

ENERGY

EQUIPMENT SUPPLY & SERVICE COMPANIES
(by 2005 Local Gross Revenue)

| Sample of Oilfield Equipment Supplied or Services Provided | Sample of Clients | Top Local Executive and Title | Owner or Parent Co./ Corporate HQ/ Year Founded Locally |
|--|--|--|---|
| production enhancement, drilling systems, drill bits, logging and perforating, completion tools, cementing, fluid services, integrated exploration and production software | major, national, and independent oil and gas companies | Dave Lesar president and CEO | Halliburton Co./ Houston/ 1929 |
| drilling, formation evaluation, completion and production products and services | super majors, majors, independents and national oil companies | Chad C. Deaton chairman and CEO | publicly traded/ Houston/ 1987 |
| drilling and completion fluid systems, solids-control equipment, wastemanagement services, production chemicals, three-cone, two-cone and diamond drill bits | DND | Doug Rock president and CEO | Smith International Inc./ Houston/ 1964 |
| directional drilling, measurement while drilling, logging while drilling, wireline, fishing and intervention services, casing running services, artificial lift systems | Chevron Texaco, BP, ExxonMobil, RD Shell, ConocoPhillips | Dr. Bernard J. Duroc-Danner chairman, president and CEO | Weatherford International Ltd./ Houston/ 1972 |
| design, manufacture and sale of comprehensive systems and components used in oil and gas drilling and production, tubular inspection, internal tubular coatings | Global Santa Fe, Transocean, Pride International, Diamond Offshore, Maersk, Patterson, Grey Wolf, Ensco, Nabors, Noble | Merrill "Pete" Miller chairman, president and CEO | National Oilwell Varco/ Houston/ 1862 |
| subsea trees, manifolds, controls, metering equipment, surface wellheads, WECO/Chiksan flowline products, pumps, valves, loading arms | Shell, BP, ExxonMobil, Chevron-Texaco, Anadarko, Hydro, Statoil, Petrobras | Joseph H. Netherland chairman and CEO | publicly traded/ Houston/ 2001 |
| well stimulation, cementing, sand control, coiled tubing, casing and tubing services, new well completions and remedial treatments of producing oil/gas wells | Anadarko Petroleum Corp., ExxonMobil Co., EOG, Devon Energy Corp. | J. W. Stewart chairman, president and CEO | BJ Services Co./ Houston/ 1981 |
| international provider of offshore contract drilling services for oil and gas wells | BP, Shell, Petrobras, Chevron, ONGC | Robert L. Long president and CEO | Transocean Inc./ Houston/ 1953 |
| wellhead equipment, pumps, logging, wireline services, production testing, engineering of offshore, subsea and onshore facilities, pipeline commissioning | major, national and independent oil companies worldwide | Wendell Brooks director, well support division | John Wood Group PLC/ Houston/ 1988 |
| flow equipment products, systems and services to worldwide oil, gas and process industries | major and independent oil and gas companies, drilling contractors, pipeline operators | Sheldon R. Erikson chairman, president and CEO | publicly traded/ Houston/ 1995 |
| oil and gas drilling rigs | Shell, EOG, Anadarko, BP; all majors, large and small independent oil and gas producers | Eugene M. Isenberg chairman and CEO | Nabors Industries Inc./ Hamilton, Bermuda/ 1991 |
| oil drilling contractor, marine drilling rigs | BP, Chevron, BHP Billiton, Shell, ExxonMobil, TotalFinaElf | Jon Marshall president and CEO | GlobalSantaFe/ Houston/ 1982 |
| offshore and onshore contract oil and gas drilling internationally and the Gulf of Mexico | ExxonMobil, Chevron, BP, Shell, Petrobras, Pemex, ONGC, British Gas, Devon | Louis A. Raspino president and CEO | publicly traded/ Houston/ 1988 |
| deepwater platform equipment, pipeline equipment, work force accommodations and logistics, production-related rental tools, OCTG distribution | major and independent oil and gas producers, large oilfield service companies and drilling contractors | Douglas E. Swanson CEO | publicly traded/ Houston/ 1995 |
| full-service natural gas compression, provider of service, fabrication and equipment for oil and natural gas production, processing and transportation | DND | John E. Jackson president and CEO | publicly traded/ Houston/ 1990 |
| drill pipe and drill stem, drill bit, engineered tubular connections | all major exploration and production operators and independents: ExxonMobil, ConocoPhillips, Anadarko, Statoil | Michael McShane chairman, president and CEO | Grant Prideco Inc./ Houston/ 1999 |
| natural gas compression services and products including contract compression, fabrication and aftermarket services | major integrated oil/gas companies, international state-owned oil/gas companies, large and small independent producers | Stephen A. Snider chairman, president and CEO | publicly traded/ Houston/ 1954 |
| well stimulation equipment, power generation equipment, coiled tubing, control systems, aftermarket prep and service | BJ Services, Input/Output, Weatherford, China National Petroleum | John B. Simmons vice chairman and CEO | Hushang Ansary/ Houston/ 1903 |
| drilling contractor | Anadarko Petroleum, ConocoPhillips, Smith Production, Ballard Exploration, Devon Energy, Chesapeake Energy, Noble | Thomas P. Richards chairman, president and CEO | Grey Wolf Inc./ Houston/ DND |
| M/LWD, cased-hole wireline, coiled tubing, fluids, rental tools | DND | Kenneth T. White Jr. chairman, president and CEO | publicly traded/ Houston/ 1989 |
| geophysical services including seismic acquisition, seismic processing, seismic | oil and gas exploration and production companies | Thierry Pilenko CEO | Veritas DGC Inc./ Houston/ |

