

[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](#)

[Order Form 7](#)

[About Freedonia, Custom  
Research, Related Studies,  
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# Drilling Products & Services

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US Industry Study with Forecasts for **2014 & 2019**

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## Table of Contents

### EXECUTIVE SUMMARY

### MARKET ENVIRONMENT

General .....	4
Macroeconomic Environment.....	5
Petroleum & Natural Gas Outlook.....	9
Petroleum.....	12
Exploration & Reserves.....	14
Production .....	16
Drilling.....	20
Pricing .....	23
Natural Gas.....	25
Exploration & Reserves.....	27
Production .....	29
Drilling.....	33
Pricing .....	35
Drilling Outlook.....	37
Drilling Rigs.....	39
Historical Market Trends.....	41
Pricing for Selected Drilling	
Products & Services .....	43
Environmental & Regulatory Considerations.....	45
Foreign Trade .....	48
International Environment.....	50
World Oil & Gas Reserves .....	51
Petroleum .....	52
Natural Gas .....	54
World Oil & Gas Production.....	56
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
Unconventional Sources of Natural Gas.....	76
Coalbed Methane .....	76
Tight Gas.....	77
Shale Gas .....	78
Other Oilfield Technologies .....	78

### DRILLING EQUIPMENT & CONSUMABLES

General .....	80
Tubular Goods .....	83
Drilling Rigs.....	87
Downhole Tools .....	90
Drill Bits & Reamers .....	94
Pumps & Valves .....	97
Other Equipment & Consumables .....	100
Market Share .....	102

### DRILLING SERVICES

General .....	105
Contract Drilling .....	107
Logging & Measurement Services.....	110
Directional Drilling Control Services .....	113
Other Drilling Services .....	114
Market Share .....	118

### DRILLING FLUIDS

General .....	122
Product Characteristics .....	123
Demand by Type .....	126
Water-Based .....	127
Synthetic-Based .....	128
Oil-Based .....	129
Demand by Location.....	131
Demand by Region .....	133
Market Share .....	134

### REGIONAL MARKETS

General .....	137
Oil & Gas Drilling Activity by	
Resource, Region & Location.....	141
Drilling Products & Services	
Demand by Location .....	143
Onshore .....	144
Offshore.....	145
Deepwater.....	146
Drilling Products & Services	
Regional Overview.....	147
Southern Region.....	148
Drilling Activity Overview .....	148
Drilling Products & Services Demand.....	149
Texas .....	150
Gulf of Mexico .....	151
Louisiana.....	152
New Mexico.....	152

Arkansas.....	153
Mississippi & Alabama .....	154
Western Region .....	154
Drilling Activity Overview .....	154
Drilling Products & Services Demand.....	156
Colorado.....	157
Wyoming .....	158
California.....	159
Utah .....	159
Alaska.....	159
Montana.....	160
Other Western States .....	160
Midwestern Region .....	161
Drilling Activity Overview .....	161
Drilling Products & Services Demand.....	162
Oklahoma .....	163
North Dakota.....	164
Other Midwestern States .....	164
Eastern Region.....	165
Drilling Activity Overview .....	165
Drilling Products & Services Demand.....	166
Pennsylvania.....	167
West Virginia.....	168
Other Eastern States.....	168

### INDUSTRY STRUCTURE

General .....	170
Industry Composition & Market Share.....	174
Mergers & Acquisitions.....	177
Marketing & Distribution .....	180
Research & Development.....	182
Competitive Strategies.....	184

### COMPANY PROFILES

Aibel AS .....	187
Aker Solutions .....	188
Atlas Copco.....	192
Baker Hughes .....	194
Cameron International .....	201
General Electric .....	205
GEO Drilling Fluids .....	208
Halliburton Company .....	210
Helmerich & Payne .....	213
Lafarge SA .....	215
Loews Corporation.....	217
Nabors Industries.....	219
National Oilwell Varco.....	223
Newpark Resources.....	233
OAQ TMK.....	235

(continued on following page)

## Table of Contents

### COMPANY PROFILES

(continued from previous page)

