PERSPECTIVES ON THE U.S. LAND MARKET AND CONSIDERATIONS FOR CAPITAL EQUIPMENT PROVIDERS

Presentation to The Petroleum Equipment Suppliers Association

April 3, 2014

John Daniel

Director, Institutional Research

713.546.7215 | jdaniel@simmonsco-intl.com

***Important disclosures appear in Appendix D**

Simmons & Company International

Agenda

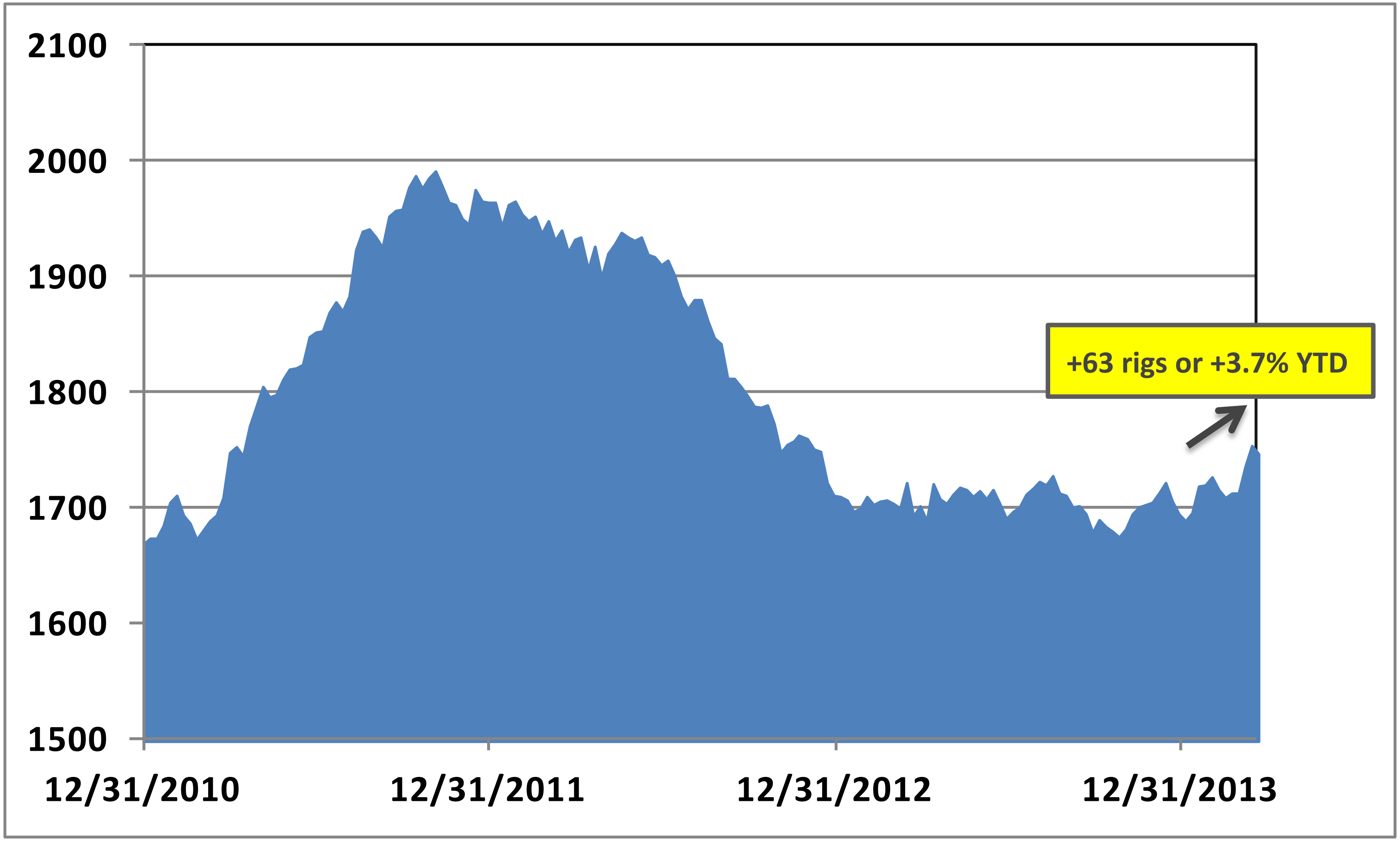
- Simmons & Company International Overview
- Recent Industry Trends
- 2014 North American Oil Service Outlook
- Implications for Capital Equipment Industry
- Q&A

Overview Of The Firm	- Leading investment bank for the energy industry since 1974. - Focus on advisory services. - Headquarters in Houston with offices in Aberdeen, London and Dubai. - Approximately 170 employees.
Corporate Finance	- Market leader for M&A advisory services in the energy service, E&P, mid/downstream and alternative energy sectors. - Private and public placements of equity and debt. - Clients include privately held companies, private equity groups and publicly traded companies. - Simmons' corporate finance strategy is to cover entire energy industry including small and large companies in both domestic and international transactions.
Research And Trading	- Widely recognized as the leading provider of research coverage for the energy sector. - Company-specific research of over 140 companies as well as macro industry research. - Institutional sales and trading. - Clients include 750 domestic and foreign institutional investors in energy.

