ENVERUS

Oilfield Pulse

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ProPetro spending 2022 capex now to meet dual-gas frack demand

ProPetro Holding ordered 50 Tier 4 dynamic gas blending pumping unit conversions for $74 million, accelerating capex it originally intended to use in 2022, the Midland-based fracker announced Sept. 29. The 50 pumping units will be used to convert existing Tier 2 diesel units to lower-emissions Tier 4 DGB dual-gas engines with deliveries beginning in December and continuing through 1H22.

Demand for Tier 4 DGB fracking drove NexTier's $268MM acquisition of Alamo in August.

"The demand for efficient services in a moderate-activity recovery environment, coupled with differentiated pricing for lower emissions equipment that advances our customers' ESG initiatives, has led to improved profitability for ProPetro's Tier 4 DGB offering," ProPetro CEO Sam Sledge said. This increased demand for DGB frack fleets in the Permian Basin coincided with rising frack pricing, making this the "optimal time" to place the order, he added.

ProPetro expects the current supply chain stress to extend delivery times for critical oilfield equipment through 2022. *Read more...*

Weatherford's Q3 beats its expectations as it refinances debt

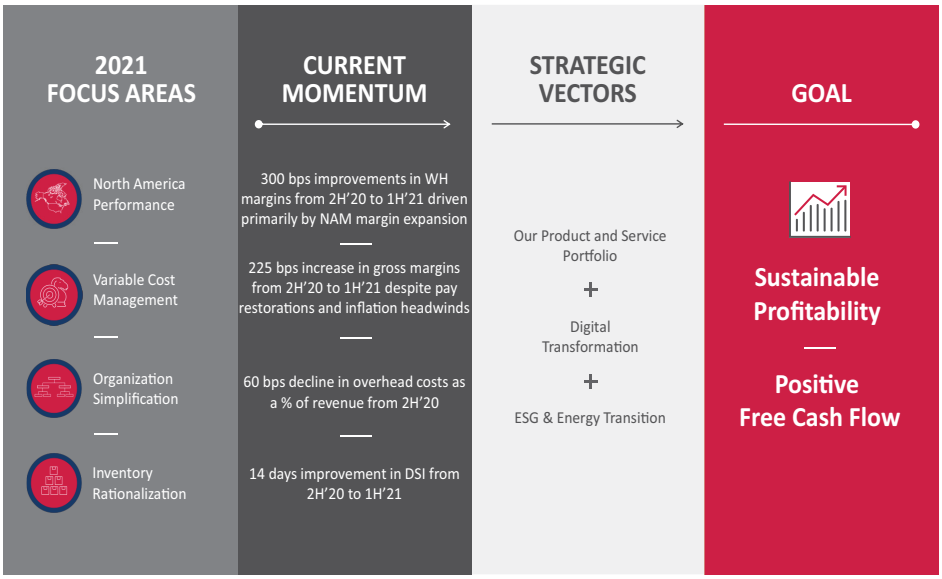
Formerly troubled Weatherford International appears to be turning in the right direction. The company's preliminary results put its Q3 revenue 4-5% higher than Q2's $903 million, which would mark its third consecutive increase and its highest total since 1Q20, the last time it was a $1 billion-per-quarter company. The improved results strengthened Weatherford's hand as it refinanced $2 billion in debt that it accumulated during its 2019 bankruptcy exit and a near default in 2020.

CEO says results 'demonstrable proof' of turnaround but 'we still have work to do.'

Q3 adjusted EBITDA is expected to be higher by at least 25%, and adjusted EBITDA margins are expected to increase by at least 350 basis points. The report serves as an early suggestion that Q3 earnings reports for oilfield services companies could beat expectations.

CEO Girish Saligram said Q3 results will show "demonstrable proof" of Weatherford's operational turnaround. *Read more...*

Weatherford's Q3 to Build Off Progress Seen in Q2



Source: Weatherford 07/28/21 presentation via **Enverus docFinder**

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ABOUT THIS REPORT

Oilfield Pulse is published every three weeks by **Enverus** and covers the oilfield services sector, including contracts, the deal market, finance and new technology offerings.

