



#### HOW THE SEGMENTS STACK UP IN THE SHALE

##### Oilfield Products

Customers are split when it comes to how they see oilfield products performing in the shale. Downhole, products like **Davis-Lynch** cementing equipment and **Smith/Schlumberger** drill bits are top performers. **Derrick Equipment** shale shakers and **Caterpillar** engines are seen as real value-adders at the rig level, but ratings for rig systems and controls fall flat; ratings for most heavy rig equipment do as well. On average, oilfield products post a still healthy score of **106.6**.

##### Oilfield Services

Drilling fluids providers have performed well in U.S. shale markets, with customers taking notice. Although not the largest player, **Newpark Resources** enjoys the #1 customer ranking for shale wells among all service companies. **Halliburton** ranks highest among integrated suppliers, in part due to ratings for its fracturing and other completion-related offerings. Overall, customer satisfaction for this segment of suppliers measures **103.2**.

##### Land Drillers

Land drillers' customer satisfaction-scores measure **101.9** for shale-oriented applications, although average land driller ratings across all well types still remain relatively low. The trend toward more term contracts has, in our opinion, improved land drillers' performance and customer satisfaction levels in recent years. **Helmerich & Payne** and **Precision Drilling** lead the way in terms of customer satisfaction ratings in shale formations among land drillers.

#### THE SUPPLIER-SIDE OF SHALE

Horizontal drilling, multi-stage fracturing and other innovative technologies have forever changed both the economics and mechanics underlying oil and gas drilling and development in onshore U.S. markets. Moreover, it's looking increasingly like these methods will spread to other parts of the globe as well. Unlike for certain other segments we've analyzed (click [here](#) to read more), oil and gas industry suppliers deserve much of the credit for today's shale renaissance. And that's not just our opinion. Since 2008, users of oilfield products and services participating in EnergyPoint Research's independent customer satisfaction surveys have rated suppliers noticeably higher for horizontal and other shale-related applications than for other types of wells. This has been the case in terms of overall satisfaction as well as across multiple product and service attributes.

#### DIFFERENTIATION BELOW THE SURFACE

Much of the appreciation customers show towards suppliers for shale wells reflects the successful application and adaptation of existing downhole products and services. For instance, today's cementing equipment (centralizers, float/guide shoes, etc.), drill bits, and casing/tubing installation services all appear particularly well suited, even tailored, to the execution and completion of long horizontal laterals. The data suggest fishing tools, drilling fluids, and land drilling services are also increasingly up to the challenge. Interestingly, the typical customer satisfaction rating for hydraulic fracturing of shale-oriented wells is not much different than it is for other well types these days. This somewhat surprising finding likely reflects ongoing capacity constraints, and thus disproportionate levels of supplier leverage, in the category rather than any lack of appreciation for the service or technology itself. Up on the drilling rig, however, it's a different story. Many of today's major rig components, with the exception of rig engines, appear to be significant drags on overall customer satisfaction when it comes to shale-oriented activity. In particular, and in furtherance of a pattern we've seen previously (click [here](#) to read more), customers convey particular displeasure with rig controls, instrumentation and networking/communication systems on today's rigs. Top drives, typically touted by suppliers as big value-adders for shale-type drilling, also carry conspicuously low ratings.

#### IMPLICATIONS & OPPORTUNITIES

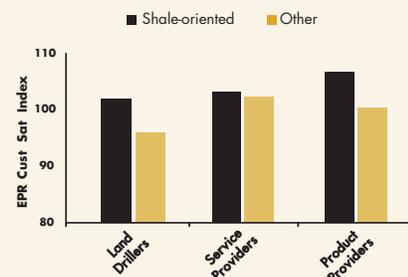
So, what are some of the implications of these findings? First and foremost, we believe additional gains in supplier performance related to shale applications are achievable. For example, substituting less expensive and more nimble rotary steerable systems for lower-rated and more expensive top drives, along with development of improved rig controls for enhanced performance and reliability, could represent real steps forward. We also believe the data show, in rather compelling fashion, that suppliers' expertise in U.S. shale markets should be highly valued internationally. This ought to give comfort to higher-performing U.S. land drillers and service providers looking to make their case with international operators.

