



North American PIPELINES

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Voice of an Industry

Ritchie Bros. Auctioneer
Butch Graham Lends His Expertise
to Oil and Gas Pipeline Professionals
Seeking to Buy or Sell Equipment

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North American PIPELINES™

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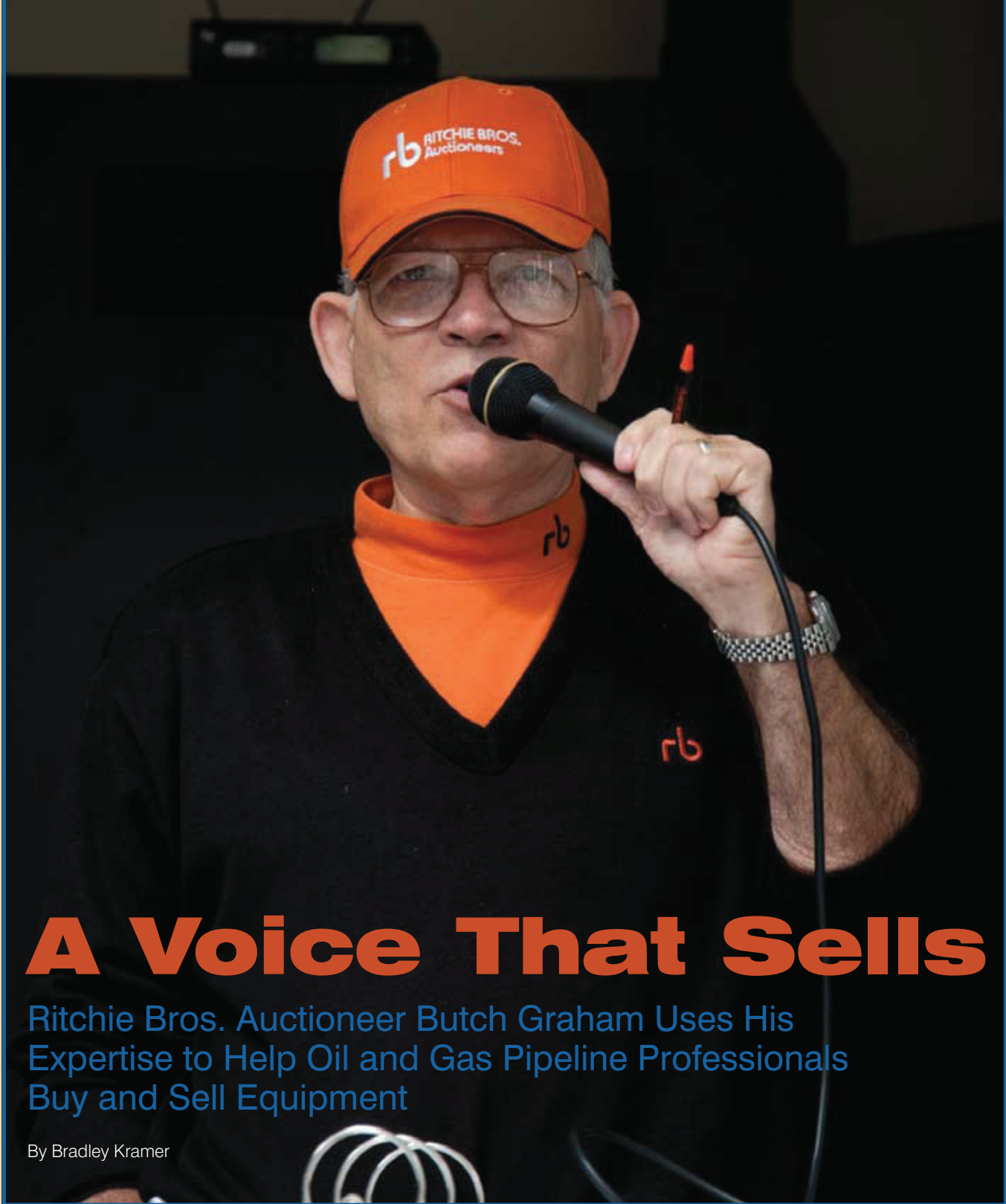
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A Voice That Sells

Ritchie Bros. Auctioneer Butch Graham Uses His Expertise to Help Oil and Gas Pipeline Professionals Buy and Sell Equipment

By Bradley Kramer

His voice is deep and melodious in conversation, calming in its resonance. When he's at work, though, it sounds like a hard-driving drum solo, rattling off large figures in quick succession, stalling for a moment to let the audience catch its place, and then the voice rattles off more numbers before it says, "Are you done?... Last call... Sold."

