News Release Archive

S&P Global Platts' RigData: U.S. Rig Count to Grow by Nearly 30% in 2017

- Just Released U.S. Land Rig Three-Year Forecast -

HOUSTON, Sept. 30, 2016 /PRNewswire/ -- S&P Global Platts, the leading independent provider of information and benchmark prices for the commodities and energy markets, announced today the release of the Platts RigData U.S. Land Rig Three-Year Forecast.

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The annual Forecast, now in its 2(nd) year, is an analysis of the key drivers of domestic oil and gas supplies and what they imply for future trends over the next three years for land rig demand. As the report notes, oil prices will continue to be the primary catalyst determining U.S. rig demand in the months ahead.

"OPEC's latest agreement to modestly reduce production, a move aimed at supporting the price of crude oil globally, reinforces our expectations of strengthened U.S. rig counts next year," said *Trey Cowan, senior industry analyst, Platts RigData, a forecasting unit of S&P Global Platts*.

Specifically, Platts RigData projects the U.S. rig count will grow by an average of 131 rigs or 29% year over year during 2017. This would be an increase from the average estimated 449 rigs actively drilling in 2016.

Forecast Highlights Include:

- Oil prices to trend higher as incremental U.S. supply levels normalize
- Oilfield service activity to continue the recovery begun in May
- Elevated production derived from "high grading" (where operators focus on developing the highest returning wells) has entered the latter stages for this recovery cycle
- Lower incremental-production volumes per well are likely
- Despite recent drawdowns in drilled-but-uncompleted (DUCs) wells, oil and natural gas supply unlikely to expand as rapidly as first signaled

"In our opinion, the expected smaller incremental-well production volumes would imply the need for a greater number of wells to be brought into production in order to reach targeted production goals," said Cowan. "To this end, Platts RigData expects more than 11,000 U.S. oil & gas wells to be drilled during 2017. That would be an improvement of 25% year over year versus our 8,900 well spud estimate for 2016."

The Platts RigData U.S. Land Rig Three-Year Forecast looks at the full U.S. landscape, with deep dives into analysis of eight key regions active in oil and gas development. Utilizing Platts RigData's extensive database, the Forecast goes into granular detail of specifications and the technical capabilities of each rig and its working history. Unlike some approaches, the levels of production, consumption, and price trends projected in the Platts RigData Forecast are based on rig demand.

Key components of the Platts RigData U.S. Land Rig Three-Year Forecast:

- Regional projections of a base case plus a downside and upside growth case
- Regional summaries of developments, commodity prices, and operators' drilling sentiments
- Assessment of macroeconomics
- Outlook for technology advancements, effects of rig fleet age, and financial health of large service providers
- DUCs inventory overhang and outlook

The 2016 edition of the Platts RigData U.S. Land Rig Three-Year Forecast is available in print and PDF format, including an Excel workbook with all supporting data. For more information or to subscribe to the Forecast, visit http://rigdata.com/us-land-rig-three-year-forecast.

S&P Global Platts acquired RigData, a provider of daily information on rig activity for the natural gas and oil markets across North America, on June 1, 2016.

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