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# **Pipe Logix**

# **Line Pipe Price Report**

**NASPD Conference**

**Houston, Texas**

**February 18, 2011**

**Kurt Minnich, Publisher Pipe Logix**

**[www.pipe-logix.com](http://www.pipe-logix.com)**

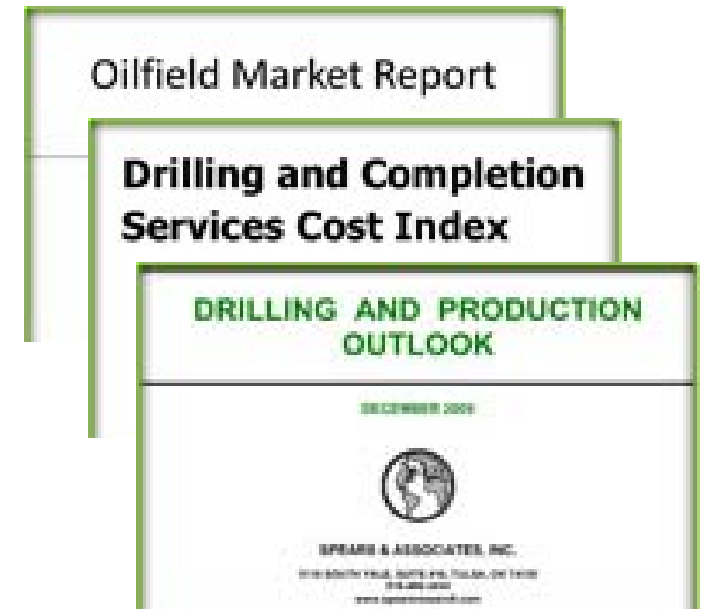
**Spears & Associates**

**[www.spearsresearch.com](http://www.spearsresearch.com)**

# Spears & Associates, Inc

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- Oilfield market research since 1965
- 3 groups of clients:
  - Service/Equipment Companies
  - E&P Companies
  - Financial Firms
- Bespoke research
- Off-the-shelf reports
  - Drilling and Production Outlook
  - Oilfield Market Report
  - Drilling and Completion Cost Index
  - Pipe Logix



# Pipe Logix

Charlie Perkins  
1986

Spears & Associates  
2004

2007



**PIPE LOGIX**



OCTG

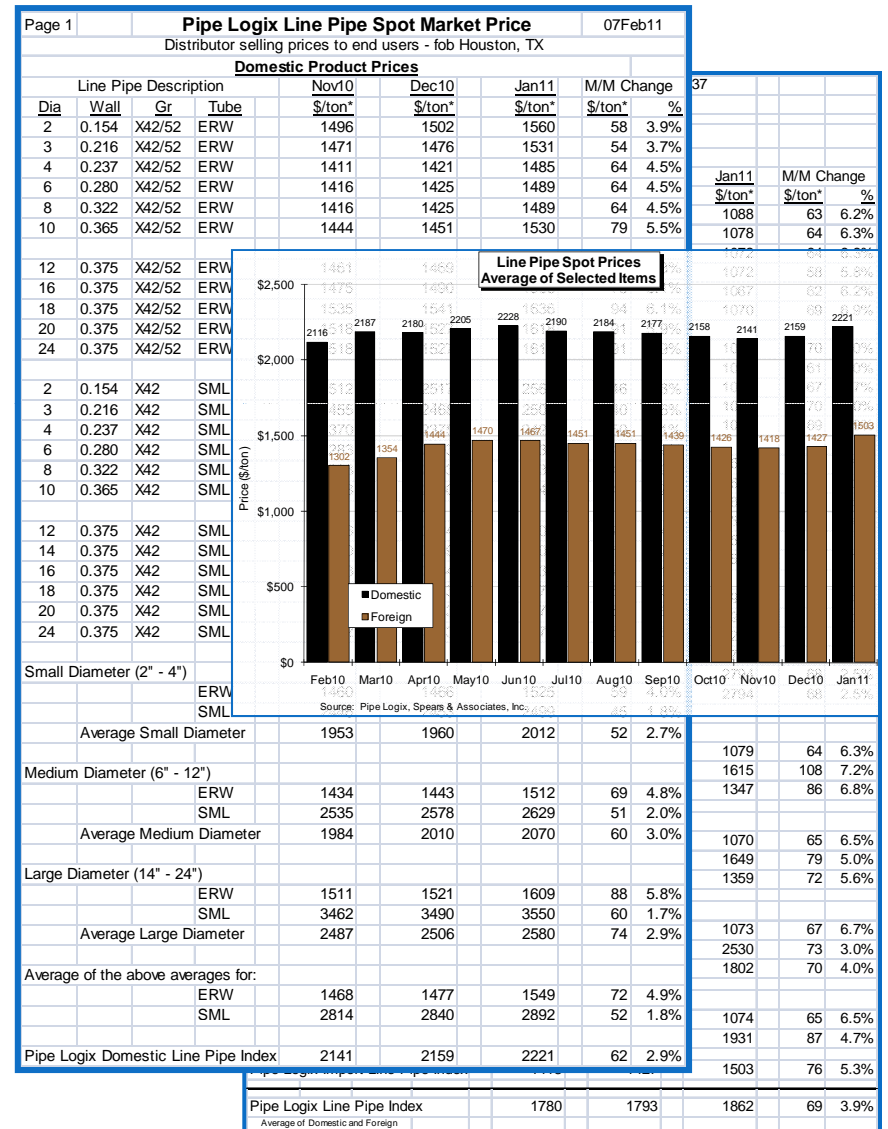
- Spot Market Price
- Key Market Factors
- Market Review & Outlook
- OCTG Demand