Butch Graham's voice announces the sale of another piece of construction equipment.

As a senior auctioneer for Ritchie Bros. Auctioneers, his voice is his trademark. However, it is Graham's decades of experience and expertise in the oil and gas market that led to his nickname as "the voice of the pipeline industry."

Graham got into the oil and gas pipeline industry in the late 1970s and early 1980s, about the time when the Trans-Alaska Pipeline was wrapping up. He then joined Ritchie Bros. in 1987 — a job he cherishes — and worked with company founder Dave Ritchie, for whom Graham has nothing but respect and gratitude.

Ritchie Bros. conducts more than 340 auctions each year at its 39 auction sites in the United States, Canada, Mexico, Europe, the Middle East and Australia, and many off-site. The company was established in 1958 as a small, family-run furniture store in Kelowna, British Columbia. In 1963, the company began selling industrial equipment.

Graham is one of the most senior auctioneers at Ritchie Bros., says Peter Blake, CEO of the auction company. During his tenure at Ritchie Bros., Graham has worked at some of the company's most memorable auctions, such as the auctions that followed the 1989 Exxon Valdez oil spill. Close to 10,000 people attended the first auction in Anchorage, and Graham remembers it all too well.

Graham gets extremely excited about converting the customers' assets into cash. "It's a tremendous rush," he says. Sometimes Ritchie Bros. hosts auctions that last two, three and four days. That Exxon Valdez auction lasted five days and included all varieties of equipment, including cranes and boats. When the auction started at 6 a.m., it was still dark.



Ritchie Bros. conducts more than 300 auctions all over the world, with buyers who show up in person or bid online via a live webcast.

"Now, I've never been shy," Graham says. "When the sun peaked over the mountains and I saw that enormous crowd, it was the only time I had a weakness in my voice."

There was so much equipment to sell from the Exxon Valdez spill that another three-day auction was held in Tacoma, Wash.

Graham has been an auctioneer all his life. His father worked in marketing livestock auctions, and his uncle, cousin and brother worked as auctioneers. His brother still runs the family auction business. "I've always had good orator skills," he says. But auctioneering isn't just about getting up to the podium and talking fast.

"Anyone can get up there and talk fast," he says. "You have to be able to see the trends. I'm one of the remaining auctioneers around who went through the crash of 1982-1985 and saw the low times."

Graham takes pride in his equipment knowledge and building relationships. He feels that it's his duty to know the market and equipment so he can pass the information along to his customers.

"One thing I've learned about the business as a senior auctioneer and pipeline rep for Ritchie Bros. is you have to make the customer your friend because your friend will always be your customer," Graham says. "My face and my voice are always out there for Ritchie Bros., and it's my

responsibility to put my best foot forward. I always felt I was representing them."

It's Graham's personal touch that has endeared him to the oil and gas pipeline industry, says Dave Douglas, manager of the Canadian Pipeline Division for Ritchie Bros. (Graham calls him "little brother," says Douglas, who has been with Ritchie Bros. for 14 years.)

"Butch is so well respected by all the contractors, and he knows them all," Douglas says. "His outgoing personality and his honesty and integrity are what people respect. When people buy a piece of equipment, they know it is what Butch says it is. You can take his trust to the bank."

Graham has worked with every major pipeline contractor in the United States and many of the international contractors as well. He is also heavily involved with the industry's trade organizations, specifically the Distribution Contractors Association (DCA), the International Pipeline and Offshore Contractors Association (IPLOCA) and the Pipe Line Contractors Association (PLCA).

Graham's market expertise is an asset to his customers, says Tom White, president of Price Gregory Construction and who has known Graham for 28 years. "He's a big force in the pipeline industry," he says. "We've done industry sales through him, but sometimes I use him as a sounding board for what equipment is worth and the best time to sell."

Contractors value Graham's knowledge of equipment values and how best to market and sell it at an auction, says Pat Michels, president of Michels Corp. "His talents as an auctioneer are second to none.