Parker Drilling .....	237
Patterson-UTI Energy.....	238
Precision Drilling .....	240
Rowan Companies .....	243
Sandvik AB .....	246
Schlumberger Limited .....	248
Schoeller-Bleckmann Oilfield Equipment .....	255
Smith International.....	258
T-3 Energy Services .....	264
Technip SA.....	267
Tenaris SA.....	269
United States Steel .....	271
Vallourec SA.....	273
Weatherford International .....	277
Other Companies Active in the Industry.....	280

## List of Tables/Charts

### EXECUTIVE SUMMARY

1 Summary Table.....	3
----------------------	---

### MARKET ENVIRONMENT

1 Macroeconomic Indicators .....	8
2 US Petroleum & Natural Gas Production....	10
Cht Natural Gas & Crude Oil Prices, 1999-2009	11
3 US Petroleum Supply & Demand .....	14
Cht US Petroleum Reserves, 1999-2009 .....	16
Cht US Petroleum Production, 1999-2009 .....	17
Cht Crude Oil Producing States, 2009 .....	19
4 Petroleum Drilling Indicators .....	22
Cht Petroleum Drilling Indicators, 1999-2009.	22
Cht Crude Oil Prices, 1999-2009 .....	25
5 US Natural Gas Supply & Demand .....	27
Cht US Natural Gas Reserves, 1999-2009.....	29
Cht US Natural Gas Production, 1999-2009.....	31
Cht Natural Gas Producing States, 2009 .....	32
6 US Natural Gas Drilling Indicators .....	34
Cht US Natural Gas Drilling Indicators, 1999-2009 .....	34
Cht Natural Gas Prices, 1999-2009.....	36
7 Active Drilling Rigs & Well Completions....	39

8 Drilling Rigs .....	40
9 Drilling Products & Services Market, 1999-2009.....	42
Cht Drilling Products & Services Market, 1999-2009.....	43
10 Pricing for Selected Drilling Products & Services.....	45
11 Drilling Equipment & Consumables Foreign Trade .....	50
12 World Petroleum Reserves by Country, 2009 .....	53
13 World Natural Gas Reserves by Country, 2009 .....	55
14 World Oil & Natural Gas Production .....	59
15 World Oil & Natural Gas Drilling Activity...60	

### OVERVIEW

1 Drilling Products & Services Demand.....	63
Cht Drilling Products & Services Demand by Type, 2009.....	64

### DRILLING EQUIPMENT & CONSUMABLES

1 Drilling Equipment & Consumables Demand .....	82
Cht Drilling Equipment & Consumables Demand by Type, 2009.....	83
2 Tubular Goods Demand by Product & Region.....	87
3 Drilling Rig Demand by Type & Region .....	90
4 Downhole Tool Demand by Product & Region.....	94
5 Drill Bit & Reamer Demand by Product & Region.....	97
6 Pump & Valve Demand by Product & Region.....	100
7 Other Equipment & Consumables Demand by Region .....	102
Cht Drilling Equipment & Consumables Market Share, 2009 .....	104

### DRILLING SERVICES

1 Drilling Services Demand .....	106
Cht Drilling Services Demand by Type, 2009 .	107
2 Contract Drilling Demand by Location & Region .....	109
3 Logging & Measurement Services Demand by Type & Region .....	112

4 Directional Drilling Control Services Demand by Region .....	114
5 Other Drilling Services Demand by Type & Region.....	118
Cht Drilling Services Market Share, 2009 .....	121

### DRILLING FLUIDS

1 Drilling Fluid Demand .....	123
2 Selected Drilling Fluid Additives .....	125
3 Drilling Fluid Demand by Type .....	126
4 Water-Based Drilling Fluid Demand.....	128
5 Synthetic-Based Drilling Fluid Demand...129	
6 Oil-Based Drilling Fluid Demand.....	130
7 Drilling Fluid Demand by Location.....	133
8 Drilling Fluid Demand by Region .....	134
Cht Drilling Fluid Market Share, 2009 .....	136

