

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

Market Report | 2023-01-23 | 125 pages | Mordor Intelligence

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### **Report description:**

The rotary drilling market is expected to register a CAGR of more than 3.5% over the period of 2022-2027. On account of the COVID-19 pandemic in 2020, the market witnessed a negative impact, with a suspension of various oil and gas projects. Moreover, major companies such as Saudi Aramco, Exxon Mobil, and Royal Dutch Shell, announced a drop of 22%, from their initial spending plans of USD 175 billion for 2020. Factors, such as improved viability of deepwater and ultra-deepwater projects and the global demand for oil, which is expected to witness an annual growth rate of 1.2 million barrels per day (mbd) till 2023, are likely to drive the rotary drilling rig market during the forecast period. However, over the years, countries across the world have witnessed rapid growth in the renewable energy sector, owing to strong policy support and sharp cost reductions. Moreover, governments of various countries are increasingly shifting toward cleaner energy sources, in order to reduce the emission levels from conventional fuels. This, in turn, is expected to hinder the market during the forecast period.

### **Key Highlights**

The offshore drilling activities are expected to witness a significant growth rate over the forecast period owing to the upcoming exploration and production projects in countries, such as Brazil, Nigeria, and others.

To meet the expected oil demand in the future, opportunities lie in offshore deep-sea beds, where oil and gas operators continue to discover new reserves. Globally, very few onshore regions are left yet-to-be-explored by oil companies. Hence, the offshore region is expected to provide an opportunity for the rotary drilling rig market.

North America is expected to be the largest market for the rotary drilling rig market, with the majority of demand coming from the United States and Canada.

### **Rotary Drilling Rig Market Trends**

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## Offshore Rotary Drilling Rig Market to Witness a Significant Growth

Rotary drilling is an efficient technology applied in the offshore oil and gas sector. It is a drilling technology that relies on the continuous circular rotation of the bit to break rocks. In contrast, drilling fluids circulate through the bit and up the wellbore to the surface, making it possible to drill safely and efficiently the well.

As of 2021, the offshore oil and gas industry accounts for about 30% of 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. In addition, the availability of abundant resources, coupled with increased potential to recover oil and gas from Deepwater and ultra-deepwater areas, is expected to provide a great opportunity for the rotary drilling market.

Further, during the stable oil price environment, the Deepwater drilling activities witnessed a spike in revenue as the project, which was not viable due to low crude oil prices, got started and increased the demand for rotary drilling services. ?

The deepwateroil production is majorly concentrated in four countries - Angola, Brazil, Nigeria, and the United States. During the past years, deepwaterinvestments have retained a significant share of share, reflecting opportunities in the Gulf of Mexico and offshore Latin America (Brazil and Guyana).?

Mature offshore fields are also creating opportunities for the rotary drilling market in the offshore segment. In Norway, oil companies plan to nearly double exploration drilling offshore Norway to focus on more mature areas of the Norwegian Continental Shelf (NCS). Moreover, Angola's deepwaterproduction is also set to ramp up as its shallow-water sector matures. Therefore, focusing on increasing production from mature fields, the demand for rotary drilling services in the offshore segment is expected to be driven during the forecast period.?

### North America is Expected to Dominate the Market

With the highest natural gas production and second-highest oil production in 2021, North America is one of the major oil and gas producers in the world, which is mainly driven by the oil and gas activities in the United States and Canada.

The region has nearly 586 rotary rigs as of 2021, with the United States as the largest market. The United States has the largest rigs due to the increasing number of wells being drilled and fracked in the shale and tight reserves which is supported by the low breakeven price of the basins.

The development of shale gas in this region is also one of the biggest drivers for the rotary drilling market. According to the United States, Energy Information Administration (EIA), in 2020, United States dry shale gas production was estimated at about 26 trillion cubic feet (Tcf), which is equal to about 78% of the country's total dry natural gas production in 2020.

Furthermore, EIA has also estimated that the shale gas and tight oil plays production in the United States is likely to reach 33.94 Tcf by 2050, registering a steady growth of 1.28% annually, when considered between 2020-2050.

On the other hand, Canada is expected to increase the share of tight and shale gas in the natural gas production. According to the Canada Energy Regulator, by 2035, it is expected that tight and shale gas production together will represent 80% of Canada's natural gas production.

Apart from shale gas, the region is also witnessing a significant increase in the offshore drilling activities. In January 2020, the Government of Canada approved three offshore drilling projects in the Atlantic Ocean, planned by BHP, Equinor, and Chevron, respectively. Hence, such a scenario is likely to make the North American region as dominant during the study period.

### Rotary Drilling Rig Market Competitor Analysis

The rotary drilling rig market is moderately fragmented. Some of the key players in this market include Schramm Inc., BAUER AG,

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Caterpillar Inc., SANY Group Co. Ltd, and Zoomlion Heavy Industry Science & Technology Co. Ltd among others.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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