

[CLICK TO VIEW](#)

[Table of Contents 2](#)

[List of Tables & Charts 3](#)

[Study Overview 4](#)

[Sample Text, Table
& Chart 5](#)

[Sample Profile, Table &
Forecast 6](#)

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Drilling Products & Services

US Industry Study with Forecasts for **2012 & 2017**

Study #2288 | March 2008 | \$4500 | 239 pages

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Table of Contents

EXECUTIVE SUMMARY

MARKET ENVIRONMENT

General	4
Macroeconomic Environment.....	5
Petroleum & Natural Gas Outlook.....	10
Natural Gas.....	12
Exploration & Reserves.....	14
Production	16
Drilling.....	20
Pricing	22
Petroleum.....	25
Exploration & Reserves.....	27
Production	29
Drilling.....	33
Pricing	36
Drilling Outlook.....	38
Drilling Rigs.....	41
Drilling Products & Services Historical	
Market Trends.....	43
Pricing for Selected Drilling	
Products & Services.....	45
Environmental & Regulatory Considerations.....	47
Foreign Trade	50
International Environment.....	51
World Oil & Gas Reserves	52
Petroleum	53
Natural Gas	55
World Oil & Gas Production.....	57
World Oil & Gas Drilling	59
World Drilling Products & Services Outlook.....	61

OVERVIEW

Supply & Demand.....	62
Drilling Technology	64
Directional Drilling	66
Horizontal Drilling	67
Expandable Technologies	68
Drilling with Casing	69
Downhole Technologies	70
Coiled Tubing Drilling.....	71
Dual-Gradient Drilling.....	72
Other Drilling Technologies	73
Drilling Fluids.....	74
Coalbed Methane	77
Other Oilfield Technologies	78

DRILLING SERVICES

General	79
Contract Drilling	81
Logging Services.....	84
Directional Drilling Control Services	87

Coiled Tubing Services	88
Other Drilling Services	91
Market Share	92

DRILLING EQUIPMENT & CONSUMABLES

General	95
Tubular Goods	98
Drilling Rigs.....	101
Downhole Tools	104
Drill Bits & Reamers	108
Pumps & Valves	111
Other Equipment & Consumables	114
Market Share	116

DRILLING FLUIDS

General	118
Product Characteristics	119
Demand by Type	123
Water-Based	124
Synthetic-Based	125
Oil-Based	126
Demand by Location.....	127
Demand by Region	130
Market Share	131

REGIONAL MARKETS

General	134
Oil & Gas Drilling Activity by Resource,	
Region & Location	137
Drilling Products & Services	
Demand by Location.....	139
Onshore	140
Offshore.....	141
Deepwater.....	142
Drilling Products & Services	
Regional Overview.....	142
Southern Region.....	144
Drilling Activity Overview	144
Drilling Products & Services Demand.....	145
Texas	146
Gulf of Mexico	147
Louisiana.....	147
New Mexico.....	148
Arkansas.....	148
Mississippi & Alabama	149
Western Region	149
Drilling Activity Overview	149
Drilling Products & Services Demand.....	150
Colorado.....	152
Wyoming	153
California.....	153

Utah.....	154
Montana.....	154
Alaska.....	154
Other Western States	155
Midwestern Region	155
Drilling Activity Overview	155
Drilling Products & Services Demand.....	156
Oklahoma	157
North Dakota.....	158
Other Midwestern States	158
Eastern Region	159
Drilling Activity Overview	159
Drilling Products & Services Demand.....	160
West Virginia.....	161
Pennsylvania.....	162
Other Eastern States.....	162

INDUSTRY STRUCTURE

General	164
Industry Composition & Market Share.....	168
Mergers & Acquisitions.....	171
Cooperative Agreements.....	173
Marketing & Distribution.....	174
Research & Development.....	176
Competitive Strategies.....	178

COMPANY PROFILES

Aibel AS	181
Aker Kvaerner.....	182
Atlas Copco.....	185
Baker Hughes	186
BJ Services	190
General Electric	192
GEO Drilling Fluids	194
Grant Prideco	195
Halliburton Company	198
Lafarge SA	202
Loews Corporation.....	204
Nabors Industries.....	206
National Oilwell Varco.....	209
Newpark Resources.....	213
Parker Drilling	215
Patterson-UTI Energy.....	217
Precision Drilling Trust.....	218
Rowan Companies	220
Sandvik AB	222
Schlumberger Limited	223
Schoeller-Bleckmann Oilfield Equipment	225
Smith International.....	227
Technip-Coflexip SA.....	232
Tenaris SA.....	234
Vallourec SA.....	236
Weatherford International	238

