

WATCHFUL EYES, EVERYWHERE

In the wake of the BP Macondo Gulf of Mexico oil spill, the oil and gas industry is, and will remain for years to come, under the proverbial microscope. And it's not only politicians and environmentalists that are peering through the crude-stained eyepiece. The gawking multitudes this time around include the media, investors, John Q. Public, and even industry participants themselves. Going forward, virtually every move the industry makes (or fails to make) will be subject to analyses designed to ascertain whether the industry can be trusted to take the steps needed to improve its performance, stewardship and reputation. In some cases, the scrutiny will be fair; in others, it will be politically driven or even twisted. Sometimes the truth will carry the day; other times the truth won't see the light of day. But, be sure, the scrutiny will persist.

LEADERSHIP NEEDED

Given this new reality, how should the industry proceed? Does it continue to operate as it has in the past, making steady but mostly incremental, and sometimes insufficient, progress? Or does it more purposefully tap into its own remarkable and proven capacity for problem solving, making larger strides than might otherwise be expected and, in the process, take greater control of its own destiny? We believe the latter is the correct path forward.

We also believe that leading companies within the oilfield supplier sector can play integral roles in advancing the industry's cause and reputation. In the same way a small group of iconoclastic automobile manufacturers kicked off decades ago the quality movement that each of the world's auto companies

and their suppliers embrace today, there exist companies within the oil and gas industry that are already leading the revolution toward greater performance, reliability and accountability.

MULTIPLE AREAS OF FOCUS

One area on which considerable focus has fallen since the Gulf spill hit the headlines is the health, safety and environmental, or HSE, practices of the industry. Notwithstanding some ill-informed pundits' assertions to the contrary, an oilfield supplier's HSE performance has for years been the first and last factor considered by most customers when selecting their oilfield providers. Still is.

The good news is that over the years HSE ratings of suppliers via EnergyPoint Research's independent customer satisfaction surveys have come in materially higher than suppliers' overall customer satisfaction levels. Moreover, despite overall satisfaction levels reaching a low point in 2006-07 as

industry activity skyrocketed, HSE ratings were not themselves compromised. HSE ratings leaders in EnergyPoint's most recent land driller, offshore driller, oilfield services and oilfield product surveys are, respectively, Helmerich & Payne, Noble Drilling, Schlumberger and Oceaneering International.

When it comes to of supplier performance and reliability, the importance of consistency can't be overstated. In fact, a company's ability to consistently satisfy its customers can have direct impacts on its total satisfaction ratings, and on its stock-price performance, over time. Helmerich & Payne is rated tops in EnergyPoint's surveys in terms of performance and

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reliability among land drillers, while EnscO Plc rates first among offshore drillers. On the oilfield products side, Derrick Equipment holds the honors, and Core Laboratories enjoys the strongest such marks among service providers.

The last several months have also cast a spotlight on the perceived integrity and accountability of the industry and its participants. Not surprisingly, many of the same suppliers that score well with customers in accountability and responsiveness in our surveys also score well in terms of integrity and ethical behavior. In addition to many of the suppliers already mentioned above, industry players that survey respondents see as truly “walking the walk” in terms of organizational character and integrity include Newpark Resources, Parker Drilling, M-I SWACO and Rowan Drilling.

It’s also important to note that since EnergyPoint conducted its first survey in 2004 service-, professionalism- and character-based attributes have played significant roles in driving the overall satisfaction levels achieved by suppliers.

THE ANSWERS WITHIN

Industry suppliers would do well to both study and emulate the actions of the industry’s top-rated names. For example, those looking to understand how to manage assets and people that operate in unforgiving environments for months at a time, lift anchor, relocate to another region of the world, then do it all over again safely and efficiently should take a close look at Noble Drilling and EnscO. They are two offshore drillers that have shown themselves to be among the best in the world at these kinds of activities.

Likewise, those striving to successfully combine fit-for-purpose technology with long-term organizational balance, performance and safety should acquaint them-

selves with Helmerich & Payne, a company with considerable talents and reputation in these areas. There’s also much to be gleaned from Oceaneering and Derrick Equipment when it comes to designing products that perform as expected and over the long haul. Finally, Core Laboratories can teach all of us something about world-class consistency, quality and vision.

RAISING THE BAR

To be clear, there’s considerable evidence outside of the Gulf oil spill that the oil and gas industry, and specifically its supplier base, has room for improvement in terms of its performance and quality. After converting

our ratings scale to that of the University of Michigan’s American Customer Satisfaction Index, or ACSI, EnergyPoint’s broader oilfield supplier satisfaction ratings significantly trail those of most of the industries tracked in the ACSI. In fact, oilfield suppliers as a whole registered scores much closer to the ACSI laggards (utilities and transportation) than its leaders (durable and non-durable manufacturers). At the same

time, many of the leading oilfield suppliers highlighted in this and other EnergyPoint Research reports over the years enjoy customer satisfaction ratings that rival those of the highest-rated companies in the world, companies like as Apple, BMW, Federal Express, Google, Sony, Southwest Airlines, etc.