Recent Industry Trends

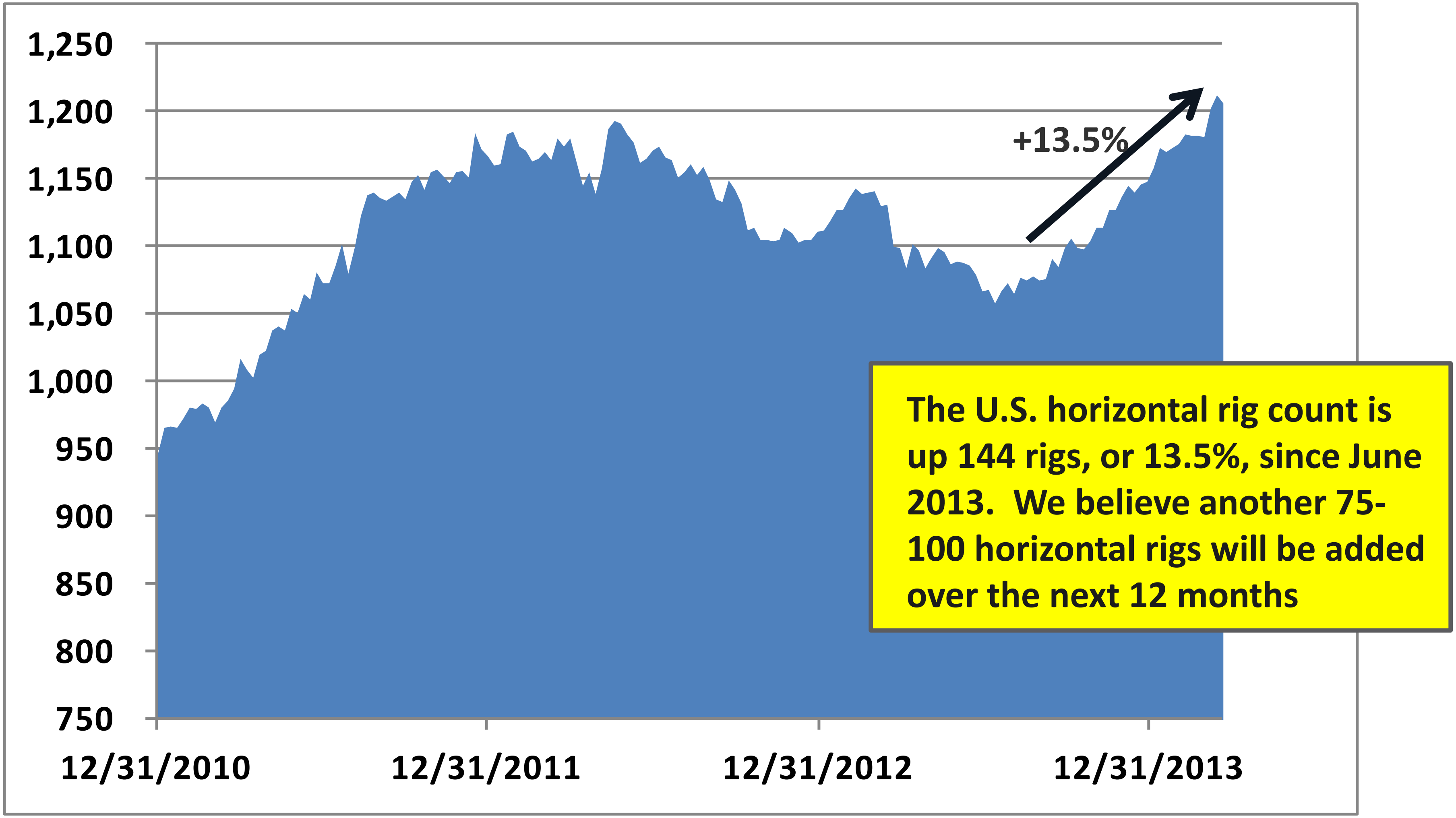
- E&P capital spending off to a healthy start.
- Rig counts inflecting higher.
  - U.S. land rig count up 63 rigs YTD, or +3.7%.
  - Horizontal rig count up 65 rigs YTD, or +5.7%.
- Utilization trends for other services also rising.
  - Pressure pumping utilization likely above 80% threshold.
  - Well service rig hours likely up 4-6% q/q (i.e. PES witnessed 85% utilization in Q4 and QTD is at 93%).
  - Coiled tubing utilization creeping higher.
- Higher utilization a function of increased activity and increased service intensity.
- Weather, however, will create Q1 issues as numerous oil service companies have issued earnings warnings.
- Notwithstanding weather gremlins, oil service companies are increasingly confident regarding 2014.