Line Pipe

- Spot Market Price &  
Key Market Factors
- Market Review & Outlook

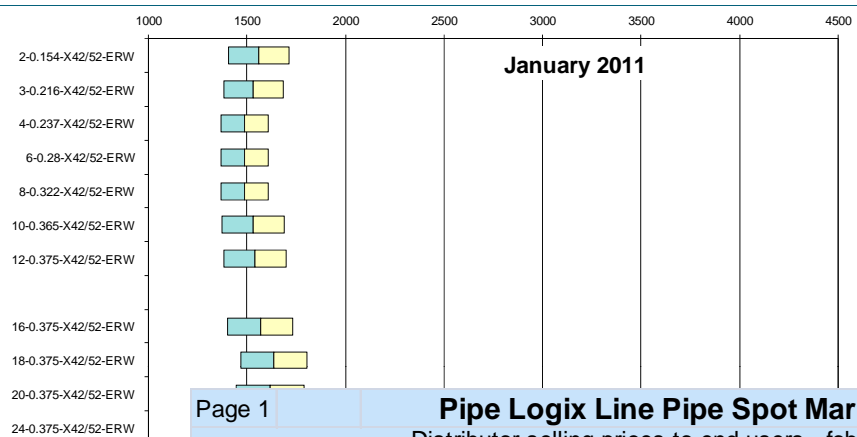
# Line Pipe Price Index

- Why care about a price index
- What is in it
- Who uses it
- How is it constructed
- SAI's contribution
- When is it published
- How to get a copy



# Index Methodology

1. Consolidate
2. QC
3. Report



Page 1 **Pipe Logix Line Pipe Spot Market Price** 04Feb11  
 Distributor selling prices to end users - fob Houston, TX

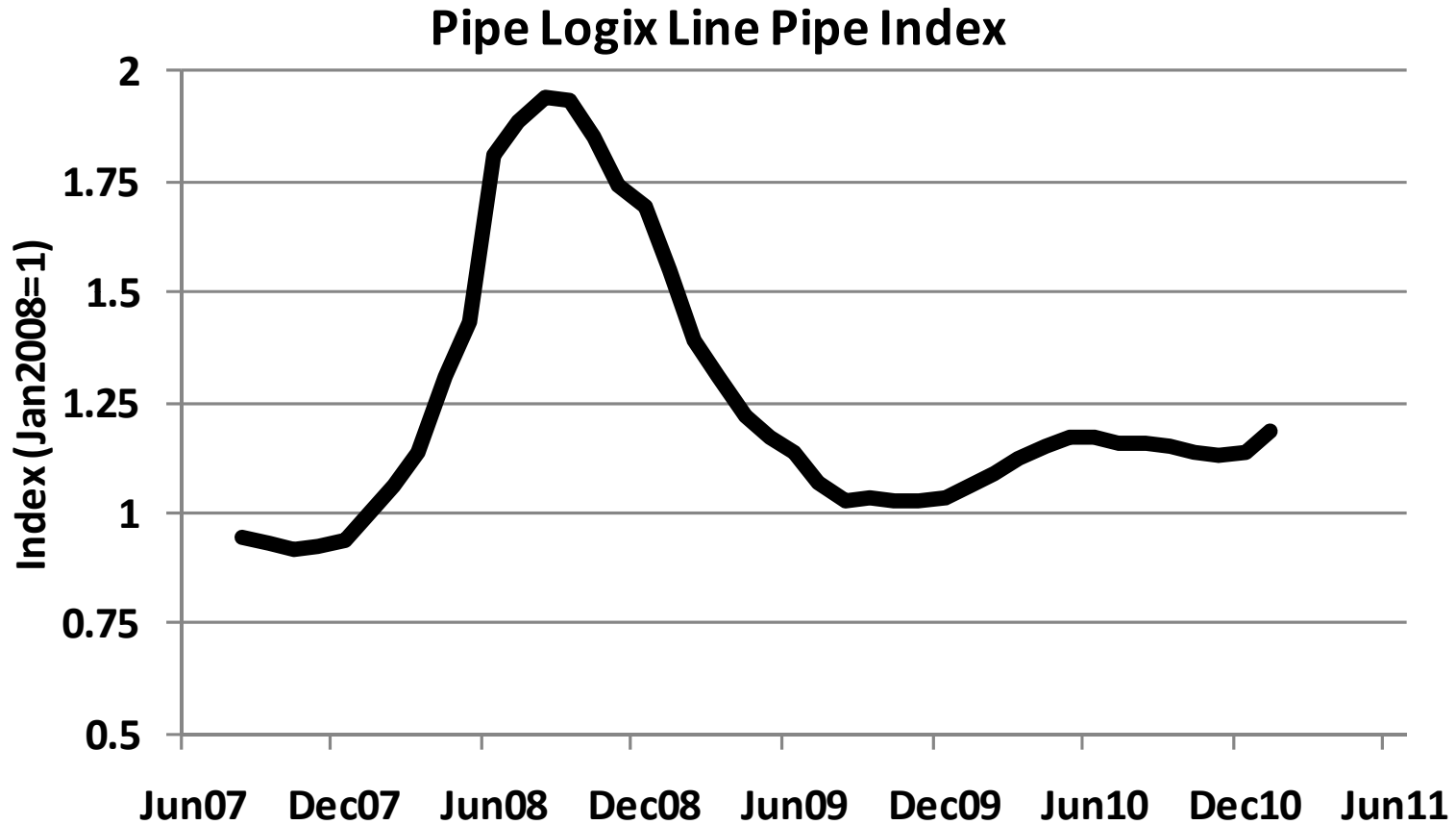
Domestic Product Prices									
Line Pipe Description				Oct10	Nov10	Dec10	M/M Change		
Dia	Wall	Gr	Tube	\$/ton*	\$/ton*	\$/ton*	\$/ton*	%	
2	0.154	X42/52	ERW	1504	1496	1502	6	0.4%	
3	0.216	X42/52	ERW	1480	1471	1476	5	0.3%	
4	0.237	X42/52	ERW	1419	1411	1421	9	0.7%	

