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EXCELLENCE IN THE OILFIELD PAYING OFF FOR INVESTORS

Oilfield Suppliers That Rate High in Customer Satisfaction Generate Higher Investor Returns, Cites New Report

HOUSTON (September 15, 2009) – Oilfield suppliers receiving high marks in customer satisfaction are experiencing superior shareholder returns relative to industry peers, according to a new report from Houston-based EnergyPoint Research, an independent market research company specializing in the oil and gas industry.

EnergyPoint Research conducts surveys throughout the year that measure customer satisfaction of purchasing decision-makers and influencers concerning the selection of major oilfield products and services. Its latest report is based on findings from more than 9,700 customer evaluations of oilfield suppliers.

“Maintaining customer satisfaction in the oil and gas industry is not only a sound business strategy, it can result in significantly higher shareholder returns,” said Doug Sheridan, managing director of EnergyPoint Research. “Companies that are able to effectively focus on, and meet the needs and expectations of, clients regardless of industry conditions enjoy advantages that investors increasingly recognize and value.”

In a review of stock performance for one year after completion of EnergyPoint’s customer satisfaction surveys, the average stock price return of oilfield suppliers ranking in the top half of a survey outperformed those in the bottom half by 10.5 percentage points, according to Sheridan. The outperformance grew to 12.2 percentage points when the observation period was expanded to 24 months.

“Even more striking, suppliers placing in the top quartile of the surveys outperformed the bottom quartile by 18.3 and 33.4 percentage points over the subsequent 12 and 24 months, respectively,” said Sheridan.

“Higher customer satisfaction really does pay off in this industry.”

Indications of a correlation between customer satisfaction and investor returns have existed for years. Yet, over the last several years, the oil and gas industry has struggled to maintain satisfaction levels because of increased industry pressures during upcycles. The competitive edge gained from higher satisfaction in these down times is going to be worth maintaining in the good times as well, says Sheridan.

He cites several advantages to maintaining customer satisfaction, both strategic and financial. First, it is more efficient to retain customers than to constantly replace them. And higher levels of customer satisfaction results in greater customer loyalty, meaning customers are less likely to be lured away by competitors -- even when prospects of lower prices are involved.

Offering additional support that higher customer satisfaction leads to client loyalty, respondents to EnergyPoint surveys who indicated their overall satisfaction with a supplier to be at top-quartile levels also indicated their intention to reuse that same supplier to be at rates almost 40 percent higher on average than for suppliers placing in the bottom quartile, according to Sheridan.

“It has clearly become a more competitive world in the oil and gas industry,” says Sheridan. “The intense sellers market of years past has disappeared and many oilfield suppliers are now sharpening their focus on customers. These companies will emerge as stronger competitors as the industry works to recover from this difficult down cycle.”

About EnergyPoint Research, Inc.

EnergyPoint Research provides independent research regarding the oil and gas industry’s satisfaction with the products and services it purchases and utilizes. Founded in 2003, the firm offers oil and gas industry professionals and their employers opportunities to provide confidential ratings and feedback in important areas to oilfield product and service suppliers through objective and independent evaluation processes. For more information regarding EnergyPoint Research and its surveys and data, visit the company’s website at www.energypointresearch.com or contact the company at info@epresearch.com.

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