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industry



New player enters U.S. compression fleet industry

Manufacturer of Cryobox & CNG stations now provides compression services. By **Keefe Borden**

A steady increase in natural gas prices and the expectation among some analysts that the prices will hold has made the U.S. natural gas market more attractive on an international scale. More investors are looking at the market, and some of them are expanding here.

Galileo Technologies, a global compression manufacturer and service provider with more than 30 years of experience, is one of those companies. It recently launched Galileo Compression USA, which is led by Ronald J. Foster.

Galileo Technologies is a global company with headquarters in Buenos Aires, Argentina but with a presence in more than 70 countries. It has been operating in the U.S. for more than 10 years in various segments of the energy industry outside of the compression leasing industry.

The company has a plant in Middlesex, New Jersey that manufactures Cryobox, a 600-horsepower, four-stage compressor used to take natural gas from the wellsite and converting it to liquefied natural gas (LNG) for transport to power producers, primarily utilities.

Galileo also has a robust business in California making compressed natural gas (CNG) filling stations. Galileo makes a dispensing system for vehicles running on CNG complete with a point-of-sale terminal. In Europe, the company recently launched

hydrogen filling stations.

What Galileo has not done, until now, is to compete in the U.S. compression fleet business, a highly competitive niche market. Compression is a near universal need among upstream and midstream operators. Some prefer to own and maintain their own equipment, but a significant portion of the energy market prefers an asset-light approach, one which allows them to rent equipment owned by someone else.

"What we do see is an opportunity is the compression fleet business, especially in a couple of the basins that we think we would be very attractive in with our location in the Northeast that gives us a great competitive advantage into the Marcellus," Foster said.

"We felt like with natural gas prices on the rise in the near horizon, this would be a good time to offer a compression service rental fleet."

Location is key advantage

The plant's proximity to the Marcellus gives it a competitive advantage that other leasing companies do not have, Foster says. It's not cost effective to ship compression equipment from Midland, Texas to the Marcellus because freight is more than the rental rate would cost over an extended period.

In addition, it recently opened a satellite plant in Midland, Texas for service, repair, parts and overhaul. The company also has an office in Arcadia, California to manufacture the CNG product line. That office also doubles as a parts distribution center.

Another competitive advantage for Galileo Compression is that the company makes its own compression package unit using proprietary technology, including a frame



**Galileo's MP1600
Compression
Package.**



Galileo's MX1000 Compression Package.

that matches the engine sizes produced by major manufacturers. The result is greater efficiency and lower fuel burn. The modular construction of the units makes it flexible, minimizing maintenance costs and reducing downtime, he said.

Manufacturer of technology

Galileo uses state of the art technology and proprietary modular compression to offer a full line of service applications with modern SCADA monitoring.

"We are a manufacturer of technology first and foremost, so before launching into the U.S. with a dedicated compression business, we wanted to have our manufacturing and service footprint securely in place to support the growth," he said. "We're not new to the U.S., we're just new to the compression fleet service business."

If a client's needs change, Galileo Compression does not have to spend a huge sum to reconfigure a given unit. "We can do it very, very cost effectively with our modular

approach," he said.

Galileo Compression's clients are E&P producers and midstream operators who need compression services and want to keep an asset-light balance sheet. It has units from 100 horsepower to 2000 horsepower that can be used for a single well gas lift to a multiple pad gaslift and high-horsepower gathering stations among others.

Galileo Compression is a compression services fleet, he said. Its clients are not leasing a compressor, but a compression service that includes the unit, its manufacture, fluids, installation, service and maintenance. "You're going to rent our service, not a piece of equipment," he said. "That's what we're focused on in the compression business. We want to tell you 'don't worry about the box, worry about how fast that meter is spinning.' We're going to arrange to have the equipment on site, installed, started and maintained."

Galileo Compression's ability to manufacture its own units give it a competitive advantage, he said. Galileo does not buy a frame from brand X, an engine from brand Y, a cooler from Z, a panel from someone else and then assemble all the parts together in a fabrication yard. It makes

everything at its plant, with the exception of the engine. "We're trying to cut out all of that and make sure we maintain the entire integrity of the package," he said.

ESG focus

The concerns of producers and midstream operators are evolving and, over time, ESG has become more important. Galileo's focus has shifted along with its clients

"The U.S. oil & gas compression market is radically changing as its participants are increasingly shifting to asset-light, high-technology solutions with an ESG focus," said Osvaldo del Campo, CEO of Galileo Technologies.

Part of the timing for entering the U.S. market right now is finding the right person to lead into a competitive niche marketplace.

Foster will oversee the company's compression sales and fleet operations in North America. He has more than 40 years of energy services experience with companies such as Halliburton and Dresser Industries.

He also has about two decades of senior management and executive experience in the oil and gas compression industry. Most recently, he was senior vice president and chief marketing officer at CSI Compressco G.P. Prior to the acquisition of Compressor Systems Inc., Foster served as president and board director for Compressco Partners LP.

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Galileo's 600 horsepower, four-stage Cryobox compressor under construction in Middlesex, New Jersey.

