



A new Alcos Machinery-built slitter processes from 12-gauge up to 5/8-inch-thick materials from coils weighing up to 50 tons.

# BIG IS BEAUTIFUL

Heavy-gauge processing capability enables fabricators to take advantage of high-strength grades and bigger coil sizes that boost production efficiency

BY CORINNA PETRY

**T**he operating rig count in the United States and Canada, as of April 9, was 637 units, down 41.5 percent from that of April 12, 2019. Publicly traded energy majors and their suppliers were pulling their previously issued first-quarter financial guidance during the second week of April.

West Texas Intermediate crude oil fu-

tures rose during that same week, compared to a week earlier, then plunged into negative territory. Boom and bust cycles in the oil patch are nothing new. Steel suppliers can recall the 1973 oil embargo, growth in the 1980s followed by a recession, a boom in the '90s followed by the tragedy of 9/11, the growth of fracking and horizontal drilling opening up American reserves, then the Great Recession. Now there is a price war between OPEC and Russia.

Such cycles are not for the faint of heart, but the smart money traditionally invests even during periods of falling demand. Many hope that the current downturn in economic activity as a result of the global pandemic will be short lived and V-shaped.

Steel Warehouse Co. is a multi-generation family owned company that has traditionally invested in capacity, capability expansion and other growth initiatives



**Steel Warehouse Arkansas has a hot-rolled blanking line and a stretcher-leveler that can stretch up to 3/8 inch thick and 80 inches wide.**

in spite of the climate experienced in any given fiscal quarter.

“When you are in the steel business, big is beautiful,” according to Rick Quinn, executive vice president of Steel Warehouse. As an example, he cites a slitter the company installed at its Osceola, Arkansas, service center. The slitter, built by Alcos Machinery in Newmarket, Ontario, processes from 12-gauge (0.064 inch) up to 5/8-inch-thick materials from coils weighing up to 50 tons.

“The most impressive part of the slitter is not just the 100,000-pound coils at 5/8 inch thick but yield strengths up to 100 ksi—which is necessary to support the changing requirements for the oil and gas markets as they develop higher strength steels for down-well applications,” Quinn says. “In addition, slitter is equipped with tension leveling for ma-

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**RICK QUINN, STEEL WAREHOUSE INC.**

terial up to 1/4 inch thick and 78 inches wide. Our giant-size coil capability provides more footage, less end-scrap and greater productivity for the fabricator that can step up to the heavier coils.”

The decision to install the line took a great deal of planning, he says. “Our engineers focused on designing equipment with Alcos that would separate us from the rest of the market. We felt thickness, coil weight, yield strength and equipment width were the four major factors necessary to support the market long term.”

### Mill partnership

“We accomplished all our goals, and the slitter has been a valuable resource as we have developed our business on the campus of Big River Steel,” Quinn says.

Big River Steel produces 1.65 million tons of flat-rolled steel, and last year launched a project to double its capacity at the same time that U.S. Steel Corp., Pittsburgh, agreed to acquire a 49.9 percent stake in the company.

Steel Warehouse’s latest slitter “supports other equipment we have installed to develop the growing market for qual-



**Steel Warehouse Arkansas supports end markets up and down the Mississippi River.**

ity steel processing in the region,” Quinn says. “In addition to the slitter, we have installed a hot-rolled blanking line and a stretcher-leveler that can also handle 50-ton coils and stretch up to 5/8 inch thick and 80 inches wide.”

The processing and distribution company, he says, “has assembled a combination of processing equipment that supports our ability to service markets up and down the Mississippi River with barge access, rail access and ample trucking capacity. One of the keys in the development of our campus is the ability to manage and process 100,000-pound coils,” which is “a key to reducing scrap and increasing productivity.”

The Osceola plant’s stretcher-leveler can process material up to 0.53 inch thick and 79 inches wide (up to grade 100) from coils up to 85,000 pounds. The unit serves both the heavy-gauge slitter and a light-gauge hot-rolled cut-to-length line.

Alcos Machinery operates a

70,000-square-foot manufacturing facility that builds slitting, cut-to-length, multi-blanking, tension leveling, press blanking, corrective leveling and coil packaging lines for processing steel and aluminum.

Its precision slitting lines include features such as automatic coil loading, auto-load tooling capstan, hydra-lock outboard locking system, no-tongue mandrel, precision corrective hydraulic cassette leveler and more, according to Burak Albulak, director of operations.

Following this latest hit, the global economy will eventually rebound, as will demand for steel-intensive oilfield goods.

### Energy outlook

In its March “Short Term Energy Outlook” report, the Energy Information Administration (EIA) said it expects global petroleum and liquid fuels demand will rise by 1.7 million barrels per day in 2021.

“Firmer demand growth as the global

economy strengthens and slower supply growth will contribute to balanced markets in the fourth quarter of 2020 and global oil inventory draws in 2021,” the agency predicted.

For 2020, EIA expects prices will average \$37 a barrel during the second quarter and then rise to \$42 during the second half of the year. Furthermore, EIA forecast that average Brent crude oil prices will rise to an average of \$55 a barrel next year as shrunken global oil inventories put upward pressure on prices.

As long as steel is needed in high-pressure, high-wear environments like oil and gas, suppliers will partner with machinery manufacturers to help them envision the future and match its promise. ■

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