All dollar amounts in this report are in U.S. dollars unless otherwise stated.

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Contracts & Projects

McDermott secures its fourth contract award in India of 2021

McDermott will provide project management consultancy and EPC management for a refinery in southeastern India under the company's fourth contract win in the country this year. The contract from Chennai Petroleum covers Package 2 of the Cauvery Basin refinery project in Nagapattinam, near Sri Lanka. The new refinery complex will produce 9 million tonnes per year of fuels to Bharat Stage, or BS-VI, emissions standards, a higher standard of fuel that reduces carbon emissions, while continuing to cater to the growing fuel demands of the southern region of India. Work is scheduled to begin in Q3.

McDermott's other three contract wins in India were EPCC assignments from Indian Oil Corp. Ltd. Two EPCC awards were for the Barauni refinery in Bihar and the other was for a catalytic dewaxing unit at the Haldia refinery in West Bengal.

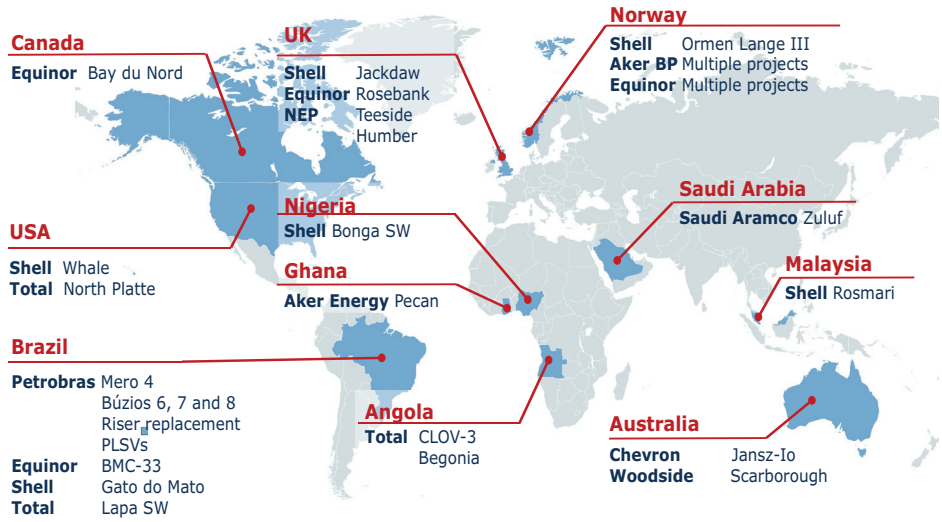
Subsea 7 & Schlumberger to execute EPCI contract off Turkey

Subsea 7 identified Turkish Petroleum on Oct. 15 as the customer for a contract with a value of more than $750 million. The offshore oilfield services company had announced the contract, awarded to its Subsea Integration Alliance with Schlumberger division OneSubsea, in late September but had initially withheld the customer's identity for contractual reasons. The location, which was also initially withheld, is Turkey's largest gas reserve—the Sakarya gas field, about 100 nautical miles in the Black Sea. The EPCI contract will run the gamut from subsurface solutions to onshore production, including completions, subsea production systems, subsea umbilicals, risers and flowlines as well as a 350 MMcf/d early production facility.

Subsea 7's scope of work comprises EPCI of the subsea pipelines and associated equipment to connect the subsea wells, located in 2,000 meters of water, to the EPF. The project includes the provision and installation of infield flowlines, control umbilicals, tie-in connections, associated subsea equipment, 170 km of gas export pipeline and a monoethylene glycol injection pipeline from the EPF. Schlumberger will deliver the well completions and design, construction and commissioning of the EPF. Project management and engineering has begun and will be managed from the Subsea 7 office in Istanbul.

