

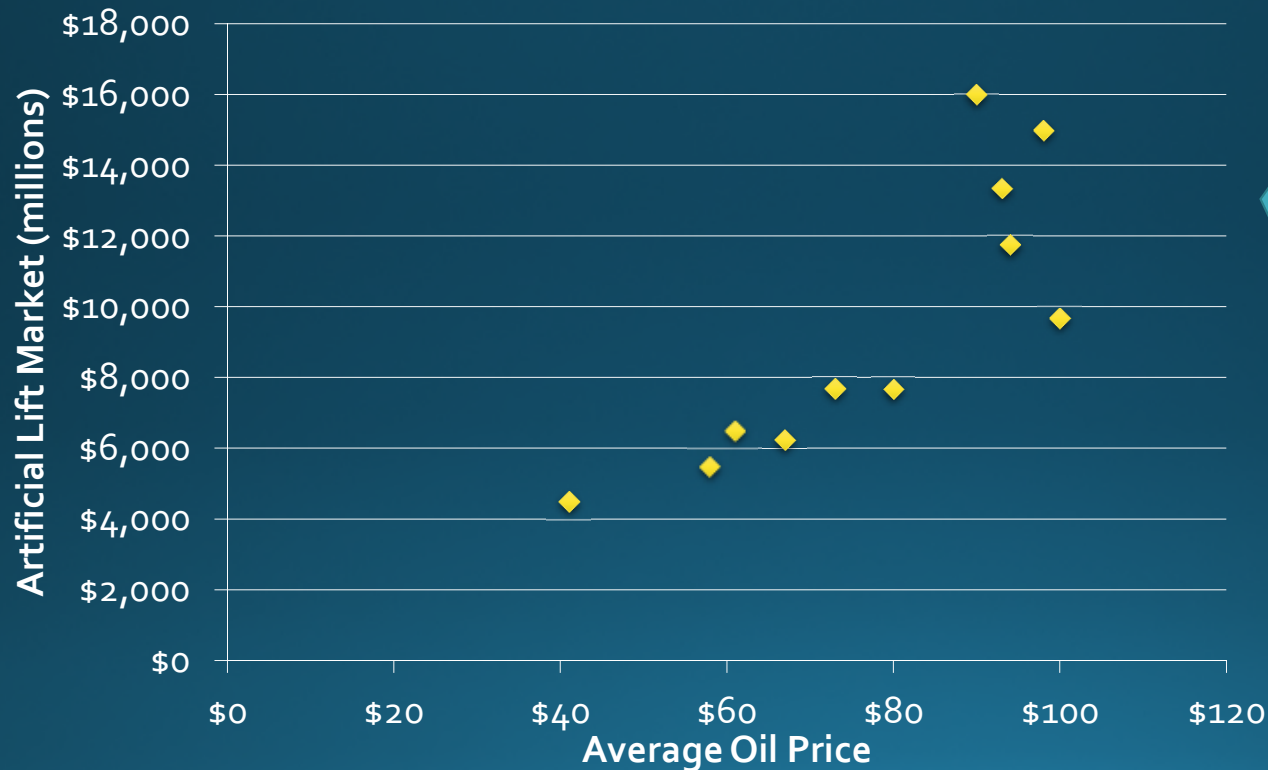
Spears & Associates' analysis & forecast

# Oilfield Markets

# 2 Topics

Forecast  
HAL + BHI

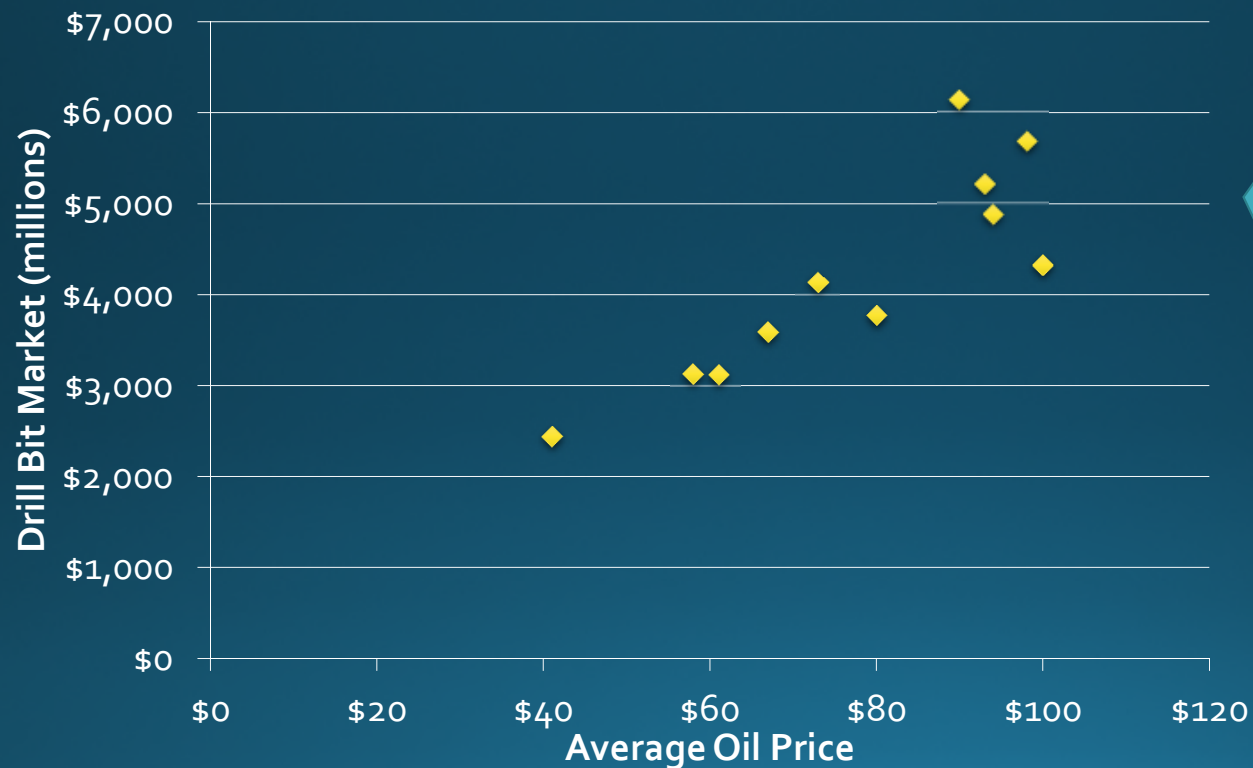
# Does oil price influence spending?



