

From across the pond

U.K. oil services company shifts HQ to Houston

Alex Kosmala of Artificial Lift Co.



MICHAEL STRAVATO/HBI

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Alex Kosmala is excited to be back in Houston. And this time, he's bringing his company with him.

Kosmala is the new president and CEO of Artificial Lift Co., a company founded in the United Kingdom in 2005 to provide enhanced oil recovery services in a multibillion-dollar global market.

Though Artificial Lift does not yet have a Houston office — Kosmala is working temporarily from his home — by the end of the year he expects

the company to be entrenched in the Houston energy scene.

“Houston is the center of the world from an energy perspective,” Kosmala said. “All of the players are here, all the deals are getting made here, all the companies are making things happen. This is just the place to be.”

Artificial Lift has only 60 employees worldwide, but it is expanding rapidly, having recently opened offices in Dubai, Bahrain and Kuala Lumpur in addition to its former headquarters in London. The

company also maintains engineering and manufacturing facilities in Anchorage, Alaska and in the U.K.

The company is looking to set up its offices in one of the city's four major energy clusters — the Energy Corridor, Westchase, the Galleria area or downtown — but a final decision has yet to be made. Kosmala, who took over from former CEO and founder Goeff Kimber-Smith, has trotted the globe in previous jobs with oil and gas service companies, including Houston-based Schlumberger Ltd.

OIL SERVICES: Company has contracts with key players including ConocoPhillips

Dave Alderson, formerly with Houston-based automotive lubricants company Pennzoil Co., has been hired as Artificial Lift's new CFO.

Kosmala did not disclose revenue figures for the privately held company, but it already has key contracts in place with several international oil industry heavyweights, such as Houston-based ConocoPhillips (NYSE: COP), Italy's ENI and state-owned national oil companies including Saudi Aramco and Sonatrach of Algeria.

Kosmala said he was currently in discussions with another potential client who is "definitely recognizable," but he could not yet disclose the name.

"These relationships we build, whether with our customers or our employees or anyone we work with, are the important part" Kosmala said. "A lot of times, especially with engineers, you get too focused on the technology. But you have to remember that the process and the tools are just that — they are tools. Business is all about people."

The tools used by Artificial Lift are electric submersible pumps, which use an electrically driven downhole pumping system to generate the "artificial lift" in wells that no longer produce oil from natural pressures. Other commonly used methods of artificial lift are pump jacks and progressive cavity pumping systems — a configuration of rods that rotate with an electric motor, forcing fluids to flow upward.

Kosmala said the advantage of Artificial Lift's electric submersible pumps is that they don't require a rig, meaning it can be deployed quickly



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and cheaply without the full turnaround time involved with shutting down an entire drilling operation.

The systems cost between \$200,000 and \$1 million per unit.

Joe Hill, director of oil service research with Houston-based Tudor, Pickering, Holt & Co. LLC, said the artificial lift market was about \$6.5 billion in 2010. It is dominated by two Houston companies, each of which have about 20 percent of market share: Baker Hughes Inc. (NYSE: BHI) and Weatherford International Ltd. (NYSE: WFT), with Schlumberger (NYSE: SLB) accounting for another 15 percent.

A few midrange companies make up the second tier, and about 16 percent of the market is held by small companies that include Artificial Lift.

But Hill said the market for artificial lift, a type of enhanced recovery, will increase as more wells come to maturity and the pressure decreases.

"The whole pie is growing as more wells get drilled and more wells mature," Hill said. "Unlike gas, oil requires lift to get out once the pressure drops below a certain point. I think the upward trend we've seen will definitely continue."