

Country has high natural gas production, several investments in emission-reducing, decarbonization initiatives. By DJ Slater

Kelley: Canada has potential to be energy market leader



The United States tends to garner most of the attention when it comes to natural gas news, but its neighbor to the north isn't sitting idle. In 2018, Canada produced 5.9 Tcf (167 X 10⁹ m³) of dry natural gas, making the country the fourth-largest producer behind the United States, Iran and Russia, according to the U.S. Energy Information Administration (EIA).

Additionally, Canada has poured in funds over the years to curb methane emissions. Most recently in August, the country allocated US\$10 million for three projects designed to reduce methane emissions through various technological means.

Tim Kelley, the CEO of Ironline Compression, is encouraged by Canada's efforts to not only reduce emissions but also cast the energy industry in a more positive light. COMPRESSORTECH² discussed Canada's energy industry, as well as Ironline Compression's place in it.

TELL US A LITTLE BIT ABOUT YOURSELF AND IRONLINE COMPRESSION.

I've been the CEO of Ironline Compression for the past seven years in Canada. Ironline is a company with a long history of operating in the oil and gas industry. Ironline provides

equipment solutions with a variety of natural gas compressor units, emissions controls, mechanical services and parts throughout Canada.

Before Canada, I mostly worked in the United States. I found my way to Canada and the oil and gas industry in operations and maintenance roles. My career started with General Motors in Arlington, Texas with the plant engineering and maintenance department. I left GM to pursue larger roles and experience with other manufacturing and logistics operations. Before joining Ironline Compression, I led the operations team at one of Toyota's largest vehicle distribution centers in Houston, Texas, which

is where I met several people at many oil and gas companies.

LATE LAST YEAR, THE ALBERTA GOVERNMENT ESTABLISHED A "WAR ROOM" TO COMBAT MISINFORMATION ABOUT THE PROVINCE'S ENERGY INDUSTRY. YOUR THOUGHTS?

In a time of "fake news" and social media fueling confirmation bias against the energy industry, we all need to do our part at educating, communicating and promoting the facts. Personally, I like the approach of a "war room" and it's good to see the support from Alberta's elected officials and others in the industry. This can only help provide a more informed view on energy.

Ironline began in 1940 under the name Barber Industries.





Ironline offers gas compression solutions across Canada.

WHERE DO YOU THINK PRICES WILL GO IN THE FORESEEABLE FUTURE AND WHAT CAN COMPANIES LIKE IRONLINE DO TO THRIVE IN THAT KIND OF MARKETPLACE?

We should be celebrating the abundance of natural gas and accelerating the ways to leverage this gift. The abundance does lead to low prices in North America. We need full support to get this clean energy source to other countries.

HOW MUCH OF YOUR OVERALL BUSINESS INVOLVES LEASING OR RENTING COMPRESSION SYSTEMS VERSUS PURCHASED PACKAGES? IS THERE ANY SIGNIFICANT DIFFERENCE IN HOW IRONLINE WORKS WITH EACH KIND OF CUSTOMER?

Ironline supports producers with a large fleet of surplus equipment that is faster to deploy and lower cost than a new compressor package. In a business climate that is challenging due to commodity prices, we offer an alternative to new that lowers the capital required to meet production targets.

IRONLINE HAS BEEN AROUND, IN ONE FORM OR ANOTHER, FOR 80 YEARS AND MOST OF THAT HAS BEEN AS A STAND-ALONE COMPANY. SINCE 2013, HOWEVER, IT HAS BEEN PART OF A PRIVATE EQUITY HOLDING. HOW DIFFERENT IS THAT FROM ITS PREVIOUS HISTORY AND WHAT ARE THE ADVANTAGES AND DISADVANTAGES OF THAT KIND OF STRUCTURE?

Ironline continues to grow with the support

of a relatively new private equity firm. They have been critical to the transformation of our company, and their experience and approach was timely with the market headwinds that challenged our industry. The advantage is working with a firm that understands the business and works with all levels of our team to make improvements. We are a very flat organization and having the private equity firm team integrate with the efforts to make improvements on our people, processes and systems was instrumental.

HOW DOES THE NATURAL GAS MARKETPLACE IN CANADA COMPARE TO THE UNITED STATES? ANY ADVANTAGES? DISADVANTAGES?

Right now, I think both countries are challenged by the pricing of natural gas. The U.S. has better infrastructure and LNG plants with the ability to access other markets (and better pricing). Canada will be challenged with getting their product to market and the impact of discounting oil and gas. The one major advantage that Canada has over the U.S. is the Journeyman programs offered by NAIT (Northern Alberta Institute of Technology) and SAIT (Southern Alberta Institute of Technology). This provides all of us with mechanics and parts personal with unmatched skill and experience.

WHAT KIND OF FUTURE DO YOU FORESEE FOR CANADA IN REGARDS TO NATURAL GAS?

I am an optimist. I believe Canada will eventually do the right thing. When Canada truly realizes the opportunity they have with natural gas and acts upon it, Canada could become the market leader.

ARE THERE ANY AREAS IN THE NATURAL GAS INDUSTRY THAT NEED A HEAVIER FOCUS?

The one area that needs more attention is the emissions reduction technology improvements in recent years. We have assisted a few producers in modernizing their engines and the results have been impressive. These are somewhat cost-prohibitive for some producers, however, the CO₂e and NO_x reductions realized with modernizing existing engines should be considered. We have seen methane reductions on lean-burn engines and

CO₂e reductions on rich-burn engines. These modifications were done in the field on a few old worn-out engines and the results surpassed our initial assessments.

Recently, Canada announced funding of US\$750 million on methane reduction initiatives that target fugitive emissions. It did not, however, include natural gas engines. I have reached out to several Alberta Government and the PTAC (Petroleum Technology Alliance of Canada). I am attempting to change to this program. **CT2**

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TIM KELLEY, CEO, Ironline Compression