U.S. Rig Count Inflecting Higher



Source: Baker Hughes

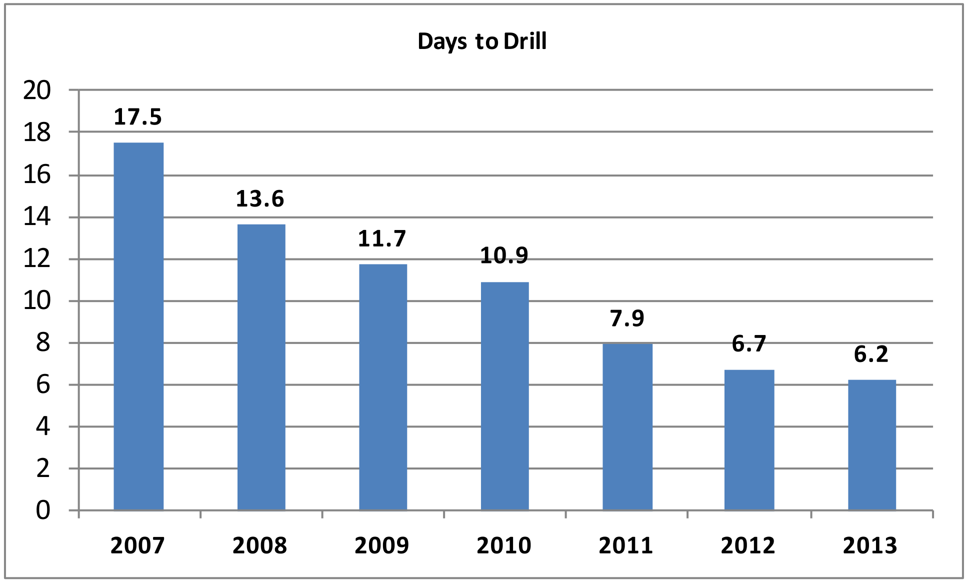
HORIZONTAL RIG COUNT IMPROVING

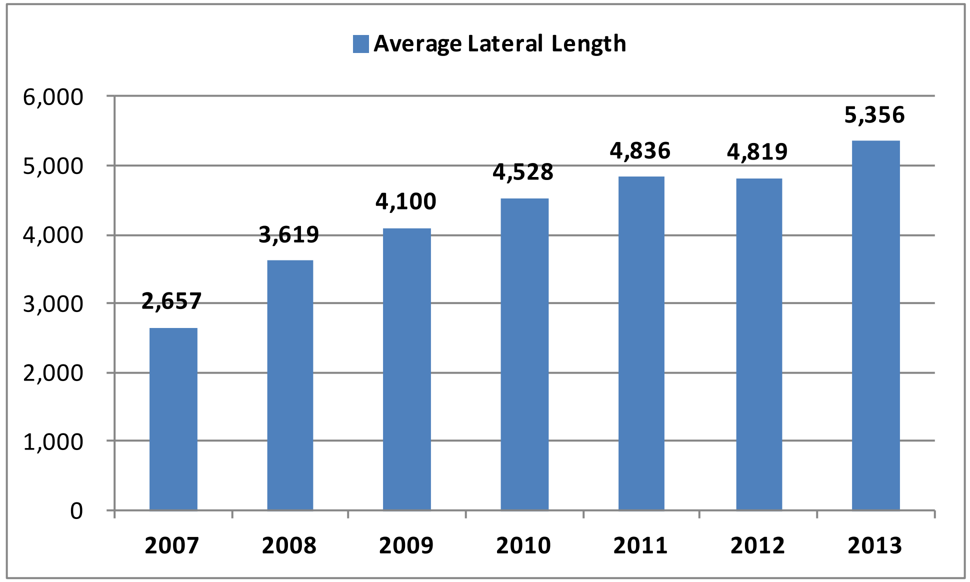


Source: Baker Hughes

Service Intensity Rising

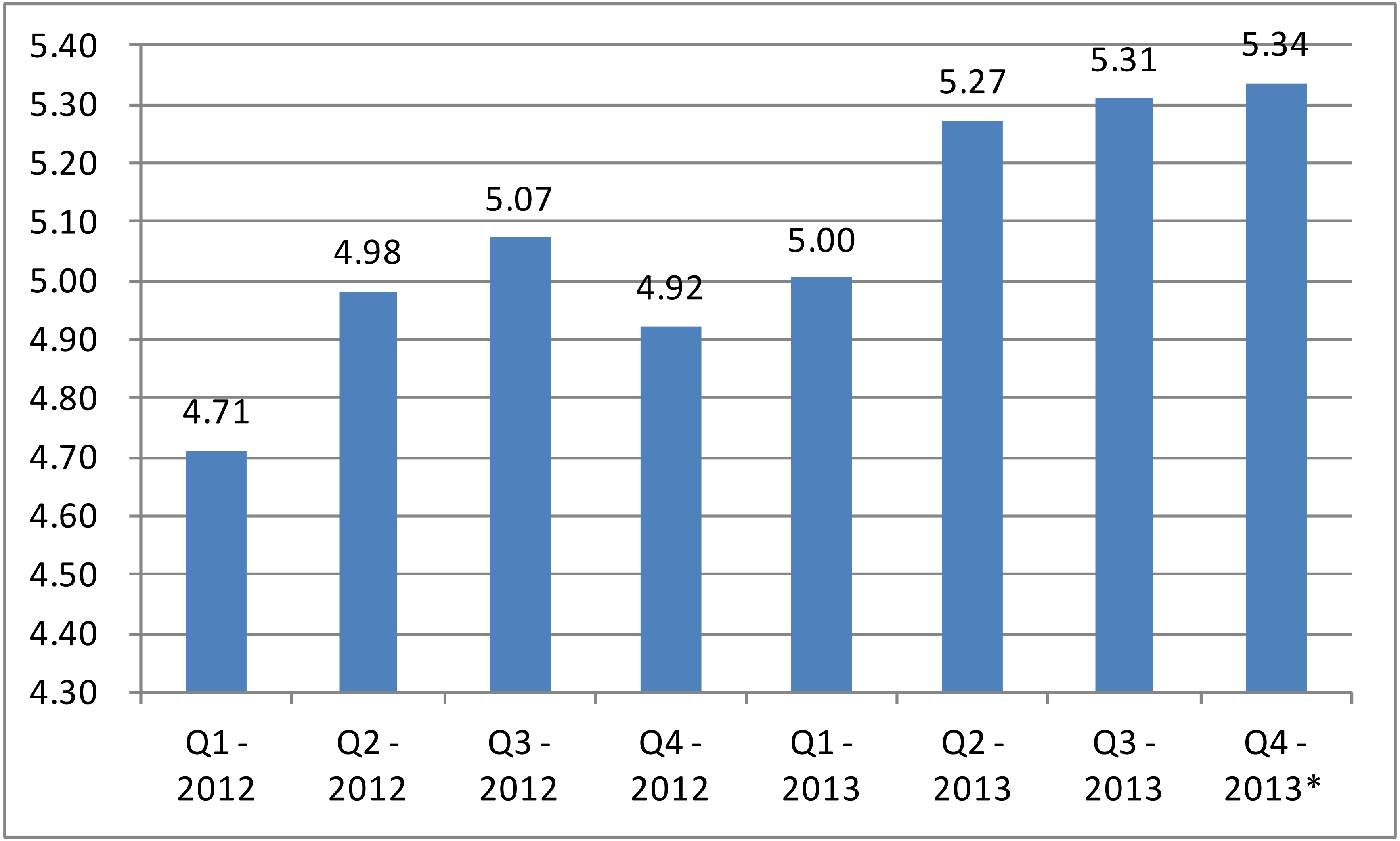
- Service intensity continues to increase as days to drill is on the decline due to new generation rigs, improved technology and the shift to pad drilling. Meanwhile, lateral lengths continue to expand.
- The combination of longer laterals coupled with tighter frac spacing is leading to stages per well that continue to rise.
- With service intensity rising, this will lead to greater utilization of equipment, thus leading to higher repair & maintenance costs while the efficiencies gained from new generation equipment will lead to continued new orders of capital equipment.
- Leading edge anecdotes point to further service intensity gains as CLB claims that wells with 70+ frac stages and laterals of 15,000ft will be forthcoming.
- The following data is sourced from SWN, but numerous E&P companies cite the drilling & completion efficiencies. For instance in the Bakken, OAS has seen drilling times reduced from 27 days in 2011 to 22 days in 2013. In that timeframe, wells drilled per rig has increased from 9.95 wells/rig to 13.83 wells/rig, a ~40% improvement.





Source: Southwestern Energy

U.S. Land Wells/Drilling Rig Ratio



Source: Baker Hughes

2014 INDUSTRY OUTLOOK & ASSUMPTIONS

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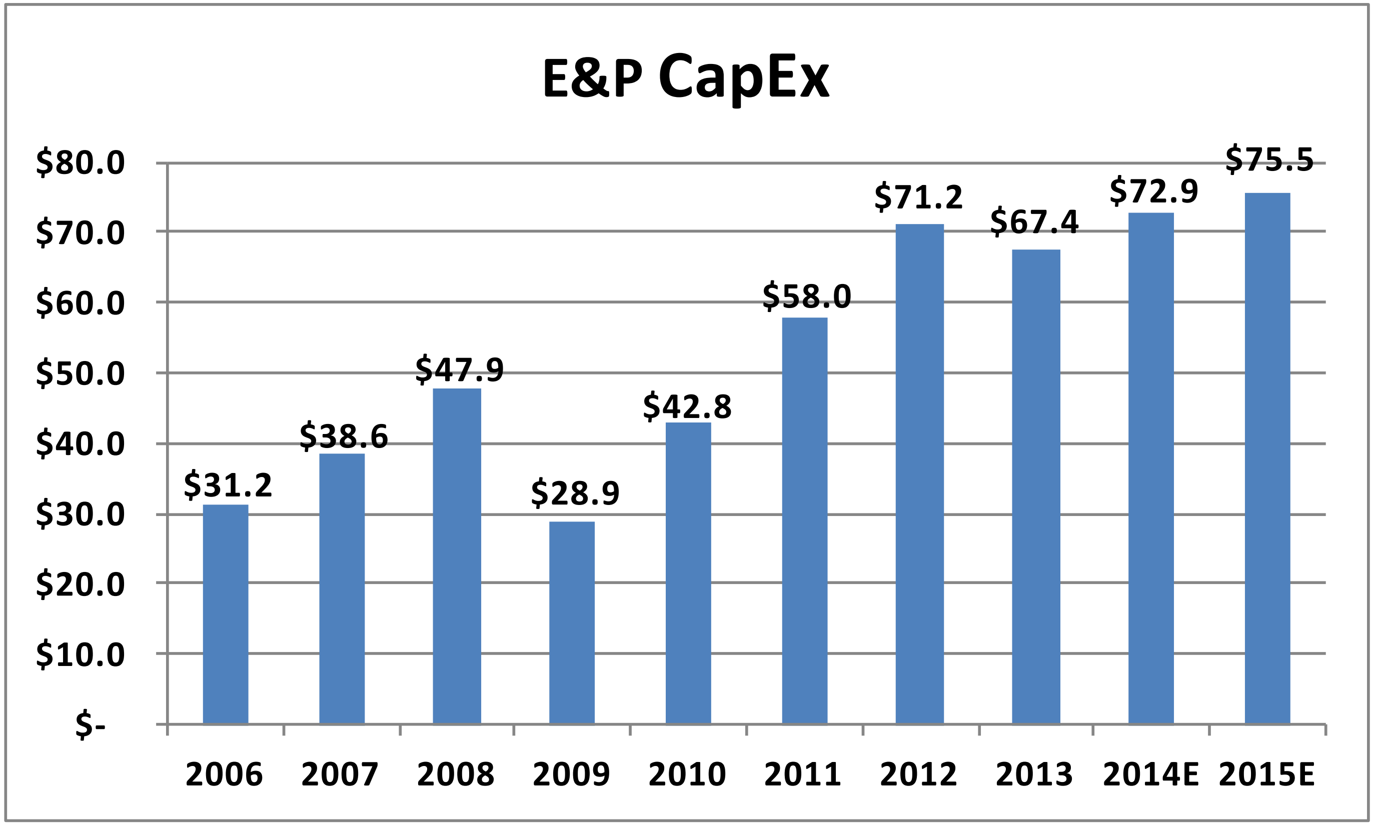
Summary – 2014 NAM outlook