When oil prices were <\$80, there was a tight correlation between oil price and lift spending.

But above \$90, spending on lift just keeps going up regardless of oil price!

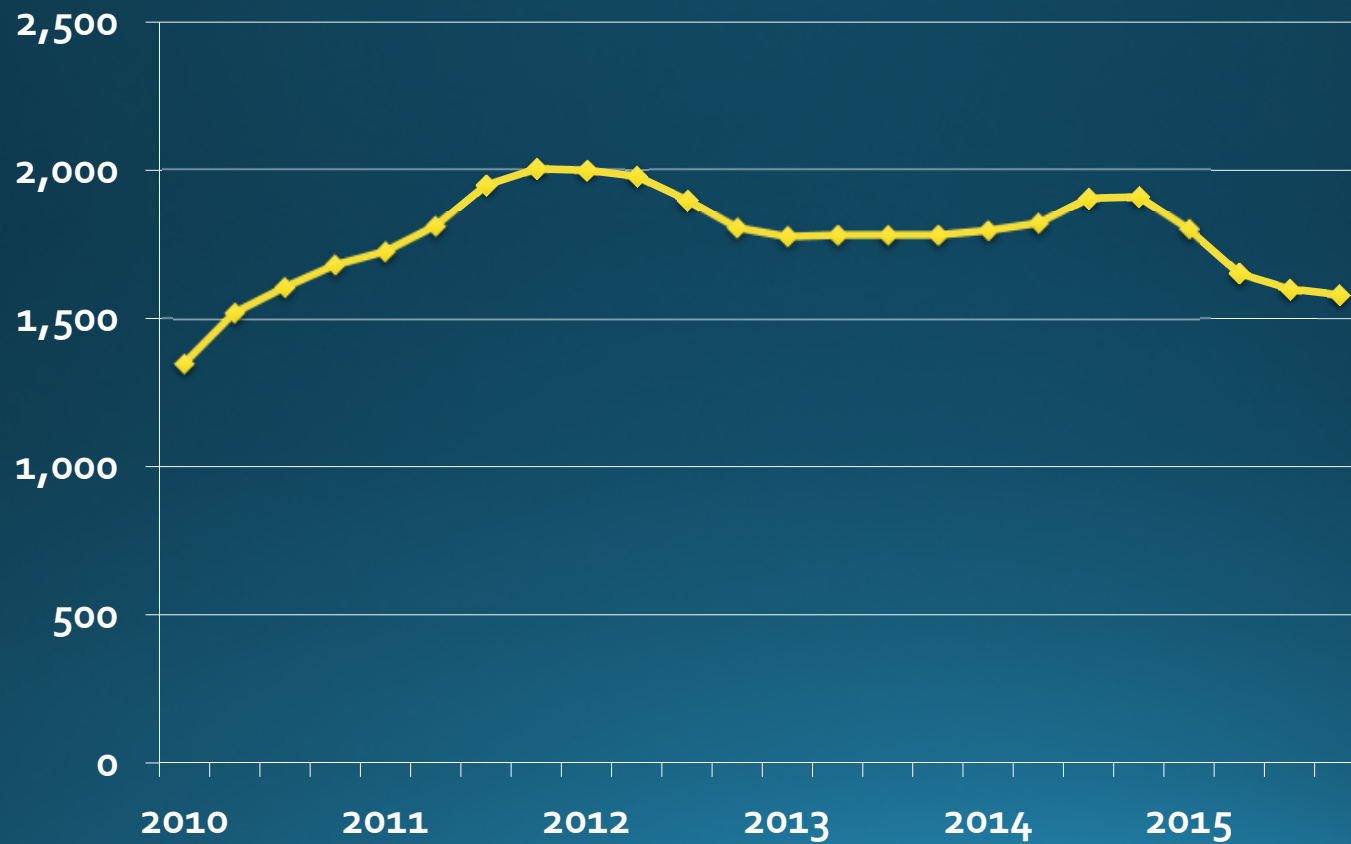
# Does oil price influence spending?



In the last 5 years, there has been almost no correlation between oil price and spending on drill bits.