### REGIONAL MARKETS

1 US Oil & Gas Producing Regions.....	140
2 Oil & Gas Drilling Activity by Resource, Region & Location .....	143
3 Drilling Products & Services Demand by Location.....	144
4 Drilling Products & Services Demand by Region .....	148
5 Southern Region Drilling Rigs in Use .....	149
6 Southern Region Drilling Products & Services Demand .....	150
7 Western Region Drilling Rigs in Use.....	155
8 Western Region Drilling Products & Services Demand .....	157
9 Midwestern Region Drilling Rigs in Use..	161
10 Midwestern Region Drilling Products & Services Demand .....	163
11 Eastern Region Drilling Rigs in Use .....	166
12 Eastern Region Drilling Products & Services Demand .....	167

### INDUSTRY STRUCTURE

1 US Drilling Products & Services Sales by Company, 2009.....	172
Cht US Drilling Products & Services Market Share, 2009 .....	174
2 Selected Acquisitions & Divestitures.....	179
3 Research & Development Expenditures for Selected Drilling Product & Service Firms .....	184

*Advances will be promoted by an expected recovery in domestic oil and gas drilling activity as oil prices stabilize at a relatively high level and the US aims to reduce its reliance on foreign sources of energy.*

## US demand to expand 8.1% yearly through 2014

US demand for drilling products and services is forecast to expand 8.1 percent annually to \$44.4 billion in 2014, accelerating from the pace of the 2004-2009 period. Advances will be promoted by an expected recovery in domestic oil and gas drilling activity as oil prices stabilize at a relatively high level and the US aims to reduce its reliance on foreign sources of energy.

## Midwestern, Eastern Regions to lead gains

The US market for drilling products and services is concentrated in the Southern Region, where most oil and natural gas wells are drilled. The 2010 Deepwater Horizon oil well disaster in the Gulf of Mexico may restrict short-term demand for offshore drilling products and services, but in the longer term is forecast to benefit demand for new equipment that meets more stringent safety standards. In the Western Region, demand will be promoted by the rising amount of drilling activity directed at unconventional sources, such as coalbed methane and shale. The sizeable Midwestern Region will benefit from the advanced technology required to service the large number of deep horizontal wells located in North Dakota. Although the Eastern Region will remain the smallest market, the area will achieve above-average growth based on new activity in the Marcellus Shale, a major source of natural gas.

## US Drilling Products & Services Demand, 2009 (\$30.1 billion)

Equipment & Consumables  
49%

Services  
46%

Fluids 5%



## Drilling services to account for most new demand

Through 2014, drilling equipment demand is projected to slow from the pace of the 2004-2009 period, restricted by the cyclical drilling rigs segment as spending on new rigs declines in the wake of a purchasing boom which took place between 2006 and 2009. Despite the glut of new rigs on the market, however, expanding drilling activity and the large pool of aged rigs approaching retirement will ensure a sizable ongoing market for new drilling rigs through 2014. Among other drilling equipment and consumables, tubular goods will provide the best opportunities for growth through the forecast period, benefiting from

increased drilling activity, particularly in the number of wells and the footage drilled, which directly influences the consumption of casing.

Drilling services are projected to account for more than 80 percent of overall demand gains in the US drilling market through 2014. Market expansion will be driven by the high cost of drilling marginal wells. A major driver for such costs is the increasing reliance on technology when drilling to optimize production from poorer hydrocarbon resources. Techniques such as horizontal and directional drilling, measurement-while-drilling to ensure accurate drill string placement, and drilling deeper wells in more difficult conditions all tend to raise costs.

## Sample Text, Table & Chart

### DRILLING SERVICES

#### Directional Drilling Control Services

Demand for directional drilling control services is forecasted to reach \$1.5 billion. Gains in the services market, a result of the above-average demand for directional drilling and better targeting the producing zones of oil and natural gas reservoirs.

Directional drilling control involves guiding a drilling string along a specific path, often as part of directional, horizontal or extended lateral wells. Directional drilling control services are often used in conjunction with measurement-while-drilling (MWD) services as well, and are generally used when drilling directionally, particularly as they deviate more from the vertical. MWD services become increasingly important to directional drilling control as the need to hit a precise well path or productive zone rises.