The assignment is Subsea 7's largest contract announcement since at least June, when Equinor hired the Subsea Integration Alliance for the Bacalhau field Phase 1 development off Brazil. That project's work scope covers EPCI of the subsea pipelines and production systems, including 140 km of rigid risers and flowlines, 40 km of umbilicals and 19 trees. Offshore activities at Bacalhau will start in 2022.

Outlook for Subsea 7 Prospects



Source: Subsea 7 07/28/21 presentation via **Enverus docFinder**

- CGG subsidiary Sercel received a major land seismic equipment order to supply a 3D mega-crew survey in North Africa. The equipment includes a 508XT acquisition system with 100,000 QuietSeis digital sensors, demonstrating industry enthusiasm for low-noise and high-accuracy sensor technology, Sercel said Sept. 28. The agreement also includes 20 Nomad 90 Neo broadband vibrator trucks. The equipment is expected to be delivered in Q4. Financial terms were not disclosed.
- Diamond Offshore Drilling chartered Aquadrill, which changed its name from Seadrill Partners this summer after its emergence from bankruptcy, for a one-year drilling contract in the U.S. Gulf of Mexico with an undisclosed E&P company. Aquadrill has assigned the ultra-deepwater drillship Auriga for the charter, which can be extended by one year by mutual agreement. The firm portion of the drilling contract is valued at $94 million. The contract is to start in February following the Auriga's upgrade with managed pressure drilling capabilities for the assignment.
- Electromagnetic Geoservices reported that utilization of its lone active vessel rose 16 percentage points YOY to 48% in Q3. While its Atlantic Guardian acquisition vessel operated throughout Q3, it spent much of the quarter in transit, which cut into its utilization rate. During Q3, the Atlantic Guardian completed the proprietary survey in Southeast Asia and sailed to Norway to commence a fully funded multi-client survey in the North Sea, arriving late September.
- An Odfjell Drilling contract with Equinor increased by one well with the Norwegian producer exercising an option for the semisubmersible Deepsea Stavanger. The additional well, valued at $20 million, will follow the current three-well firm period announced in May. The wells will keep the Deepsea Stavanger occupied starting in 1Q22 and running through 3Q22.
- SeaBird Exploration will start mobilizing for a new one-year contract for the source vessel Fulmar Explorer with a repeat customer. The contract, which replaces the letter of intent announced in July, will commence in November. The Fulmar Explorer is completing upgrades, including capability for nine gun strings, high-volume triple source and redundancy, SeaBird CEO Gunnar Jansen said Oct. 8.

Contracts & Projects

PGS & TGS wrap up 3D acquisition off Eastern Canada

A JV of geophysics companies PGS and TGS completed a successful seismic acquisition season off Newfoundland and Labrador between May and September, the companies announced Sept. 29. The newly acquired data provides 3D data coverage to complement the existing 2D grid.

"Two Ramform Titan-class vessels were active for the full season, with tailored GeoStreamer towing configurations. The new datasets expand our 3D multi-client coverage for this region to 80,000 sq km and will help our clients to further derisk prospects and plays offshore Canada," PGS CEO Rune Olav Pedersen said.

Newly acquired data provides 3D data coverage to complement the existing 2D grid.

Most recently, more than 9,900 sq km were acquired for the Cape Anguille 3D project. A fast-track volume will be delivered before the end of the year, with the final volume to be delivered in 1Q22. A lease round is scheduled in this area for November 2022.

Two additional multi-client programs were completed. One of those, the Lewis Hills 3D Phase 2 survey, provides a contiguous 3D link from the northern Orphan Basin to the Jeanne d'Arc Basin, with long-offset GeoStreamer data to deliver additional insights on the Newfoundland offshore region. Jeanne d'Arc 3D Phase 2 was also successfully acquired, providing previously unimaged geophysical and geological knowledge of this basin, the companies said.

ProPetro spending 2022 capex now to meet demand From PG.1

In addition, it says the risk of inflation threatens to further increase costs, providing additional reasons to spend the money now instead of a few months later. These upgrades will further support ongoing maintenance schedules for existing equipment. "We also believe attrition of efficient pressure pumping equipment in the basin has accelerated over the past two years. These converted units, paired with ProPetro's industry-leading operational performance, will continue to position us well in a frack market that is currently constrained for reliable, high-performing, and lower emissions fleets," Sledge said.

