

## Company Overview

Driver Pipeline is an integrated oil and gas pipeline contractor that has offering its services to the energy industry's construction, maintenance and repair needs since 1971. Its services range from hydrostatic testing, horizontal directional drilling, to fabrication of pipeline infrastructure components. The company has worked all across the United States; from the Atlantic Coast to beyond the Rocky Mountains, and from South Texas to Maryland. The company is headquartered in Irving, Texas and currently has approximately 850 employees. The company was founded in 1971 by James Driver, who is currently the company's Chairman and CEO.

## Company History

The company's first customer in 1971 was Lone Star Gas (now Atmos Energy), which is still a customer to this day. In 1993, Driver Pipeline expanded significantly via the acquisition of another pipeline contractor located in Pearland, TX which significantly enhanced the company's capabilities in the Gulf Coast Region.

In 1998, the company hired several former Lone Star Gas employees and established a state-of-the-art fabrication facility at its Dallas headquarters to better support its customers' needs.

In 2007, Driver moved to a modern, 30 acres facility located in Irving, Texas. The state of the art facilities greatly enhanced the company's ability to support its teams out in the field. The facility has also provided additional space for a rapidly growing fleet of trucks and equipment, as well as a greatly expanded fabrication shop, new 18 bay maintenance shop, training center and corporate offices.

Due to the increasing demands of energy production and consumption, along with the evolution of the hydraulic fracturing industry, pipeline construction is experiencing tremendous growth. To better serve the high demand areas, in 2011 Driver opened a new branch office in Whittsett, TX in the Eagle Ford Shale area, and in 2013 opened an office in Abilene, TX. to serve the Permian Basin area.

**Industry:** Commercial & Heavy  
**Construction Contractors**  
**Vertical:** Manufacturing  
**Analyst:** Daniel Lee

### Company Snapshot

**Founded:** 1971

**Headquarters:** Irving, TX

**Employees:** 850

**Revenue:** \$88.27M

**Income:** \$7.57M

### Timeline

**1971:** Driver Pipeline Company is founded

**1993:** The company expands significantly due to the acquisition of another pipeline contractor

**1998:** A state-of-the-art fabrication facility is established in Dallas, TX

**2007:** The company moves to a new corporate headquarters location in Irving, TX

**2011:** New branch office is opened in Whittsett, TX

**2013:** New branch officer is opened in Abilene, TX

## Services

The company offers 9 different services which are:

### Planning & Feasibility

Driver is capable of assisting clients with project planning, feasibility and budgetary estimates. As part of this process the company maintains a staff of project coordinators to assist customers.

### Mainline Pipeline Construction

The company is equipped and qualified to complete mainline projects keenly focused on the current midstream pipeline market, lateral lines, natural gas power plant feeder lines, storage facilities, etc. Its scope of capabilities include:

- Trenching and directional boring
- Custom fabrication
- Large diameter steel
- Deep excavations
- Hydrostatic testing
- Cathodic protection
- Hot tapping and stoppling

### Horizontal Directional Drilling (HDD)

HDD is a safe and environmentally friendly way to construct pipelines with minimal surface disturbance not only in congested areas but also to preserve wetlands and other sensitive areas. Its capabilities include:

- Steering tool technicians
- CAD generated drawings
- Complete surveying capabilities
- GPS, total station, etc.
- Project design

### Pipeline Rehabilitation, Reroutes and Integrity Work

A rapidly growing area of importance in the industry is what is commonly referred to as Integrity Work whereby pipeline owners must repair anomalies in their pipelines and other facilities in order to meet federal DOT requirements and insure the integrity of their infrastructure systems.

To facilitate these requirements, Driver Pipeline works with its customers to create a trained mobile crew with selected equipment customized to meet their repair needs on schedule.

### Hydrostatic Testing

## Services

- Planning & Feasibility
- Mainline Pipeline Construction
- Horizontal Directional Drilling (HDD)
- Pipeline Rehabilitation, Reroutes and Integrity Work
- Hydrostatic Testing
- Fabrication of Pipeline Infrastructure Components
- Station Division
- Gas Utility Distribution Line Installing and Maintenance
- Emergency Response

All newly constructed pipelines are tested prior to being placed into service and existing pipelines are periodically tested to insure the integrity of a company's infrastructure system

**Fabrication of Pipeline Infrastructure Components**

Driver's 25,000 sq. ft. fabrication shop is responsible for large gains in production capacity, as well as employee productivity. In addition, Driver continues to invest in plasma cutters, MIG and TIG machines, new cranes and other machinery. The company's personnel regularly turn out:

