

# Oilfield Services Seminar Series

## *The Shape of Things To Come: What Oilfield Services Will Look Like After This Transformational Downturn*

### Panelists:

Ahmed Hashmi – Global Head of Upstream Technology, BP America, Inc.

Donald Jackson – Partner, Haynes and Boone

Christopher Papouras – President, Nabors Drilling Solutions, Nabors Industries Ltd.

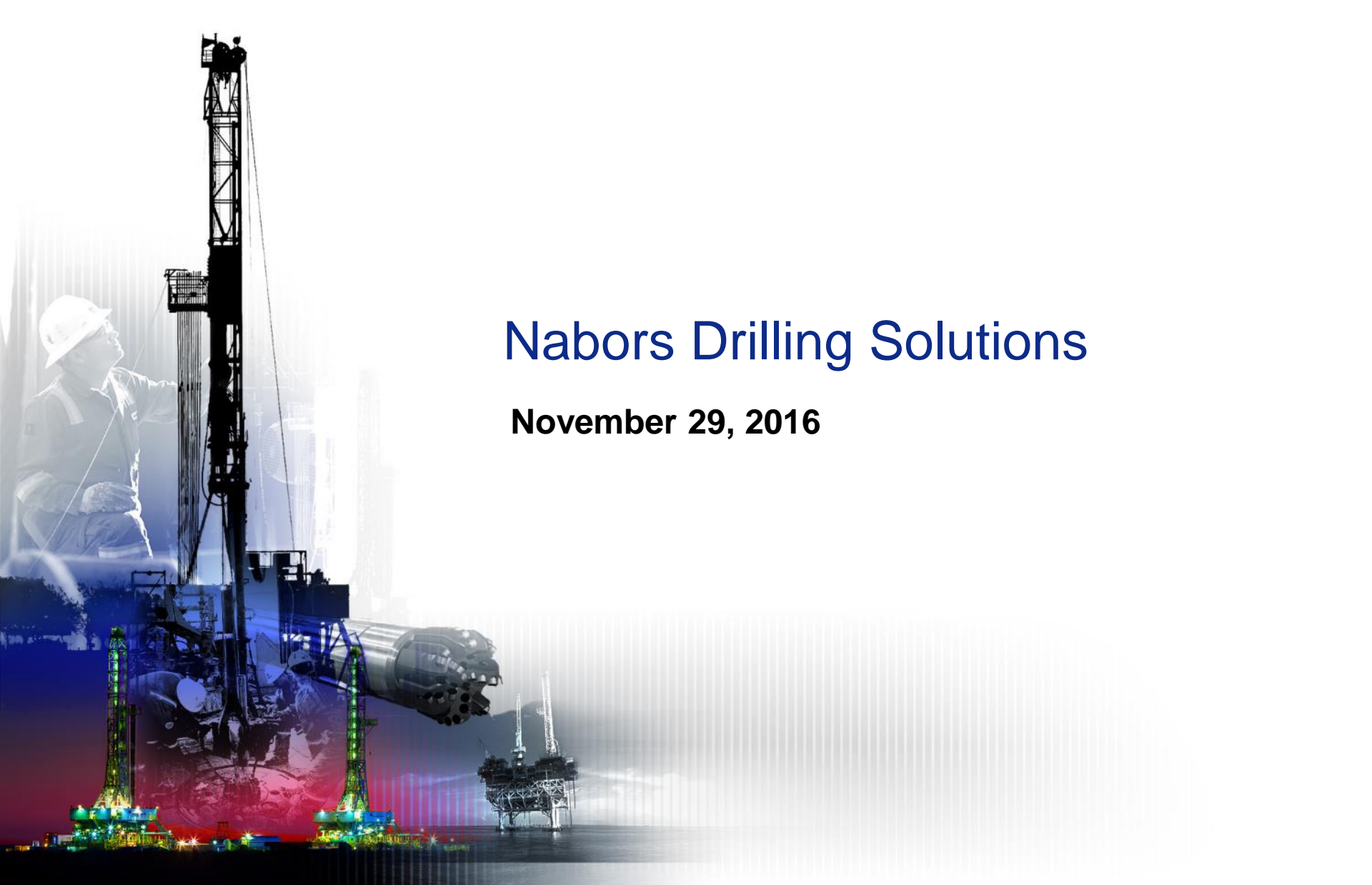
Chris Wolfe – Partner, Haynes and Boone

### Moderator:

Arthur Cohen – Partner, Haynes and Boone

December 8, 2016

haynesboone



