

## **Directional Drilling Services Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

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### **Report description:**

The directional drilling services market is expected to witness a CAGR of approximately 6% during the forecast period, 2022-2027. The COVID-19 outbreak witnessed a severe impact on the market due to stringent lockdown protocols implemented by respective governments. Factors such as drilling in unconventional reserves, which involve directional or horizontal drilling to increase contact with the pay zone, and increase the production significantly are expected to drive the directional drilling services market during the forecast period. Moreover, global crude oil demand is expected to grow by 1.2 mb/d in the next four years. Increasing pressure among the top oil and gas operating companies to increase their production is further promulgating the market. However, the volatile crude oil prices and low investments in regions excluding North America are likely to hinder the growth of the market being studied.

### **Key Highlights**

The offshore segment is expected to witness significant growth during the forecast period, owing to the cost of operation in the offshore locations declining significantly over the past few years. This factor is encouraging the industry to step up its expenditure gradually in the future and drive the directional drilling services market.

Factors, such as technological improvements and increasing viability of deepwater and ultra-deepwater projects, several new markets, such as Gabon, Senegal, Guyana, Trinidad & Tobago, Egypt, and the Mexican side of the Gulf of Mexico are actively promoting the development of deepwater and ultra-deepwater reserves. This, in turn, is expected to create significant opportunities for the operating countries in the near future.

North America is expected to continue its dominance of the directional drilling services market globally, with the majority of the demand coming from the United States and Canada due to increasing horizontal and directional drilling activities.

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## Directional Drilling Services Market Trends

### Offshore Segment Expected to Witness Significant Growth

The offshore oil and gas industry accounts for about 30% of the global crude oil production. The Middle East, North Sea, Brazil, the Gulf of Mexico, and the Caspian Sea are the major offshore oil and gas producing regions.

Declining costs of oil production with more significant cost savings make deepwater the economical source of supply. The average breakeven price for all unofficial projects has come down to approximately USD 50 per barrel, declining close to 10% in the last few years. This scenario is likely to raise the demand for directional drilling services in deepwater during the forecast timeline. Deepwater oil production is majorly concentrated in four countries, Angola, Brazil, Nigeria, and the United States. Significant offshore reserves are likely to institute a favorable business scenario for the industry participants operating in the directional drilling services market in the near future.

The combined production from tight oil, oil sands, and deepwater is estimated to reach 21 mb/d by 2040 and is expected to account for almost a quarter of the global crude oil production. The changing economics and the exhaustion of some shallow offshore resources have compelled the producers to shift toward deepwater and ultra-deepwater resources.

Therefore, owing to the above points, the offshore segment is expected to witness significant growth in the directional drilling services market during the forecast period.

### North America Expected to Dominate the Market

Due to the demand from the United States and Canada, North America led the directional drilling services market and was expected to be the largest market as of 2020.

The United States has one of the largest technically recoverable shale gas reserves and the second-largest tight oil reserves in the world. The technological development in hydraulic fracturing and low breakeven prices have supported the oil and gas directional drilling activity in the region.

In the United States, the directional drilling services market is primarily driven by new offshore projects and the redevelopment of matured fields. Due to the recovering drilling activity, the gas output was expected to reach an average of 47 billion cubic feet per day by 2020. The production from Marcellus/Utica shale and new oil wells is expected to account for most of the growth in gas production.

In Canada, the biggest increase in activity is expected from the country's main crude oil and gas producing region, Alberta. Consequently, the directional drilling services market is estimated to grow at a moderate pace in Canada.

Therefore, rapid growth in the drilling activities and the increase in many horizontal wells in the region are expected to drive the directional drilling services market during the forecast period.

### Directional Drilling Services Market Competitor Analysis

The directional drilling services market is moderately fragmented. Some of the major companies include Schlumberger Ltd, Weatherford International PLC, Halliburton Company, and Baker Hughes Company.

### Additional Benefits:

The market estimate (ME) sheet in Excel format  
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