

Drill Bit Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 132 pages | Mordor Intelligence

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Report description:

The drill bit market is expected to grow at a CAGR of more than 6.6% during 2022-2027. With the COVID-19 outbreak, several oil and gas projects had been suspended or delayed due to travel bans, supply chain disruptions, and low crude oil prices. In April 2020, crude oil prices collapsed due to low crude oil demand due to several restrictions imposed due to COVID-19. Low crude oil price reduces the operator's profit margin, thus negatively impacting the upstream activities and the market studied. Major factors driving the drill bit market include increasing oil and gas exploration and development activities, unconventional field developments, and directional drilling. Moreover, the crude oil price volatility and the efforts made by the major countries to shift from fossil fuel-based energy mix to renewables are expected to hinder the growth of the market studied.

Key Highlights

The fixed cutter bit segment is expected to dominate the market during the forecast period due to its advantages compared to the roller cone bit. It is also considered the best drill bit for shale formations.

Exploring new markets in emerging countries of South America and Southeast Asia and innovations in the drill bit technological landscape are likely to present vital opportunities to the drill bit manufacturers in the future.

North America has dominated the drill bit market in 2020 and is expected to continue its dominance during the forecast period.

Drill Bit Market Trends

Fixed Cutter Bits to Dominate the Market

Fixed cutter bits have no moving parts or bearings, unlike roller cone bits. The cutters are permanently mounted onto blades, which are integral to the structure of the bit. Polycrystalline diamond compact (PDC) bits dominate this category and hold the majority of the market share in the global drill bit market.

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Since the invention of the polycrystalline diamond compact (PDC) by General Electric in 1971, this technology has impacted nearly all material removal industries. After its introduction into the drilling industry at Hughes Tool Co. (HTC) by GE Carbology in late 1972, the PDC cutter and bit technology have progressed slowly for several years.

Another contributor to the massive success of the PDC drill bit was the development of computer models, which helped design and understand PDC bits' behavior. Since 2000, PDC bits have rapidly expanded in oil and gas applications. Formations considered un-drillable a few years earlier are being drilled economically and reliably.

The PDC bits can penetrate formations with hard interbedded streaks. As PDC is considered to be the best suit for shale drilling, the ongoing rapid developments in the shale business have aided the growth of the PDC drill bit market in the past 20 years. PDC bits are now being used in a majority of North American land drilling applications.

With advantages over the roller cone bits, the fixed cutter bits segment is estimated to experience a high growth rate and is expected to continue dominating the drill bit market during the forecast period.

North America to Dominate the Market

North America comprises developed economies with substantial oil and gas resources. The United States is one of the largest crude oil and natural gas producers, which accounted for more than 18% and 23% of global oil and gas production, respectively, in 2020. The production has surged after 2017, mainly due to robust drilling in its shale reserves, led by the Permian Basin.

As the demand for drill bits is directly related to the upstream oil & gas activities, increased oil and gas exploration and production has resulted in higher demand for drill bits in the United States.

The unique extended-reach horizontal shale drilling application has created a new set of specific challenges. The drilling challenges in shale formations are now very easily mitigated by using PDC drill bits. Drillers in the region are working with drill bit manufacturers to optimize the drill bit usage.

Furthermore, in Canada, investment in new oil and gas projects is expected to increase during 2022. The capital spending on Canada's oil and gas industry is expected to grow by CAD 6 billion to reach CAD 32.8 billion, compared to an estimated total investment of CAD 26.9 billion in 2021, which is likely to support the market growth during the forecast period.

Drill Bit Market Competitor Analysis

The drill bit market is moderately consolidated. Some of the major players in the market include Schlumberger Limited, Baker Hughes Company, National-Oilwell Varco Inc., Weatherford International PLC, and Halliburton Company, among others.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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