

Midstream Veterans Form New Companies To Meet Booming Demand

By Colter Cookson

Exploration and production companies' success extracting oil and gas from shales has transformed the midstream industry. From North Dakota to Texas, Oklahoma,

Louisiana, Pennsylvania, Kansas, and Colorado, the once contracting sector now faces a daunting challenge to build the pipelines, treatment systems, and processing

plants needed to bring ever-growing unconventional production to market.

To help tackle that challenge, many of the midstream sector's brightest minds have formed startups. Although their areas of focus and their business models vary, these companies share a common goal: grow by providing needed infrastructure and best-in-class service to producers and operators.

Midstream Partner

The four founding partners of Cardinal Midstream LLC—President R. Mack Lawrence and Executive Vice Presidents James W. Bryant, Douglas E. Dormer Jr. and G. Marc Lyons—created the company in partnership with EnCap Flatrock Midstream to pursue natural gas midstream opportunities. "There has been a lot of activity in new and existing plays, and we feel there is an opportunity for a nimble, experienced and entrepreneurial midstream company to add value," Lawrence relates.

Dormer says Cardinal has a customer-centric approach. "We are large enough to access great resources but small enough that every project matters," he says. "We view our customers as major stakeholders in our business, and our success depends on their success."

Cardinal has the experienced management and personnel to provide great service,



Like many midstream startups, Cardinal Midstream sees the shale boom as a growth opportunity. Recognizing that its success depends on producers', the company says it plans to offer high run times and competitive processing recoveries. Cardinal built this cryogenic plant in Coal County, Ok., to address processing and natural gas liquid take-away bottlenecks in the Arkoma Woodford Shale.



Bryant says. “We are proof that although company names change, people stay together,” he remarks. “We each have 20-40 years’ experience and have founded several successful midstream companies, including Endeveco, Cardinal Gas Services, and Regency Gas Services. Both at the corporate office and in the field, many of our key people have worked with us for years.”

Arkoma Woodford Assets

Cardinal owns and operates gathering, treating and processing assets in the Arkoma Woodford Shale in southeastern Oklahoma, Dormer notes. “We have expanded our gas processing capacity in the play by installing a new cryogenic plant (Tupelo) that is capable of processing 120 MMcf/d,” he says. “Together with our existing cryogenic plants—an 80 MMcf/d plant at Coalgate and a 20 MMcf/d plant at Atoka—we have 220 MMcf/d of processing capacity.”

Lyons points out that the Atoka and Coalgate plants, which have operated at or near capacity since 2008, are owned in a joint venture with MarkWest Energy

Partners LP. He says the three plants make Cardinal the largest gas processor in the Arkoma Woodford.

“We are excited about the Arkoma Woodford,” Lawrence states. “Initially based on our independent reservoir work and further validated by the number and quality of rich gas wells being completed, we think it is an extremely attractive area. By addressing the processing bottlenecks there, we can add significant value to our customers.”

Cardinal also provides skid-mounted amine treating and propane refrigeration plants, Lyons says. “Our fleet is operating in the Haynesville Shale, the Eagle Ford Shale, the Arkoma Woodford Shale, the Avalon Shale, and the Granite Wash, which all require some form of gas treating or conditioning,” he reports.

Bryant says the company sizes and designs plants for contract treating and conditioning projects. The treating plants in its fleet range from 7.5 gallons per minute to 250 gpm, bringing the fleet’s total amine treating capacity to 1,300 gallons a minute. “In our prior businesses,

we have built and installed more than 50 plants during the past 15 years,” he says. “We get a lot of repeat calls, so I would say we have a good track record.”

All four founders indicate the company plans to continue growing. “In the Arkoma Woodford, we are focusing on increasing our gathering footprint and continuing to expand our processing capacity,” Dormer says. “In our treating business, we intend to continue adding plants to our fleet. Eventually, we would like to expand into other plays where we can leverage our relationships and experiences.”

Lawrence adds that the team is excited to be in the business. “Hydraulic fracturing and horizontal drilling have led to amazing upstream success, which is what drives the midstream industry,” he observes. “We are excited about the industry as a whole and the Arkoma Woodford in particular. We think there are great opportunities for trustworthy and experienced executives with proven track records and great employees to grow their business by providing cost-effective solutions to producers.” □