



A Cure for Oil Pipeline Woes?

Fiber-optic sensor firm SensorTran grabs \$5.5 million in venture funding.

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If only BP had called these guys, the oil giant might not be facing a congressional grilling or the wrath of consumers facing increased pain at the pump.

SensorTran, an Austin, Texas-based company that makes fiber-optic sensors for the oil and gas industry, just garnered \$5.5 million in financing from a group of Venture Capital investors, led by Expansion Capital Partners, LLC, a company that finances clean tech.

The company is a spin-off from parent company Systems Processing Engineering Corp (SPEC), and makes high-tech sensors that can monitor leaks, temperature, and other key data in oil pipelines and wells. Its customers include [Halliburton](#), [Baker Hughes](#), and [General Electric](#).

The August 6 shutdown of a BP pipeline in Prudhoe Bay, Alaska,—now the focus of a congressional probe—could have been prevented by using the technology made by SensorTran, according to its chief executive.

“We would have been able to detect the leak when it had first started, and would have been able to alert the owner operator that that was a problem,” said Kent Kalar, chief executive of SensorTran.

Expansion Capital, based in New York City, provided \$2 million in funding. WHEB Ventures of London and Stonehenge Capital of Dallas provided the rest. The financing and the spin-off were completed August 10. The funds will be used to expand sales and marketing for the company, with plans to hire 42 workers over the next 12 months.

SensorTran was founded in 1998 as an aerospace technology company. Mr. Kalar, a former 3M executive, joined in 1999 in order to effect the spin-off.

The market for these kinds of devices is about \$320 million per year and growing, he said. Not only is there interest in pipeline monitoring, but as oil supplies are drained, there is a need for more efficient methods for drilling oil in the ground and offshore, all of which the company provides. Its buried cable-monitoring devices could also help prevent the next big blackout, said Mr. Kalar.

The company must compete with heavyweights overseas, particularly Sensa, a division of [Schlumberger](#), a French multinational oil giant, and Sumitomo of Japan.

Bernardo Llovera, general partner at Expansion Capital, said he estimates that the market for high-technology devices for the oil and gas industry, such as those offered by SensorTran, could grow at a rate of 30 percent per year.

“This technology is fairly new and it’s just getting traction with the large energy services companies,” said Mr. Llovera.

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