to deal with because it sits roughly 3,000 to 7,000 feet deeper than the Marcellus shale. Because of this, it can be more expensive to drill

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Dan Pottmeyer



Custom built in the company's fabrication facility this pump truck utilizes a 2,250 HP MTU diesel engine, and Allison transmission to drive the pump. This equipment is capable of putting 80 barrels/minute into a well with pressures ranging from 7,000 to 8,000 PSI.

natural gas. However, while the Utica may not be as large of a play as the Marcellus in terms of recoverable product, producers are finding that the Utica is rich in valuable natural gas liquids as well as natural gas. The only thing holding back the Utica from reaching its true potential right now is the infrastructure.

Companies such as MarkWest are working around the clock to get their processing facilities up to full capacity, but more pipeline needs to be laid, and the completion of rail transportation systems need to come fully online.

Dan explains, "As the infrastructure gets built, the Utica activity will follow."

Bigger isn't always better

While Dan admits that Producers Service Corp. is a small player in the hydraulic fracturing game, the fact that they're employee owned is a huge advantage over companies with more resources and manpower.

"While every one of our competitors has more resources than we do, we're able to offer exceptional service because every one

of our employees has a vested interest in the business, and what he or she does every day affects the business. Of all the fracturing companies out there, we're the home team. We're based in Ohio and the majority of our employees are from right here in Zanesville," stresses Dan.

And the sense of service and pride the employees bring to the company has produced results. In just a few short years, the company has grown from 40 employees to 110.

Perfect Pressure

There are many elements needed to fracture a shale well; chemicals, sand, water

and crews from virtually every facet of the industry. Perhaps the heart of any frac job is the pump truck. The pump truck is responsible for taking the mixture of sand, water and chemicals, and pumping it into the well at high pressure, which forces the rock to fracture.

While many fracturing companies purchase their pump trucks, Producers Service Corp. takes a different approach by hand building each machine in their fabrication facility. Dan notes that it's more economical to build their own machinery, and it makes it easier when it comes to maintenance and repairs.

Another advantage to custom building is





Maintenance technicians work on one of the company's blending units. The blender combines the sand, water and chemicals before sending it to the pump truck, which forces the mixture down the well at high pressures causing the shale to fracture. Inset: fabrication manager, Todd Lawler shows off a newly completed truck.

that the company can tailor their machines to better meet the industry's needs. A good example is that Producers Service Corp.'s pump trucks are smaller than what most of the competition are using. Fabrication manager, Todd Lawyer, says that they take a traditional flatbed semi and cut it down. By doing this, they're able to fit the same equipment into a smaller, yet still DOT legal footprint. This gives the company a leg up because, according to Pottmeyer, because many of the well sites in Ohio and West Virginia sit in confined spaces. Having a powerful, yet smaller machine makes it easier to access pads with limited real estate. "The whole truck is only 40 ft. long," Lawyer adds.

Building the machines in house also helps with the both the state and local economy. "I'd say about 75% of the parts used in our trucks come from either here locally or from Ohio, and when you're talking about roughly a million dollars per truck, that adds up," says Lawyer.

In addition to their current fleet of 40 pump trucks, the company employs blender vehicles, which mix the sand, water and chemicals before sending it to the pumper, and a state of the art command center, which is also built in-house.

The command center allows the frac crew and the customer monitor every aspect of the fracturing job through wired and wireless data transmission.

Ahead of the curve and beyond

"We've really taken a step forward with innovations we've come up with," says Dan. "On most locations we use a dust collector system, which not only protects Producers Service employees, but anyone who might be working on a particular site. We also have the ability to generate foam in case there would

ever happen to be a fire or accident on location, so we feel we're way ahead of the curve on this."

With activity in the Marcellus shale play in high gear, and activity in Utica ramping up, the crew at Producers Service Corp. is optimistic about the future. Companies are continuing to drill prolifically in the Utica, and once the infrastructure is in place, activity will grow exponentially. With continuing innovation and commitment to service that comes from an employee owned company, Producers Services is poised to become a fracturing force in Ohio for years to come. ■



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