# Nabors Drilling Solutions

November 29, 2016

DRILLING  
OPERATIONS

DRILLING  
SOLUTIONS

DRILLING  
EQUIPMENT



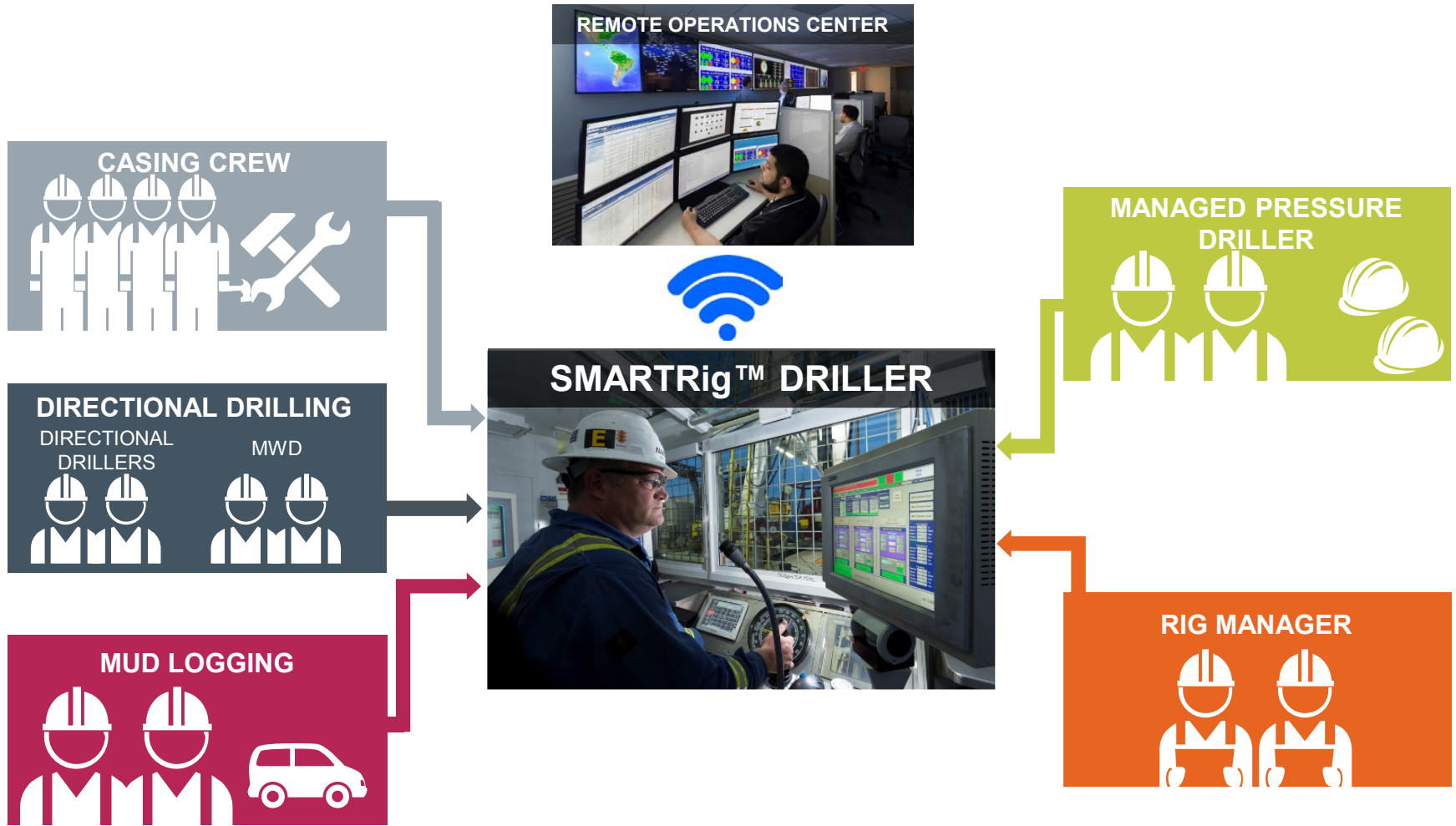
**NABORS**

# Three Drivers



1. The evolution of drilling rigs and drilling programs is fundamentally changing the way services are performed
2. The oil and gas industry still operates using an outdated business model that does not fully use available technologies
3. Nabors believes it is uniquely positioned to redefine the offering that has the potential to generate EBITDA growth