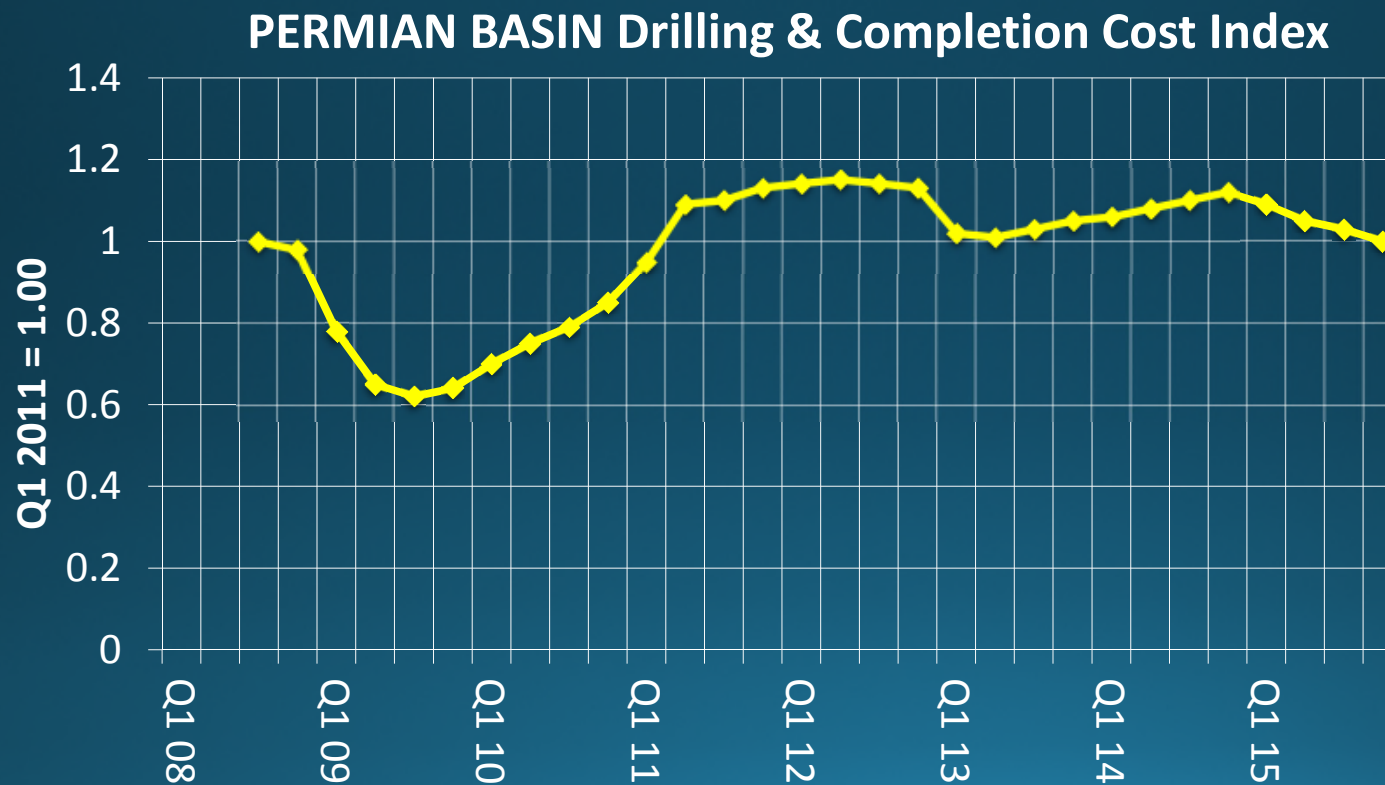
This pattern is repeated in every market segment.

# US rigs at \$75 oil & \$4 gas



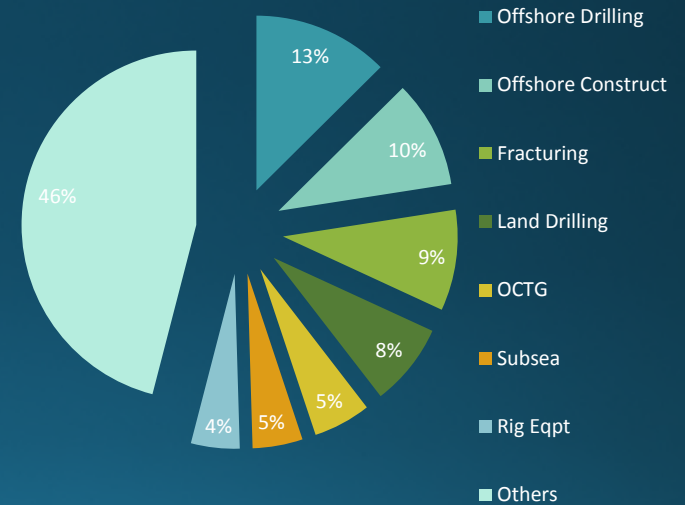
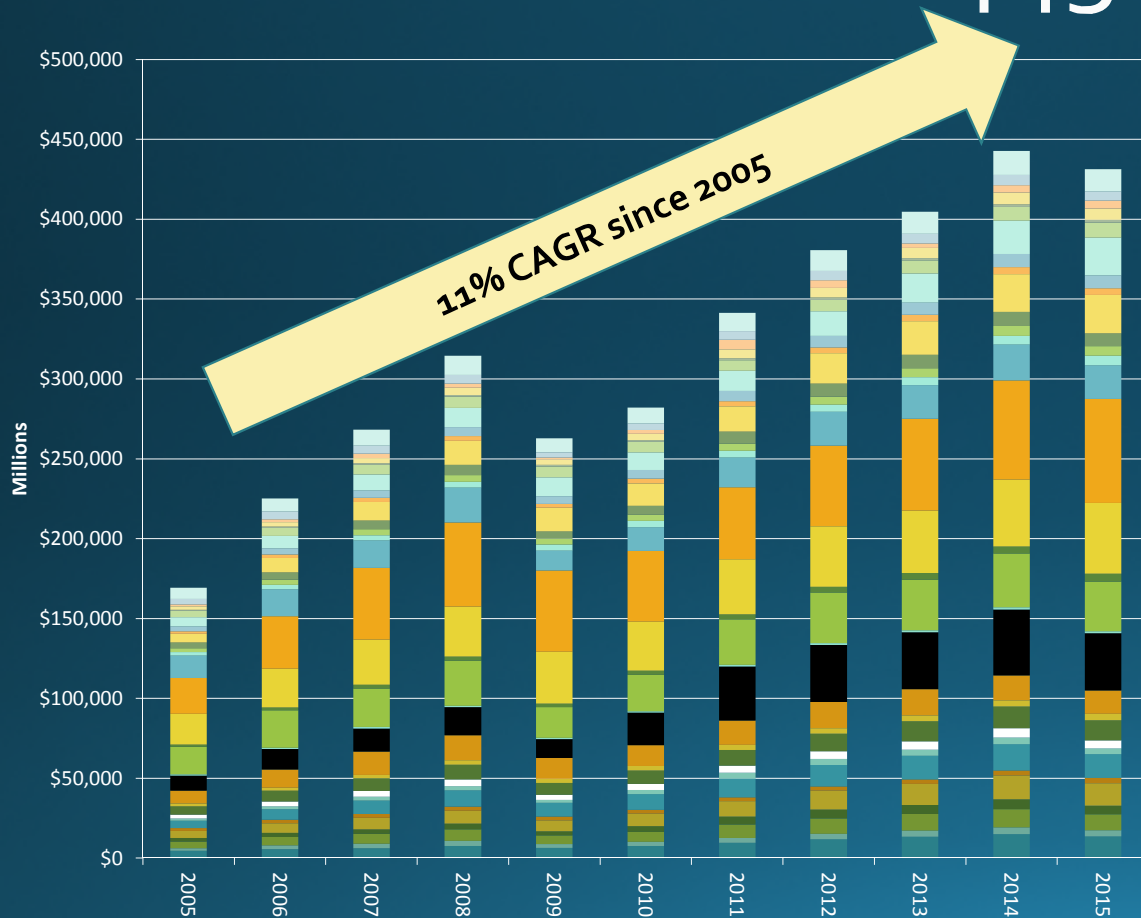
Footage declines  
10%