About $30 million of the $74 million will be paid in 2021 with the remainder paid as deliveries continue during 1H22. ProPetro now expects 2021 capex spending to be $145-160 million compared with $81 million in 2020. As of Sept. 28, ProPetro's total available liquidity, which includes cash and available capacity under its revolving credit facility, exceeded $130 million.

Fracker expects supply chain issues and inflation to stretch into 2022, prompting early order.

Pressure pumping providers are pushing frack fleets with Tier 4 DGB engines as an option to reduce emissions and costs without committing to fully electric fleets. DGB can mix diesel with gas that would otherwise be flared at the wellsite.

The demand for DGB was a driving force in NexTier Oilfield Solutions' $268 million acquisition of Alamo Pressure Pumping LLC, which closed in August. Nearly all of Alamo's nine fleets had Tier 4 engines that could be easily converted to DGB.

Patterson-UTI will replace Tier 2 diesel engines on two frack spreads with Tier 4 dual-fuel engines by the end of next year. "We see this as a very cost-effective solution to upgrade the level of technology on our existing equipment without adding horsepower into the market," CEO Andy Hendricks said in a July earnings call.

U.S. Well Services, which is transitioning to an all-electric fracker, believes e-frack is a superior technology. "No dual-fuel fleet really eliminates diesel entirely, and most are using CNG when they are operating," which saves less money than using field gas, USWS VP of finance Josh Shapiro said in August. Shapiro also said Tier 4 engines were designed to reduce nitrogen oxide particulates, not CO2 emissions.

Wood's three-year contract leads to new base in U.K.

Wood plc expanded its operations in the southern North Sea with the award of a new operations and maintenance contract from Shell UK and Nederlandse Aardolie Maatschappij. To support the successful delivery of this three-year contract and to propel growth in this part of the U.K., Wood will establish a regional base in the Great Yarmouth area, just across the southern North Sea from the Netherlands. The base will also help Wood leverage its operations and decarbonization expertise to unlock sustainable energy solutions in the southern North Sea and East Anglia area, the engineering company said.

The contract, which comes with two one-year options, includes the provision of manpower to support operations and maintenance, while assessing ways to drive down costs and extend production life across Shell UK and NAM's onshore and offshore assets. The contract will be delivered by around 120 Wood employees across the assets in the U.K. and Netherlands sectors of the southern North Sea, including Clipper and Leman offshore gas fields, Bacton gas terminal, Kroonborg and Kasteelborg vessels and the Seafox 4 barge.

- Patterson-UTI Energy said it averaged 83 drilling rigs operating in September, an increase from 79 the previous month and 60 a year earlier. The company averaged 80 drilling rigs in Q3, up from 73 in Q2 and 60 in 3Q20. Patterson-UTI's tally consists of all drilling rigs that were earning revenue under a drilling contract.
- Perma-Pipe International Holdings' subsidiary in Egypt received about $5 million in contracts to provide thermally insulated pipes, field joints and leak detection systems to district cooling networks in Al Alamein Old City and the embassies district of Egypt's New Administrative Capital. The company will also install its PermAlert leak detection system for the insulated pipelines. The orders came from Consolidated Contractors and Gascool. The projects will begin execution in Q3. Illinois-based Perma-Pipe offers piping services including fabrication, coating and installation for a variety of industrial uses including onshore and offshore oil and gas systems, LNG-powered vessels and refineries.

Contracts & Projects

Maersk drillship going for world-record 12,000 ft off Angola

A seventh-generation Maersk Drilling drillship is contracted to drill at a world record water depth of 12,000 ft. TotalEnergies E&P Angola exercised an option for the Maersk Voyager to drill the historic ultra-deepwater Ondjaba-1 exploration well in Angola's Block 48.