Diameter (inch)	Wall (inch)	Monthly Spot Price (\$/ton)			
		Domestic		Foreign	
		ERW (X42/52)	SML (X42)	ERW (X42)	SML (X42)
2	Std				
3	Std				
4	Std				
6	Std				
8	Std				
10	Std				
12	Std				
14	Std				
16	Std				
18	Std				
20	Std				
24	Std				

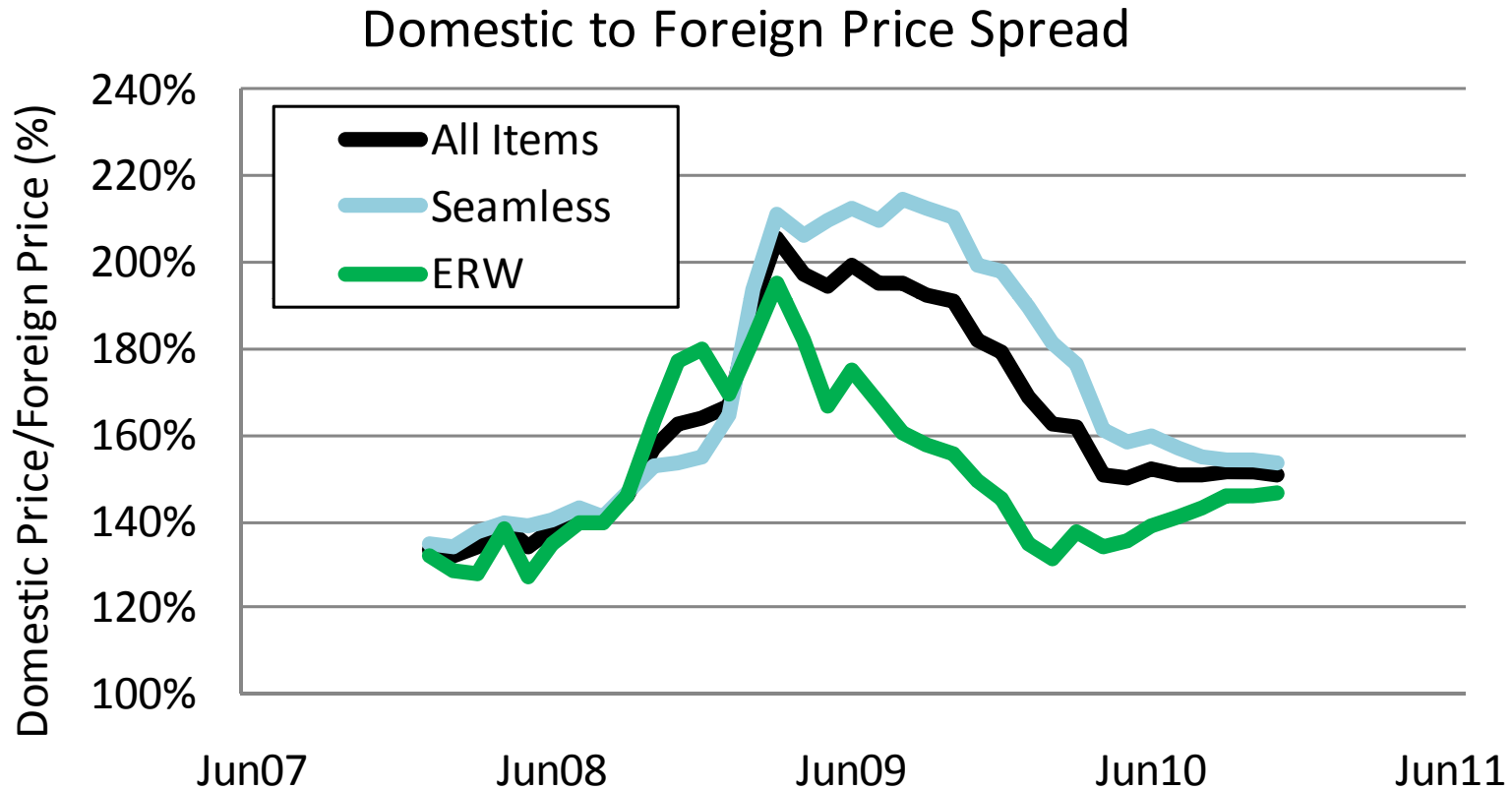
Large Diameter (14" - 24")									
				Oct10	Nov10	Dec10	M/M Change		
				\$/ton*	\$/ton*	\$/ton*	\$/ton*	%	
ERW				1520	1511	1521	10	0.7%	
SML				3463	3462	3490	29	0.8%	
Average Large Diameter				2492	2487	2506	19	0.8%	
Average of the above averages for:									
ERW				1477	1468	1477	8	0.6%	
SML				2839	2814	2840	26	0.9%	

Pipe Logix Domestic Line Pipe Index	2158	2141	2159	17	0.8%
Pipe Logix Import Line Pipe Index	1426	1418	1427	8	0.6%
Pipe Logix Line Pipe Index	1792	1780	1793	13	0.7%
Average of Domestic and Foreign					