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In preparation of each auction, Butch Graham and the rest of the Ritchie Bros. team work with customers to sell equipment. The machines are sometimes refurbished and repainted upon arriving at one of the company's 39 auction sites.

"He is very personable and sincere. He knows what's going on in the energy industry and is able to translate that to when he's selling at an auction," says Michels, who has known Graham for 20 years and considers him as a good family friend.

Graham also passes on his vast industry knowledge to his colleagues at Ritchie Bros. "Our new auctioneers look to him for advice and training," Blake says, "and he has helped to make our auctioneer crew the great team it is today."

Douglas consults with Graham as he works his sales territory in Canada. Douglas says he tries to learn as much as he can from the auctioneer.

"We work hand in hand to share information about who is interested in buying or selling or what a piece of equipment is worth," Douglas says. "Butch knows so many people that he just has a broader base to work from. He has relationships that are four generations old in some cases. It's more like me asking questions and him having the answers."

Love the Industry

Just as Graham has been an auctioneer all his life, he also has been around the oil and gas industry since his youth. He was raised and still lives in Oklahoma. As he says, "I grew up around the oil patch." Graham's granddad was friends with Erle Halliburton.

"You have to love what you do," Graham says. Throughout his decades of auctioneering for the oil and gas pipeline industry, Graham has helped raise millions of dollars through charity auctions for DCA, IPLOCA and PLCA. He has also been involved with the American Pipeline Contractors Association (formerly, the Rocky Mountain Contractors Protective Association).

Yes, Graham has used his auctioneering skills to help those associations, but he doesn't expect credit. He isn't there for his own laurels, but as a representative of Ritchie Bros. "Without Ritchie Bros., there would be no Butch Graham," he says. Graham credits Dave Ritchie for instilling these professional ethics.

"For as long as I can remember, Butch has played a very significant role for Ritchie Bros. in the oil and gas industry," Blake says. "And Butch is a personality everywhere he goes — not just at your conferences. He brings his uncompromising level of integrity and family values from his roots in Marlow, Okla., to the world."

Blake thinks that people appreciate Graham's "down home nature." That appreciation shows in how the industry has awarded Graham. He was elected to IPLOCA's board of directors for a term in 2002, and he was made an Honorary Lifetime Member of DCA.

Despite what personal successes may come his way, Graham is always appreciative of those around him. He can't do it alone.

"There's a woman in my life who is just as much of an ambassador for Ritchie Bros. as I am," Graham says. "My wife Bonnie knows all the wives and kids. She loves the industry and Ritchie Bros. just like I do."

In October, Butch and Bonnie will celebrate 39 years of marriage. He says his wife helps him build strong relationships, forming a close knit community with the other wives in the industry.

"There's no price for that," Graham says. "It's all about relationship building. There's no competitive way to deal with that."

Through it all, Graham strives to be a good representative of Ritchie Bros. and the oil and gas industry.

"I hope I'm doing it right," he says. "You've got to love it. And I do."

Good Times and Bad

In a tough economy, the unreserved auction format is still a popular option for both equipment buyers and sellers, Blake says. During the current recession, Ritchie Bros. has seen a record number of bidders participating at its auctions.

"A need for equipment still exists as global building and construction projects carry on," Blake says. "Buyers are just more cautious of pricing right now given the current state of the economy. This is evident given the decline in new equipment sales over the past year and they know they can find good equipment they need at one of our auctions at prices they are more willing to pay."

The other side of that equation is that equipment owners are realizing that in this downturn, idle equipment is not cost-effective, Blake says. The result is many equipment owners are choosing to sell their equipment instead of keeping it.

In any industry, there will always be good times and bad times, Graham says, but he is a strong believer that pipeline contractors will help turn the economy around. The world still needs to build and maintain infrastructure, and because of that, business will go on.

"The sky is not falling like people think it is," he says.

The natural gas market just came out of a boom year, but has taken a dive. Oil is still very profitable at more than \$70 per barrel. What's hurting natural gas is the price of natural gas, Graham says. "That's why we're not seeing much movement on projects, because the price collapsed," he adds.

Graham saw the last crash in the oil and gas industry, and he sees many similarities with the industry now, such as the trends in equipment sales. Drill rigs that used to fetch

\$1 million are now selling at \$400,000. "It's trending down, but the bottom has not fallen out," he says. Graham only hopes that the downturn doesn't last as long as the one in the 1980s.

