

# Global Wireline Market

with a Focus on US Land

## 2008-2020

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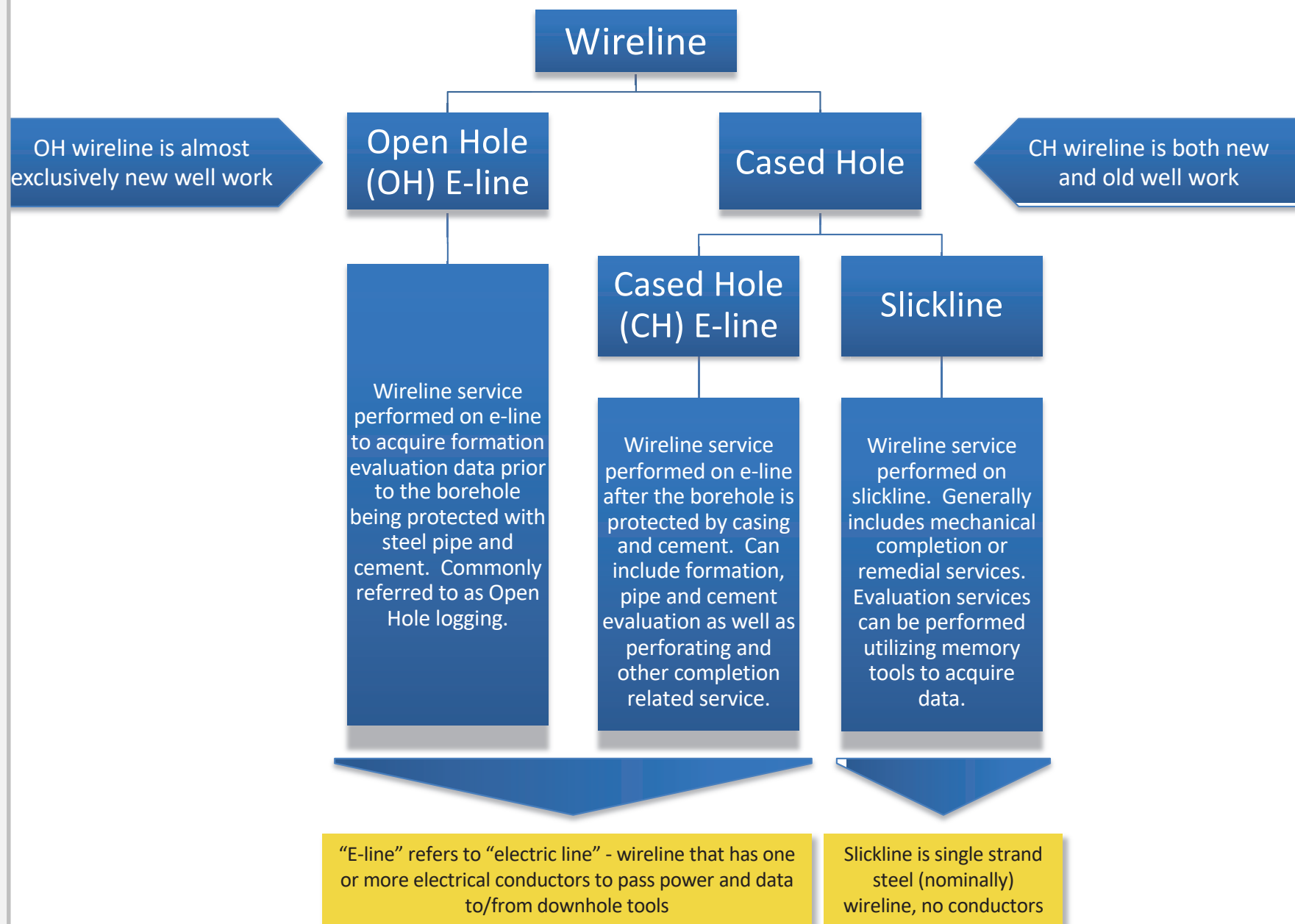
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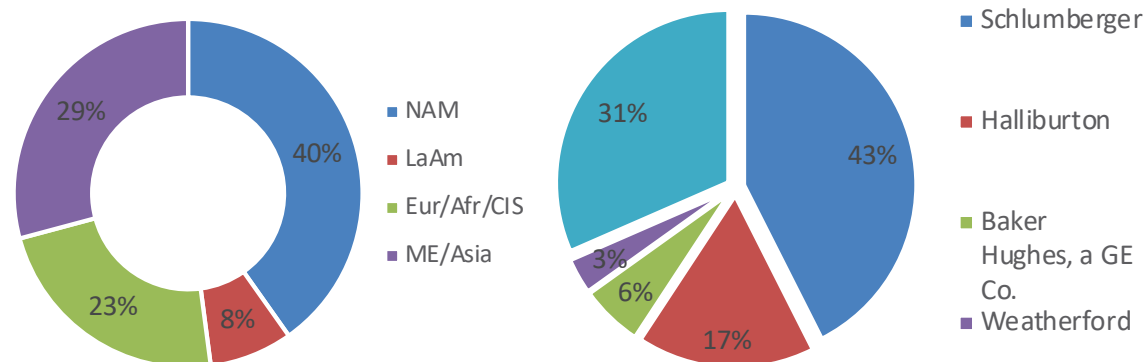
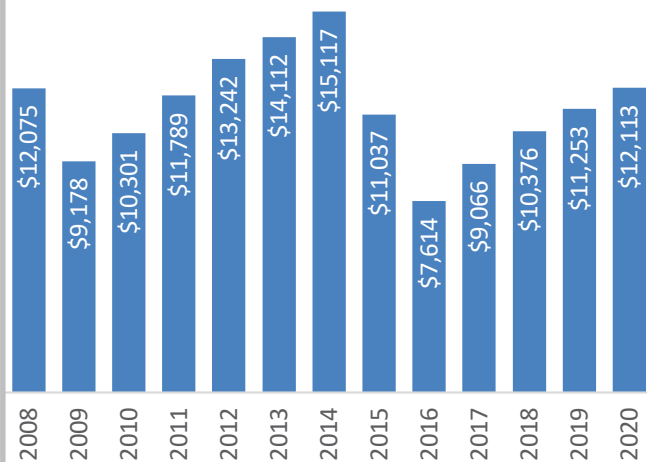
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Note: This report is updated quarterly. Effort is made to keep the format and content consistent with each revision for ease of use. New content may be added when relevant and instructive. Most, if not all, data points and projections are updated with latest available information.