# Historical Results

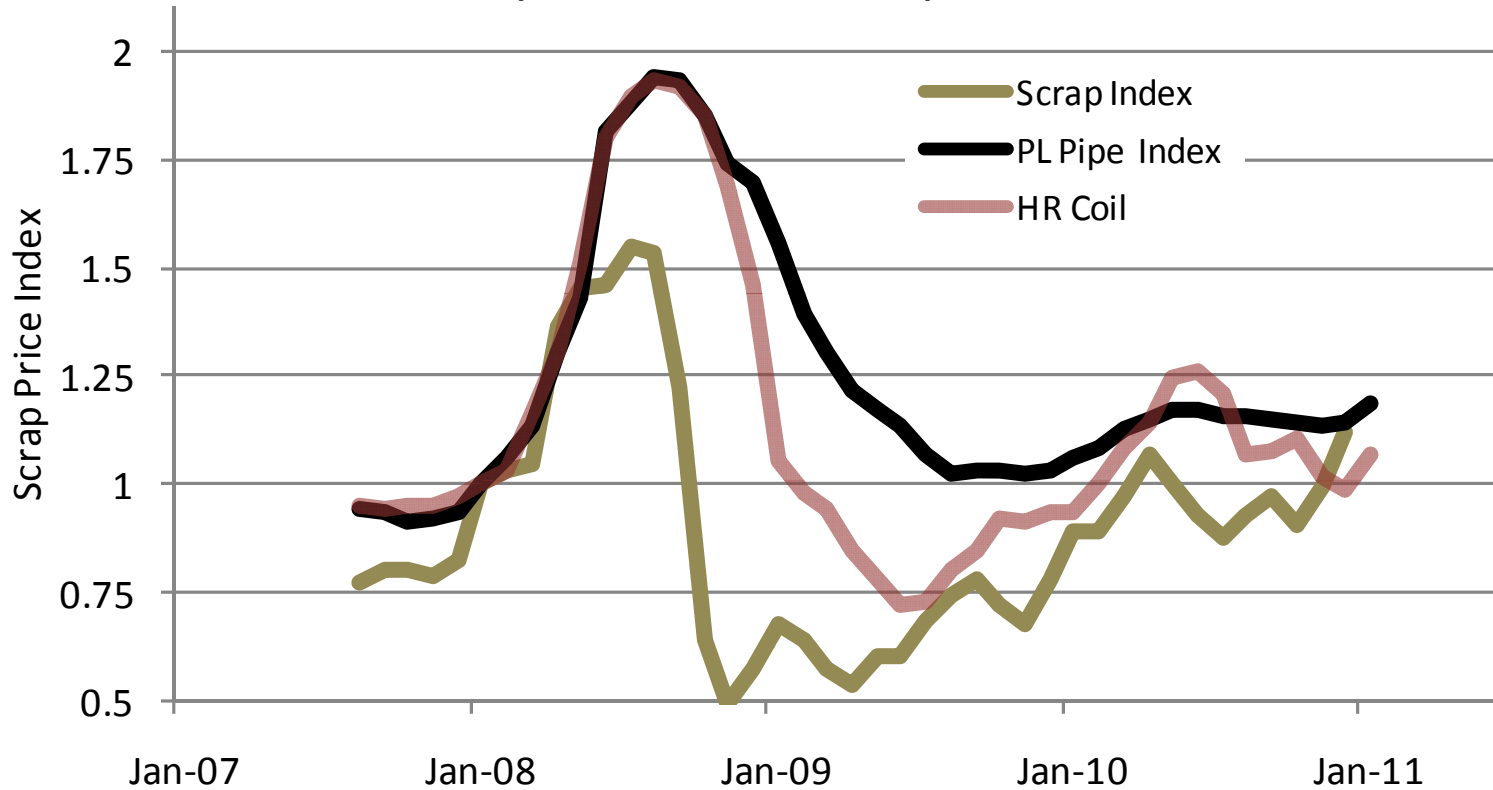


# Example Analysis - Price Spread



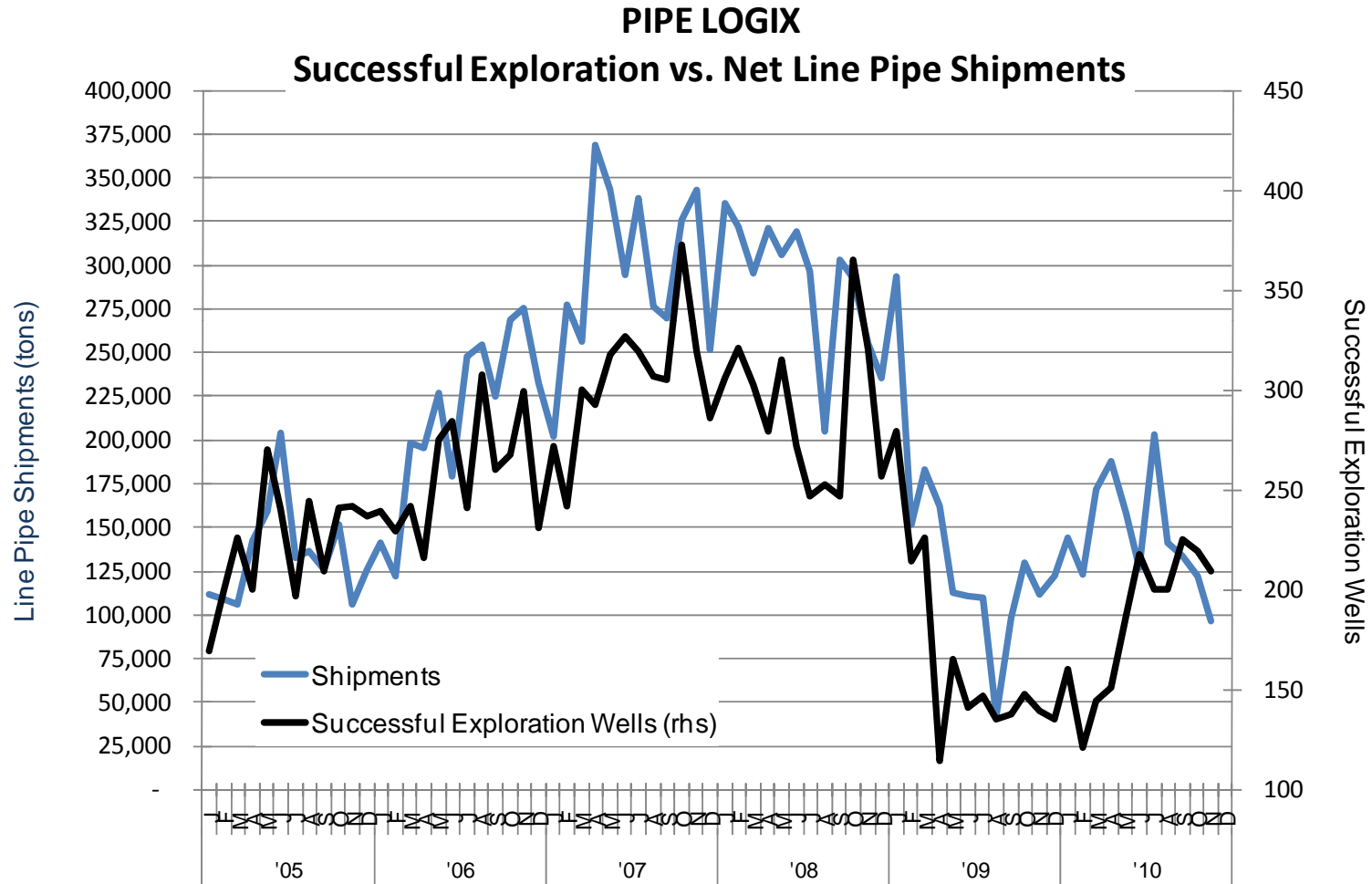
# Market Drivers

## Scrap Prices & Line Pipe