



An Alaska Crane crew
at work on the
North Slope.

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Alaska Crane an Inspiration to the Oilfield Support Industry

Company
enters market in
downturn with
new business
model and
equipment

By Susan Harrington

When one thinks of a fleet of cranes, one envisions a thriving economy, progress, construction, and the like. One doesn't necessarily see the Alaska oil patch in this scenario. On a closer look, though, Calista Corporation's wholly owned subsidiary STG Incorporated and its wholly owned subsidiary Alaska Crane emerge as contenders. After all, oil patch maintenance is ongoing, regardless of the price of oil, and exploration and development have not stopped completely. Services and support are still needed and, in that scenario, cranes are essential pieces of needed equipment.

Even so, as the price of oil continues to stay low the oil patch continues to contract and economize. Many oilfield service and support companies are looking outside the industry for work, and there are few organizations entering the field. Not so with the Calista's crane and construction subsidiaries, which are well-known for their contributions in the construction of wind farms, bulk fuel tank farms, bridges, power plants, and big buildings in Alaska.

In April, when practically nobody wanted to talk about work in the Alaska oil patch and many companies were suffering in the downturn, I had the pleasure of speaking with Alaska Crane Director of Business Development David Myers, Project Development Manager Erik Reed, and Operations Manager Luke Hough. They are excited about the opportunities on the North Slope and the oil patch and across Alaska, for that matter. They are implementing a new business model on the North Slope and offering up new ways to solve problems, better ways of doing things, and opportunities for companies to spend less money to get more done.

New Ops Office

In January Alaska Crane opened an operations office and took residence at sister company Brice Equipment's compound in Dead-

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—Luke Hough
Operations Manager, Alaska Crane

horse. This facility includes a nine-acre pad for laydown, with plans to expand by an additional five acres, and twenty-one thousand square feet of office and shop space. It was a natural fit to partner with one of their sister companies under Calista while deploying a new business model to the area: taxi crane services. Alaska Crane started the taxi crane service in 2004, and it has proven successful, so in this downturn economy they decided to offer it on the North Slope.

There was a soft startup last October when the company had a project-based presence. In January they brought up more cranes

and hired more people so that cranes could be dispatched any time for any amount of time, just like calling a taxi cab. The concept of a taxi crane is taking hold. In the beginning they had a couple of projects a month; now they have a few projects a week.

Together these two Calista companies, Alaska Crane and STG, have a fleet of about thirty cranes, with five now stationed on the North Slope. The cranes in the fleet vary in height and capacity, from 18 ton boom trucks to 600 ton crawlers and all-terrain models. And they travel statewide, wherever the work is.

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Of the fleet, about ten cranes support the taxi crane service and twenty are generally dedicated to project-based deployment at any given time throughout the state. Some of these cranes are enormous. In fact, Alaska Crane recently took delivery of two new Liebherr all-terrain cranes: the LTM1500-8.1, an eight-axle 600 ton, and a LTM1220-5.2, a five-axle 265 ton, which was immediately dispatched to the North Slope. The 600 ton crane was originally going straight to the North Slope as well, but by the time it was delivered to Alaska it was scheduled for work on the road system and around Anchorage this summer, with

plans to move it to the North Slope later on in the year.

Large Capacity Cranes

Some people might be hugely impressed by the sheer size of these cranes, but it's what they can do that is causing excitement. These large, high capacity cranes drive down the road at highway speeds and allow for much more work to be done on the ground where it's more efficient and safe to put large projects together. They also, in many cases, eliminate the need for two crane picks or for having people work at heights and all the inefficiencies that brings.

"With our large capacity cranes, clients may look to them, not to save money but to make money," says Hough. "We have smaller cranes to offer, but with these large-capacity options, clients may perform more work on the ground, swinging larger pre-fabricated or pre-assembled members into place. The LTM 1220-5.2 can lift 3,200 pounds at 279 feet and the LTM 1500 can lift 9,000 pounds at 350 feet. Alaska has never had this combination of mobility, capacity, and reach for construction methods."

These last two purchases culminate the investment in cranes for the time being. They've been adding two or three a year for the last three years and think they probably have enough for now. With the downturn, which is viewed as temporary, they've had time to familiarize industry players with the capabilities and new ways of doing things. Company representatives have gone to trade shows and luncheons and traveled the state letting people know what they've got and what they can do. "In this tough economic environment, we are proud to offer these all-terrain cranes as an innovated solution to our client's needs," says Myers. As with any new business endeavor, it's important to educate and inform those who will reap the benefits.

Reinventing Themselves

Alaska Crane is reinventing itself and becoming active in the North Slope oil fields thanks to their parent company Calista investing in the start-up market. Plus they are there, ready, and committed to their clients to go through the pains with them. Calista provided the support to do that. Alaska Crane had to reinvent themselves with the market and they speak highly of Calista for allowing them to explore a new market in the oilfield services sector. "We are offering transparent hourly crane service with concessions, rather than daily with add-ons, to help our customers maintain their business," says Reed, "and it is beginning to work. Through this approach we are starting to see increased business opportunities."

Alaska Crane is just one success story about one company that's finding a niche in Alaska's oil patch. It's inspirational because they're entering the market in a downturn. Many other companies continue providing all manner of services, support, supplies, and equipment in the Alaska oil and gas industry, and some of those companies are expanding their offerings into other sectors of the economy as well. Some companies are venturing out of state for work, both in the United States and outside the country.

In the next few pages we've shared some information from Alaska Economic Trends to help illustrate employment related to the oil and gas industry.

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