# US drilling & completion costs



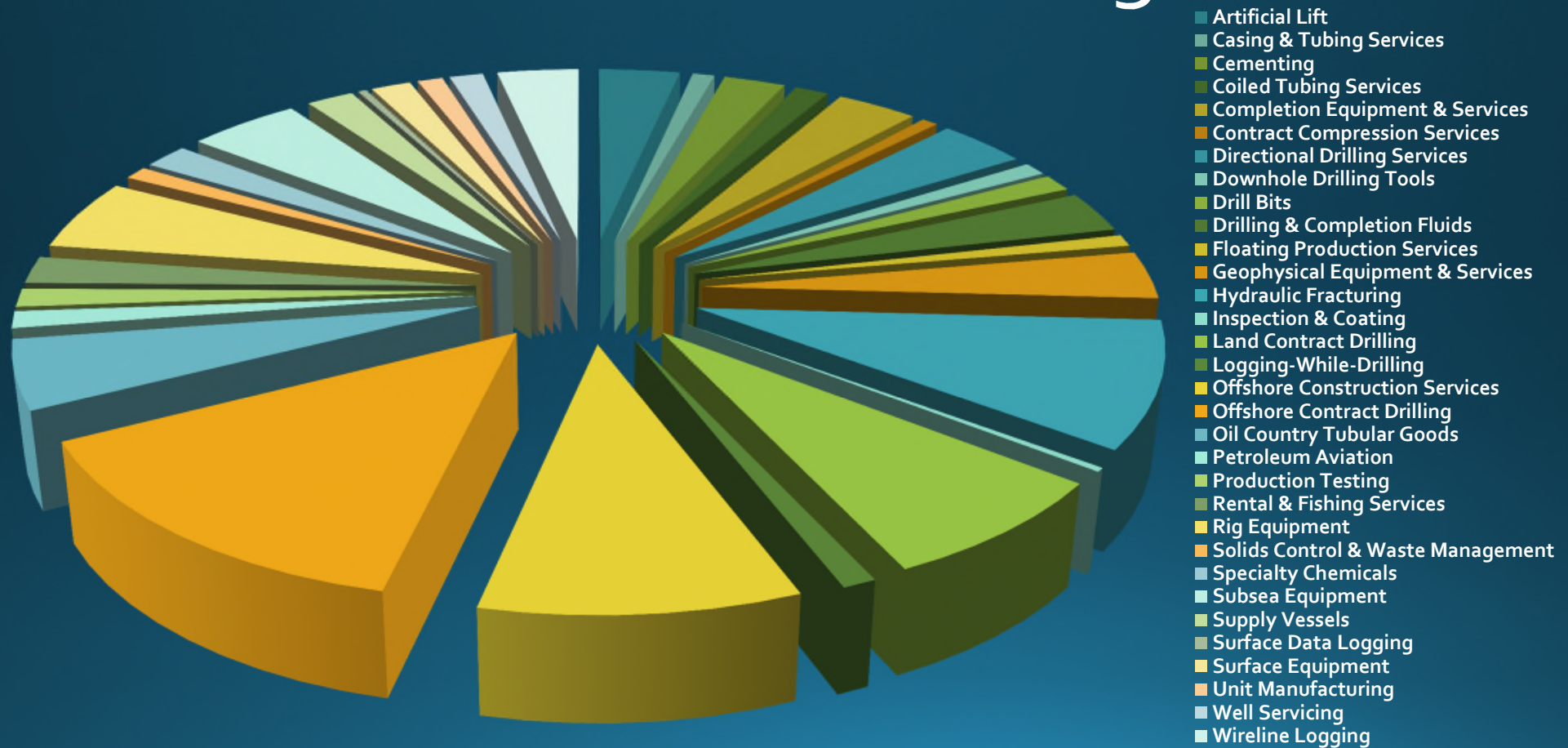
Well costs decline 10%

# Global oilfield is \$443B ....



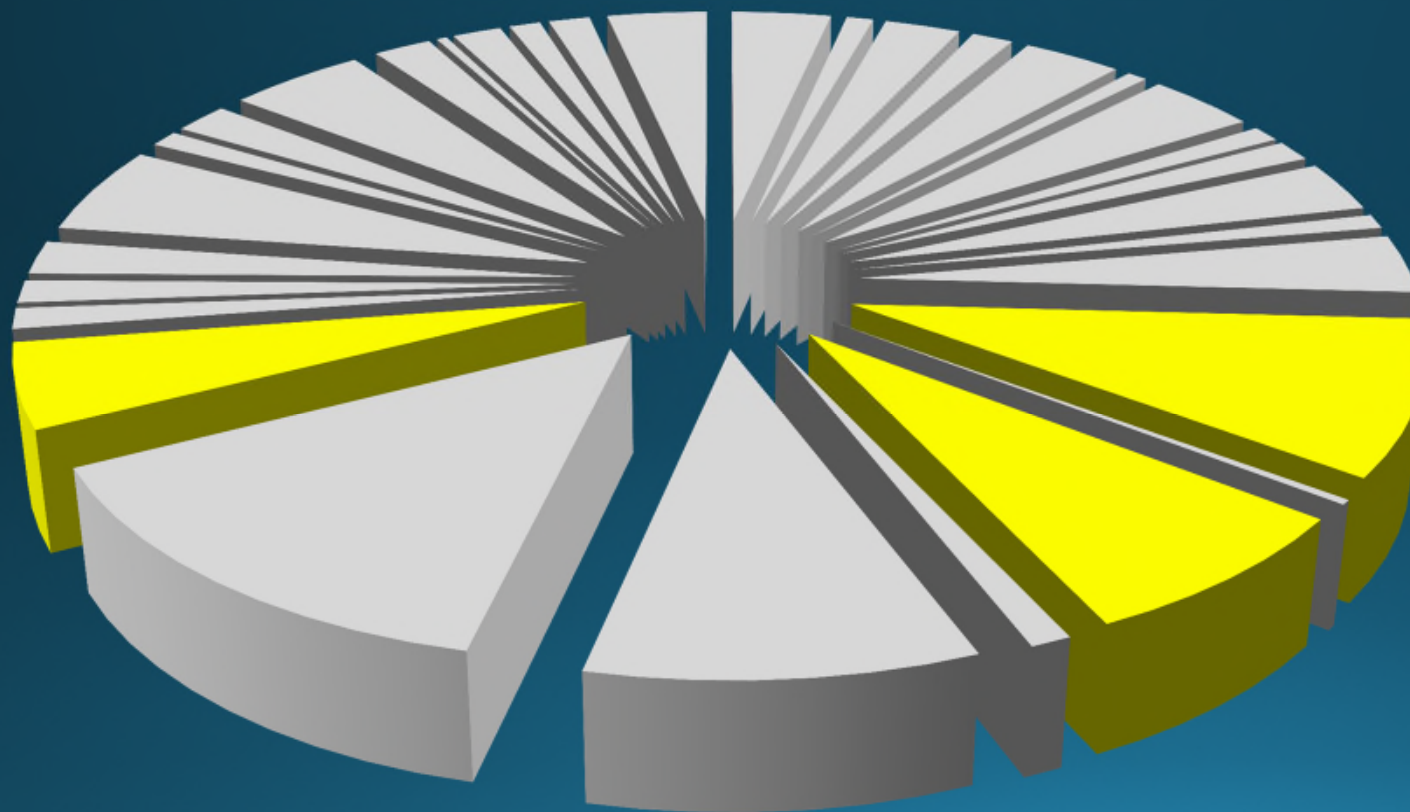


# Most vulnerable oilfield segments



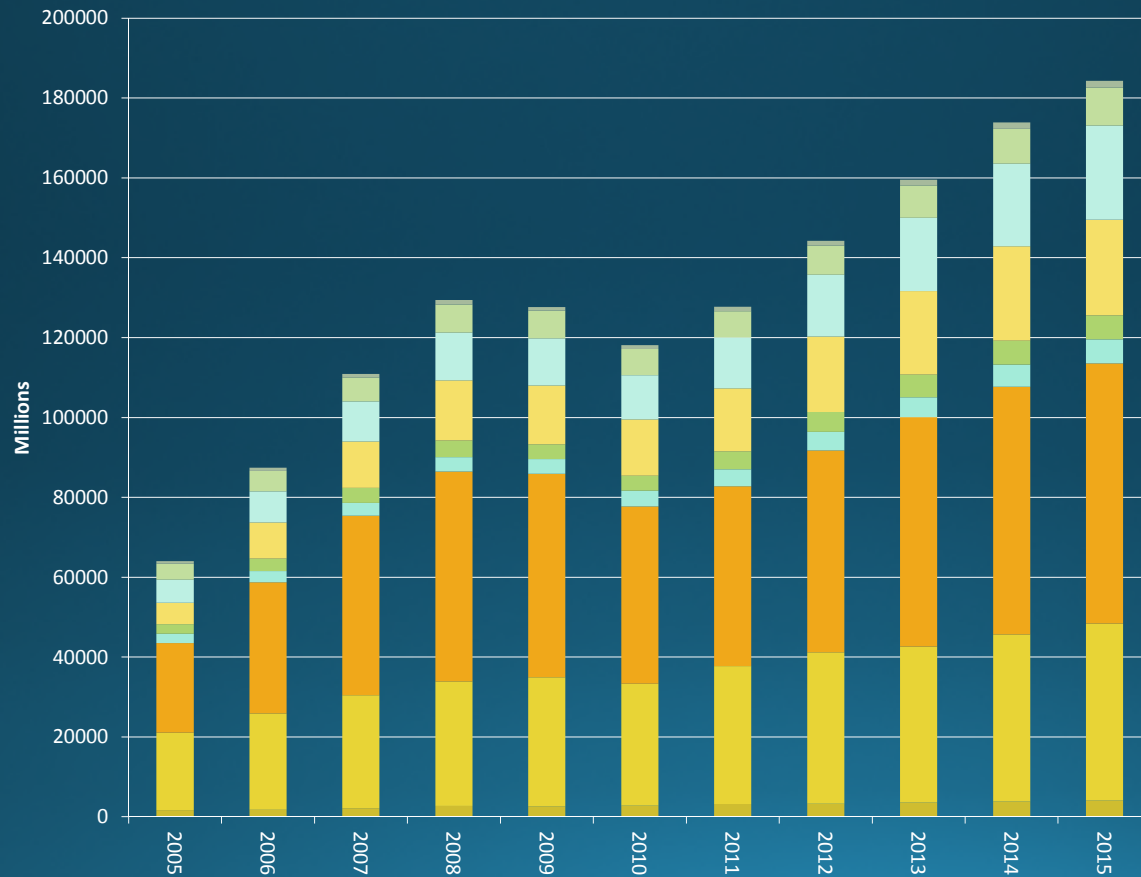


# Most vulnerable oilfield segments

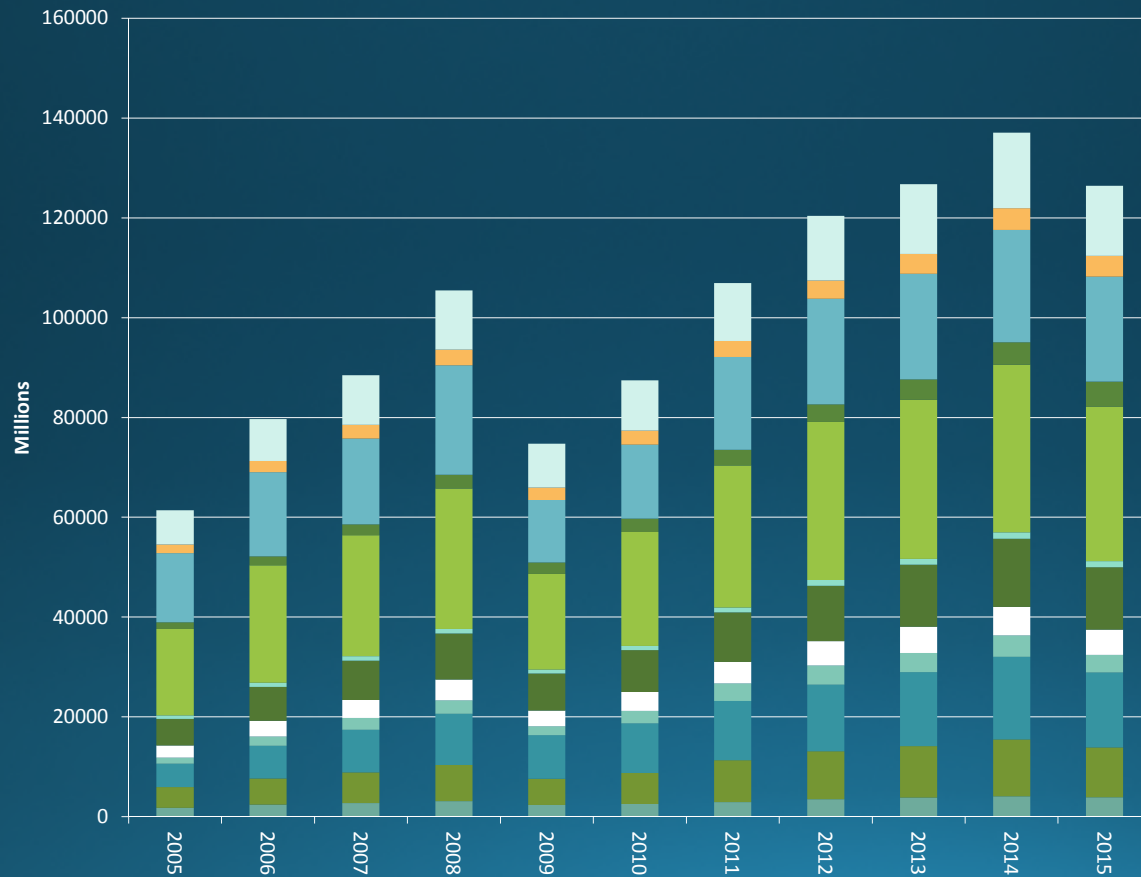


- Artificial Lift
- Casing & Tubing Services
- Cementing
- Coiled Tubing Services
- Completion Equipment & Services
- Contract Compression Services
- Directional Drilling Services
- Downhole Drilling Tools
- Drill Bits
- Drilling & Completion Fluids
- Floating Production Services
- Geophysical Equipment & Services
- Hydraulic Fracturing
- Inspection & Coating
- Land Contract Drilling
- Logging-While-Drilling
- Offshore Construction Services
- Offshore Contract Drilling
- Oil Country Tubular Goods
- Petroleum Aviation
- Production Testing
- Rental & Fishing Services
- Rig Equipment
- Solids Control & Waste Management
- Specialty Chemicals
- Subsea Equipment
- Supply Vessels
- Surface Data Logging
- Surface Equipment
- Unit Manufacturing
- Well Servicing
- Wireline Logging