Prices



Source: BLS, Metalprices, SAI

# Market Drivers

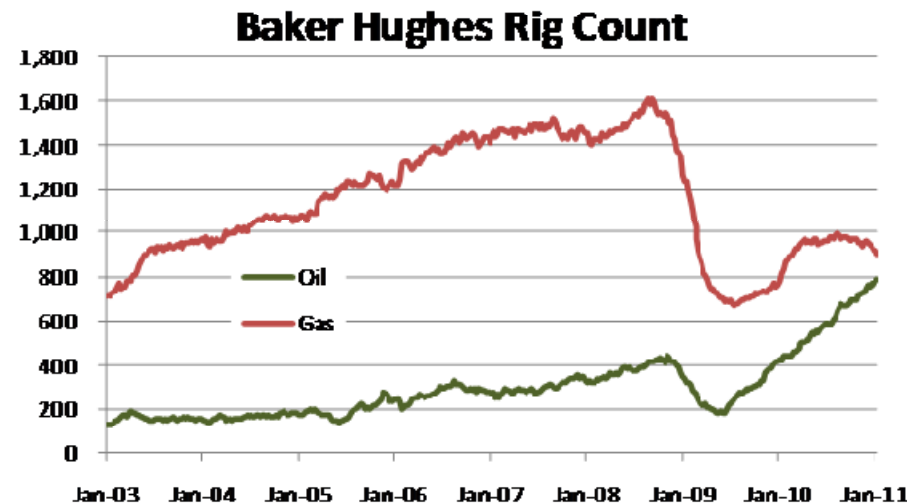
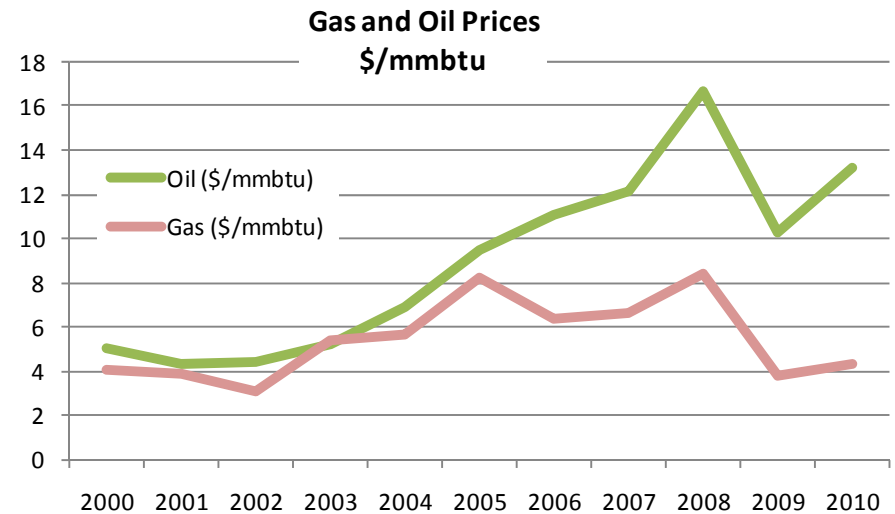


Source: DOE, AISI, Spears and Associates, Inc.

