

SATISFACTION RATINGS

ATTRIBUTES

	<u>Rating</u>	<u>Trend</u>
TOTAL SATISFACTION	AVG	STABLE
Job Quality	AVG	STABLE
Post Sale Support	AVG	STABLE
Pricing & Contract Terms	LOW	STABLE
Reliability	AVG	STABLE
Safety & Environmental	AVG	DOWN
Service & Personnel	AVG	DOWN
Tech & Engineering	AVG	STABLE

WELL TYPES & REGIONS

	<u>Rating</u>	<u>Trend</u>
Land Wells	AVG	STABLE
Shelf Wells	AVG	STABLE
Deepwater Wells	LOW	DOWN
Hor / Dir Wells	AVG	STABLE
HPHT Wells	AVG	STABLE
Harsh Environments	AVG	STABLE
U.S. & Canada	LOW	DOWN
International	AVG	STABLE

Resilient Through the Ups and Downs

When EnergyPoint published its first-ever report in 2004, Halliburton was in the midst of a high-profile juggling act of sorts. The company was not only grappling with asbestos-related legal issues inherited as part of its ill-fated Dresser Industries acquisition, its now-jettisoned KBR subsidiary was taking flak, both in the media and in Washington D.C., over a series of inutile contracts with the U.S. military. At the time, we weren't sure if these dual distractions were contributing to the company's then-lackluster oilfield customer satisfaction scores. In retrospect, it appears they were. Halliburton's ratings improved appreciably once the issues were resolved and management was able to more fully concentrate on its mainstay energy-services business. And concentrate it did. The company smartly swore off major acquisitions, choosing to focus on organic growth opportunities within its existing portfolio. As shale development began to take off domestically, its hydraulic fracturing expertise became increasingly coveted by upstream clients. By mid 2009, after managing through the prupt decline in global rig count in late 2008 and early 2009, our surveys indicated Halliburton was effectively hitting on all cylinders. Unfortunately, nothing lasts forever. As both demand and expectations grew, customer satisfaction began to decline in 2010. Everything from equipment wear and tear to soaring prices for guar gum played a part. A trend of more subdued ratings for Halliburton have since resulted, including for domestic hydraulic fracturing services and deepwater applications.

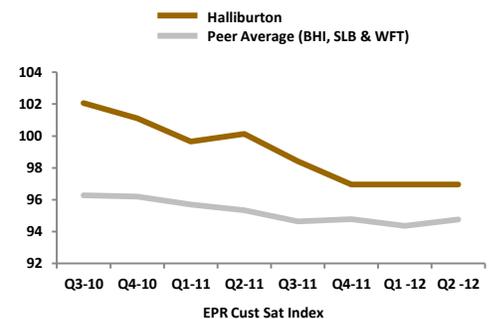
Betting on Innovation

As we've noted before, today's largest oilfield suppliers, at least on paper, appear increasingly look-alike in terms of offerings, reach, strategies, etc. Of course, appearance is one thing, performance is another. While our data point to Halliburton having lost some of its ratings vigor over the last 18 months, the company might have an ace up its sleeve with its new *Frac of the Future* (FOF) initiative. FOF is an ambitious multi-faceted, multi-year effort to reduce the maintenance costs, downtime, horsepower, physical and environmental footprint, and onsite headcount required for frac jobs. Two of FOF's major components -- *Sand Castle* proppant storage units and *Q10* pumps -- are in the early phases of implementation. Our initial interviews with oilfield customers suggest high levels of interest and enthusiasm for the concept. While competitors have introduced new twists of their own in the space, none are as joined in their approach or design. For example, while Schlumberger's *HiWay* offering has its devotees, many customers see it as limited in its application. FOF's appeal is its applicability across a larger swath of well types.

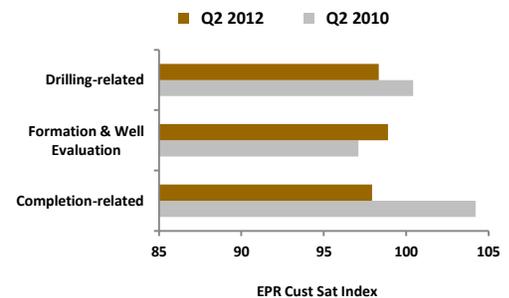
The Bottom Line

The last couple of years have seen a modest erosion in Halliburton's still relatively strong ratings in EnergyPoint surveys. The decline has been especially noticeable within the U.S. & Canada. Its oilfield service lines have suffered more so than its product lines. That said, the company's long-term leadership and recognized reputation in hydraulic fracturing offers it plenty of opportunity to regain its former standing with customers. If successful, the FOF effort has the potential to bring about a paradigm shift in terms of what customers both expect and receive from their pressure pumping suppliers. We're certain competitors will be watching closely. The bigger question is whether what they see compels them to emulate.