#### ABOUT THE DATA

This report is derived from 6,000+ customer evaluations of oilfield product and service suppliers collected via EnergyPoint Research's independent surveys since June 2008. In exchange for participating, respondents were provided survey results in the form of our MarketPartners® Reports and Updates, past versions of which may be found at [www.energypointresearch.com](http://www.energypointresearch.com). Learn more about EnergyPoint Research and our surveys us at [info@epresearch.com](mailto:info@epresearch.com) or +1.713.529.9450.

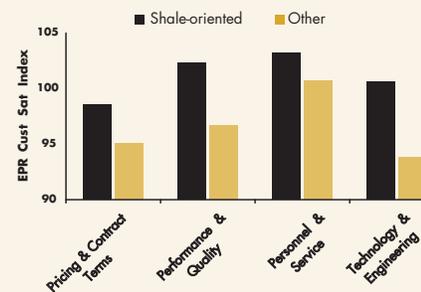
#### Suppliers Enjoy Higher Customer Ratings For Shale-oriented Wells...

Satisfaction as a % of 2008 - 11 Industry-wide Avg



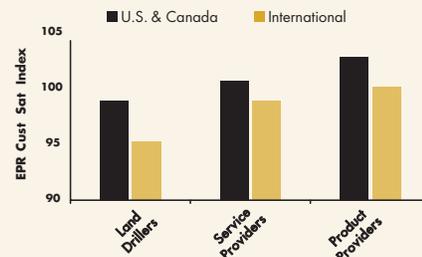
#### ... Across Numerous Key Attributes

Satisfaction as a % of 2008 - 11 Industry-wide Avg



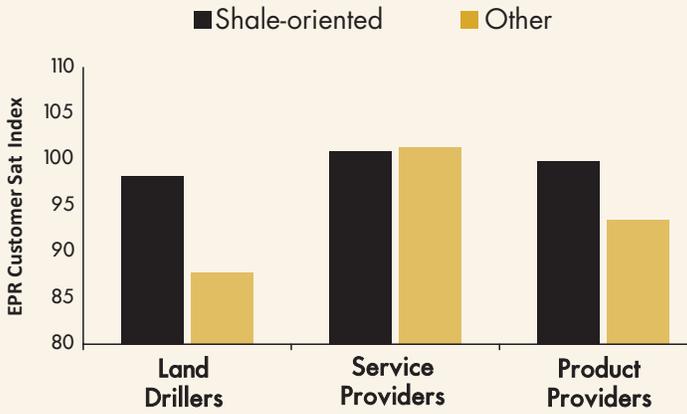
#### Shale-related Proficiency Greater in the U.S. & Canada

