

Hy-Bon Engineering expanding under new ownership

Midland Reporter-Telegram February 23, 2014 – By: Mella McEwen

Hy-Bon Engineering has been expanding as it keeps up with the growing activity in the energy industry.

That challenge should be a bit easier thanks to the company's new owners, Regal Beloit of Beloit, Wis.

Larry Richards, Hy-Bon's president and chief executive officer, reported that the company name will remain unchanged, its management team will remain the same and employees will retain their jobs.

In 2009, he said, the company, which was founded in 1952 by Ralph Nelson, was sold to Pflingsten Partners LLC of Chicago, with the management team retaining 20 percent ownership.

"This is a great return for our investors with Pflingsten," he said. "It will be a neat combination. Regal will be an outstanding partner for our company and employees for the next 20 years."

Regal was looking to grow its oil and gas business, and Hy-Bon will help lead that growth, he said, noting that Hy-Bon is its first oil and gas investment.

Richards sees Hy-Bon's new parent company offering the possibilities of synergies through its Unico unit, which offers AC and DC drive, drive systems, controllers, remote telemetry, artificial lift systems, pumping systems, gas-powered lifts, crank rod pumps, linear rod pumps, integrated systems, progressive cavity pumps, rod pump controls and programmable controls.

Since acquiring Unico three years ago, Richards said, Regal has tripled its business and tripled its domestic manufacturing capabilities. Unico, he said, has an international presence, with service centers in countries such as Venezuela and Mexico that Hy-Bon can leverage off of, while Hy-Bon has seven service centers located throughout the U.S. that Unico can leverage.

Hy-Bon provides technical and customizable vent gas management solutions to capture wet low-pressure natural gas streams, from emissions measurement and assessment services to vapor recovery units and towers, vapor combustion units and parts and services.

In the second half of 2013, he reported, for the first time the company offered complete installation services for its vapor recovery units, from roustabout crews to installation of vapor recovery units and combustion units. In the fourth quarter, he said, Hy-Bon had four crews working throughout the Permian Basin installing units. He estimated that the company installed more than 150 units in the basin during the last quarter of 2013. The company is approaching employment of 200.

Under its new ownership, he said, "it will be an outstanding opportunity for us if we're good stewards of those resources. We have plans to grow both organically and through pursuing acquisitions."

Establishing service centers has been a source of success for the company and, he said Hy-Bon plans to establish centers in all the liquids-rich plays across the nation. "There are a few of those, and the math continues to grow," he said.

The hope is to bring Unico's expertise in automation into Hy-Bon's development of vapor recovery systems, he said.

"We look forward to incorporating that brain power and coupling it with our oilfield expertise," he said. The company has always been more active in research and development than other companies its size. Under Regal, he said he expects that program to expand and lead to innovation in vapor recovery and combustion towers, especially as some emissions regulations will oversee run times and efficiencies.

It is the technology, more so than federal or state regulations, that is driving demand, he said, as companies see financial benefit from capturing those gases and selling them rather than emitting them into the atmosphere or flaring gas.

"VRU technology is so much better than even five years ago, the automation, the ability to trick out VRUs for heavy wet gas streams. The price point is similar."