ENERGY

Magic carpet rise of energy costs affecting all luxury furnishings

BY SAMUEL ABRAHAM
SPECIAL TO HOUSTON BUSINESS JOURNAL

At first thought, products such as hand-woven carpets and other foreign luxury goods are outside the energy realm — but a closer look at the process offers a different view.

The consumption of energy used in the rug-making process may appear to be minimal but actually equates to almost half of the cost of the rug. With energy prices soaring, the effects of this process will soon be felt by the consumer of these luxury products, and it's not as silky smooth as the rug beneath their feet.

As with the creation of most imported luxury goods, rug weaving is a process of skill, precision and detail. The rug designers use several comprehensive drawings to create the design

for each and every individual rug. Every square inch area needs to be drawn showing its scale. Each one clarifies which colors and type of knots are to be used. An area rug of 9 feet x 12 feet has

millions of hand-tied knots which are transcribed from several drawings made for the creation of this design for an individual rug.

The process of making a rug includes the preparation of the wool, silk or cotton. This process requires intense labor and color preparation to dye the yarn of each square inch of the rug.

The living costs of all the employees, such as weavers, designers and dye masters, has increased considerably due to the increased price of energy. They all have to travel from their villages to work in the weaving centers. Due to the huge increases in the price of gas and oil, it has been necessary to increase the wage rate several times in order to meet these workers' commuting expenses.

Gasoline and oil prices also have impacted the price of real estate sales, causing rent increases for the weaving centers as well as the energy costs of main-

taining the centers and buying supplies such as wool, silk, cotton and dye colors, etc. The labor cost has actually increased as much as 75 percent due to the increased cost for food, rent, trans-

portation, fuel, etc. The cost of operation has increased 35 percent due to the increase in the cost of power, lights and water.

The weaving centers generally are run by generators powered by diesel fuel. These places do not have regulated power lines. All the power is derived from generators for water,

lights and other power-driven processes such as cleaning and drying. Approximately 15 percent of the total cost of an imported luxury good is associated with transporting the good. That cost has increased 120 percent with augmented diesel prices. This is indicative of a trend that cannot be avoided, since customers demand new designs and quality products that require consistent shipments from manufacturers based across the pond.

As Federal Reserve Chairman Ben S. Bernanke noted in a speech to the Economic Club of Chicago in June, the higher cost of imported oil is likely to adversely affect the terms of trade; that is,



PHOTOS COURTESY OF ABRAHAM'S RUGS AND FURNISHINGS
Samuel Abraham, Abraham's Rugs and Furnishings: 'The consumption of energy used in the rug-making process ... actually equates to almost half of the cost of the rug.'

Americans will have to sell more goods and services abroad to pay for quality imports.

Rising energy prices and increased transportation and distribution costs continue to exert downward pressure on retail profits, according to Eric Melvin, president of Mobius Risk Group, a Houston-based energy risk management

firm.

"Given that the energy market has priced in expectations of continued volatility, there will be increasing pressure to share the shareholder's pain with the end consumer," he says.

Houstonians who are in the market for a high-ticket item in the next year may want to consider making the purchase sooner rather than later. Extolled energy increases can be expected to catch up to consumers by the end of the year.

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