Industrial Analysis on Oil & Gas Pipeline Construction

History

While iron pipe for other uses in the U.S. dates back to the 1830s, the use of pipe for oil transportation started soon after the drilling of the first commercial oil well in 1859 by “Colonel” Edwin Drake in Titusville, Pennsylvania. The first pipes were short and basic, to get oil from drill holes to nearby tanks or refineries. The rapid increase in demand for a useful product, in the early case kerosene, led to more wells and a greater need for transportation of the products to markets. Early transport by teamster wagon, wooden pipes, and rail rapidly led to the development of better and longer pipes and pipelines. In the 1860s as the pipeline business grew, quality control of pipe manufacture became a reality and the quality and type of metal for pipes improved from wrought iron to steel. Technology continues to make better pipes of better steel, and find better ways to install pipe in the ground, and continually analyze its condition once it is in the ground. At the same time, pipeline safety regulations become more complete, driven by better understanding of materials available and better techniques to operate and maintain pipelines. They continue to play a major role in the petroleum industry providing safe, reliable and economical transportation. As the need for more energy increases and population growth continues to get further away from supply centers, pipelines are needed to continue to bring energy to you. From the early days of wooden trenches and wooden barrels, the pipeline industry has grown and employed the latest technology in pipeline operations and maintenance. Today, the industry uses sophisticated controls and computer systems, advanced pipe materials, and corrosion prevention techniques.

Regulations/ Factors

The permitting process involves steps companies need to take to obtain a permit, authorization, certificate, or approval from a federal, state, or local entity in order to construct a natural gas pipeline. To understand processes and permits required to construct natural gas pipelines at the states level the following list of criteria is use

* size of pipeline network (miles of pipe);
* amount of natural gas production
* amount of natural gas consumption
* natural gas inflow capacity
* natural gas outflow capacity
* population density
* congressional interest

Industry Statistics & Market Size

Revenue Annual Growth Profits Employment Businesses

$51 Billion 3.3% $9.18 Billion 133,907 1,743

Biggest competitors:

* Bechtel Corporation (Established in 1898), located everywhere but mostly in the United Sates and Europe and has a market share of 7.6%.

Fluor (Established in 1912), located from Sadie Arabia to Hong Kong to Africa and everywhere in between has a market share of 4.2%.

Trends

The Oil and Gas Pipeline Construction industry has performed well largely due to heavy investment in natural gas and oil infrastructure construction, despite the recession and high levels of volatility. Looking forward, the industry is projected to experience strong demand, as new natural gas resources require expansion of existing pipelines; however, the falling price of fuel may pose a threat to producers, who can no longer afford the construction of new pipelines, showing us that constructions of pipelines are not free from the effects of economic fluctuations.