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Jorge Ayala, U.S. Economic Development Authority regional director, presents more than \$1.9 million in grants to the Oklahoma Center for the Advancement of Science and Technologies and Oklahoma State University-Oklahoma City. The money is to be used to help rural oil and natural gas services companies expand into other industries and for new training supplies and equipment for OSU-OKC's allied health program. [PHOTO BY ADAM WILMOTH, THE OKLAHOMAN]

\$1M grant will help diversify rural state energy companies

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A \$1 million federal grant promises to help rural Oklahoma oil and natural gas companies diversify in a move promoters say will create hundreds of jobs and boost the region's economy.

Representatives from the U.S. Economic Development Authority this week presented the grant to the Oklahoma Center for the Advancement of Science and Technology.

"One of the things we talk about with economic development is helping communities and companies diversify," said Jorge Ayala, the authority's regional director. "Inevitably there are industry downturns. We're always looking for opportunities to help communities become more resilient to those downturns."

The grant is the largest single funding OCAST has received. The state technology agency said it will match the grant with \$500,000 in state funds and use the money to work with new and existing partner companies throughout rural Oklahoma. The grant is designed to create at least 340 jobs over the next two years.

"We have some challenges in the energy world now, so there are a lot of companies as well as individuals who need to transform or move to other areas of work," OCAST Executive Director C. Michael Carolina said. "So we're going to help work with pivot-

ing from energy into other markets. We do expect that the energy industry will come back. That's great, but it's an opportunity to show flexibility in our state by taking companies that manufacture a product and look at other applications for those products."

OCAST already is working with a dirt-moving company that sells and maintains attachments for Caterpillar tractors designed to help set up oil-field rig sites. That company is exploring how to use that technology on farm tractors to boost agriculture development.

Another company designs valves and parts for oil-field equipment and is adapting that technology for aviation and defense uses.

"The oil and gas companies have always been a little skittish about looking for new markets. They always want to work for oil and gas because that's huge money," OCAST Programs Director Dan Luton said. "We want them to always have that, but by helping them become more efficient and realizing they can do both, now they're ready to penetrate new markets. So we help them find those new markets and write a road map for them to penetrate those markets."

OCAST has partnered with the Oklahoma Manufacturing Alliance and the New Product Development Center at Oklahoma State University to help provide specific, technical guidance to the oil and natural gas services companies.

"We have lots of small manufacturers in Oklahoma that are connected to the oil and natural gas supply chain that unfortunately have been through 30 percent to 50 percent layoffs," said Robert Taylor, director of the development center. "We'll go in there and help them with the skills they have to put new products in place so they can start hiring some of those people back or at a minimum stop the layoffs."

In some cases, companies likely will choose to create new businesses or separate entities rather than expanding an existing company. OCAST has partnered with nonprofit high-tech business incubator i2E Inc. to help get those companies started.

"If you can grow locally and organically grow companies across the state, that's a tremendous value to those communities," said Rex Smitherman, senior vice president of operations at i2E. "You're creating new jobs, new opportunities for folks who live there. They don't have to go elsewhere to find work. That's big."

Besides boosting the individual companies and their employees, the grant also is designed to enhance the economy of rural Oklahoma and the broader state economy, Luton said.

"For the state, it's diversification to keep us from hitting this bad budget cycle because oil and gas goes down," he said. "Industry will continue to do business, continue to hire, during the downturns and the state won't be so dependent on one industry."