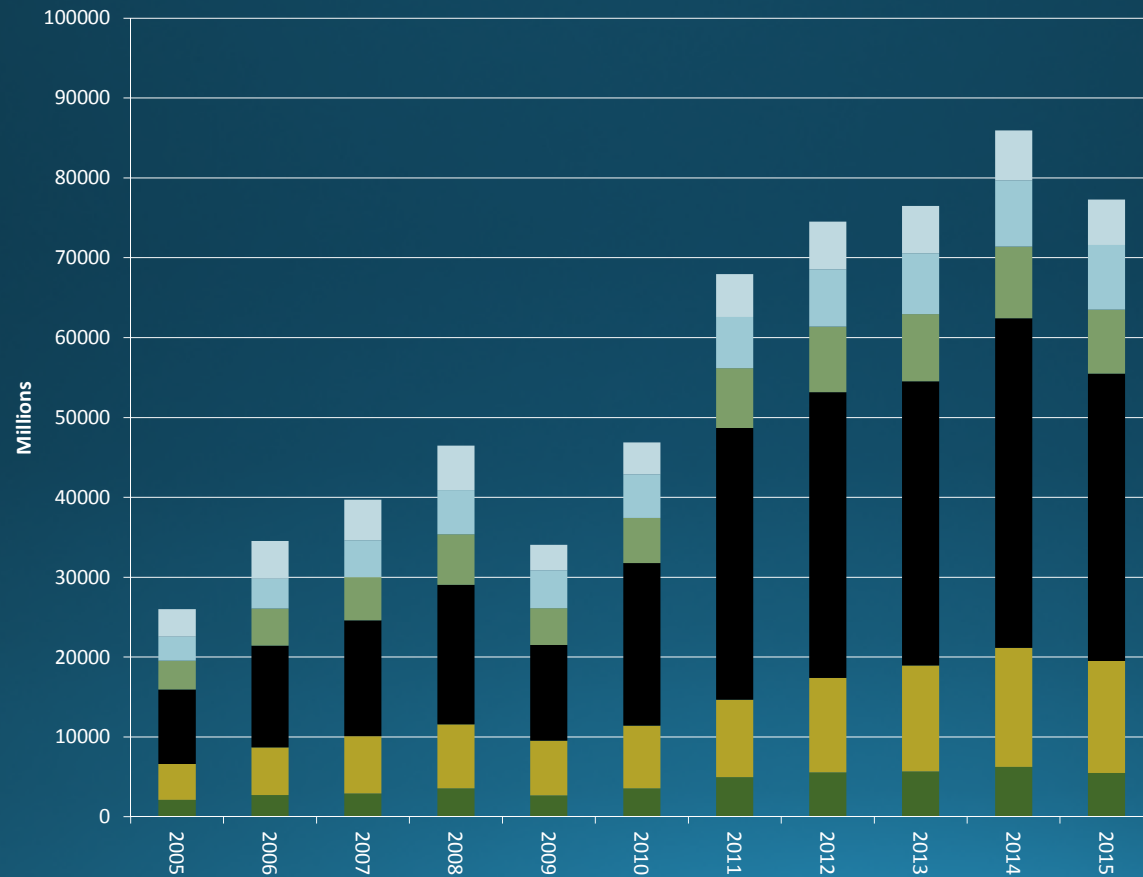
# Offshore outlook is still positive



# Well construction turns negative



# Completion turns negative the most



HAL + BHI

Why this, why now?

The issue of competition

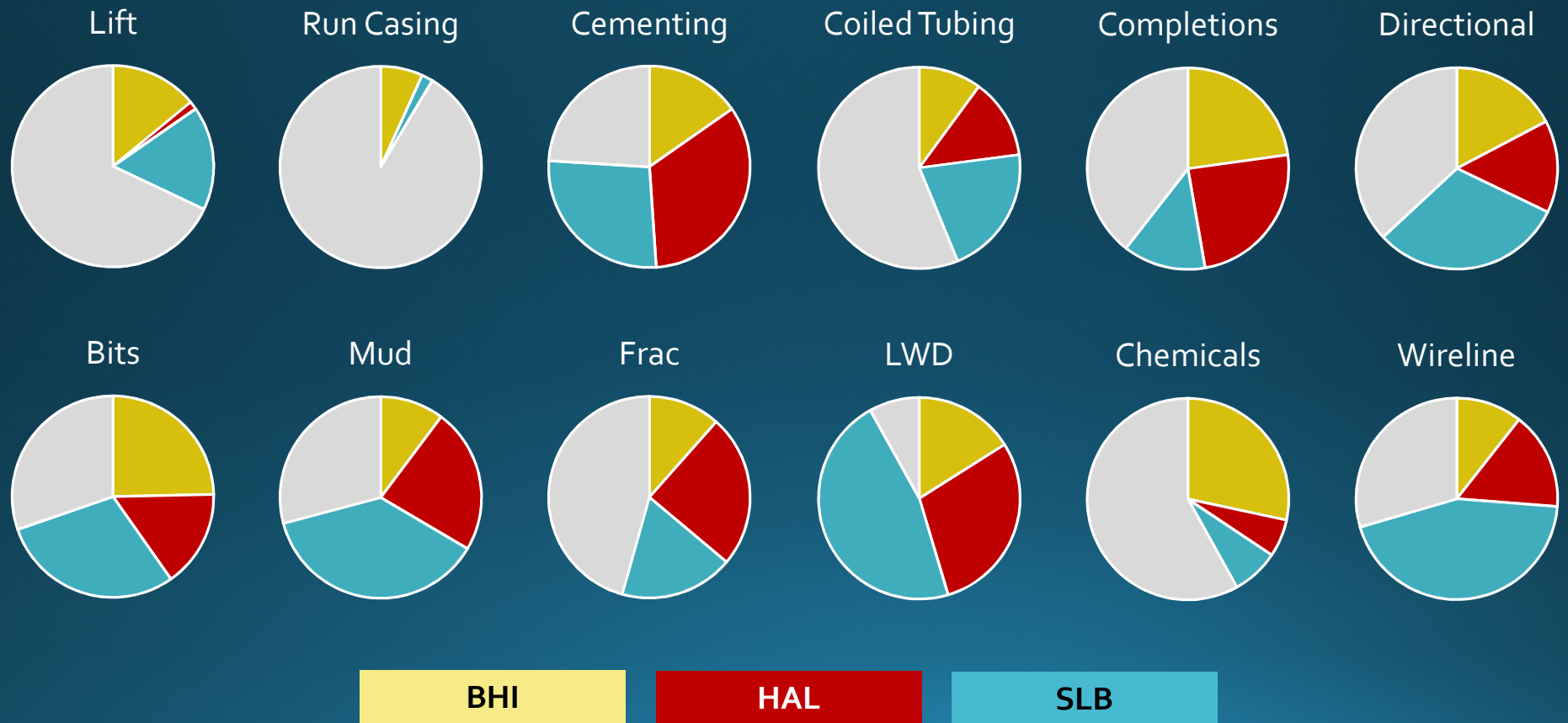
# Why is HAL buying BHI?