- We are assuming a range of $85-100/bbl for WTI oil prices and $4.50-$4.75/mcf natural gas prices.
- We are modeling a high single-digit increase in E&P drillbit capex.
- We model the U.S. land rig count increasing ~5% y/y while well count growth will outstrip rig count growth.
- For 2014 we are modeling, broadly speaking, ~10% NAM oil service top-line growth.
- Margin improvement will be labored and methodical (costs likely rise ahead of pricing).
- Pricing recovery will unfold slowly and will vary across service lines as well as across geographic segments.
- Activity gains will be most pronounced in the Permian, but all regions should see improvements on a y/y basis.
- Field commentary also suggests that a modest improvement in the gas-directed rig count will evolve too.
- We believe M&A will be more pronounced this year with pressure pumping/cementing likely leading the way.
- The combination of increased activity, higher wear-and-tear on the installed asset base and greater confidence on the part of oil service management teams will lead to increased oil service capital spending.
- The former bullet point will have a positive impact on capital equipment providers.

SCI E&P Universe Drill Bit Capital Expenditures

We estimate that our E&P universe on Independent E&P companies will spend ~$76 billion in 2014, an ~8% increase from 2013

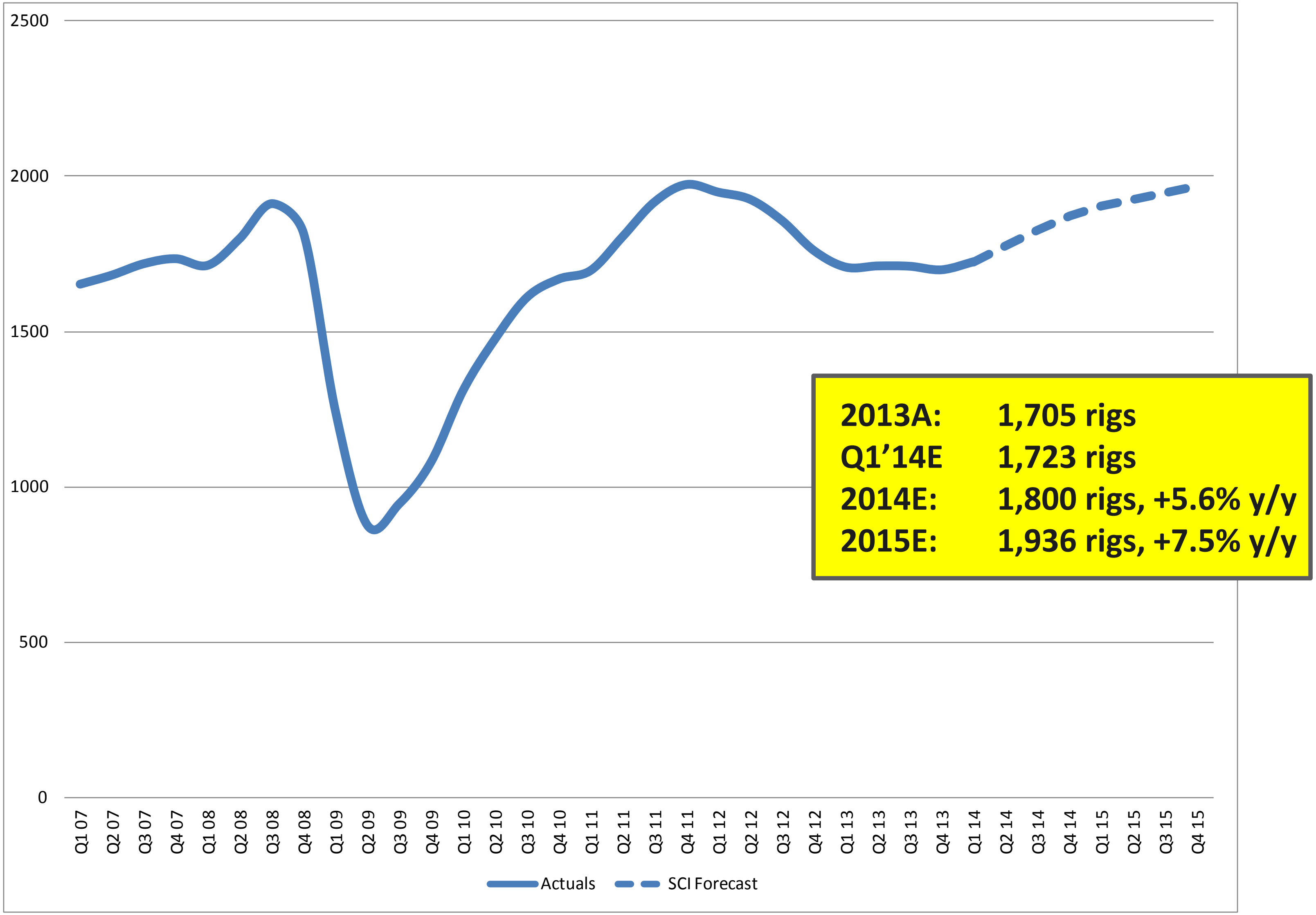


Based on SCI's coverage of 34 leading independent E&P companies

MAJORS US/NAM CAPEX

	US CapEx / NAM CapEx				Y/Y Change	
	2012	2013	2014E		2013	2014
BP	6,385	6,439	6,800		1%	6%
CVX	8,531	8,480	7,900		-1%	-7%
XOM	11,080	9,145	8,516		-17%	-7%
COP	6,079	6,374	6,320		5%	-1%
HES	4,763	3,804	3,586		-20%	-6%
MRO	3,995	3,649	4,058		-9%	11%
MUR	1,653	1,861	1,800		13%	-3%
OXY	5,273	4,156	4,950		-21%	19%
Total	47,759	43,908	43,930		-8%	0%