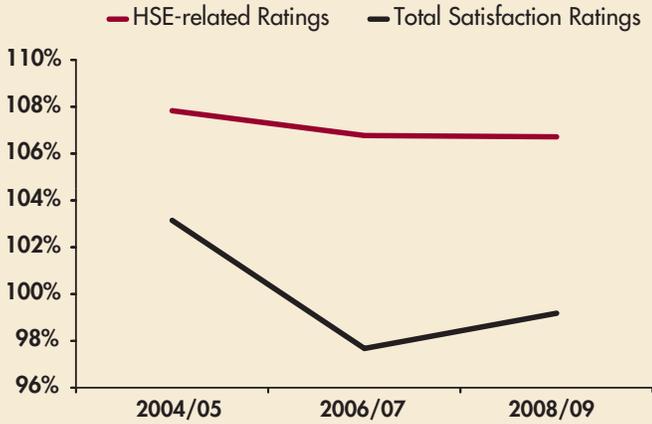
So, the point to all of this is that as the oil and gas industry searches for ways to improve its overall reliability and performance, it would be wrong to assume that the final blueprints for such improvements lie outside of the industry itself. Rather, we believe the industry need look no further than the oilfield suppliers already identified as being the best at what they do. By doing so, the industry will find many of the answers it seeks in the most familiar of places and forms.

“When it comes to supplier performance and reliability, the importance of consistency can’t be overstated.”

This report is based on findings from over 12,000 customer evaluations of oilfield suppliers collected via EnergyPoint Research’s independent customer satisfaction surveys since 2004. In exchange for participating, respondents were provided survey results in the form of EnergyPoint’s MarketPartners® Reports & Updates, past versions of which may be found at www.energypointresearch.com.

HSE-related Satisfaction Ratings Have Remained Strong

Industry-wide Ratings as a Percentage of Long-term Total Satisfaction

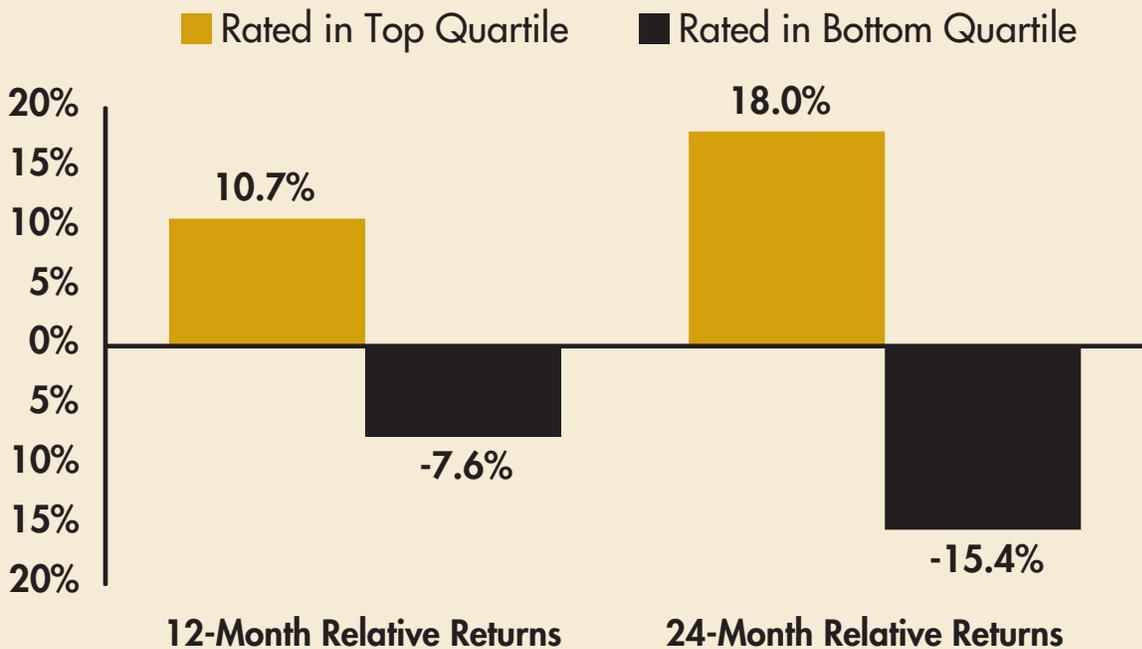


Relationship Between Ratings Consistency & Total Satisfaction

2004 -09 EnergyPoint Research Surveys



Since 2004, Investor Returns of Oilfield Suppliers Have Favored Customer Satisfaction Leaders



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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 at +1.713.529.9450.

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