There are a number of ways in which drill strings can be directionally controlled. The most expensive method, using rotary steerable systems, has the advantage of rotating the entire drill string when drilling directionally, and tends to be both fast and accurate. A less expensive alternative to rotary steerable systems is to use a downhole motor in conjunction with a variable gauge stabilizer; however, this method is less effective for more complicated well paths. The oldest method of directional drilling control involves using a downhole motor in combination with a bent pipe near the drill bit to deviate the well from the vertical.

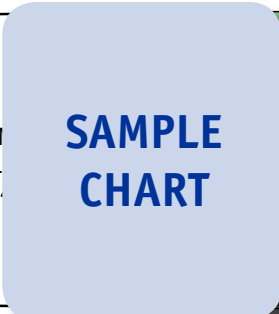
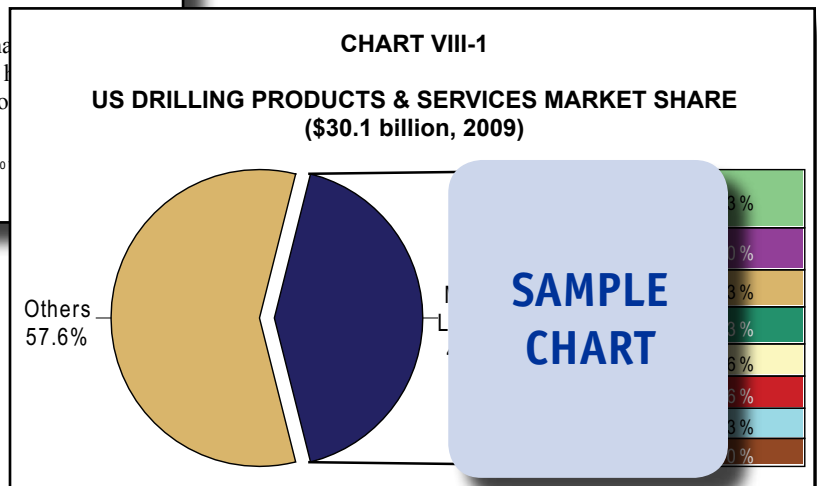
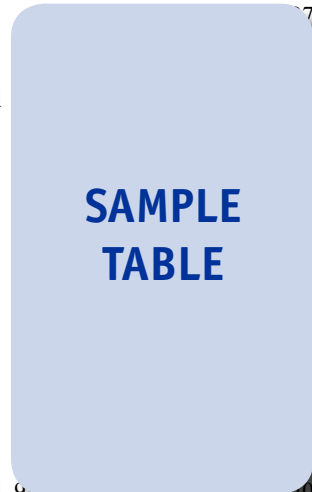
The Southern Region accounts for the majority of demand for directional drilling control services. This is due in part to the high level of directional drilling in the Gulf of Mexico. Major providers of these services include:

113

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**TABLE VII-6**  
**SOUTHERN REGION DRILLING PRODUCTS & SERVICES DEMAND**  
 (million dollars)

Item	1999	2004	2009	2014	2019
Active Drilling Rigs -- South					70
mil \$ products & services/rig					0
Drilling Products & Services Demand					0
By Type:					
Equipment & Consumables					5
Services					0
Fluids					5
By State:					
Texas					0
Gulf of Mexico					0
Louisiana					0
New Mexico					0
Arkansas					5
Mississippi & Alabama					5
% Southern Region					1
Drilling Products & Services Demand	97,000	250,000	307,200	417,000	624,000



## Sample Profile, Table & Forecast

### COMPANY PROFILES

#### GEO Drilling Fluids Incorporated

1431 Union Avenue  
 Bakersfield, CA 93305  
 661-325-5919  
<http://www.g...>

Annual Sales  
 Employment:

Key Products specialty additives  
 and raw mate

GEO Drilling is a leading manufacturer and supplier of oil- and water-based fluids and additives for the oil, gas and geothermal industries. The Company maintains chemical mixing and warehouse facilities in Bakersfield and Woodland, California. In addition, GEO Drilling Fluids' Industrial Minerals Company subsidiary (Sacramento, California) specializes in the production of clays and minerals for the ceramic industry.

