

# TOOLS OF THE TRADE

A LOOK AT NEW TECHNOLOGIES

## STEP Energy Services' new deep horizontal coiled tubing units

**STEP Energy Services is a new coiled tubing service company offering completion and well intervention services to the deep horizontal well market.**

### **Why did you start the company now and what geographic region are you targeting?**

Coiled tubing is an effective method used to increase reservoir performance in well completions and well intervention projects, however, existing coiled tubing units are not designed to safely service wellbores in the deep horizontal market.

Coiled tubing experts Bailey Epp and Steve Glanville recognized this void and joined with Regan Davis, an experienced oilfield industry professional, and ARC Financial Corp., the company's capital partner, to form a new business to fulfill this niche.

Recent industry focus to concentrate service and capital to fracturing resources has left the coiled tubing industry ill-equipped to provide the support required to maintain balance amongst the related services.

STEP Energy Services will focus its efforts on the Western Canada Sedimentary Basin (WCSB), specifically within the active resource plays such as the Horn River, Montney, Cardium, Alberta Bakken and Saskatchewan Bakken. STEP will target those operations which are currently utilizing horizontal drilling techniques and areas which may benefit from improved pipe length capacity, pipe size and under-supported pumping operations.

### **How many units and associated equipment will you initially be deploying in the field and what services will you be providing?**

STEP Energy Services' aggressive capital build program will bring a large fleet of mast coiled tubing units with supporting twin fluid pumping units and nitrogen pumping units to the market beginning in the fourth quarter of 2011. STEP's skilled and competent personnel with this equipment will provide clients with customized solutions and exceptional client experiences.

The company's modern equipment and professional expertise will deliver improved operational efficiencies and productivity in extended reach wellbore designs. By utilizing a mast unit design, which combines the capabilities of up

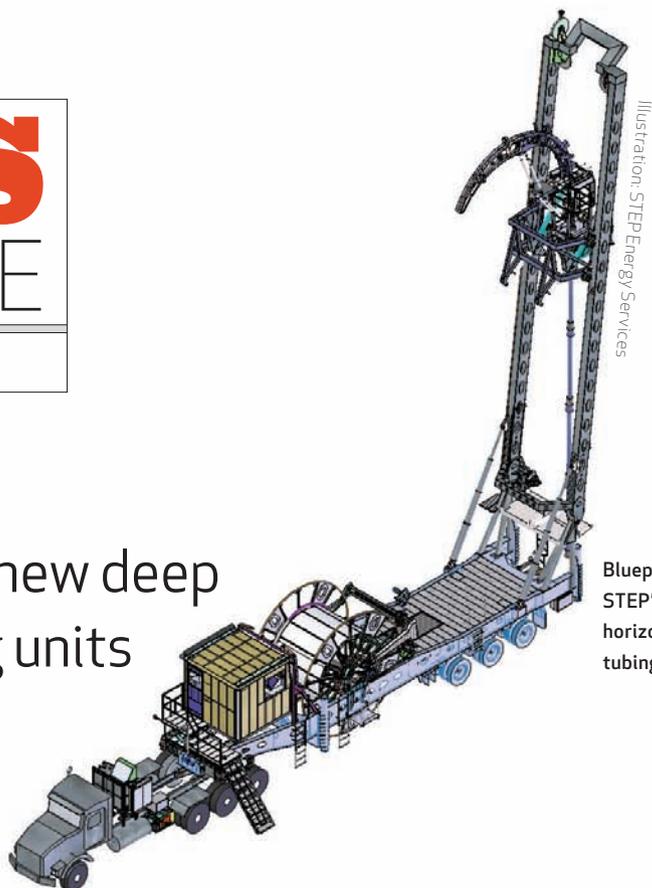


Illustration: STEP Energy Services

Blueprint of one of STEP's new deep horizontal coiled tubing units

to six units into four, the overall lease footprint is reduced. STEP's specialized mast unit eliminates the use of a crane to support the injector, minimizing the risk of critical lift operations, thereby improving employee safety on a project work site. Being able to source a complete suite of coiled tubing services will minimize clients' logistical concerns and increase job efficiencies. These features allow STEP Energy Services to address the individual needs of its customers and enhance the quality of the company's client-focused services.

### **What makes your equipment unique and how will it compete in the marketplace?**

The horizontal well activity in the WCSB has steadily increased over the last five years and the industry is reaching well depths beyond the current equipment capabilities. This has created an opportunity for STEP Energy Services to enter into the space with its specialized fleet of coiled tubing (CT) equipment.

Both STEP's CT equipment and pumping equipment represent not only some of the highest capacity oilfield service equipment in the industry, but also the most fit-for-purpose equipment in the industry. STEP Energy Services' next generation [of] mast coiled tubing equipment will be the largest of its kind in the WCSB. The CT equipment will have the depth capabilities of over 6,000 metres and will have the largest mast height in the industry. The twin pumping support equipment is uniquely designed to supply additional horsepower required, as well as they provide complete redundancy during continuous 24-hour operation, which minimizes undesirable downtime.

STEP Energy Services will combine the most efficient, purpose-built CT and pumping equipment in the industry, along with a service-oriented team of experienced personnel to deliver exceptional customer experiences.

**Answered by Bailey Epp, STEP Energy Services' president, and Steve Glanville, STEP's chief operating officer.**