

Advancing Reservoir Performance

Energy Market Update for SWARS

San Antonio, Texas

February 18, 2009



Industry Trends

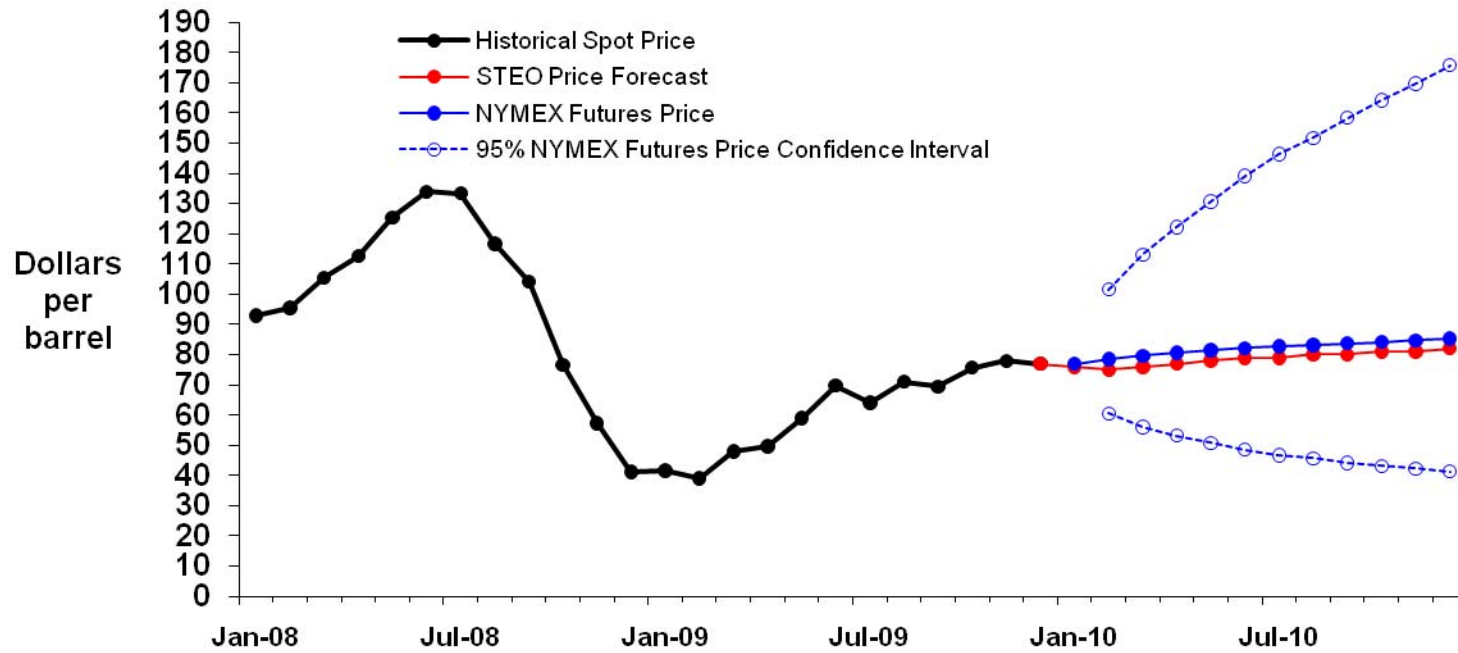
- OPEC production projected to average 29.1 MMBPD in 2009
 - OPEC production in 2010 of 29.6mmbpd
 - Excess capacity to remain over 4mmbpd through 2010
- Non-OPEC production to average 50.3 MMBPD for 2009
 - 0.6mmbpd higher than 2008 due to increases in US, Brazil and FSU
 - Non-OPEC production projected to be 0.3mmbpd lower in 2010, driven by US & FSU
- Energy Prices (Spears December)
 - Crude
 - WTI averaged \$68.20 in Q3 2009
 - Spears views Oil to average \$70-\$80 per bbl through 2012 and \$80-\$90 beyond
 - Natural Gas
 - Henry Hub Nat Gas prices averaged \$3.26
 - Spears views Nat Gas to average \$5.20 in 2010 and \$6-\$7 per mcf in 2011
- IOC's enter Unconventional Shale Gas
 - Exxon buys XTO for \$41B
 - Total / CHK JV for 25% of Barnett assets for \$2.25B