Auction Day

"You have to appreciate what goes into the auction," Graham says. "The people at Ritchie Bros. research their territories for two to three months beforehand."

Ritchie Bros. has more than 1,000 sales reps across the world. The field reps call on their customers to see if they are interested in selling a piece of equipment. The reps are in constant contact with their clients. Graham himself acts as a lead sales person during the lead-up to an auction.

Each auction has hundreds of consignors, Graham says. Ritchie Bros. inspects the equipment and signs a contract with the seller, and the equipment goes into one of the company's equipment yards. Occasionally, Ritchie Bros. will do a sale off one of its sites, such as when an industry veteran retires and needs to sell a bunch of equipment at once. If needed, the Ritchie Bros. refurbishes and repaints the equipment.

Then the marketing department goes to work promoting the auction. Auctions attract buyers from all over the world. Bids can be placed in person or online through the company's live webcast at www.rbauktion.com.

"When the sale date comes," Graham says with a charge in his voice, "it's my turn."

Bradley Kramer is associate editor of *North American Pipelines*. He can be contacted at bkramer@benjaminmedia.com.



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IPLOCA Convention Coins a Phrase

Butch Graham has emceed the International Pipeline and Offshore Contractors Association (IPLOCA) annual conference since 2004 after he was elected to the board of directors in 2002, and he has helped the association raise funds during its benefit auctions. Graham's auctioneering skills and involvement with IPLOCA and other trade associations led to Luc Henriod, IPLOCA's senior advisor, to call him "the voice of the pipeline industry."

IPLOCA got its start in 1966, when companies active in the international pipeline construction industry recognized that they shared many common interests and challenges that could most effectively be addressed by establishing an industry association. That same year the then-leaders of the industry met in Paris and established the International Pipeline Contractors Association.



Butch Graham emceeds the annual IPLOCA Convention and is a former member of the board of directors. At one of the conventions, he was announced as "the voice of the pipeline industry."

Originally established as a division of the U.S. Pipeline Contractors Association, the International Pipeline Contractors Association became fully independent in 1976 after a significant increase in membership.

In 1988, the association was extended to include those companies working offshore in the oil and gas industry, and on May 5, 1989, the International Pipeline and Offshore Contractors Association was officially established.

The association's headquarters were later moved to Brussels, and then in 1992 to Gent, Belgium. The Gent office was closed in June 2005, and the office was re-established in Geneva, Switzerland, where it remains today.

The association hosts a convention every year to foster a forum where members, associate members and other guests, including delegates from more than 40 countries, have the opportunity to meet and discuss important topics within the oil and gas pipeline industry. The 43rd annual IPLOCA Convention is Sept. 14-18 in San Francisco. Topics for the event include onshore and offshore pipelines, construction, manpower issues, training, new technologies, safety and the environment, with special consideration for this year's most pressing theme — current market trends. The association's new crop of leaders will also be elected at the convention on Sept. 18.

Through its membership and convention, IPLOCA furthers its mission to provide value to members for sharing ideas, engaging the industry and its stakeholders, facilitating business opportunities

and promoting the highest standards in the pipeline industry. To that end, the association's objectives are as follows:

- To promote, foster and develop the science and practice of constructing onshore and offshore pipelines and associated works.
- To make membership of the association a reasonable assurance of the skill, integrity, performance and good faith of its members.
- To maintain the standards of the contracting business for onshore and offshore pipelines and associated works at the highest professional level.
- To promote safety and to develop methods for the reduction and elimination of accidents and injury to contractors' employees in the industry and all those engaged in or affected by operations and the work.
- To promote the protection of the environment and contribute to social, cultural and environmental development.
- To promote good and cooperative relationships amongst the membership of the association and between contractors, owners, operators, statutory and other organizations and the public generally.
- To encourage efficiency amongst the members, associate members and their employees.
- To seek correction of injurious, discriminatory or unfair business methods practiced by or against the industry contractors as a whole.
- To maintain and develop good relations with sister associations as well as associations allied to our industry and to play a leading role in the World Federation of Pipeline Industry Associations.
- To follow the established Codes of Conduct set out by the industry and others with respect to working within a free and competitive market.