The work on Ondjaba-1 commenced in October. The current world record is 3,400 meters, roughly 11,200 ft, set by the Maersk Voyager's sister drillship, the Maersk Venturer, when it drilled the Raya-1 well off Uruguay for TotalEnergies in 2016.

"We're thrilled to be able to confirm that we indeed will be drilling for a new world record," Maersk Drilling COO Morten Kelstrup said. "Ondjaba-1 was part of Maersk Voyager's original contract in Angola, but the rig's drilling program has undergone several changes due to the unprecedented circumstances the world has faced since early 2020. With this contract option called, we're now looking forward to proving that Maersk Drilling and the highly capable Voyager crew can once again break existing boundaries."

The contract extension has an estimated duration of 54 days, which means the Maersk Voyager is now contracted with TotalEnergies until February. The French supermajor will have the Maersk Voyager move to Namibia to drill the Venus wildcat after Ondjaba-1. A one-well option remains on the contract.

Kiewit to handle FEED for Gevo's Net-Zero 1 renewable fuels plant

A subsidiary of Kiewit Corp. secured the FEED contract for Gevo Inc.'s Net-Zero 1 project in Lake Preston, South Dakota, a plant that will produce energy-dense liquid hydrocarbons using renewable energy and Gevo's proprietary technology. Gevo expects Kiewit Energy Group will also fulfill the EPC role in the project after it completes the FEED phase.

The Colorado-based biofuels company expects Net Zero-1 to annually produce 45 million gallons of jet fuel and renewable gasoline as well as 350 million pounds of high-protein animal feed. Scheduled to come online in 2024, Net-Zero 1 will include an anaerobic digestion wastewater treatment plant that will produce enough biogas to run the plant and supply a combined heat and power unit, which will be able to meet 30% of the facility's electricity needs. The remaining 70% of electricity is expected to come from wind power.

U.S. Rig Count by Basin & Top Drillers

	Current 10/18/21	Week Ago 10/11/21	Month Ago 09/18/21	Year Ago 10/18/20	% Chg YOY
Total	636	639	625	325	96%
Top Drillers					
Helmerich & Payne	130	126	123	65	100%
Patterson-UTI	81	81	79	44	84%
Nabors Industries	64	70	63	34	88%
Ensign Energy	42	42	38	23	83%
Precision Drilling	41	39	38	21	95%
Rigs by U.S. Basin					
Delaware	138	137	134	76	82%
Midland	103	100	100	55	87%
Gulf Coast	78	79	74	30	160%
Anadarko	54	58	56	16	238%
Appalachian	47	49	47	36	31%
Ark-La	35	36	41	25	40%
Williston	28	29	26	12	133%
Gulf of Mexico	24	24	24	24	0%
Permian Central Platform	16	14	16	3	433%
East Texas	16	18	15	16	0%
Powder River	15	15	13	3	400%
DJ	12	13	11	5	140%
Permian Eastern Shelf	10	10	7	6	67%
Fort Worth	10	7	11	2	400%
Uinta	9	9	9	3	200%
Other	41	41	41	13	215%

Source: Enverus

A&D

- Atlantica Tender Drilling is winding down after selling its remaining assets, including the offshore drilling rig Atlantica Delta, ATDL domain name and management system, on Sept. 28 for $2.5 million to a new entity that intends to market the rig for future use. Total asset sale proceeds, including the Sept. 12 sale of its other rig, the Bassdrill Beta, were $6.4 million, which will be shared on a 50:50 basis between its senior lenders and the bondholders. Atlantica, which had $191 million in senior debt at the end of Q1, defaulted in April.
- CGG received $95 million in the sale of its GeoSoftware business to Topicus.com Inc. and Vela Software. Topicus now owns 60% of GeoSoftware, and Vela holds the rest. CGG announced the deal July 30 but did not disclose the price at the time. The transaction was effective Oct. 1. GeoSoftware's product suite offers seismic reservoir characterization, advanced seismic interpretation, advanced 3D interpretation, multi-well log analysis, rock physics modeling and post-stack velocity modeling. Vela, an operating group of Constellation Software, serves multiple industries including energy and resources. Topicus.com is a leading European provider of vertical market software and platforms.