# Changing Nature of Service Delivery



*More than 150 drillers, rig managers, and engineers trained for NDSReady™ Rigs*

# Integrated Operational Model

## Rig as the Platform for Service Integration



### Rig as the Key Element of the Process





# NDS Approach to Service Automation



1. NDS-Ready™ rigs
2. Best-in-class tools
3. Automated workflows using Rigtelligent™ controls
4. Remote expert support by RIGLINE 24/7
5. Rigorous performance tracking to further our vision to be performance driller of choice

# Conventional MPD setup

Total Setup Time: 12-24 Hours



Additional **personnel and controls** on rig-site introduce new variables in controlling a complex system

Significant safety and operational risks introduced with **additional piping in rig configuration**. E.g. Recent incident in L48



Additional safety and operational risks introduced with **additional personnel and controls on the rig floor**

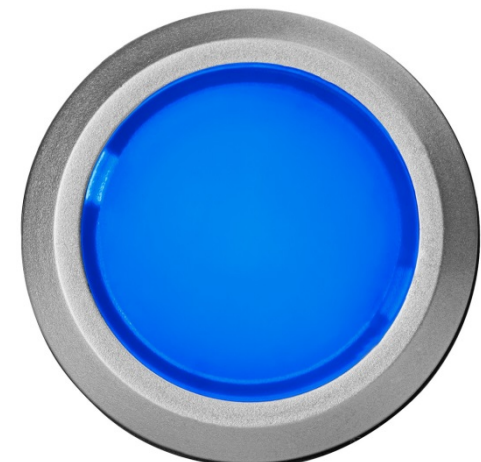
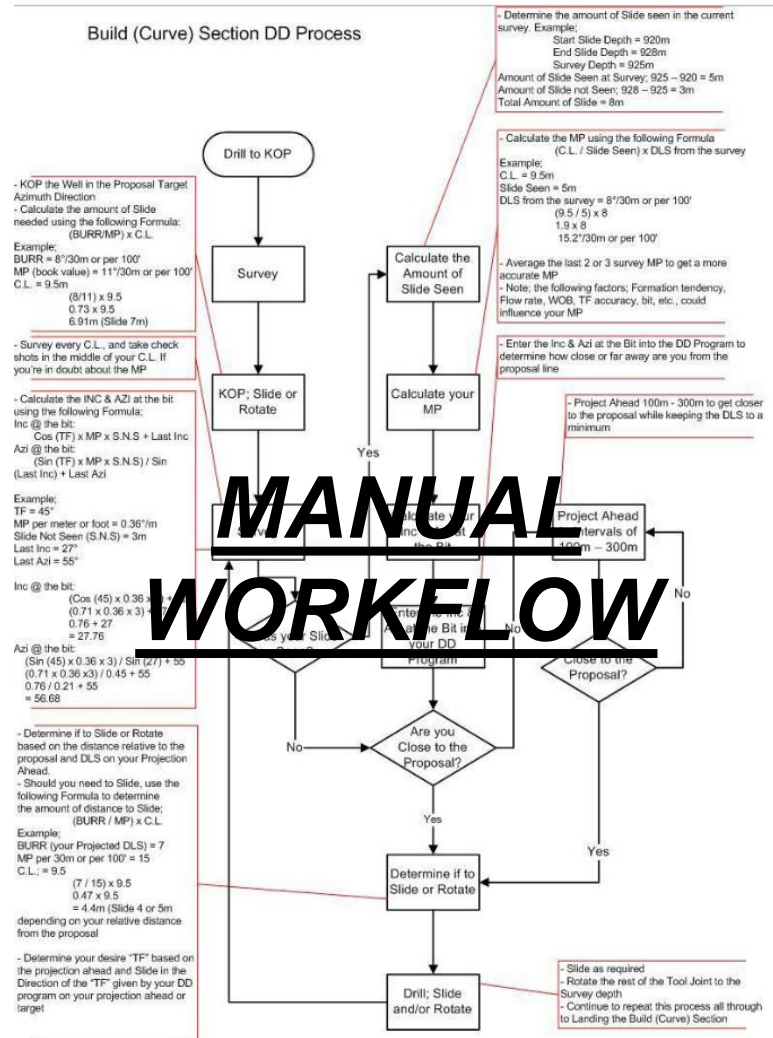
# Rigtelligence™ & Automating Directional Drilling

