



Market Research CS Calgary

Precision Drilling Joins Forces with Schlumberger

Crystal Roberts – Crystal.Roberts@trade.gov

Oriana Soto

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PROJECT OVERVIEW

- ✦ On July 2014, Canada's largest drilling company, Precision Drilling Corp., and Schlumberger, one of the world's biggest oilfield service companies, formed a coalition to jointly market services in Canada and the United States.
- ✦ The agreement aims to increase the industrialization of unconventional drilling in North America. Through these means Schlumberger will have access to Precision's Tier 1 drilling rigs and Precision will be able to use Schlumberger's bottom hole assembly and services.
- ✦ The integrated services are expected to increase productivity and decrease operational costs attracting new customers and providing better services to existing customers.
- ✦ The arrangement applies to Canada and the Lower 48 states in the U.S. and includes contract drilling services, downhole drilling and measurement technology, engineering expertise and operational training. The deal does not cover international operations, but the companies are currently working together in Mexico.

SIZE AND SCOPE

- ✦ Precision Drilling Corp. had revenues of \$672-million CDN for 2013. Schlumberger had \$11.24 billion US in revenues during the same year.
- ✦ Precision Drilling's shares were last up 3.9 percent at C\$14.96 in Toronto (July 17th, 2014), extending year-to-date gains to more than 50 percent. Schlumberger was up one cent in the New York Stock Exchange.

THE ALLIANCE

- ✦ Precision will offer the following to the alliance:
 - High Performance North American fleet of 320 drilling rigs including 204 highly efficient, highly mobile Tier 1 rigs, approximately 90 percent of Precision's North American activity involves horizontal or directional wells;
 - Broad customer base with the leading market position in Canada and a significant presence in the U.S. in all the major unconventional basins;
 - Highly skilled and experienced workforce supported by robust personnel recruiting, training and development systems;
 - State of the art drilling industry Tech Centers in Houston, Texas and Nisku, Alberta that support training and development functions as well as core repair and maintenance support for drilling operations; and
 - Excellent reputation for safety and field performance.
- ✦ Schlumberger offers Precision the following:
 - Drilling Group technologies with leadership in rotary steerable systems; drilling tools; measurement- and logging-while-drilling (MLWD); surface logging; drill bits; and drilling fluids technologies;
 - Well planning and well engineering with reservoir expertise to deal effectively with the range of technical challenges in North America's resource plays;
 - Best-in-class equipment management and maintenance services; and
 - Training in drilling technologies and operational processes.

BEST PROSPECTS

- ✦ American companies in the drilling in oil and gas sector should be aware of this new formed alliance as future prospect opportunities may arise.



FOR MORE INFORMATION

The U.S. Commercial Service in Calgary, Canada can be contacted via:

E-mail: crystal.roberts@trade.gov

Phone: 403-265-2116

Fax: 403-266-4743

Website: <http://calgary.usconsulate.gov/sections-offices/commercial-service/>

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