Industry Trends

- Rig Count (Baker Hughes)
 - Q3 2009 Global rig count averaged 2,129
 - Recovery led by Canada and US Land rig count
 - Rig Count Projections (Spears December)
 - US rig counts to average 1,156 in 2010 and continue up to 1,358 by 2015
 - Fewer Rigs needed to maintain output due to Shale Play production
 - Int'l rig count to average 1,184 in 2010 and continue up 1,389 by 2015
- E&P Spending (Barclays)
 - Global spending to increase by 11% in 2010
 - NA to see the strongest recovery
 - US to increase 12%
 - Driver is Shale Plays
 - Canada to increase 23%
 - Getting back to Oil Sands investment
- Oil Field Services Pricing (Tudor, Pickering, Holt)
 - Appears to have stabilized in North America
 - Margins to begin recovery due to activity not pricing recovery in 1H 10
 - International pricing expected to undergo compression during 1H 10
 - Contract renewals

EIA - West Texas Intermediate (WTI) Crude Oil Price

West Texas Intermediate (WTI) Crude Oil Price

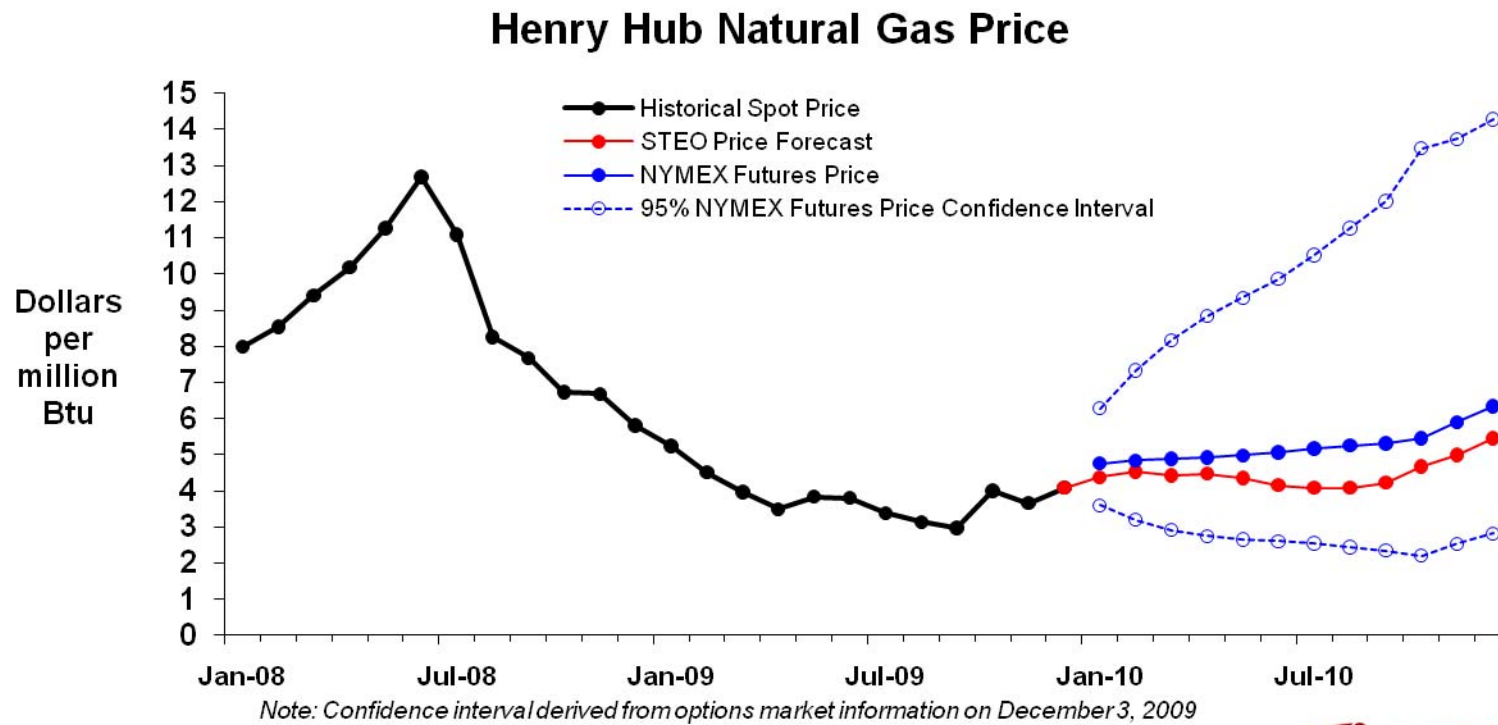


Note: Confidence interval derived from options market information on December 3, 2009