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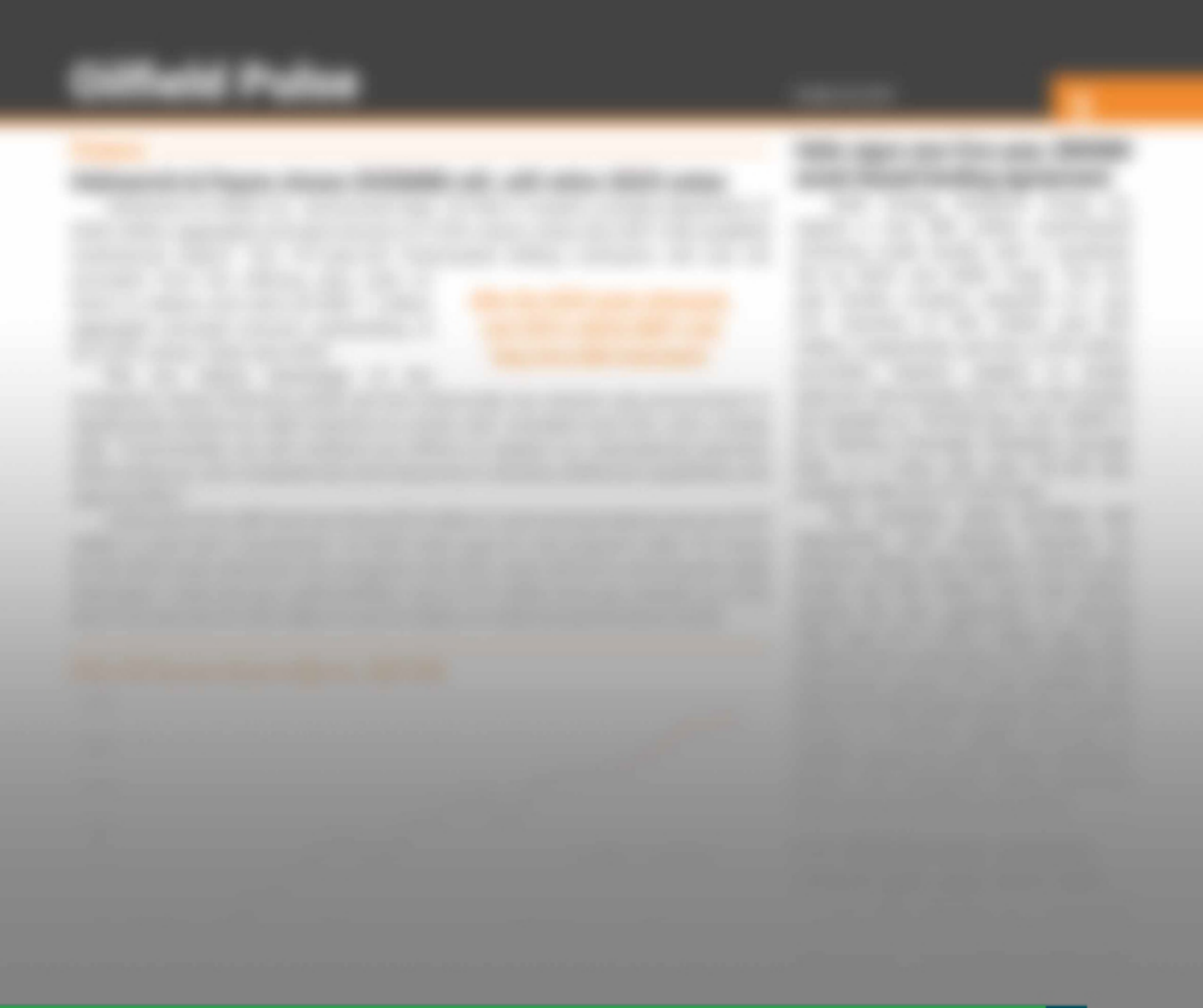