U.S. Land Rig Count Forecast



OIL SERVICE CAPEX DISCUSSION & CONSIDERATIONS

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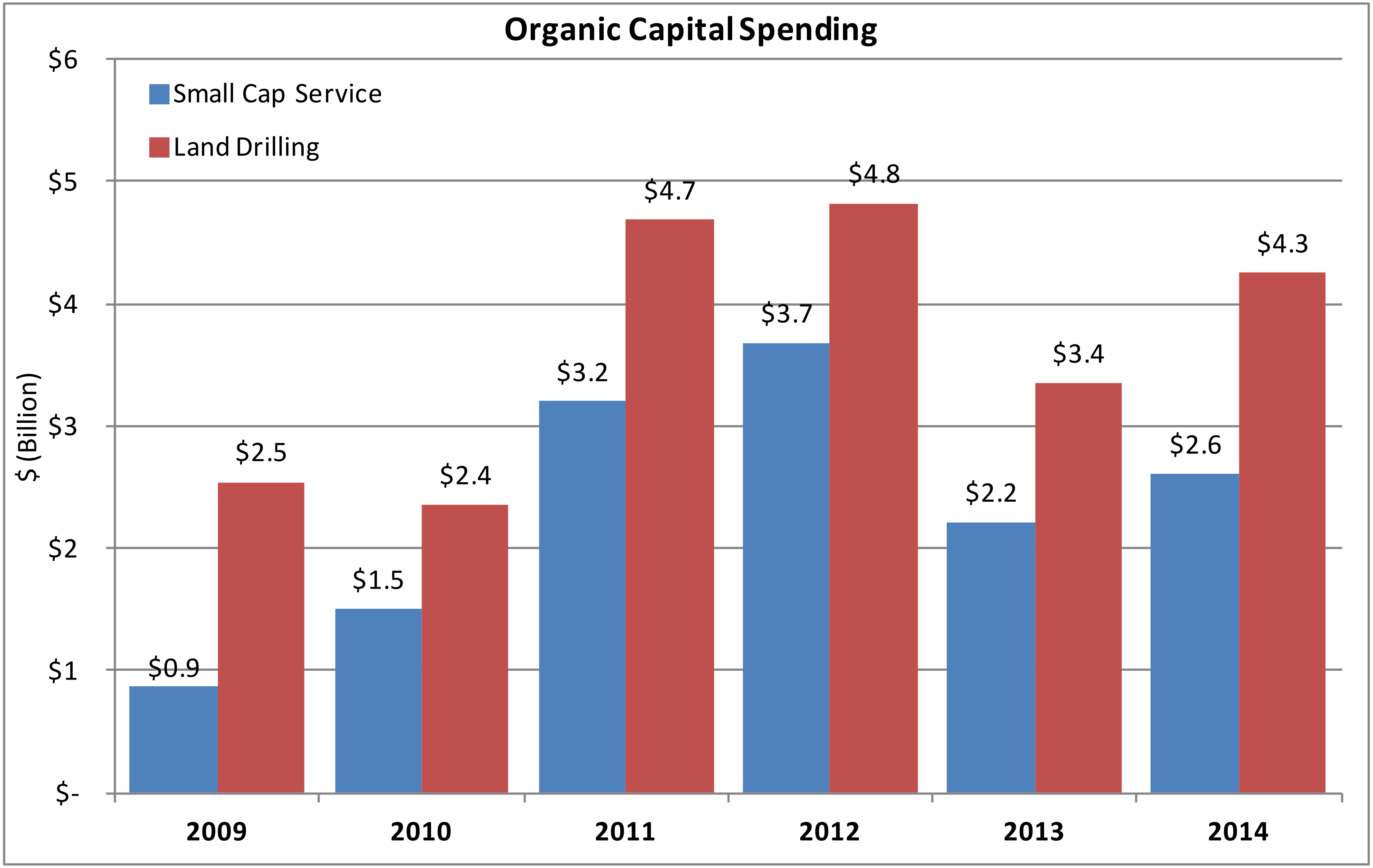
Oil Service Capital Spending Outlook

- Oil service capital spending for NAM onshore focused companies moderated in 2013, with the most significant contraction coming from completions-oriented businesses as margins imploded.
- We would submit that in the preceding 3-4 quarters, a number of oil service companies elected to defer maintenance and/or cannibalize assets in order to preserve margins and cash flow. Field tours, coupled with visits to numerous equipment assemblers, is the basis of this view.
- 2014 capex budgets were formalized likely in late Q4'13, ahead of the recent uptick in land drilling activity.
- Despite this fact, most completion services oriented companies are calling for higher capex spending in 2014 while the land drilling sector will see a more meaningful increase.
  - Large Cap Service: Capital spending budgets expected to flat.
  - Small Cap Service: Capital spending modeled up 15-20% y/y.
  - Land Drillers: Capital spending modeled up 25-30% y/y.
- Recent conversations with select capital equipment providers indicate that R&M activity is on the rise and that inventories of component parts are low. Thus, lead times for equipment will not be quick as assemblers are reticent to place big orders for component parts until backlog firms up.
- **Our bias is that oil service capex will surprise to the upside this year.**
- Onshore product lines witnessing the most expansionary capex include: well servicing and land drilling.
- Onshore product lines witnessing the greatest need for increased R&M include: pressure pumping
- Ensuing capex discussion will focus on the following four business segments:
  - Pressure Pumping, Land Drilling, Well Servicing and Coiled Tubing.

Capital Discipline Accelerating



Discussions with private oil service companies points to greater percentage increases in 2014 capital spending plans while Large Cap service is lightly flat y/y.

NAM Pressure Pumping Market – Rebuild Cycle Will Unfold

- We first began tracking North American frac horsepower in early 2010 at which time there were approximately ~20 frac companies, but following a period of high returns, the market expanded to over 50 companies today.
- We believe that roughly 8.0mm horsepower has been added over the past three years and 2014 will likely witness over ~1.0mm horsepower delivered.
- Reinvestment in the fleet slowed in recent quarters as industry margins collapsed, but utilization is now on the rise and capex spending will follow.
- Importantly, a number of companies are building equipment to replace existing capacity, but our table does not include such purchases. For instance, we know the large cap providers continue to build equipment, but we believe that is part of a fleet upgrade program as opposed to fleet expansion.
- We believe a major issue that will unfold as we migrate through 2014 and into 2015 is the quality of the U.S. frac fleet as we believe rising utilization and increased service intensity will lead to greater wear-and-tear challenges on the fleet. If not addressed, that will lead to service quality issues, a point several E&P companies claim to be seeing today.
- **We also believe that M&A within the NAM pressure pumping complex will be more pronounced in 2014 as private equity firms will likely seek to monetize PPS holdings in light of renewed market enthusiasm with the frac segment and improving industry fundamentals.** In the past year, a few deals have transpired: Calfrac/Mission; Keane/Ultra Tech and most recently Canyon Technical Services/Gas Frac Assets.