Satisfaction as a % of 2008 - 11 Industry-wide Avg



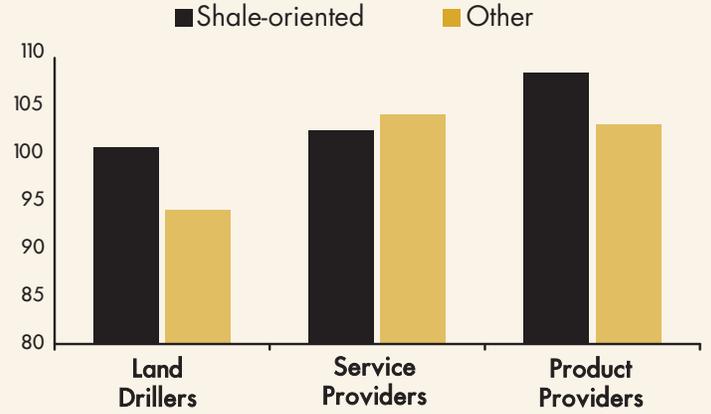
### Pricing & Contract Terms

Satisfaction as a % of 2008 - 11 Industry-wide Avg



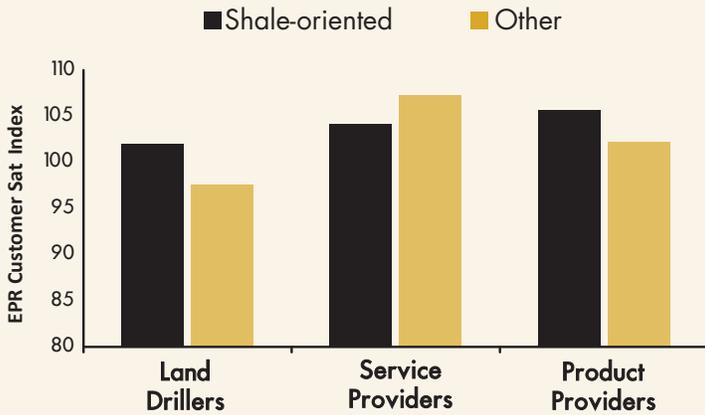
### Performance, Quality & Reliability

Satisfaction as a % of 2008 - 11 Industry-wide Avg



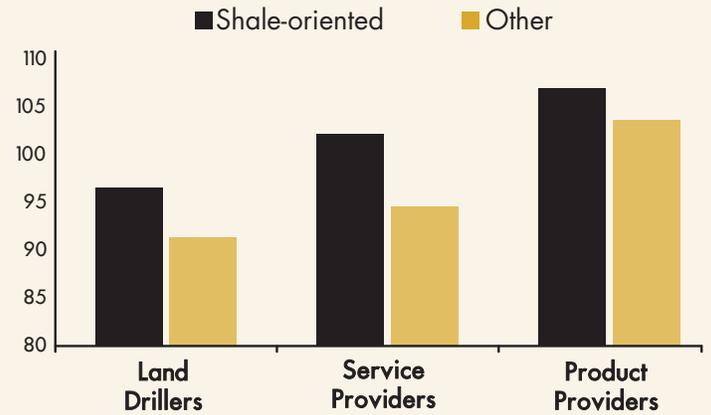
### Personnel, Service & Professionalism

Satisfaction as a % of 2008 - 11 Industry-wide Avg



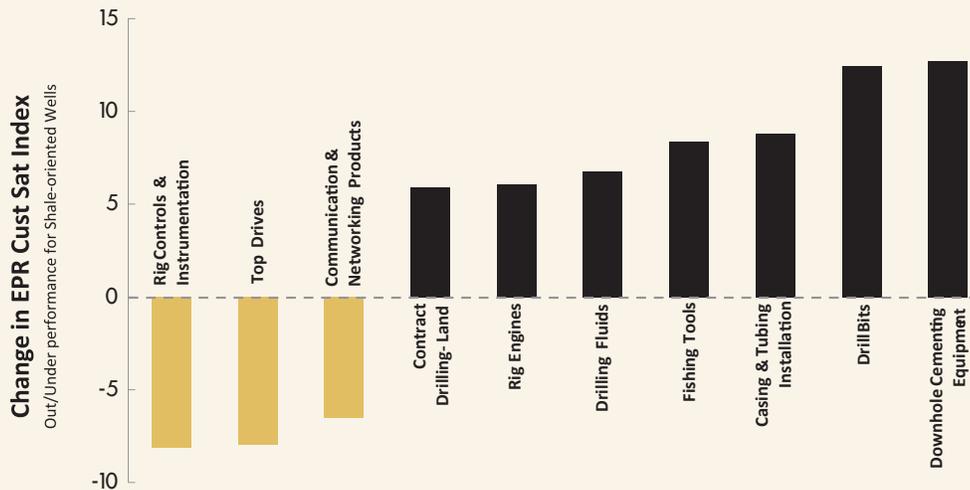
### Engineering & Technology

Satisfaction as a % of 2008 - 11 Industry-wide Avg



## Suppliers Make The Largest Impacts Downhole

Differences between 2008 - 11 Shale-oriented and Non Shale-oriented Ratings



## ABOUT ENERGY POINT RESEARCH

Energy Point Research provides independent research regarding the oil and gas industry's satisfaction with the products and services it purchases and utilizes. The firm offers industry professionals and their employers opportunities to provide comprehensive and confidential feedback to suppliers through objective and independent evaluation processes. In return for participating in surveys, respondents and their employers receive complimentary survey results in the form of EnergyPoint's *MarketPartners* Reports and Updates. Through the *MarketPartners* Program, EnergyPoint regularly surveys significant cross-sections of experienced industry participants involved in the selection and utilization of oilfield products and service providers. Survey participants range from managers at some of the world's largest energy companies to field personnel at independents and regionals. To learn more about Energy Point Research and our benchmark surveys, go to [www.energypointresearch.com](http://www.energypointresearch.com) or call the company in Houston at +1.713.529.9450.

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