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Shale Gas: Products & Services

US Industry Study with Forecasts for **2015 & 2020**

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Rising demand for drilling and completion products and services for new wells will coincide with growing markets for workover, restimulation and site reclamation services for maturing wells.

US demand to reach \$52 billion in 2015

Demand for products and services used in shale gas development will grow to \$52 billion in 2015. While shale gas drilling will slow from the rapid buildup of the 2005-2010 period, the industry will bring more than 8,000 new producing wells online through 2015. Increasing demand for drilling and completion products and services for new shale gas wells will be accompanied by growing markets for workover, restimulation and well site reclamation services in those regions where production is maturing.

Contract drilling, pressure pumping to remain dominant services

The market for services used by shale gas producers will reach \$38.7 billion in 2015. Demand for services will continue to be dominated by contract drilling and pressure pumping, which together will account for nearly two-thirds of total services spending in 2015. Service providers will continue to benefit from high shale gas drilling activity as well as bigger and more sophisticated wells in the emerging plays. Demand in the completion and production services and the waste management and remediation services segments will be promoted by a range of factors, among them increased workover and restimulation activity as well as new environmental service requirements at well sites.

US Shale Gas Products & Services Demand, 2010

(\$29 billion)



Drilling Equipment & Consumables
15%

Fluids & Materials
14%

Pressure Pumping
23%

Drilling Services
23%

Other Services
25%

Tubular goods, proppants among fastest growing products

Demand for drilling equipment and consumables in the shale gas plays will grow to nearly \$7 billion in 2015, led by strong increases in tubular goods, the largest equipment category. Shale operators will continue to consume more tubular goods overall and on a per-well basis. Growth in demand for fluids and materials will match that seen for drilling equipment and consumables, reflecting the intensive material demands of the wells that will be drilled in the newer shale plays. Stimulation products, especially proppants, used in hydraulic

fracturing will be the dominant source of fluids and materials demand.

Marcellus Shale to be fastest growing major play

The dominant Southern Region will retain half of the total market for products and services through the forecast period, even as the Midwestern Region posts faster annual gains due to activity in a number of emerging shale plays. Through 2020, the Marcellus Shale in New York, Ohio, Pennsylvania and West Virginia will be the fastest growing market for products and services of all the major plays.

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Sample Text, Table & Chart

SERVICES

Drilling Services

Demand for drilling services among shale gas producers through 2015, demand is expected to reach \$2 billion. Contract drilling services are expected to grow in this segment, as the other drilling services are with the main drilling process. Drilling rig in the shale gas plays will continue to grow in the gas industry overall, reflecting the increasing activity in the shale plays as well as increased expenditures on a per-well basis.

The Marcellus Shale in the eastern US was the leading market for drilling services in 2010, a position the play will hold through 2015. Significantly more new wells will be drilled in Marcellus than in the other shale plays. However, the South will continue to be the largest regional market for drilling services to the combined size of the Barnett, Haynesville and Eagle Ford. The Haynesville Shale in Louisiana and Texas will rank second to Marcellus for drilling services demand in 2015, though well drilling activity in the Haynesville will rise at a considerably more restrained pace.

Demand for contract drilling services in the shale plays is forecast to increase to \$1.3 billion in 2015. More than 8,000 additional wells are expected to be brought into production by 2015, creating a strong demand for contract drilling services. Contract drilling services are well in the emerging plays. Fayetteville wells are generally three times the cost of Marcellus gas wells. This reflects that most shale gas wells are drilled horizontally, entailing high costs, and present contract drillers with demanding operating conditions. Per-well drilling costs are likely to continue to grow as shale gas operators further increase the measured depth of wells (including

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SAMPLE TEXT

SAMPLE TEXT

TABLE IV-2

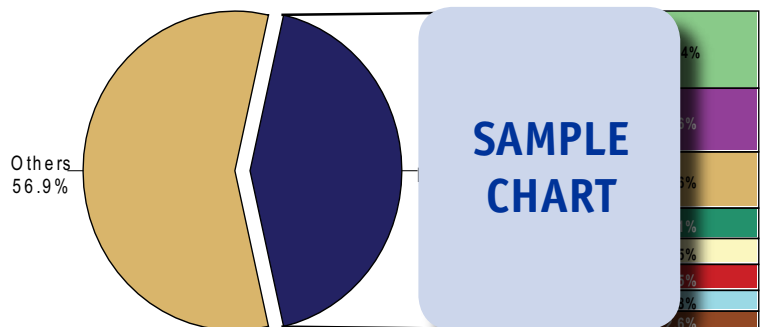
DRILLING EQUIPMENT & CONSUMABLES DEMAND BY TYPE & PLAY (million dollars)

Item	2005	2010	2015	2020
Shale Gas Drilling Rigs mil \$ equipment & consumables/rig				
Drilling Equipment & Consumables By Type:				
Tubular Goods				
Downhole Tools				
Drill Bits & Reamers				
Other Equipment & Consumables				
By Play:				
Haynesville				
Marcellus				
Barnett				
Fayetteville				
Woodford				
Other Plays				
% drilling equipment & consumables Shale Gas Products				

SAMPLE TABLE

CHART VII-1

SHALE GAS PRODUCTS & SERVICES MARKET SHARE (\$2.9 billion, 2010)



SAMPLE CHART

OTHER STUDIES

World Mining Equipment

This study analyzes the world mining equipment industry. It presents historical demand data for the years 2000, 2005 and 2010, and forecasts for 2015 and 2020 by mining application (metal, coal, mineral), equipment type (surface; underground; drills and breakers; crushing, pulverizing and screening; mineral processing), world region and major country. The study also considers market environment factors, details industry structure, evaluates company market share and profiles industry players.

#2806 October 2011 \$6200

World Well Stimulation Materials

Global demand for well stimulation materials will rise 14 percent annually through 2015. Advances will be driven by higher oil prices that have spurred increased drilling activity and justified the additional costs of well stimulation. The US will remain the dominant market. This study analyzes the \$5.8 billion world well stimulation material industry, with forecasts for 2015 and 2020 by type, country (US, Russia, China, Canada) and region (Latin America, Europe, Asia/Pacific, Africa/Mideast). The study also evaluates company market share and profiles industry competitors.

#2752 April 2011 \$6100

World Oilfield Chemicals

Global oilfield chemical demand will rise 8.6 percent yearly through 2014, driven by a recovery in the oil and gas industry and higher oil and gas prices. North America will remain the dominant market while the Central and South American region grows the fastest. Stimulation and enhanced oil recovery chemicals will lead gains. This study analyzes the \$13.7 billion world oilfield chemical industry, with forecasts for 2014 and 2019 by product, world region and for 26 countries. It also evaluates market share and profiles industry players.

#2702 December 2010 \$5900

Drilling Products & Services

US demand for drilling products and services will rise 8.1 percent annually through 2014, as oil and gas drilling activity benefit from relatively high oil prices and US efforts to reduce reliance on foreign energy sources. Services will account for most gains, driven mainly by the high cost of drilling marginal wells. This study analyzes the \$30.1 billion US drilling product and service industry, with forecasts for 2014 and 2019 by type and regional market. It also evaluates company market share and profiles industry players.

#2655 July 2010 \$4800

Well Stimulation Materials

US demand for oil and gas well stimulation materials is projected to increase 14 percent 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

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