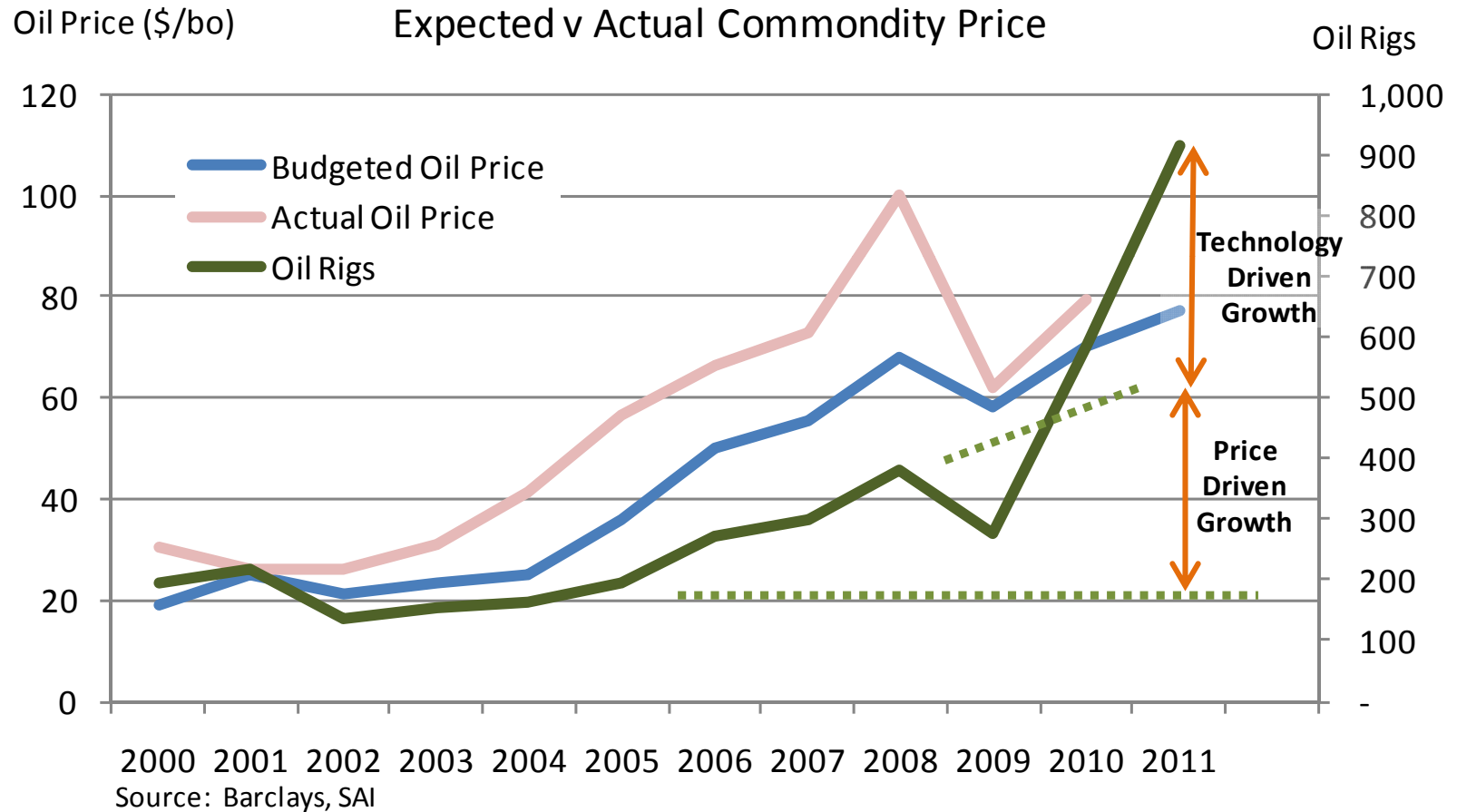
# Outlook for Oilfield

## Key Symptoms:

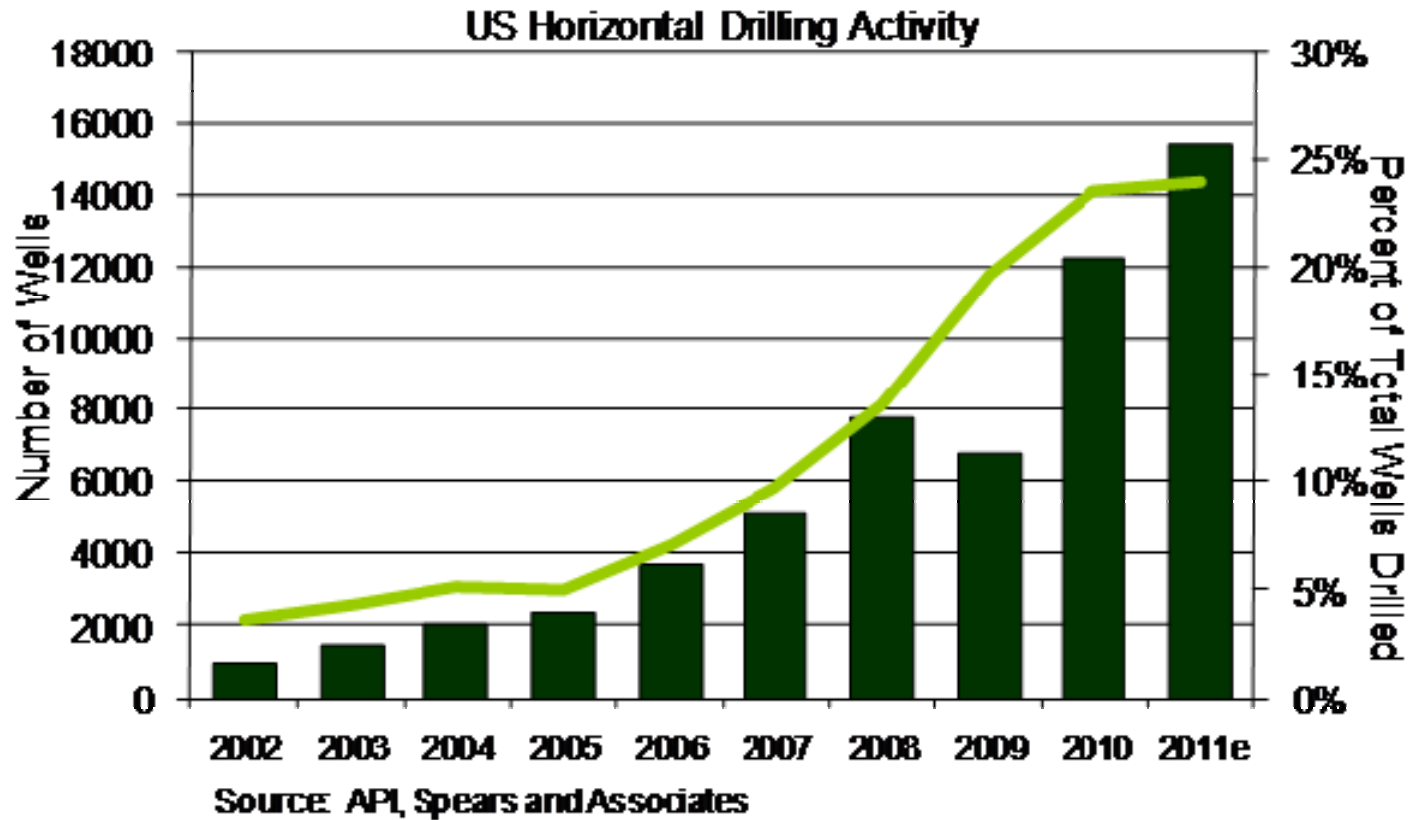
- Oil + NGL focus
- Horizontal + long laterals
- Well cost
- Pad drilling