List of Tables

EXECUTIVE SUMMARY

1 Summary Table..... 3

MARKET ENVIRONMENT

1 Macroeconomic Indicators 9
 2 US Petroleum & Natural Gas Production.... 11
 3 US Natural Gas Supply & Demand 14
 4 Natural Gas Drilling Indicators..... 21
 5 US Petroleum Supply & Demand..... 27
 6 Petroleum Drilling Indicators 35
 7 Oilfield Drilling Rigs & Well Completions .. 41
 8 Drilling Rigs 42
 9 Drilling Products & Services Historical
 Market, 1997-2007..... 44
 10 Pricing for Selected Drilling
 Products & Services..... 47
 11 Drilling Equipment & Consumables
 Foreign Trade 51
 12 Petroleum Reserves by Country, 2007 55
 13 Natural Gas Reserves by Country, 2007..... 57
 14 World Oil & Natural Gas Production 59
 15 World Oil & Gas Drilling Activity 60

OVERVIEW

1 Drilling Products & Services
 Supply & Demand..... 63

DRILLING SERVICES

1 Drilling Services Demand 80
 2 Contract Drilling Demand
 by Location & Region 83
 3 Logging & Measurement Services
 Demand by Type & Region 86
 4 Directional Drilling Control
 Demand by Region 88
 5 Coiled Tubing Drilling Services
 Demand by Region 90
 6 Other Drilling Services Demand by Region 92

DRILLING EQUIPMENT & CONSUMABLES

1 Drilling Equipment &
 Consumables Demand 97
 2 Tubular Goods Demand by Type & Region 101
 3 Drilling Rig Demand by Type & Region ... 104

4 Downhole Tool Demand
 by Product & Region..... 108
 5 Drill Bit & Reamer Demand
 by Product & Region..... 111
 6 Pump & Valve Demand
 by Product & Region..... 113
 7 Other Equipment & Consumables
 Demand by Region 115

DRILLING FLUIDS

1 Drilling Fluid Demand 119
 2 Selected Drilling Fluid Additives 122
 3 Drilling Fluids Demand by Type..... 123
 4 Water-based Drilling Fluids Demand..... 125
 5 Synthetic-based Drilling Fluids Demand . 126
 6 Oil-based Drilling Fluids Demand 127
 7 Drilling Fluids Demand by Location 130
 8 Drilling Fluids Demand by Region..... 131

REGIONAL MARKETS

1 US Oil & Gas Producing Regions..... 136
 2 Oil & Gas Drilling Activity
 by Resource, Region & Location 139
 3 Drilling Products & Services
 Demand by Location..... 140
 4 Drilling Products & Services
 Demand by Region 143
 5 Southern Region Drilling Rigs in Use 145
 6 Southern Region Drilling Products
 & Services Demand..... 146
 7 Western Region Drilling Rigs in Use..... 150
 8 Western Region Drilling Products
 & Services Demand..... 152
 9 Midwestern Region Drilling Rigs in Use.. 156
 10 Midwestern Region Drilling Products
 & Services Demand..... 157
 11 Eastern Region Drilling Rigs in Use 160
 12 Eastern Region Drilling Products
 & Services Demand..... 161

INDUSTRY STRUCTURE

1 US Drilling Product & Services
 Sales by Company, 2007..... 166
 2 Selected Acquisitions & Divestitures..... 172
 3 Research & Development Expenditures
 for Selected Drilling Product
 & Service Firms..... 177

List of Charts

MARKET ENVIRONMENT

1 US Natural Gas Reserves, 1997-2007..... 15
 2 Natural Gas Production, 1997-2007 18
 3 Natural Gas Producing States, 2007 19
 4 Natural Gas Drilling Indicators,
 1997-2007..... 21
 5 Natural Gas Prices, 1997-2007 23
 6 Natural Gas Pricing Versus Crude Oil
 Pricing, 1997-2007 24
 7 US Petroleum Reserves, 1997-2007 29
 8 US Petroleum Production, 1997-2007 30
 9 Crude Oil Producing States, 2007 32
 10 Petroleum Drilling Indicators, 1997-2007. 35
 11 Petroleum Prices, 1997-2007..... 38
 12 Drilling Products & Services
 Market, 1997-2007..... 45