## Reduced Reliance on Tribal Knowledge



### Industry Directional Drilling

### SMARTrig™ Wellbore Placement

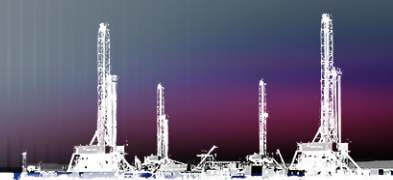


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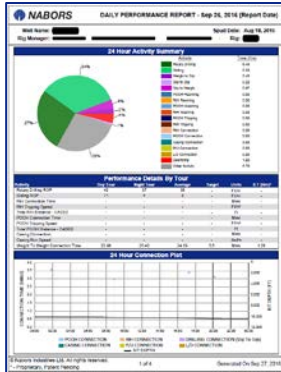


# Automated KPIs for NDS Services

## Rigorous Performance Tracking on all NDS Services



### Sample Snapshots of KPI Reports



- Unique in the Industry
- Auto-Generated daily and end of well reports to ensure transparency of performance
- Data Driven decision making to be top-performance in all services provided



- Data analyzed at a personnel and process level to optimize service delivery



- Focus on eliminating variability in performance and reducing outliers

# Ten Predictions for Middle Market Oilfield Services Companies in 2017

Chris Wolfe

*haynesboone*

# Ten Predictions for Middle Market Oilfield Services Companies in 2017

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If 2015 was the “Year to Amend and Extend” and 2016 was the “Year of Reckoning,” then 2017 will be the “Year of Integration.”

So, what do we predict will happen in 2017?

# Last Year's Ten Predictions for 2016

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First, we should review our predictions for 2016. We will let you decide how well we did.

1. Middle market oilfield services (“OFS”) companies will see a significant contraction in business.
2. Middle market OFS companies that enter bankruptcy under anything other than a pre-packaged bankruptcy will liquidate, not reorganize.
3. Many OFS companies will simply close their doors.



# Last Year's Ten Predictions for 2016 (cont.)

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4. E&P customers will consolidate in M&A transactions to cut overhead.
5. E&P customers will sell assets to deleverage and only maintenance service work will be ordered on assets that will soon change hands.
6. As a result of M&A transactions and asset sales, many established relationships with E&P customers will be disrupted.
7. Oil is still the world's transportation fuel. E&P customers will still buy efficient services (doing more for less).

# Last Year's Ten Predictions for 2016 (cont.)

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8. The federal regulatory environment will continue to target the energy industry.
9. Equity will enter OFS to fund solid management teams to buy assets and businesses at fire sale prices.
10. The OFS industry may well bottom out in 2016, and start to recover in the second half of 2017 (unless current depressed oil prices do not result in E&P companies reducing supply).

# This Year's Ten Predictions for 2017

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1. NAM work for OFS will stabilize and expand, although from a low base.
2. OFS companies will consolidate into much fewer companies to cut corporate overhead.
3. OFS supports a commodity industry. The lowest price producer wins in a commodity industry. Customer pressure on OFS to accomplish ever greater efficiencies will continue.

## This Year's Ten Predictions for 2017 (cont.)

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4. Cheaper and better robotics, sensors, data transmission and data storage will explode the volume of OFS data captured and analyzed.
5. OFS data growth will lead to significant investments in information systems.
6. OFS data growth and the pressure for ever increasing efficiency will lead to significant investments in data analytics.
7. Consolidation of OFS companies with varied information systems will lead to significant investments in data migration, systems integration and enterprise wide information systems.



# This Year's Ten Predictions for 2017 (cont.)

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8. OFS companies will invest in new and better capital equipment and systems to deliver greater efficiency in the second half of 2017.
9. Pressure from customers to reduce OFS GHG emissions and fresh water use will continue, although price/efficiency will remain the primary driver on OFS work awarded.
10. OFS companies will attempt to mitigate the risk of sustained low oil prices through investing in improved processes and data analytics rather than through investing and hiring more field personnel and buying dumb iron equipment.

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OFS Goal: High utilization rates by keeping enough of the right people and equipment in the right place at the right time to profitably serve the customer through market intelligence and data analytics.

As a service to the energy industry, the lawyers at Haynes and Boone, LLP are tracking industry developments in oilfield services restructurings. Please visit [haynesboone.com](http://haynesboone.com) to view our Oilfield Services Bankruptcy Tracker report, which includes details on oilfield services bankruptcies.

Chris Wolfe leads the Oilfield Services Practice Group at the international law firm of Haynes and Boone LLP and has more than 30 years of experience in representing energy-related businesses in a range of transactional matters. He can be contacted at 713.547.2024 or at [chris.wolfe@haynesboone.com](mailto:chris.wolfe@haynesboone.com).

QUESTIONS?

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