Short-Term Energy Outlook, December 2009



EIA - Hub Natural Gas Price

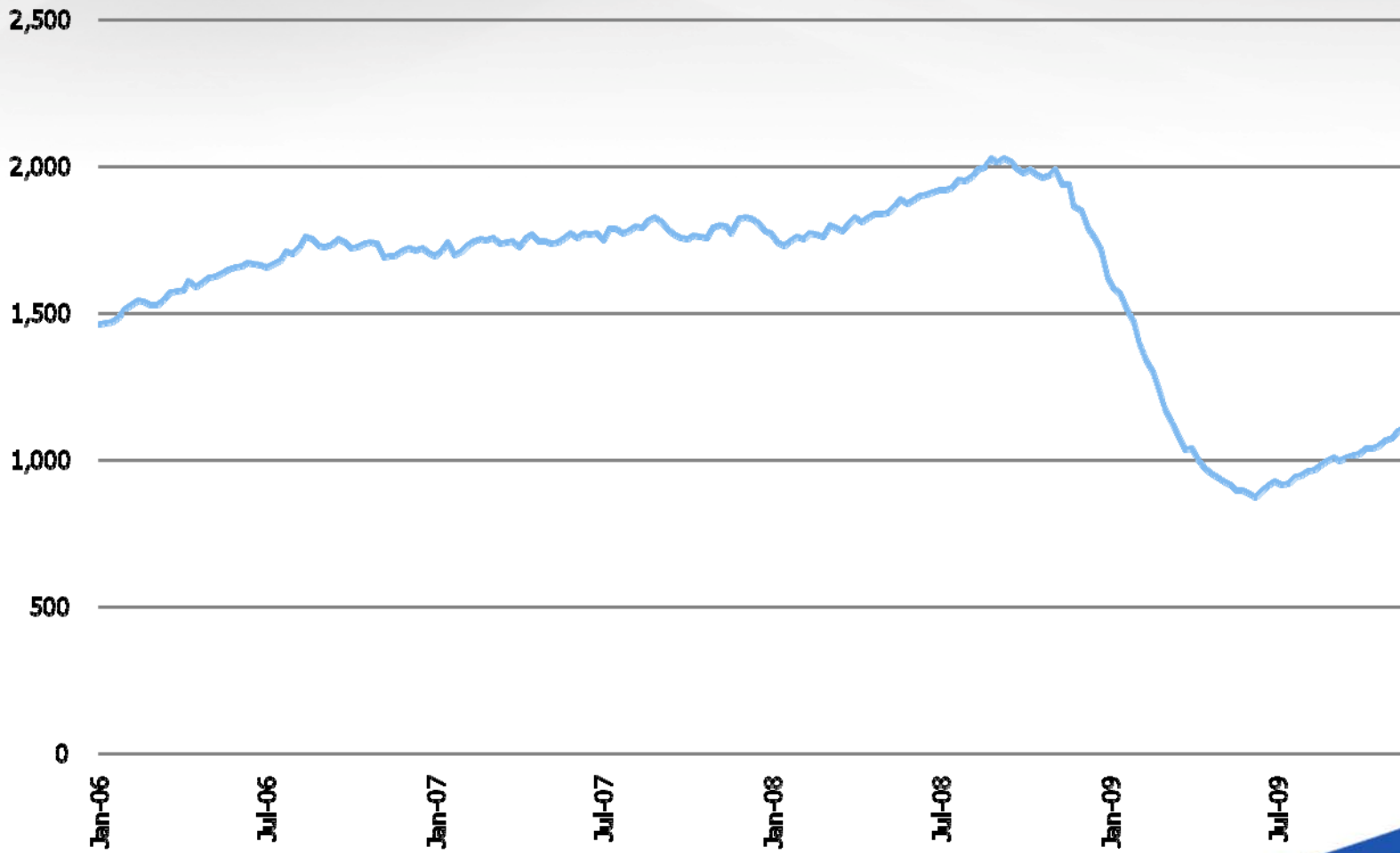


Short-Term Energy Outlook, December 2009



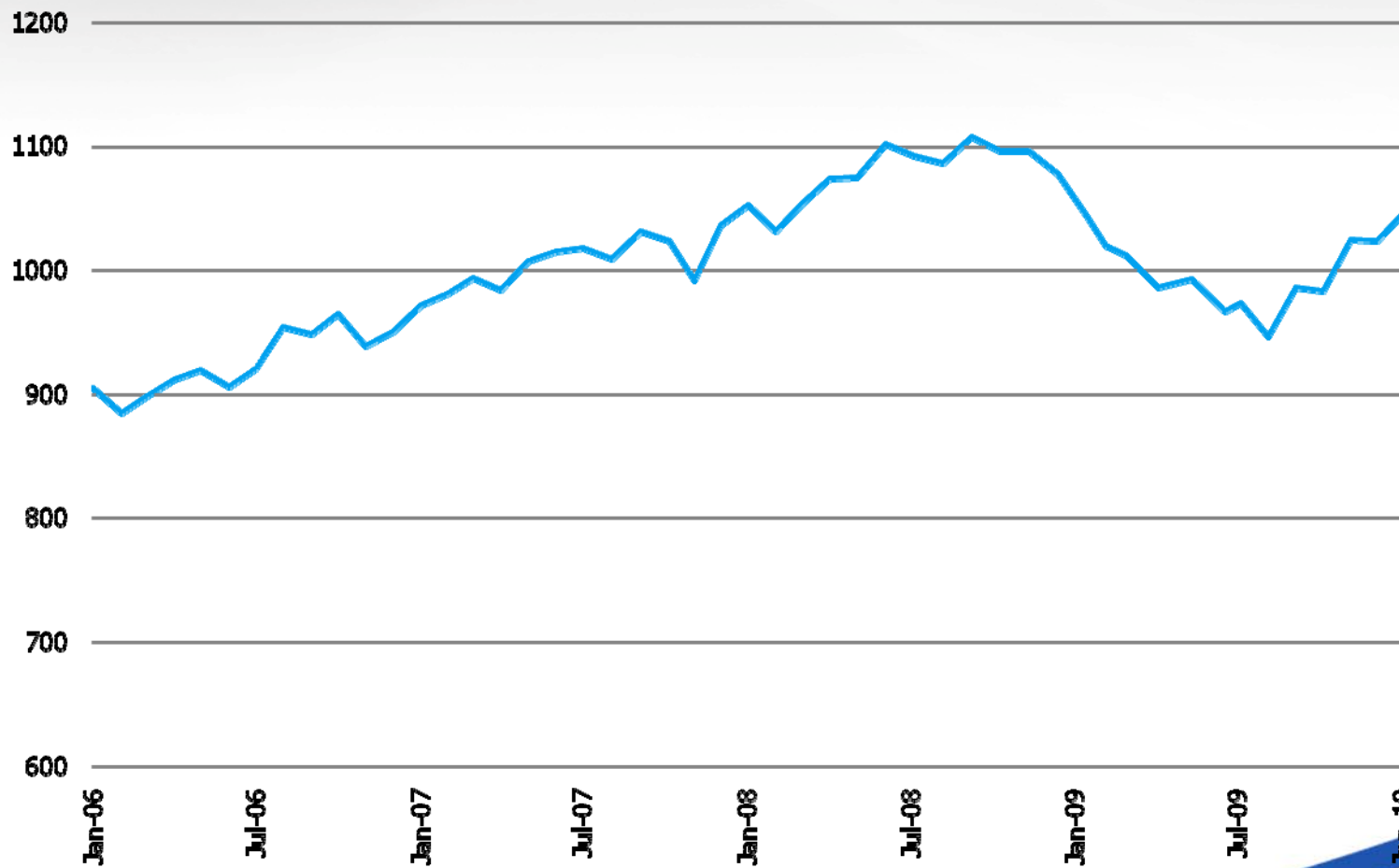
U.S. Rig Count

U.S. Rig Count



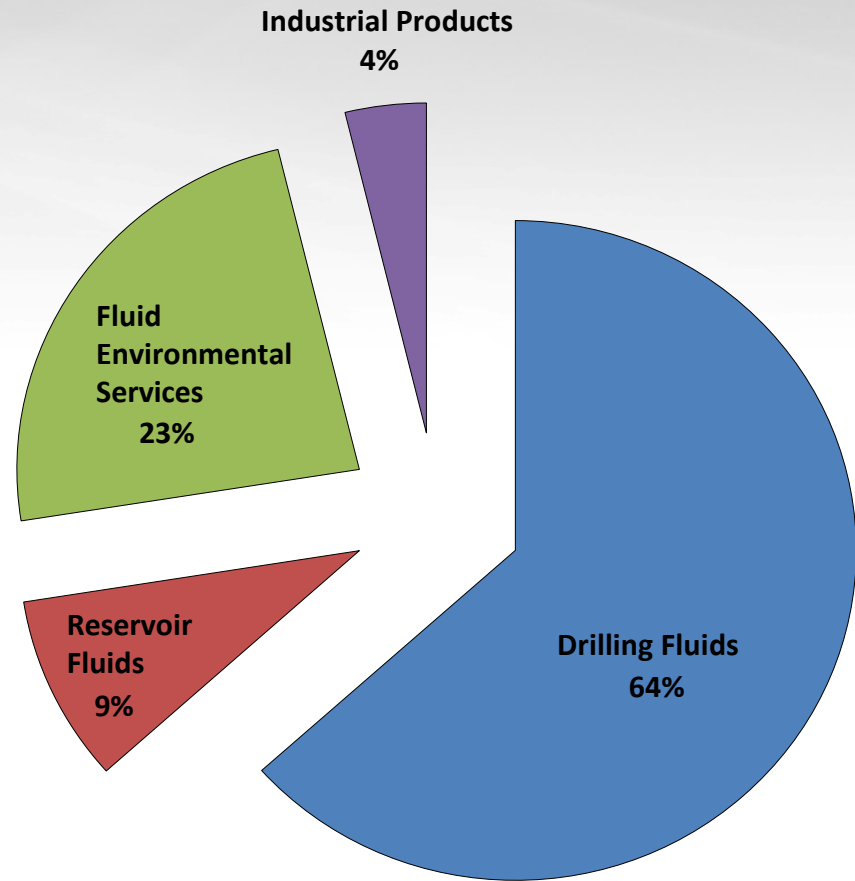
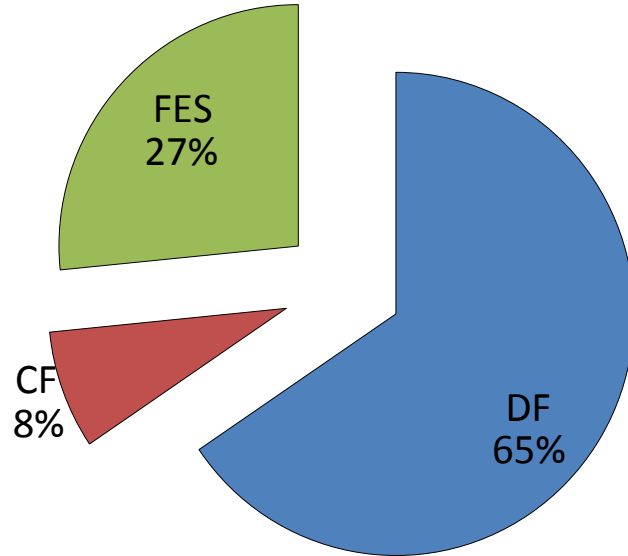
International Rig Count

Intenational Rig Count



2009 Market View

- Estimated TAM*
 - Global - \$10.041B
 - North America - \$3.037B



* Total Available Market

Bottom line:

Impact on barite and bentonite rail volume

- YoY increases/decreases over 2008 baseline
 - North America rail volume should follow North America fluids market
 - Total Available Market (TAM)

Year	Global TAM	NA TAM	% change
2008	\$ 12,191	\$ 4,854	
2009	\$ 10,041	\$ 3,082	-36.51%
2010	\$ 10,601	\$ 3,222	4.54%
2011	\$ 11,171	\$ 3,411	5.87%