NAM Land Horsepower (000s)	Current	Additions	Pro Forma	% Growth
Halliburton	2,500	0	2,500	0%
Schlumberger	1,900	0	1,900	0%
Baker Hughes	1,825	0	1,825	0%
FTS International	1,596	0	1,596	0%
Trican Well Services	1,084	0	1,084	0%
Calfrac Well Services	1,048	0	1,048	0%
Nabors Industries	805	0	805	0%
Weatherford	750	0	750	0%
Cudd Pumping (RPC)	710	35	745	5%
Patterson-UTI	675	60	735	9%
Superior Energy Services	660	0	660	0%
Sanjel Incorporated	500	100	600	20%
Pioneer Natural Resources	300	90	390	30%
CHK (Performance Technologies)	360	30	390	8%
C&J Energy Services	300	60	360	20%
Pro Petro	305	80	345	13%
Bayou Well Services	250	0	250	0%
Canyon Technical Services	245	10	255	4%
Basic Energy Services	215	15	230	7%
Archer Pumping Services	208	0	208	0%
Go Frac	173	83	206	19%
Keane Frac / Ultra Tech	135	41	176	30%
U.S. Well Services	130	60	190	46%
Gas Frac	130	0	130	0%
Platinum Energy Solutions	149	0	149	0%
Greenfield Energy Services	140	0	140	0%
Consolidated Oilwell Services	130	0	130	0%
Stingray Pressure Pumping	117	0	117	0%
Advanced Stimulation Technologies	115	38	153	33%
Lewis Energy	90	0	90	0%
Compass Well Services	80	0	80	0%
Liberty Oilfield Services	60	20	80	33%
Southwestern Energy	72	0	72	0%
Tucker Energy Services	70	0	70	0%
Producers Service Corporation	60	0	60	0%
Evolution Well Services	60	?	60	0%
RSI	40	18	58	45%
RockPile Energy Services	54	18	72	33%
Python Pressure Pumping	28	26	54	93%
Torqued-Up Energy Services	50	0	50	0%
Oasis Well Services	40	6	46	15%
Frac Specialists	40	?	40	0%
Quasar Energy Services	36	0	36	0%
TOPS Well Services	27	?	27	0%
Stimulation Pumping Services	26	?	26	0%
Elite Well Services	25	0	25	0%
Iron Horse Energy Services	15	?	15	0%
Shack Energy Services	15	?	15	0%
Millennium	15	?	15	0%
Element Technical Services	13	0	13	0%
Circle Z Pressure Pumping	34	?	34	0%
Dragon Products	50	0	50	0%
Other	100	10	100	0%
TOTAL	18,554	800	19,253	4%

Source: SCI estimates, Company filings, company websites, industry sources

Case Study: Historical Pressure Pumping Margins

Financial performance continues to vary dramatically between companies as companies such as FTS International witnessed substantial margin gains in Q4 while others continued to report negative margins. Q1’14 will witness additional challenges due to weather slowdowns, but we suspect all frac companies will see U.S. margins rise in Q2 through the end of the year.

Company	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13
BAS	41.0%	40.5%	39.3%	33.6%	33.2%	35.1%	34.7%	35.4%
CFW.T	22.6%	18.8%	14.3%	5.0%	14.2%	17.2%	20.4%	15.6%
BHI	14.0%	13.4%	11.7%	8.7%	9.0%	7.9%	10.3%	8.8%
CJES	37.5%	35.0%	30.2%	27.1%	22.7%	18.7%	12.1%	9.1%
FTS Intl	13.9%	1.1%	-1.8%	-11.2%	4.5%	4.0%	-1.4%	7.2%
HAL	27.4%	21.8%	14.2%	11.1%	15.7%	18.0%	17.7%	16.8%
NBR	16.3%	11.9%	12.4%	10.2%	6.8%	2.7%	4.6%	4.8%
PTEN	19.4%	17.9%	8.2%	16.1%	12.3%	11.9%	6.5%	4.9%
RES	26.8%	24.3%	22.6%	19.7%	14.8%	16.5%	18.8%	14.4%
SLB	22.8%	20.8%	18.5%	19.2%	19.1%	19.7%	20.3%	19.6%
SPN	11.6%	17.8%	12.3%	11.2%	11.7%	11.8%	8.4%	3.8%
TCW.T	9.9%	-10.7%	-11.7%	-1.2%	8.5%	4.2%	3.1%	-4.8%
Average **	21.9%	17.7%	14.2%	12.5%	14.4%	14.0%	13.0%	11.3%

All margins isolated for relavent segments/geographic regions where possible

Operating margins where available

Gross margins used for BAS. EBITDA margins used for CFW.T and TCW.T

Margins Should Trend Higher as 2014 Unfolds and Pricing Begins to Recover

U.S. Pressure Pumping Utilization

- Utilization is on the rise as many frac companies see full calendars.
- For example, one East Texas provider is now booked until July 31st while operators in the Permian claim to be booked five months out. In other cases, companies in the Marcellus expect rising utilization, in some cases now ordering more equipment. Yet, not all regions and all companies share as optimistic an outlook as bidding activity in the Mid-Con is still characterized by sloppy pricing while recent yard drive-by's in the Eagle Ford still highlighted plenty of parked assets.
- Utilization should rise to the mid-80% range by this summer and that will pave the way to pricing improvements. Of course, a number of frac companies are bound by dedicated pricing agreements, thus near term pricing opportunities are unlikely. Finally, new capacity orders are materializing and that may temper pricing realizations.