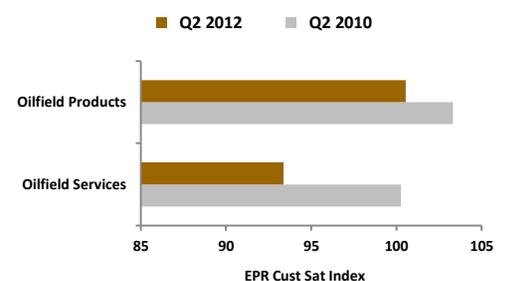
Halliburton's Customer Ratings Are Off Recent Highs
Total Satisfaction Ratings as % of Industry-wide L-T Avg



Weaker Marks in Completions ...
Halliburton Customer Satisfaction Ratings as % of Industry-wide L-T Avg



...Driving Lower Ratings In Services
Halliburton Customer Satisfaction Ratings as % of Industry-wide L-T Avg



* All ratings based on trailing 24-mo average.

GUIDE TO ENERGYPOINT RESEARCH'S CUSTOMER SATISFACTION RATINGS, GRADES & TRENDS

Customer satisfaction ratings are one of several tools parties can use when evaluating the quality and performance of a company or industry. EnergyPoint Research's customer satisfaction ratings are opinions about how upstream oil and gas industry customers view the various oilfield suppliers they utilize and depend upon. Unlike other types of opinions, such as those provided by doctors or lawyers, EnergyPoint customer satisfaction ratings are not intended to be a prognosis or recommendation. Instead, they are intended to provide information about the perceived performance and quality of suppliers within the market place, including their trends over time.

All satisfaction ratings collected in EnergyPoint's surveys, unless otherwise noted, are derived from 1-to-10 pt ratings scales, with 1 indicating a respondent is "Very Dissatisfied" with a supplier and/or its products or services, and 10 indicating they are "Very Satisfied." For purposes of the firm's *Contract Drillers Quarterly*, *Oilfield Services Quarterly* and *Oilfield Products Quarterly* publications, EnergyPoint's opinions regarding suppliers' customer satisfaction levels are converted to grades ranging from "VERY HIGH" to "VERY LOW." Unless otherwise noted, all such grades are based on survey results collected within the prior 24 months, a period the firm believes captures customers' most relevant perspectives toward a supplier. The trends in companies' satisfaction ratings shown in these same quarterly reports, which are based on the change in ratings observed within the last 12 months, are categorized as either "UP", "STABLE" or "DOWN".

The section below explains how suppliers' ratings in EnergyPoint surveys are converted to the grades and trends shown in EnergyPoint's *Customer Satisfaction Quarterly* updates:

CONVERSION OF CUSTOMER SATISFACTION RATINGS TO GRADES		CONVERSION OF CHANGE IN SATISFACTION RATINGS TO TRENDS	
<u>Rating Based on 1-to-10 Point Scale</u>	<u>Grade Based on 1-to-10 Point Rating</u>	<u>Change in Rating Over Last 12 Mo's</u>	<u>Trend Based on Change in Rating</u>
Greater than 8.25	"VERY HIGH"	Increase of 0.25 pts or more	"UP"
Less than 8.25 and Greater than 7.75	"HIGH"	Increase or decrease of less than 0.25	"STEADY"
Less than 7.75 and Greater than 6.75	"AVERAGE"	Decrease of 0.25 pts or more	"DOWN"
Less than 6.75 and Greater than 6.25	"LOW"		
Less than 6.25	"VERY LOW"		

Below is a list of the contract drillers and oilfield suppliers for which EnergyPoint collects and publishes customer satisfaction ratings as of January 1, 2012 (companies in **bold** are those covered in the firm's *Quarterly* updates):

Aker Solutions

Atwood Oceanics

Baker Hughes

Basic Energy Services

Cameron International

Caterpillar

Champion Technologies

Core Laboratories

Davis-Lynch

Delmar Systems

Derrick Equipment

Diamond Offshore

Dril-Quip

ENSCO

Expro

FMC Technologies

Forum Energy Technologies

Frank's

Gardner Denver

GE Oil & Gas

Halliburton

Helmerich & Payne

KCA DEUTAG

Key Energy Services

LeTourneau Technologies

Lufkin Industries

McJunkin Red Man

M-I SWACO

Nabors Industries

National Oilwell Varco

Newpark Resources

Noble Drilling

Oceaneering International

Oil States International

Omron IDM

Pason Systems

Patterson-UTI

Precision Drilling

Rowan Drilling

Schlumberger

Scientific Drilling

Seadrill

Sumitomo Metals

Tenaris

Tesco

TETRA Technologies

Transocean

U.S. Steel

Unit Drilling

V&M Tubes

Weatherford International

Wilson Supply

ABOUT ENERGYPOINT RESEARCH

EnergyPoint 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 EnergyPoint Research and our benchmark surveys, go to www.energypointresearch.com or call the company in Houston, Texas at +1.713.529.9450.

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