

Middle-East Oilfield Services Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Middle Eastern oilfield services market was estimated at about USD 28 billion by the end of this year and is expected to register a CAGR of 5.5% during the forecast period.

The market was negatively impacted by COVID-19 in 2020. Presently, the market has now reached pre-pandemic levels.

Key Highlights

Over the long term, the major driving factors of the market are the increasing development of gas reserves and due to the rising natural gas consumption, several countries in the region are also increasing their investment in gas reserves such as in South Pars Gas field, etc.

On the flip side, the increasing adoption of renewable energy sources is expected to slow down the market growth during the forecast period.

The technological milestones in the field of oilfield services provide a game-changing opportunity for the market. The introduction of IoT applications and cloud platforms to facilitate remote monitoring of various services helps reduce operational costs by increasing the speed of work and accuracy. The digital transformation of these services also helps in improving safety and reducing mishaps.

Saudi Arabia is expected to witness significant growth in the market, due to the highest number of oil fields left to be developed by private companies.

Middle-East Oilfield Services Market Trends

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Drilling Services Expected to Witness Significant Growth

Drilling services refers to the process by which tubing is bored through the earth's surface and a well is established. A pump is connected to the tube and the petroleum under the surface is forcibly removed from underground. The most common drilling methods used for extraction of oil and gas beneath the earth are rotary drilling, directional drilling, Managed Pressure Drilling (MPD), percussion drilling and many more.

The Middle-East is one of the major regions in the global drilling services with majority of the demand coming from the countries such as Saudi Arabia, Kuwait, the United Arab Emirates, and others. The region is rich in harsh well conditions such as tight reservoir rock, high pressures, high temperatures, and fluids that threaten steel parts. In the recent years, the drilling services have been proven successful in both onshore and offshore fields with aforementioned well conditions in the region.?

In 2020, the region's oil and gas industry witnessed a declining trend in terms of new wells drilled and number of exploration and production activities. The decline in the global oil and gas demand due to the COVID-19 pandemic resulted in a decline in the exports and this, in turn, has hit the drilling activity in most of the Middle-Eastern countries, particularly Saudi Arabia.

After a challenging year for the oil and gas industry in 2020, the recovery in oil and gas demand and crude oil prices, supported by vaccination efforts and OPEC+ supply cuts is proving good for drilling activity. The drilling activity in the region has picked up its pace owing to the new oil and gas discoveries across the Middle-Eastern region since 2021. For instance, The United Arab Emirates (UAE) announced a new gas discovery with 80 trillion standard cubic feet (tscf) of shallow gas resources, a discovery that could help the country's goal to achieve gas self-sufficiency. The discovery was made within an area of 5,000 square km between Abu Dhabi and Dubai, with ADNOC drilling more than 10 exploration and appraisal wells.

Similarly, in January 2021, Kuwait has made three oil and gas discoveries, including one next to the giant Burgan field, the country's biggest, potentially helping to boost its reserves. State-owned Kuwait Oil Co. (KOC) discovered the Homah oil field, located in the northwest and stretching over 70 sq km, with a flow rate of 1,452 b/d of light oil. The second discovery in al-Qashaniyah field, located in northern Kuwait and close to Rawdatain and al-Sabriya fields, produced 1,819 b/d of light oil with 49 API and 2.78 MMcf/d of associated gas. Conventional oil was also discovered north of Burgan at a rate of 2,000 b/d from several wells drilled in 2020.

Also, in March 2022, Saudi Aramco awarded a major contract to Schlumberger for integrated drilling and well construction services in a gas drilling project. The integrated project includes drilling rigs and technologies and services, including drill bits, measurement while drilling (MWD) and logging while drilling (LWD), drilling fluids, cementing, and completing wells. Therefore, factors such as recovery in the oil and gas drilling activity across the region coupled with efforts to boost production from unconventional resources including shale formations are expected to drive the demand for drilling services in the Middle-Eastern region during the forecast period.?

Saudi Arabia to Witness Significant Growth

Saudi Arabia is the second-largest crude oil producer globally, accounting for about 12.5% of the global crude oil produced in 2020. The country is also the largest crude oil exporter in the world. Moreover, Saudi Arabia holds the second-largest proven oil reserves (with 37.04 thousand tonnes of oil equivalent) globally, after Venezuela as of 2020.

Saudi Arabia is estimated to have the world's fifth-largest estimated shale gas reserve. Thus, it has a great potential to replicate North America's unconventional reserves' development growth. In December 2021, Saudi Aramco awarded USD 100 billion contracts on the Jafurah project to place itself as the third-largest natural gas producer by 2030. Further, the project's development is expected to help the country incline more towards natural gas as a source of electricity generation, thus supporting the pursuit of its 2060 net-zero target.

Hence such developments are expected to serve the country's Vision 2030 program to diversify the economy from crude oil and sharply would reduce the carbon footprint in Saudi Arabia. Moreover, the country's development would support the nation to

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increase its crude oil export by depending more on the domestic natural gas consumption. However, Vision 2030 would also act as a restraint to the market from growing during the forecast period, as the program has also prioritized the adoption of renewable energy. Thus, this might negatively impact the market in the coming years.

Despite the renewable energy growth, the country is expected to witness an increasing investment in the oil & gas upstream sector, which would have a positive impact on the market studied.

Moreover, the country is in the process of expanding its existing oil & gas fields. Few major expansion projects include the Berri field and Marjan Oil field. The Berri field is located partly onshore and partly offshore on the east coast of Saudi Arabia and is being expanded under the Berri Increment Program (BIP) to double its crude production capacity to 500,000 barrels per day (bpd) by 2023. The project is scheduled to commission in 2023, with an estimated investment of USD 6 billion. On the other hand, the Marjan oil field is located offshore on the east coast of Saudi Arabia. The expansion project is done under the Marjan Crude Increment Programme announced in 2017. The expansion programme aims to increase the crude production capacity of the field by 300,000 barrels per day (bpd) and produce 360,000bpd of ethane and natural gas liquids (NGL) by processing an additional 2.5 billion standard cubic feet per day (Bscfd) of gas produced from the field. Hence such upstream development projects are likely to increase the demand for drilling, intervention, completion, and production services in the country.?

Therefore, based on the above-mentioned factors, Saudi Arabia is expected to witness significant growth in Middle-East oilfield services market during the forecast period.

Middle-East Oilfield Services Market Competitor Analysis

The Middle-East oilfield services market is fragmented in nature. Some of the major players in the market (in no particular order) include Baker Hughes Co., Halliburton Company, Schlumberger NV, Middle-East Oilfield Services, and Weatherford International PLC.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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