



Offerings Most Likely to Be Used with Others in EnergyPoint's Surveys

Oilfield Products

MOST OFTEN

1. Downhole Cementing Equipment
2. Downhole Motors
3. Packers
4. Sand Control Equipment
5. Drill Bits

LEAST OFTEN

1. Remotely Operated Vehicles
2. Rig Engines
3. Drill Pipe
4. Subsea BOP's
5. Oil Country Tubular Goods

Oilfield Services

MOST OFTEN

1. Directional Drilling
2. Wireline Logging
3. Perforation
4. LWD
5. Cementing

LEAST OFTEN

1. Contract Drilling
2. Casing & Tubing Installation
3. Well Testing
4. Drilling Fluids Services
5. Fishing Services

BUNDLING: ALL IT'S CRACKED UP TO BE ?

Bundling of oilfield products and services is a hot topic these days. Suppliers contend it's what customers need. Customers seem intrigued. Wall Street sees the concept as a catalyst for suppliers to grow revenues and expand margins, and a logical way for operators to reduce costs. Certainly, it's easy to understand the enthusiasm. After all, who doesn't want to believe that leveraging existing relationships and infrastructure by selling more goods and services to clients is a good thing? Likewise, for customers seeking more effective supply chain solutions and partnering practices, "one-stop-shopping" must be the way to go. Right? Well, maybe not. Analysis of data collected as part of EnergyPoint Research's customer satisfaction surveys in recent years paints a more unclear picture regarding the benefits of bundling than conventional wisdom might suggest.

THE ANALYSIS

To better understand the impact bundling has on user experiences, we segmented thousands of customer evaluations of oilfield suppliers from our industry-wide surveys into four groups based on the number of a supplier's product or service offerings used by the respondent. We then calculated the average customer satisfaction rating respondents gave suppliers within each group. What we found was that the greater the number of a supplier's offerings a respondent used, the lower the overall satisfaction score the supplier received from the respondent on average. The drop-off was especially apparent, with a *t-test* showing 99% statistical significance, when three or more offerings were utilized. Of the 50+ offerings measured in EnergyPoint's surveys, downhole cementing equipment was the product category most often used in conjunction with others from the same supplier. ROVs were the least. On the services side, directional drilling was the most likely to be rated in conjunction with others from a single supplier, while contract drilling was the least. Equipment providers Aker Solutions, Cameron and NOV all saw meaningfully lower levels of customer satisfaction when three or more products were used. Baker Hughes and Halliburton showed only modest differences, while Schlumberger's gap was quite large. Weatherford was the only supplier we examined that saw its satisfaction score actually rise with broader usage of its offerings.

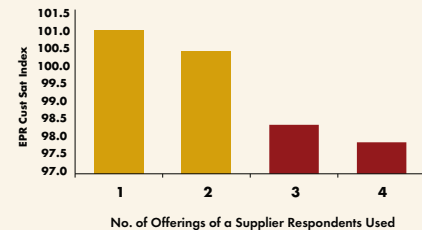
REASSESSMENTS WARRANTED

Dealing with a single supplier for multiple products and services is one thing, having a better overall experience with those offerings is another. Although correlation does not prove causation, if the practice of bundling is in fact an effective way for suppliers to add value for customers, it's our opinion results from the above analysis would look much different. At the very least, we believe results from the analysis cast doubt on any blanket contention that bundling significantly boosts customer satisfaction on average. What's more, given the shape of the data, it's our opinion that the industry's efforts at bundling may actually be, at least on balance, hurting overall customer satisfaction levels.

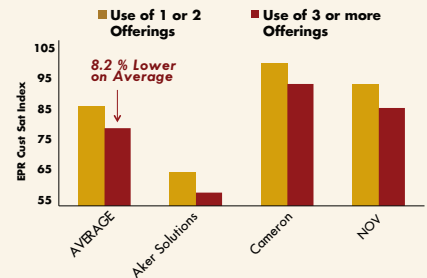
ABOUT THE DATA

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. To learn more about EnergyPoint Research and our surveys, contact us at info@epresearch.com or +1.713.529.9450.

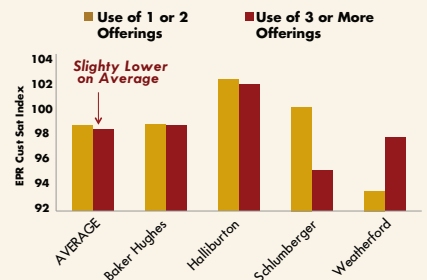
Greater Use of a Supplier's Offerings Correlates with Lower Customer Satisfaction
Category Ratings as a % of Industry-wide Average



Results Show Consistent Ratings Gaps For Large Equipment Vendors...
Category Ratings as a % of Industry-wide Average



... But Less Clear for Larger, More Integrated Players
Category Ratings as a % of Industry-wide Average



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 or call the company in Houston at +1.713.529.9450.

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