



#### 2<sup>nd</sup> Qtr 2008 Satisfaction

##### Oilfield Services

	Rating	Trend
Total Satisfaction	LOW	↔
Pricing	LOW	↓
Technology	LOW	↔
Job Quality	MED	↑
Service & Professionalism	LOW	↔
Health, Safety & Environmental	HIGH	↔
Land Drillers	LOW	↑
Offshore Drillers	MED	↑
Formation & Well Evaluation	MED	↓
Completion Services	HIGH	↑
Workovers & Well Services	LOW	↓
U.S. & Canada	MED	↑
Outside U.S. & Canada	LOW	↓

##### Oilfield Equipment & Materials

	Rating	Trend
Total Satisfaction	LOW	↔
Pricing	LOW	↔
Performance & Reliability	LOW	↓
Availability & Delivery	LOW	↔
Post-sale Support	LOW	↓
Supplier Capabilities	MED	↔
Rigs & Rig Equipment	LOW	↓
Downhole Drilling Equipment	MED	↔
Oil Country Tubular Goods	HIGH	↑
Subsea Equipment	LOW	↓
U.S. & Canada	LOW	↑
Outside U.S. & Canada	LOW	↓

#### TIGHT CONDITIONS CONTINUE TO WEIGH ON RATINGS

As global oilfield activity remains buoyed by historically high long-term commodity prices, our first look at customer satisfaction in 2008 suggests many industry suppliers are still struggling to find an effective means of providing both the resources and service quality today's ravenous upstream customers desire. This is especially the case in the oil-driven international markets, where satisfaction scores in EnergyPoint Research's 2Q 2008 survey appear to have eroded significantly from even 12 months ago. Ratings in the natural gas-driven U.S. & Canadian markets, though still quite low, appear to have leveled out for the time being as weaker natural gas prices in the second half of 2007 have reminded both suppliers and customers of the natural order of things. Overall, ratings for both oilfield products and service providers showed incremental drops versus 2007 and 2006, respectively. Pricing continues to be the lowest-rated attribute, although not the largest driver of satisfaction, on both the products and services sides of the supply chain.

#### STEMMING FURTHER DECLINES

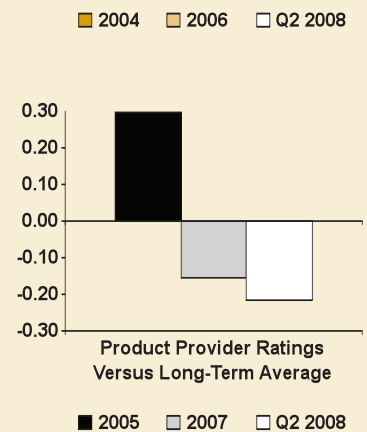
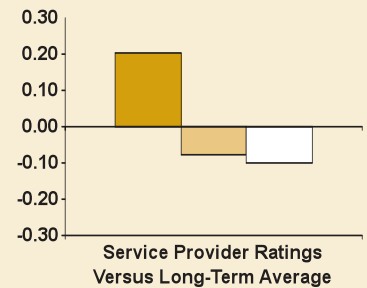
So, what's on the horizon? While we're by no means forecasting a significant reversal in upstream customer satisfaction anytime soon, we'll be watching to see if a ratings bottom materializes in the next couple of quarters as a small but growing number of suppliers seem to be successfully expanding their capabilities while gaining greater control over their operations. Leading the way are drilling contractors, a group which saw ratings rise meaningfully in the most recent period. Admittedly, a looser market for GOM jackups likely contributed to improved scores, but we note that deepwater drilling providers also recorded healthy ratings increases despite a very tight market globally. North American land drillers showed improvements as well, although we question whether these gains can be held in the face of recent renewed strength in natural gas prices and a corresponding uptick in demand for rigs. The large integrated service providers appear to have seen their ratings also stabilize with erosion in Baker Hughes' ratings offset by improved marks for Halliburton. On the equipment and materials side, the picture is less sanguine as overall ratings declined in the all-important areas of performance, reliability and post-sale support. Industry juggernaut NOV's ratings showed little in the way of improvement from the low levels recorded last year. One notable exception to the poor performance of product providers has been the OCTG group, which continues to enjoy high satisfaction despite some challenging operating conditions. Although the impacts of exploding raw materials costs might not yet be fully reflected in ratings, OTCG manufacturers and their distributors deserve noting for their efforts to date.

#### ATTENDING TO THE FUNDAMENTALS

Of course, a one-step-forward, one-step-back approach is a tough way to gain back lost ground. To register real gains, suppliers need to address customer frustrations with what they see as an absence of the requisite tenets for successful supplier-client relationships. Today's customers spend hundreds of billions annually with suppliers, yet all-too often suppliers' energies are focused on their own internal priorities rather than on the needs of clients. Suppliers also spend far too much time, money and resources crafting what they want to say to customers to win their business, and far too little time on what they need to do to keep their business. Significant gains in satisfaction are unlikely until these underlying issues are placated.

#### ABOUT THIS REPORT

This report is the first of EnergyPoint Research's newly-introduced *MarketPartners®* Update series. The report, which is provided free of charge to participants in EnergyPoint's independent surveys, is published quarterly as a complimentary review of the most recent results from our oilfield satisfaction surveys. The report summarizes satisfaction data across various categories and regions, while providing commentary, insight and perspective on issues and trends impacting the industry. To learn more about EnergyPoint and our surveys, visit our site at [www.energypointresearch.com](http://www.energypointresearch.com). Readers are also advised to read in full the attached disclaimer notice.



*"The large integrated providers need to be more proactive in proposing fit-for-purpose products and services, rather than simply pushing untested or unproven technologies."*

**Production Technologist, NOC  
Oilfield Services Survey, Q2-2008**

*"As a result of the upturn in the market, equipment costs have risen sharply while quality, quality control, and personnel have been seriously degraded."*

**Superintendent, Offshore Driller  
Oilfield Products Survey, Q2-2008**

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