2012	\$ 12,080	\$ 3,734	9.47%

External Information

Name	Source	Date	Description
RMI Clearing House Report	RMI	Every Quarter (Feb, May, Aug, Nov)	Lump rev info for MI/Hal & BHDF for DF & CF by area: Canada, US land, offshore, Latin America, Europe, Africa (incl. Egypt), Mid/Far East. Parallel IP report for US and Int'l markets
Offshore RigBase	ODS- Petrodata	Real time, Monthly update	Offshore rig tracking system: by operator, rig type, geography, contract dates/value, rig status, outlook 5+ years forward. Others
Drilling & Prod Outlook (BHI)	Spears & Associates	Quarterly (conf)	Overview on Gas & oil markets (US & int'l) Drilling historical and projected analysis by country (5 years fwd)
Oilfield Market Report (BHI)	Spears & Associates	Semi annual (xls file)	Detailed market summary by Service Product Line (Drilling & Completion Fluids – SC& WM), competitor, historical TAM and MPY
E&P Spending Survey (BHI)	Barclays (Citi)	Semi annual (Jun, Dec)	MPY Spending \$ by operator. US, Canada & Int'l
Financial Reports	SEC	Quarterly	Financial Information on financial results by quarter for main competitors: SII, Hal, NR, Scomi, UTI, NOV, BJ, Tetra

Other Sources & Reports

- [Marketing Leadership Council: Services & tools for strategic Marketing decisions](#)
- [AMA](#) (American marketing Association)
- [IEA](#) (Int'l Energy Agency) News, surveys, data on industry trends, oil & gas markets Long term (10 – 30 years)
- EIA (Energy Information Agency)
- BP Statistical review of World Energy. Oil & Gas markets, other energy sources
- Various Corporate subscriptions to journals and magazines (monthly updates on Industry news)
- BHI TAM Tool