OVERVIEW

1 Drilling Products & Services
 Demand by Type, 2007..... 64

DRILLING SERVICES

1 Drilling Services Demand by Type, 2007 ... 81
 2 Drilling Services Market Share, 2007 94

DRILLING EQUIPMENT & CONSUMABLES

1 Drilling Equipment & Consumables
 Demand by Type, 2007..... 98
 2 Drilling Equipment & Consumables
 Market Share, 2007 117

DRILLING FLUIDS

1 Drilling Fluids Market Share, 2007 133

INDUSTRY STRUCTURE

1 US Drilling Products & Services
 Market Share, 2007 170

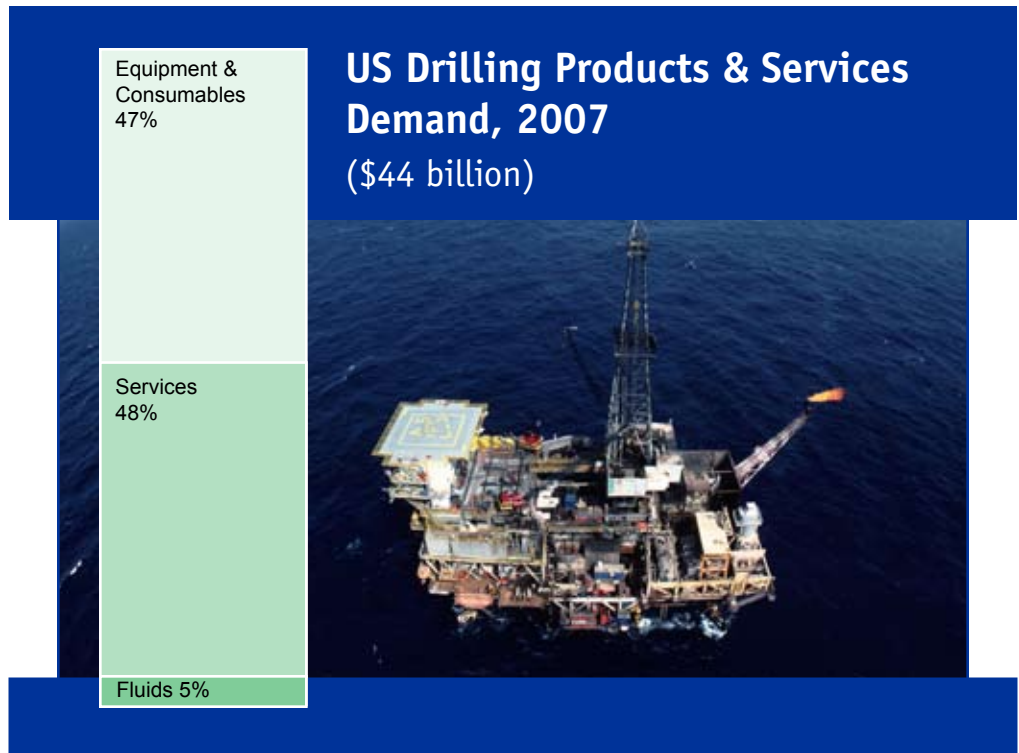
High energy prices and technological advances are expanding the pool of profitable oil and gas drilling projects in the US, and driving strong increases in drilling activity.

US market to reach \$48.4 billion by 2012

Demand for drilling products and services in the US is forecast to advance 1.9 percent per year through 2012 to \$48.4 billion. Gains will be heavily restrained by a pullback in spending on new onshore drilling rigs. When drilling rigs are excluded, spending is expected to rise at a more robust 4.6 percent annually. Crude oil prices have repeatedly exceeded record levels in 2008, a reflection of the ongoing tightness in the global oil market. Developing US oil and natural gas resources requires higher levels of investment than in many other parts of the world, due to heavy depletion of the most profitable deposits. The combination of high energy prices and technological advances are expanding the pool of profitable oil and gas drilling projects and driving strong increases in drilling activity. Drilling these newly profitable wells often involves higher project costs, through the rising use of horizontal and directional drilling and increased activity in deepwater fields.