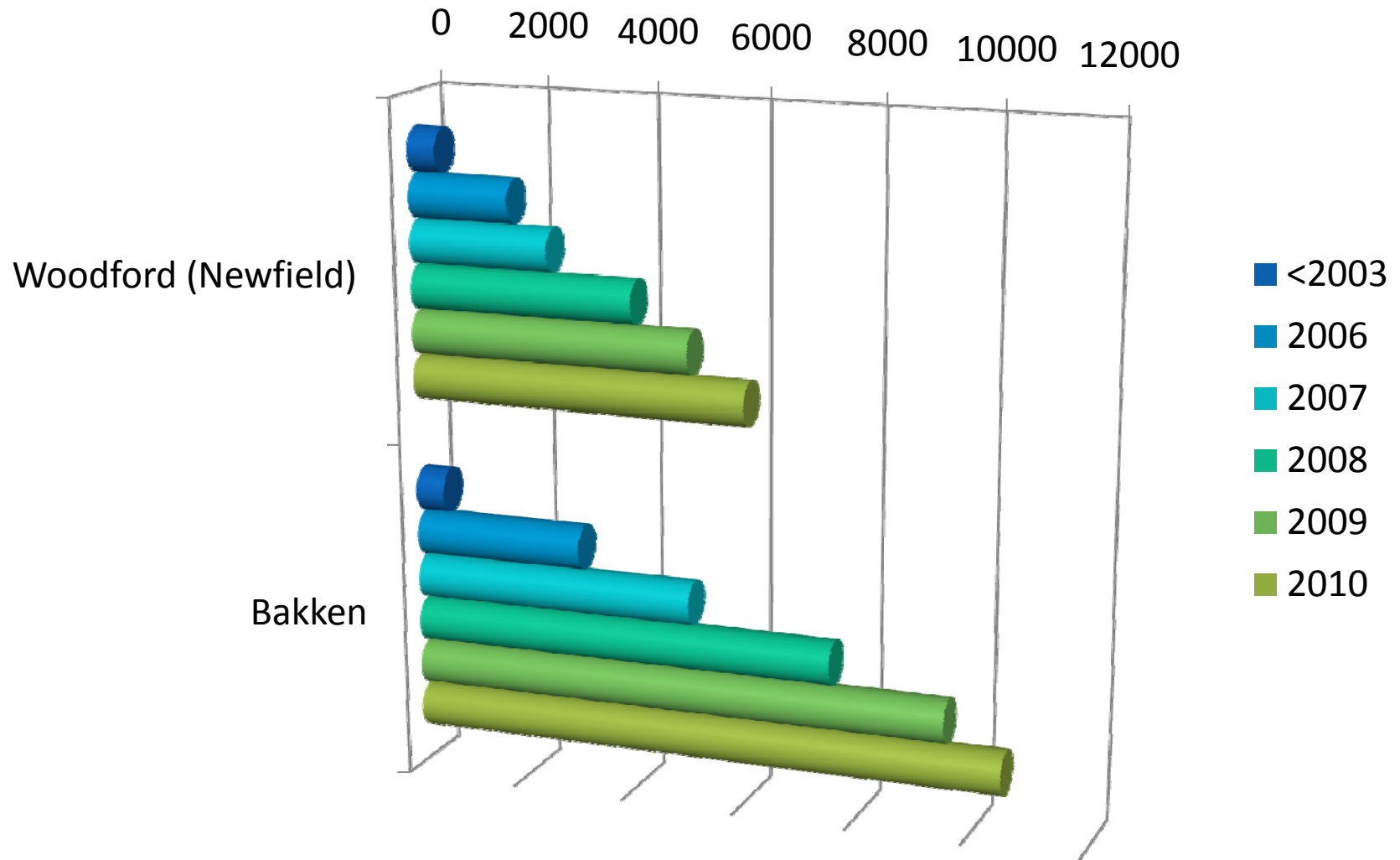
# Outlook for Oilfield



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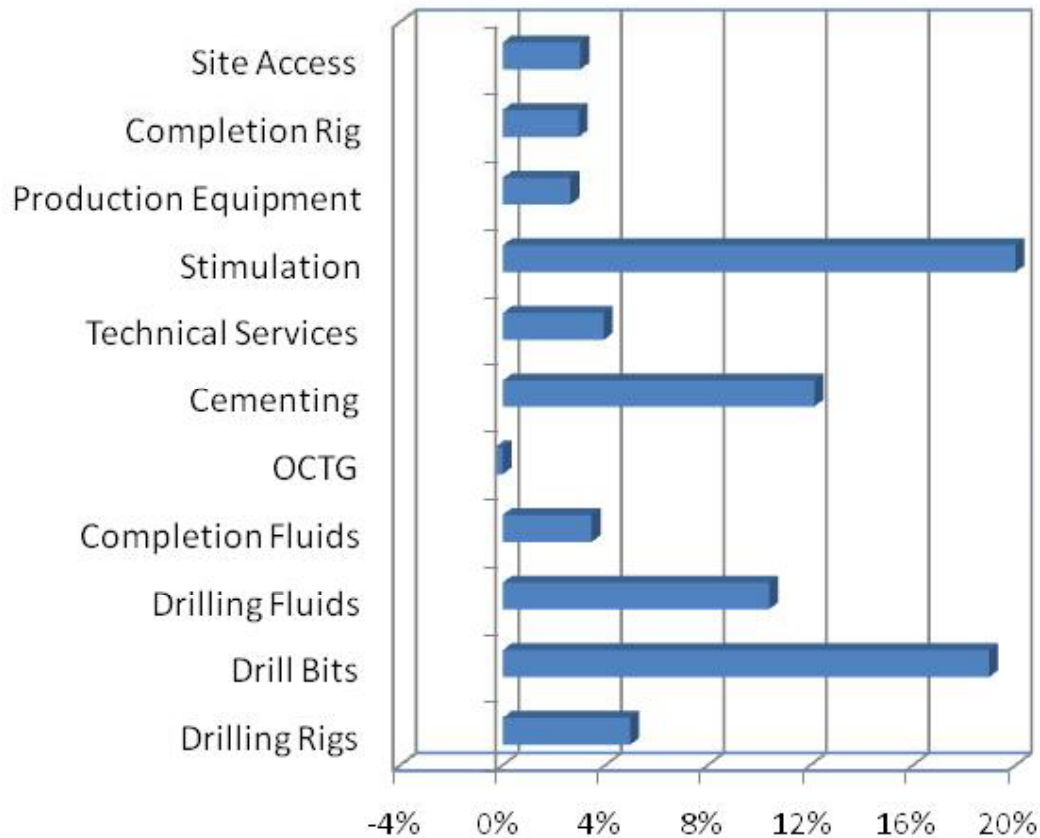