Today	Estimated Market Utilization - U.S. Pressure Pumping Market									
	Formation/Basin	Current Rig Count	Days/well	Wells/Year	Stages/well	HP req'd onsite	HP req'd/day (264 workdays/yr)	Total Mkt Capacity	Non-Frac Horsepower	Workable Mkt Capacity	Estimated % Util of Fleet
	Haynesville (N.LA)	22	35	229	15	50,000	181,052	16,436,750	400,000	14,433,075	1%
	Cotton Valley / James Lime	22	30	268	12	25,000	101,389	16,436,750	400,000	14,433,075	1%
	Barnett	19	15	462	8	24,000	168,121	16,436,750	400,000	14,433,075	1%
	Woodford	15	30	183	8	25,000	92,172	16,436,750	400,000	14,433,075	1%
	Marcellus	71	20	1,296	16	35,000	916,187	16,436,750	400,000	14,433,075	6%
	Fayetteville	9	10	329	8	20,000	77,424	16,436,750	400,000	14,433,075	1%
	Piceance	18	10	657	8	15,000	124,432	16,436,750	400,000	14,433,075	1%
	Mississippi Lime	68	18	1,379	10	24,000	574,537	16,436,750	400,000	14,433,075	4%
	Eagle Ford	193	16	4,403	15	35,000	2,188,898	16,436,750	400,000	14,433,075	15%
	Granite Wash	52	25	759	10	24,000	345,091	16,436,750	400,000	14,433,075	2%
	Cana Woodford	29	40	265	12	16,000	88,208	16,436,750	400,000	14,433,075	1%
	Utica Shale	36	30	438	15	35,000	338,731	16,436,750	400,000	14,433,075	2%
	Permian Basin - HZ	272	24	4,137	28	35,000	3,412,402	16,436,750	400,000	14,433,075	24%
	Permian Basin - VT, DIR	241	12	7,330	11	20,000	1,018,113	16,436,750	400,000	14,433,075	7%
	Niobrara	50	18	1,014	10	22,000	281,636	16,436,750	400,000	14,433,075	2%
	Williston/Bakken	170	25	2,482	28	20,000	731,229	16,436,750	400,000	14,433,075	5%
	Other Horizontal	176	25	2,570	10	20,000	648,889	16,436,750	400,000	14,433,075	4%
	Other	285	25	4,161	4	10,000	210,152	16,436,750	400,000	14,433,075	1%
Total		1,748		32,360			11,498,662	16,436,750	400,000	14,433,075	80%

Industry Replacement Cycle

- We are beginning to see an increase in fleet overhaul/upgrades as the wear-and-tear attendant to the service intensive horizontal work is negatively impacting fleet quality.
- Repair & maintenance expense will rise in 2014 due to higher activity. Typically, R&M is budgeted as a percent of revenue. Thus, with revenue likely to rise ~10% y/y, one should reasonably expect R&M expense to rise in a similar fashion.
- The following table presents a simplistic way to think about the effective useful life of component parts in light of current market conditions. Broadly speaking, those in the frac industry suggest that units should undergo a complete overhaul after 8,000 to 10,000 hours. Assuming that range is reasonable, then a significant portion of the U.S. frac fleet will soon require major investment.

Expected Life - 24 Hour Operations - Working 22 Days Per Month

	Transmission	Engine	Power End
Days Per Year	365	365	365
Working Days	264	264	264
Hours Per Day	24	24	24
Stages Per Day	6.9	6.9	6.9
Hours Per Stage	2	2	2
Downtime Between Stages	1.5	1.5	1.5
Hours Operated	13.7	13.7	13.7
Hours Per Year	3,620.6	3,620.6	3,620.6
Useful Life (Hours)	5,000.0	12,000.0	5,000.0
Effective Life	1.4	3.3	1.4

U.S. Land Drilling Outlook

1. We expect the U.S. land rig count will increase ~75-100 rigs by YE'14 from today.

2. Newbuild activity is strong as the U.S. market will likely witness ~125-150 new rigs delivered in 2014. More newbuilds in 2015 are likely but few land drillers officially have orders that far out.

3. International newbuilds are also rising as U.S. players such as NBR, HP and PDS are deploying assets globally. Meanwhile, potential LNG development in Canada could lead to sizeable newbuild awards next year.

4. Legacy rigs, if not upgraded, will continue to be displaced given the efficiencies of newer generation equipment. In addition, many of the legacy rigs do not have either the mobility or size necessary to perform much of the growing horizontal work. As a result, we expect many of the legacy rigs to be permanently decommissioned and/or auctioned.

5. Public land drillers are also investing capital into rig upgrade programs as many companies are seeking to incorporate walking systems into existing rigs while dual fuel technology is also gaining traction.

Driller	Fleet Size	New builds On Order	Walking	Skidding
Helmerich & Payne	320	16	0	120
Patterson-UTI	305	17	71	0
Nabors Industries	286	15	129	35
Precision Drilling	128	2	40	?
Unit Drilling	118	2	12	12
Ensign	117	6	?	?
Nomac Drilling (CHK)	85	6	27	20
Trinidad Drilling	65	0	20	30
Cactus Drilling	59	4	31	0
Pioneer Energy Services	54	0	21	10
Sidew inder Drilling	42	2	15	14
Latshaw Drilling	38	0	10	17
Oil States	34	0	0	0
Cyclone Drilling	29	3	15	0
Savanna Energy	25	2	5	0
Lariat Services	25	?	?	?
Frontier Drilling	20	?	1	13
Scandrill	18	0	6	0
Xtreme Drilling	18	?	?	?
CanElson Drilling	17	1	0	1
Orion Drilling	16	1	12	0
Big Dog Drilling	24	0	0	0
Felderhoff	20	0	4	0
Sendero	15	0	0	0
Robinson Drilling	14	?	?	?
SST Drilling	15	0	0	14
True Drilling	14	1	2	0
Aztec Drilling	14	?	?	?
Kenai Drilling	14	0	1	?
Falcon Drilling	13	?	?	?
Ringo Drilling	13	?	?	?
Dan D Drilling	14	0	0	0
Silver Oak Drilling	13	?	?	?
Desoto (SWN)	15	?	?	?
Basic Energy	12	0	0	0
Pro Petro Services	7	0	0	0
Independence Contract Drilling	5	2	5	0
Other	259	10	10	?
Total	**2,300**	**87**	**436**	**286**

** Source: Company filings and SCI estimates, company w ebsites, RigData, Industry Contacts

U.S. Well Service Market

- Capital spending in the well service industry is rising as 2014 will likely be a record year for new rig deliveries.
- There is a dual narrative, however, within the U.S. well service market as the larger players are building rigs, but these rigs are being used to replace legacy rigs. Meanwhile, private companies continue to order rigs at a fairly rapid pace and most of these rigs are for expansionary purposes.
- We have recently visited with several rig builders and all claim to be very busy. For instance, one builder is now delivering 4 rigs/week while another expects to build ~50 rigs in '14 – a record year for this builder while another builder will deliver ~20 rigs to the U.S. market. Finally, one builder noted that inquiries have been so strong that if all inquiries turned into orders, this company would be sold out for over three years.
- Paybacks on new well service rigs are generally in the 3-year EBITDA range, assuming strong utilization. This, coupled with the prospect of rising well counts, is leading private equity to evaluate this sector and we believe industry deconsolidation will continue to unfold.
- We suspect that public companies, having witnessed the relative stability of the well service business over the past 3-4 years, may be inclined to selectively reconsolidate the industry in order to preserve market share.