Services to lead gains, products to decline

As drilling operations increase in complexity, the industry is becoming more reliant on high-technology services such as directional drilling control and logging-and measurement-while drilling. Increased spending on these services will help drive the drilling services sector to the fastest gains through 2012, as will the continued expansion of contract



drilling demand. In sharp contrast, the drilling equipment and consumables sector is expected to reverse several years of exceptional growth to post declines, with the losses being driven by a large decrease in spending on newly built onshore drilling rigs. Other prospects in the sector are more favorable, particularly for fixed-cutter drill bits and advanced well logging equipment. The large tubular goods market will continue to benefit from increases in drilling efficiency, with gains in casing demand being bolstered by a trend toward greater footage drilled per rig. Within the smaller drilling fluids market, future demand gains will be supported not only by the expansion of drilling activity, but also by a continuing shift toward syn-

thetic-based muds and higher value water-based muds.

Western US to be fastest growing regional market

The Southern Region will continue to dominate drilling products and services spending through 2012, buoyed by strong increases in demand from offshore operations in the Gulf of Mexico. The fastest gains will be in the Western Region, with growth being driven by natural gas drilling in the Rocky Mountain states. Slower growth is expected in the Midwestern and Eastern Regions, although a reversal of existing moratoriums on offshore drilling would boost their long-term prospects.

Sample Text, Table & Chart

DRILLING SERVICES

Logging Services

Demand for logging services in oil and natural gas drilling operations is forecast to increase from \$1.2 billion in 2007 to \$1.5 billion in 2012. Gains for logging services are due to the increase in drilling activity due to the rise in oil prices, particularly for data that can be used in operations. This preference to use logging services is driving especially rapid growth in logging services which enable drillers to ascertain well conditions economically drill complex well paths accurately. Although demand in logging services demand will slow substantially from the gains observed during the 2002-2007 period, the continued drilling activity ensures favorable prospects in this sector going forward.

SAMPLE TEXT

Wireline logging continued to account for the bulk of the logging services market, with 60 percent of total demand in 2007. Wireline logging consists of lowering a variety of instruments into the well on the end of an electronic cable. Instruments used in these services include electrical, acoustic, mechanical and radioactivity devices, which are used to ascertain a wide variety of information about downhole conditions along the length of the well. These logging services can also include analysis of core samples and mud and cuttings from the well. In the event of a directional or horizontal well, a downhole tractor may be used to move the logging equipment through the non-vertical portions of the well. Beyond the broad increase in the number of wells drilled through 2012, demand for wireline logging services is also being driven by advances in computer interpretation of this data, which is increasing the value of wireline logging services to well operators and drillers.

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TABLE V-4

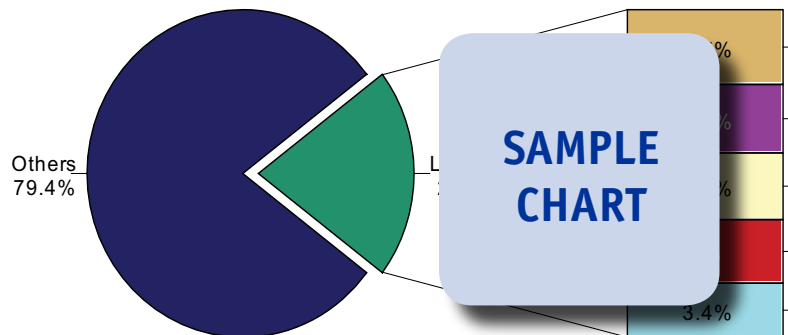
DOWNHOLE TOOL DEMAND BY PRODUCT & REGION
(million dollars)

Item	1997	2002	2007	2012	2017
Active Drilling Rigs					
mil \$ downhole tools/active rig					
Downhole Tool Demand					
By Product:					
Well Logging Equipment					
Wireline Tools					
Other Subsurface Equipment					
By Region:					
Southern Region					
Western Region					
Midwestern Region					
Eastern Region					
% downhole tools					
Drilling Equipment & Consumables					

SAMPLE TABLE

CHART VIII-1

US DRILLING PRODUCTS & SERVICES MARKET SHARE, 2007
(\$44.0 billion)



SAMPLE CHART

Sample Profile, Table & Forecast

COMPANY PROFILES

Parker Drilling Company

1401 Enclave Parkway, Suite 600
 Houston, TX 77077
 281-406-2100
<http://www.parkerdrilling.com>

Revenues: \$1.1 billion
 Employment: 1,000

Key Services: Drilling, labor management and rental equipment services for onshore and offshore drilling applications.

Parker Drilling is a worldwide drilling company that offers contract drilling, labor management and rental equipment services to the energy industry. The Company operates in three segments: US Drilling, International Drilling and Rental Tools.