To address the needs of international & national oil companies outside North America.

# Global Market Shares by Company



# Global Market Shares by Company

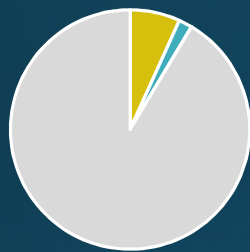


# Possible Spin-offs

Lift



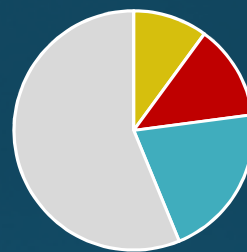
Run Casing



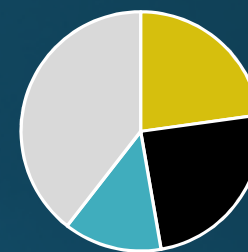
Cementing



Coiled Tubing



Completions



Directional



Bits



Mud



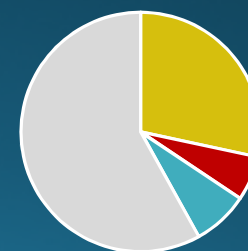
Frac



LWD



Chemicals



Wireline



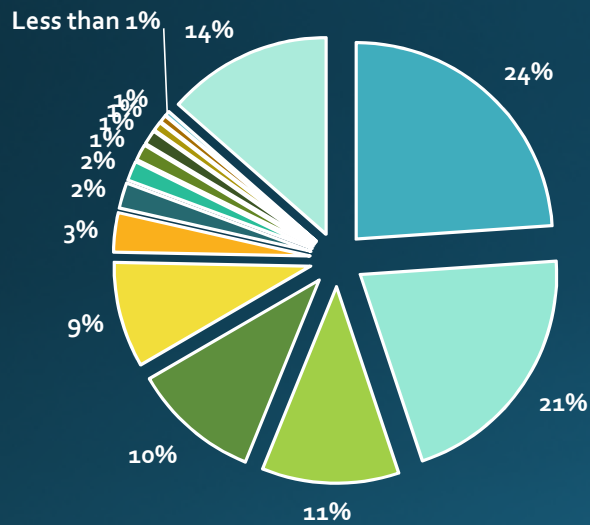
BHI

HAL

SLB

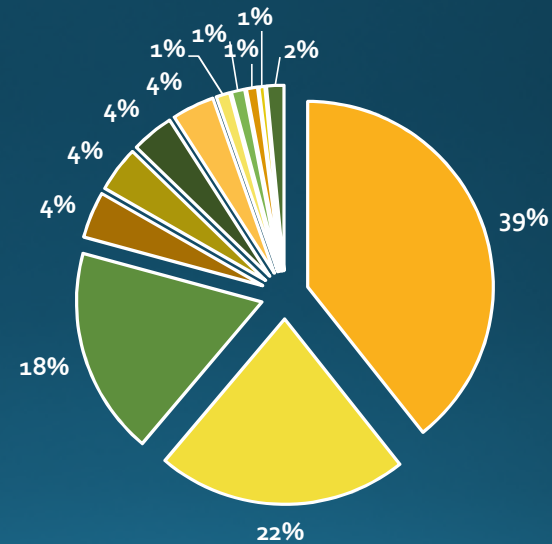
# Will US customers & the DOJ care?

PERMIAN BASIN FRAC



- Halliburton
- Baker Hughes
- Pioneer Pumping
- Schlumberger
- FTS International
- Great White/Archer
- Nabors
- Universal
- Cudd
- Weatherford
- Trican
- Frac Specialists
- Basic Energy Services
- Other

EAGLE FORD CEMENT



- Halliburton
- Baker Hughes
- Schlumberger
- Compass Cementing
- O-Tex Pumping
- Superior Energy Services
- Trican
- Crest
- Sanjel

Spears & Associates' analysis & forecast

# Oilfield Markets