U.S. Well Service Market Share

	Rig Count	Market Share
Key Energy Services	724	19.6%
Nabors Industries	445	12.0%
Basic Energy Services	425	11.5%
Superior Energy Services	310	8.4%
Forbes Energy Services	167	4.5%
Pioneer Energy Services	109	2.9%
Beckman Production	95	2.6%
Wes-Tex	65	1.8%
Mesa Group	62	1.7%
Globe Energy Services	70	1.9%
Shebester-Bechtel	50	1.4%
Ensign Energy Services	46	1.2%
Oil Well Service Company	39	1.1%
Eastern Colorado Well Service	38	1.0%
Energy Service Company	37	1.0%
Sun Well Service / Black Hawk	56	1.5%
Crimson Well Service	31	0.8%
Aztec Well Service	32	0.9%
General Production Services	32	0.9%
Excalibur Well Service	31	0.8%
AAA Well Service	31	0.8%
MMI Well Service	30	0.8%
Sundown Well Service	30	0.8%
Viva Well Service	30	0.8%
Aries Well Service	26	0.7%
Liberty Pump	24	0.6%
Pioneer Well Service (PXD)	24	0.6%
Bayou Well Service	24	0.6%
Magna Energy Services	24	0.6%
Northern Production Services	23	0.6%
Big Lake Well Service	22	0.6%
TEC Well Service	21	0.6%
Red Diamond Energy Services	20	0.5%
Joe Mills Well Service	19	0.5%
JL Well Service	18	0.5%
Justiss Oil Company	18	0.5%
Lariat Services	18	0.5%
Lucky Well Service	18	0.5%
Martex Well Service	17	0.5%
Great Basin Petroleum Services	16	0.4%
Sunset Well Service	15	0.4%
Morgan Well Service	15	0.4%
Cavalos Well Service	15	0.4%
King Well Service	15	0.4%
RAPAD Drilling & Well Service	14	0.4%
Tyler Well Service	12	0.3%
Savanna Energy Services	12	0.3%
Arrow Energy Services	11	0.3%
Reeco Well Service	11	0.3%
Genie Well Service	8	0.2%
Busters Well Service	8	0.2%
United Energex	8	0.2%
Other	239	6.5%
Total	3,700	100.0%

1) Source: SCI estimates, company w ebsites and public company filings

U.S. Coiled Tubing Market

- The U.S. coiled tubing market has witnessed dramatic deconsolidation over the past few years. Since our May 2011 report on the coiled tubing, we have identified ~20 new entrants to the U.S. coiled tubing market.
- As with other oil service segments, there are the "Have's" and "Have Not's" in coiled tubing as smaller, more customer service oriented names appear be better utilized while utilization with the larger industry participants is, in many cases, weak. In certain cases, companies have been forced to exit the CT market due to weak performance.
- New supply will be forthcoming in '14 driven by the smaller companies while international orders should rise as well. We recently visited with four CT builders. Two expect to deliver between ~8-10 units each to the U.S. market while another expects 6-8 units. The fourth is a new entrant to CT manufacturing and did not quantify the orders, but noted that business outlook is good.
- Our current tally calls for 24 new CT units for the U.S. market, but realistically, the U.S. market will see closer to 30-40 new units this year.

U.S. Coiled Tubing Market Share

	12/31/2010 CT Count	Current Count	Expected Additions
Superior Energy	70	90	0
Schlumberger	75	74	?
Halliburton	39	56	?
Baker Hughes	59	53	?
RPC Inc.	35	52	0
Key Energy Services	43	51	0
Nabors Industries	15	30	0
C&J Energy Services	16	29	3
Archer	24	20	?
Torqued-Up Energy Services	13	14	0
Basic Energy Services (Maverick)	11	14	2
CETCO Oilfied Services	8	14	0
Pioneer Energy Services (Go Coil)	9	13	2
Sanjel	14	10	?
Legend Energy Services	0	10	0
Elite Coiled Tubing	5	8	?
Precision Drilling	0	8	0
RedZone Coiled Tubing	0	8	2
High Capacity Coiled Tubing / Triple T Coil	0	8	?
MMI	5	7	?
Coil Tubing Solutions	0	7	2
Calfrac Well Services (Mission)	0	7	0
Priority Coiled Tubing	0	7	0
TRB Oilfield	4	6	?
Trican Well Services	0	6	0
Xtreme Coil	14	5	?
Forbes Energy Services	0	5	1
ABC Nitrogen	4	4	?
Redback Energy Services	0	4	1
Titan Petro Services	0	4	2
Pioneer Natural Resources	0	4	0
Advanced Drilling Technology	0	4	?
Gladiator Energy Services	0	3	2
Pro Petro Services	0	3	0
MMS	0	3	0
Viking Coiled Tubing	0	3	2
Cretic Energy	0	3	1
Gulf Coast CT	0	2	1
Lewis Energy	0	2	0
Tucker Energy Services	0	2	0
Panther Well Services	0	1	1
Savanna Drilling	0	1	?
Mid-Atlantic Coil	0	1	1
Yellow Jacket Oilfield Services	0	1	1
Platinum Energy Solutions / Wise Energy	11	0	0
Weatherford (Infinistar)	6	0	0
Premium CT	6	?	?
Other	31	0	0
	494	657	24

Source: Simmons & Company estimates, industry contacts, ICOTA, company websites

CONCLUSION

- We are optimistic that 2014 will be a recovery year for the oil service industry.
- Rising activity and the eventual return of pricing will lead to margin recovery.
- In the near term, however, we believe that cost pressures will precede the pricing recovery.
- As activity rises and as Wall Street focuses on growth, we believe mgmt confidence will rise and that will lead to higher capital spending on the part of oil service companies.
- Moreover, the increased wear-and-tear will require companies to reinvest more heavily in the asset base.
- These two points should lead to improving results for the capital equipment industry and those businesses that focus on after-market and/or consumable products.
- Longer term, however, many of the oil service business segments are too fragmented and at some point a reconsolidation wave will unfold.

APPENDIX D

Analyst Certification:
I, John Daniel, hereby certify that the views expressed in this research report to the best of my knowledge, accurately reflect my personal views about the subject compan(ies) and its (their) securities; and that, I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) or views in this research report.

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NOTES

Houston
700 Louisiana, Suite 1900
Houston, Texas 77002
Corporate Finance: (713) 236-9999
Securities: (713) 223-7840
Fax: (713) 223-7800

Aberdeen
Simmons House
22 Waverley Place
Aberdeen AB10 1XP Scotland
Phone: +44 (0) 1224-202-300
Fax: +44 (0) 1224-202-303

London
6 Arlington Street
London SW1A 1RE
United Kingdom
Phone: +44 (0) 207-053-1000
Fax: +44 (0) 207-053-025

Dubai
Al Fattan Currency House, Tower 2, Level 7
Dubai International Financial Centre (DIFC)
PO Box 506785
Dubai, United Arab Emirates
Phone: 011 97 1431 999 44
Fax: 011 97 1431 999 45