The Company is active in the US drilling products and services industry through the production of oil- and water-based drilling fluids, specialty additives and raw materials. Drilling fluids offered by GEO Drilling Fluids include GEO MUL oil-based drilling fluids, which are formulated using the Company's LVT 200 low-viscosity base oil; and POLYTEK+ and POLY CARB one-sack drilling fluids. These fluids are suitable for use in a wide range of oilfield drilling applications.

Specialty additives made by GEO Drilling Fluids are used to modify the physical properties of drilling fluids. For example, the Company makes MUL I primary emulsifiers and high-temperature stabilizers, MUL TREAT dispersants and wetting agents, and MUL THIK

**SAMPLE  
PROFILE**

TABLE IV-3

DRILLING RIG DEMAND BY TYPE & REGION

Item	1999	2004	2009	2014	2019
Total Drilling Rig Demand					285
% newbuild					1
Newbuild Drilling Rig Demand					40
mil \$/drilling rig					7
Newbuild Drilling Rig Demand (mil \$)					20
By Type:					
Onshore Drilling Rigs					00
Offshore Drilling Rigs					00
By Region:					
Southern Region					40
Western Region					95
Midwestern Region					85
Eastern Region					80
% drilling rigs					3
Drilling Equip/Consumables (mil \$)	3-				400

**SAMPLE  
TABLE**

"Demand for new offshore rigs is expected to decline only slightly through 2014 to \$750 million. The primary types of offshore rigs include platform and jackup rigs, semisubmersibles and drillships. Relative to onshore rigs, which cost less than \$20 million apiece, offshore rigs are extremely expensive: new jackup rigs can cost around \$100 million to \$200 million, while new semisubmersibles and drillships can cost upwards of \$600 million."

--Section IV, pg. 88



**OTHER STUDIES**

**Well Stimulation Materials**

US demand for oil and gas well stimulation materials is projected to increase 14% annually through 2014. Gains will be buoyed by renewed efforts to reduce dependence on foreign energy sources. The largest segment, proppants, will also be one of the fastest growing, along with gases and other materials. This study analyzes the \$3.8 billion US well stimulation material industry, with forecasts for 2014 and 2019 by product and US regional market. It also evaluates company market share and profiles industry players.

#2636 ..... May 2010 ..... \$4900

**Refinery Chemicals**

US refinery chemical demand will rise 5% annually through 2014, driven by the use of new, higher-value products that offer enhanced performance. Merchant hydrogen will remain the largest product type and grow the fastest. Petroleum treatment and conversion will remain the largest and fastest growing applications. This study analyzes the \$5.5 billion US refinery chemical industry, with forecasts for 2014 and 2019 by application and product. It also evaluates company market share and profiles industry players.

#2629 ..... April 2010 ..... \$4700

**Mining Equipment in China**

Demand for mining equipment in China is projected to grow 7.1% annually through 2013. Underground mining machinery will remain the largest product group, while crushing, pulverizing and screening equipment grows the fastest. Coal mining will continue as the largest market segment, while metal mining leads gains. This study analyzes the 107 billion yuan mining equipment industry in China, with forecasts for 2013 and 2018 by product, market and region. It also evaluates company market share and profiles industry players.

#2571 ..... December 2009 ..... \$5200

**World Mining Equipment**

Global mining equipment demand will rise 4.9% annually through 2013. Gains will be driven by rising demand for commodities such as iron ore and copper, and the ongoing thirst for energy sources such as coal. China will be the fastest growing market and the largest producer of mining equipment. This study analyzes the \$45.4 billion world mining equipment industry, with forecasts for 2013 and 2018 by application, product, world region and for 34 countries. It also evaluates market share and profiles industry players.

#2562 ..... November 2009 ..... \$5900

**Oilfield Chemicals**

US oilfield chemical demand will grow 4.4% annually through 2013. The market will decline in the short term then rebound by the end of the forecast period, based mainly on swings in oil and gas prices. Stimulation chemicals and EOR products will be the fastest growing segments. Acids and polymers used in stimulation fluids will see growth. This study analyzes the US oilfield chemical industry, with forecasts for 2013 and 2018 by product and raw material. It also evaluates company market share and profiles industry players.

#2546 ..... September 2009 ..... \$4800

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