The Company participates in the US drilling products and services industry through the US Drilling and Rental Tools segments. These segments offer contract drilling and rental equipment services for onshore and offshore drilling applications.

The US Drilling segment generated revenues of \$231 million in 2007, up from revenues of \$191 million in 2006. The segment includes a fleet of onshore and offshore drilling rigs available for contract drilling in the US and the transition zones of the Gulf of Mexico. In addition, the segment offers project management services, including engineering, technical training, logistics, maintenance, and health, safety and environmental programs.

Parker Drilling's US rig fleet includes three land rigs and 16 barge drilling rigs in the Gulf of Mexico. Two of the land rigs are capable of

**SAMPLE
PROFILE**

TABLE VII-6

SOUTHERN REGION DRILLING PRODUCTS & SERVICES DEMAND (million dollars)

Item	1997	2002	2007	2012	2017
Active Drilling Rigs -- South mil \$ products & services/rig	55	60	65	70	75
Drilling Products/Services Demand	15	18	22	26	30
By Product:					
Equipment & Consumables	10	12	15	18	21
Services	5	6	7	8	9
Fluids	0	0	0	0	0
By Location:					
Texas	10	12	15	18	21
Gulf of Mexico	5	6	7	8	9
Louisiana	0	0	0	0	0
New Mexico	0	0	0	0	0
Arkansas	0	0	0	0	0
Mississippi & Alabama	0	0	0	0	0
% Southern Region Drilling Products/Services Demand	15	18	22	26	30

**SAMPLE
TABLE**

"Gulf of Mexico: Demand for drilling products and services in the Gulf of Mexico's offshore oil and natural gas fields is projected to increase 6.2 percent annually through 2012 to over \$10.2 billion. This market is poised to undergo a major expansion in drilling products and services spending, with gains being driven by both an expansion in the relatively untapped deepwater sector and a recovery in drilling activity in the conventional offshore areas as a number of new jackup rigs enter active service."
 --Section VII, pg. 147

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OTHER STUDIES

World Mining Equipment

Global demand for specialized mining machinery and equipment will grow 5.9% annually through 2011. Gains will be fueled by continued demand for commodities such as iron ore and copper, and an ongoing boost in coal output. China and India are the fastest growing markets. This study analyzes the \$25.2 billion world mining equipment industry, with forecasts for 2011 and 2016 by type, application, world region and for 33 countries. It also evaluates company market share and profiles major players.

#2308 03/2008 \$5700

Mining Chemicals

US mining chemicals demand will reach \$2.5 billion in 2011 based on gains in key markets such as coal mining and aggregate quarrying, which will boost demand for blasting agents. Explosives are the most important chemicals used in the mining industry and will provide the best opportunities. This study analyzes the 21 billion pound US mining chemical industry, with forecasts for 2011 and 2016 by product, function, application and market. It also evaluates company market share and profiles major producers.

#2267 11/2007 \$4500

Oilfield Chemicals

US oilfield chemical demand will rise 4.3% per year through 2011. Gains will be driven by a rise in rig counts, more use of well stimulation and enhanced oil recovery (EOR) methods and more deepwater drilling and production. Best prospects include EOR chemicals, drilling fluids and well stimulation chemicals. This study analyzes the \$6 billion US oilfield chemical industry, with forecasts for 2011 and 2016 for formulated products and their raw materials. It also details market share and profiles major players.

#2253 10/2007 \$4500

World Oilfield Chemicals

Global demand for oilfield chemicals will rise 5.9% annually through 2010, driven by sustained growth in drilling activity. The dominant North American market will register healthy gains as producers strive to maintain production. Drilling fluids will remain the largest type while well stimulation chemicals will lead gains. This study analyzes the \$10.9 billion world oilfield chemical industry for 2010 and 2015 by type, world region and for 25 countries. It also evaluates market share and profiles major players.

#2162 03/2007 \$5400

World Well Stimulation Materials

Global demand for well stimulation materials is forecast to increase 11.3% annually through 2010. Gains will be driven by high oil and gas prices coupled with maturing wells. Among the leading markets, China, Canada and Russia hold stronger prospects than the US. Proppants will be the largest and fastest growing product. This study analyzes the \$2.5 billion world well stimulation material industry for 2010 and 2015 by product, key country and world region. It also evaluates market share and profiles major players.

#2161 03/2007 \$5400

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