# Introduction: Market Description



# Global Wireline: Executive Summary



**The Global Wireline Market for 2019 rises to \$11.2 billion.** 2019 represents a Y/Y growth of 8% for Wireline following 2018's growth of 14%. The North American market softened in the 2H 2018. Completion activity fell and pricing faced downward pressure on land NAM due to Permian takeaway concerns in Q3 and Q4 of 2018. **Rig count declines, fewer drilled and completed wells continued to place downward pressure on NAM wireline activity and revenue throughout 2019.**

**On a more positive note, international (largely offshore) wireline activity has risen in 2019 as offshore projects planned over the last 3 years begin to mature into actual drilling activity.**

The three major logging companies, Schlumberger, Halliburton, and Baker Hughes GE, hold a combined \$7.3 billion, or 66% of the global wireline market in 2019. **These 3 companies have held a historical, combined market share average of 72% over the period 2008 through 2018.**

Historically, prior to the shale revolution in the U.S., the global wireline market revenue was split roughly 50/50 between open hole logging (formation evaluation) vs. cased hole logging (completion services). Today, the global split is roughly 30% open hole and 70% cased hole. For the US land market the revenue split is much closer to 10% open hole and 90% cased hole and **is a result of the increasing intensity of cased hole wireline service required during a multi-stage frac completion commonly performed in the horizontal unconventional well and the reluctance to acquire open hole logs in a horizontal well.**

The US land wireline market is **\$3.7 billion in 2019 which is down from 2018's \$3.8 billion.**

**Several perforating equipment suppliers and service companies create and bring to market modular perforating systems.** This effort intended to pursue ever increasing efficiency, cost control to the well site and service differentiation.

# Global Wireline: Executive Summary

## What Has Changed From Q2?

### **The Global Market is Bigger. We have improved the estimate from \$10.1 to \$11.2 billion**

- International markets are larger than we anticipated in earlier reports adding ~\$800 million to the market.
- We adjusted our estimate of "Others" upward adding \$195 million to our estimate.
  - Our research indicated we have historically under estimated revenue produced by companies unknown to us around the globe and in particular the Russian market.

### **The North American market for 2019 is down slightly from 2018's \$4.6 billion to \$4.5 billion or down 2%.**

- Land drilling in NAM is down ~8% Y/Y resulting in fewer wells and completions
  - Horizontal well completions fall 9% to 18,443 wells in 2019
  - Although well completions fall, we hold frac stages up slightly y/y by 5% but frac pricing is down
- The NAM loss would be larger if GOM drilling had not improved ~20%

### **The Total market for global oilfield services is flat y/y at \$296 billion**

- NAM market is nearly equal to the rest of the world. However, the international market is once again larger than NAM in Q2 2019.
- If the NAM market declines 5-7% and the international market improves 5-7% we are left with global revenues flat with 2018.

### **The way we treat NAM land directional wells is different from past reports.**

- We now add the vertical and directional well count together and treat them as a sub market. Our research indicates these directional wells are not horizontal wells and are completed in a fashion more closely related to vertical wells.
- In the most recent past reports, directional wells were not included in activity counts.

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