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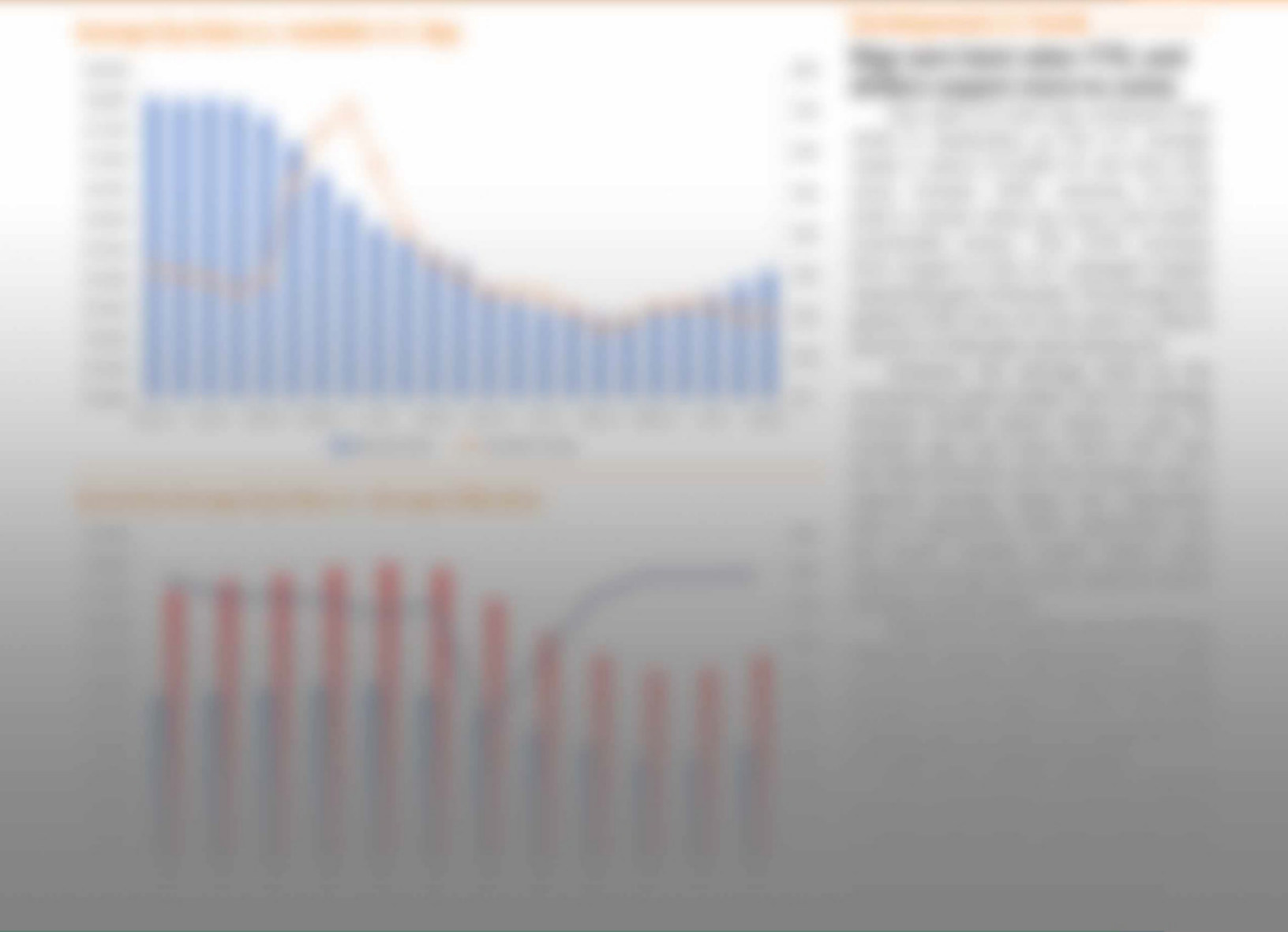

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