- 4" through 36" launcher/ receiver sets
- PD and rotary meters
- Single and multi-tube orifice runs
- Flow control turbine meters
- Skid-mounted gas metering systems
- Skid-mounted instrument and custom metal buildings
- Production manifolds
- Meter run repairs
- Digital test and calibration equipment

**Station Division**

The primary focus of the Station/Plant Division is the midstream compressor station construction and also construction in all types of hydrocarbon processing facilities. The capabilities of Driver's staff of station construction specialist include:

- Project Construction Management
- Compressor/Vessel Installation
- Welding, Coating
- Concrete installation
- Hydrostatic Testing
- Commissioning assistance
- All other aspects required to place Compressor/Plant in service

**Gas Utility Distribution Line Installing and Maintenance**

Services include:

- Large and small polyethylene pipe installation
- Steel pipe installation
- Residential and commercial services
- Gas line replacement work
- Sleeve inserts
- Leak detection and repair
- Gas meter relocation and replacement
- Vaults and valve maintenance
- Asbestos abatement
- Cathodic protection

*If the company's employees fail to properly repair pipelines and other facilities to meet federal DOT requirements, the company's reputation will suffer and may even face litigations. Kronos can help minimize this compliance risk.*

*The company claims its fabrication facility is responsible for large gains in employee productivity. This could potentially indicate an interest in Kronos' products capable of improving workforce productivity.*

### Emergency Response

With its own fleet of trucks and equipment, Driver's crews are able to respond with little notice to meet emergency needs. This is important in order to maintain public safety and limit any damage to the environment.

Driver can quickly respond to the scene with the items needed to control and manage the situation including:

- Fresh air breathing equipment
- Shoring equipment, trench boxes, sheet piling and hydraulic shoring
- Light towers & generators
- Vacuum trucks
- Traffic control barriers

### Corporate Philosophy

#### Guiding Principles:

- **People are our most important resource.** We provide equal opportunity for everyone. We support our people through education, training, and respect for the individual. We believe in and reward hard work and high productivity.
- **Safety is first and must never be compromised.** We are committed to safety for all our people.
- **We are dedicated to quality and continuous improvement.** Quality is meeting or exceeding the expectations of our internal and external customers, on time, the first time, every time. The role of leadership in our quality process is to create a working environment that promotes teamwork, openness, trust, and continuous improvement.
- **We are customer focused.** We are in business to serve our customers by finding out what they need, sharing their sense of urgency, and meeting their requirements.
- **We are profit oriented, because profit is not just desirable, it is an absolute necessity.** Profit is the reward paid to the company for service to society. Profitability assures the future of business for all stakeholders.
- **Honesty and integrity must be at the heart of all our dealings.** Honesty is not only morally right, it is good business. In our dealings with customers, subcontractors, suppliers, and each other, we must treat everyone as we would like to be treated.

**Mission:** *To be a team dedicated to identifying and fulfilling customers' needs for quality construction and service.*

**Vision:** *We will create a culture of integrity, mutual respect, openness, and trust which values diversity and nurtures the physical, mental, and spiritual needs of all its stakeholders, resulting in competitive, innovative, customer-focused performance that will make our team the contractor of choice in the commercial, industrial, and service markets we serve.*

## Environmental Sustainability/Community

The company believes its employees are very aware of their responsibilities in maintaining a safe worksite, not only for each other and for its customers, but also for the general public and the local communities who rely on the company to ensure their safety as Driver works on the pipelines in their area.

Driver Pipeline trucks and heavy equipment are maintained to reduce emissions and limit their effect on the environment.

The company also realizes the importance of proper traffic control measures. This ensures the safety of any Driver employees working on or near a road, and also the safety of drivers by keeping them away from any dangerous or hazardous equipment.

## Key Business Risks

### Hiring Project Staff

Contractors can have multiple projects in progress simultaneously in different locations. Because construction work is mostly seasonal, contractors typically have a core of full-time employees and hire the remainder on a per-project basis. Recruiters consider the local labor market and the firm's short- and long-term needs, and hire workers according to project schedules.

### Implementing Safety Programs

Building construction and heavy and civil engineering construction jobs are dangerous: the industry's injury rates are equivalent to the national average. Fatalities numbered over 800 in a recent year. To help prevent accidents, management designs safety into projects, institutes safety programs that may include third-party audits, conducts employee safety training, and requires safe operation of machinery.

*The company makes efforts to hire and retain employees. This represents an area of opportunity for Kronos.*

*Failure to follow proper safety procedures may lead to costly legal charges against the company. How can Kronos help minimize this compliance risk?*