



Drill Bit Ratings Snapshot

Smith International		
	Rating	Trend
All Respondents	VERY HIGH	↔
Larger Operators	VERY HIGH	↔
Smaller Operators	VERY HIGH	↔
Engineers & Managers	HIGH	↓
Primary Decision-makers	HIGH	↔
Grant Prideco		
	Rating	Trend
All Respondents	HIGH	↔
Larger Operators	HIGH	↓
Smaller Operators	VERY HIGH	↑
Engineers & Managers	HIGH	↔
Primary Decision-makers	VERY HIGH	↔
Baker Hughes		
	Rating	Trend
All Respondents	HIGH	↔
Larger Operators	HIGH	↔
Smaller Operators	HIGH	↔
Engineers & Managers	HIGH	↔
Primary Decision-makers	HIGH	↔
Halliburton		
	Rating	Trend
All Respondents	MED	↑
Larger Operators	MED	↑
Smaller Operators	MED	↔
Engineers & Managers	MED	↔
Primary Decision-makers	MED	↑

TODAY'S DRILL BITS — A BETTER MOUSETRAP?

When we hear claims from oilfield suppliers of outsized productivity gains associated with a new technology, process or design, we, like many in the industry, tend to be pretty agnostic about the whole thing. After all, because a concept looks good on paper does not mean it will in reality produce repeatably constructive results for customers. In fact, far too often over-promoted products and services, and the high expectations that accompany them, are the basis for painfully low customer satisfaction ratings in EnergyPoint's industry-wide surveys. Accordingly, while drill bit suppliers have traditionally earned strong ratings in our independent studies, we have tended to cast a placidly skeptical eye toward suppliers' claims concerning recent advances in their approaches to computer-aided bit design and simulation. That is, until now.

SEEING THE BIGGER PICTURE

It's common knowledge that most operators will pay up for a better drill bit — to be precise, one that allows a well to be drilled faster and more efficiently. So, to assist operators in bit selection and optimization, suppliers are now pursuing a more holistic approach, one that considers more than just past performance of a bit or bit design. Indeed, suppliers are now pre-modeling a bit's projected impact on the entire bottom-hole assembly, including the drive system. This more expansive modeling approach has purportedly led to more optimal rates of penetration, reductions in vibration, better directional control, and higher-quality wellbores. But those are just suppliers' claims; what about the opinions of customers? Based on what we see and hear, we believe customers very much approve of the performance and value they are receiving via suppliers' current approaches. In fact, average satisfaction ratings in the category of drill bits rose significantly in 2008, up from already healthy levels in 2005 and 2007. This is especially noteworthy given the comparatively moribund scores registered for most oilfield products, including other downhole equipment, over the period. And while respondents at larger operators continue to rate drill bit suppliers highly, it's the gathering applause we're hearing from independents that leads us to believe bit suppliers are on to something special.

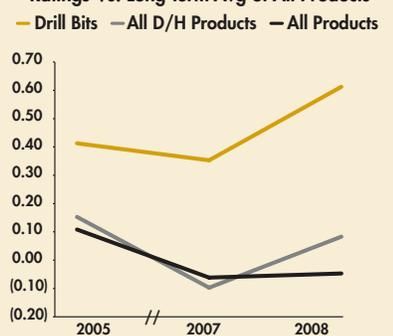
HOW THE SUPPLIERS STACK UP

So, how have the industry's four major bit manufacturers fared in EnergyPoint's independent customer satisfaction surveys over the last few years? From 2005 though 2008, Smith International recorded the highest customer satisfaction ratings in the category, followed by Grant Prideco's ReedHycalog (now owned by National Oilwell Varco), Baker Hughes' Hughes Christensen and Halliburton's Security DBS, respectively. Halliburton's satisfaction ratings have shown the greatest improvement over this period. When the analysis is expanded to include other downhole drilling products such as motors and rotary steerable systems, Smith International, Scientific Drilling and Baker Hughes emerge as ratings leaders.

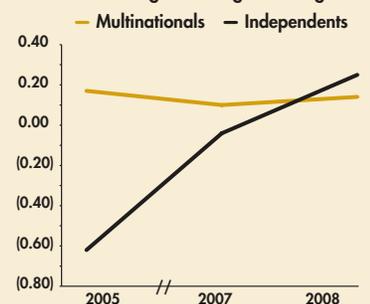
ABOUT THE DATA

This report is based on findings from over 4,500 customer evaluations of suppliers of oilfield equipment and materials, including approximately 1,200 downhole product evaluations, via EnergyPoint's 2005 – 08 Drilling / Wellsite Equipment & Materials Surveys. In exchange for participating, respondents were provided survey results in the form of EnergyPoint's MarketPartners® Reports and Updates, past versions of which may be found at www.energypointresearch.com.

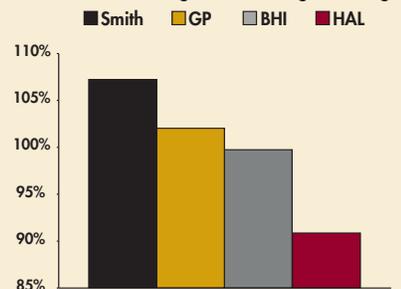
Drill Bit Ratings Lead the Way



Independents See More Value



Drill Bit Satisfaction Ratings



ABOUT ENERGYPOINT RESEARCH

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 us in Houston at +1.713.529.9450.

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