# Outlook for Oilfield



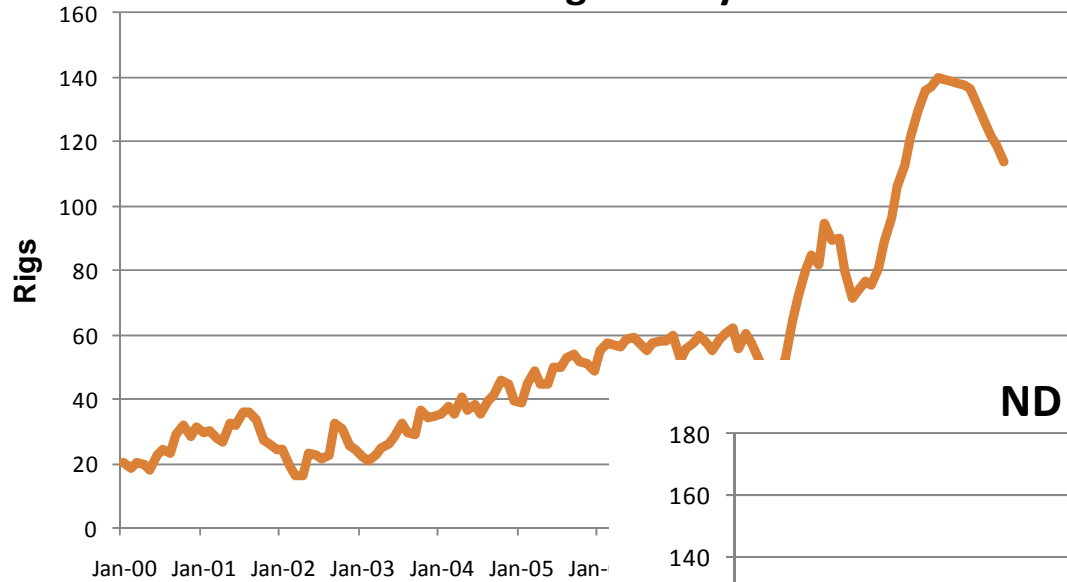
# Outlook for Oilfield

Well Cost Component Price Change:  
Q4 2010

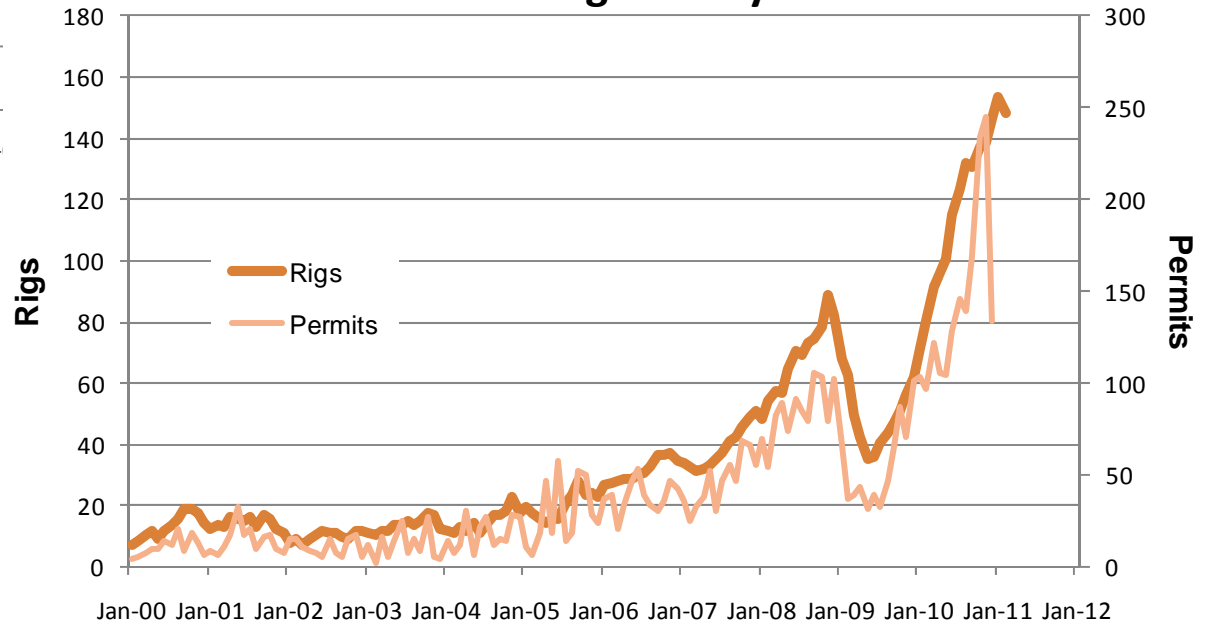


# Outlook for Oilfield

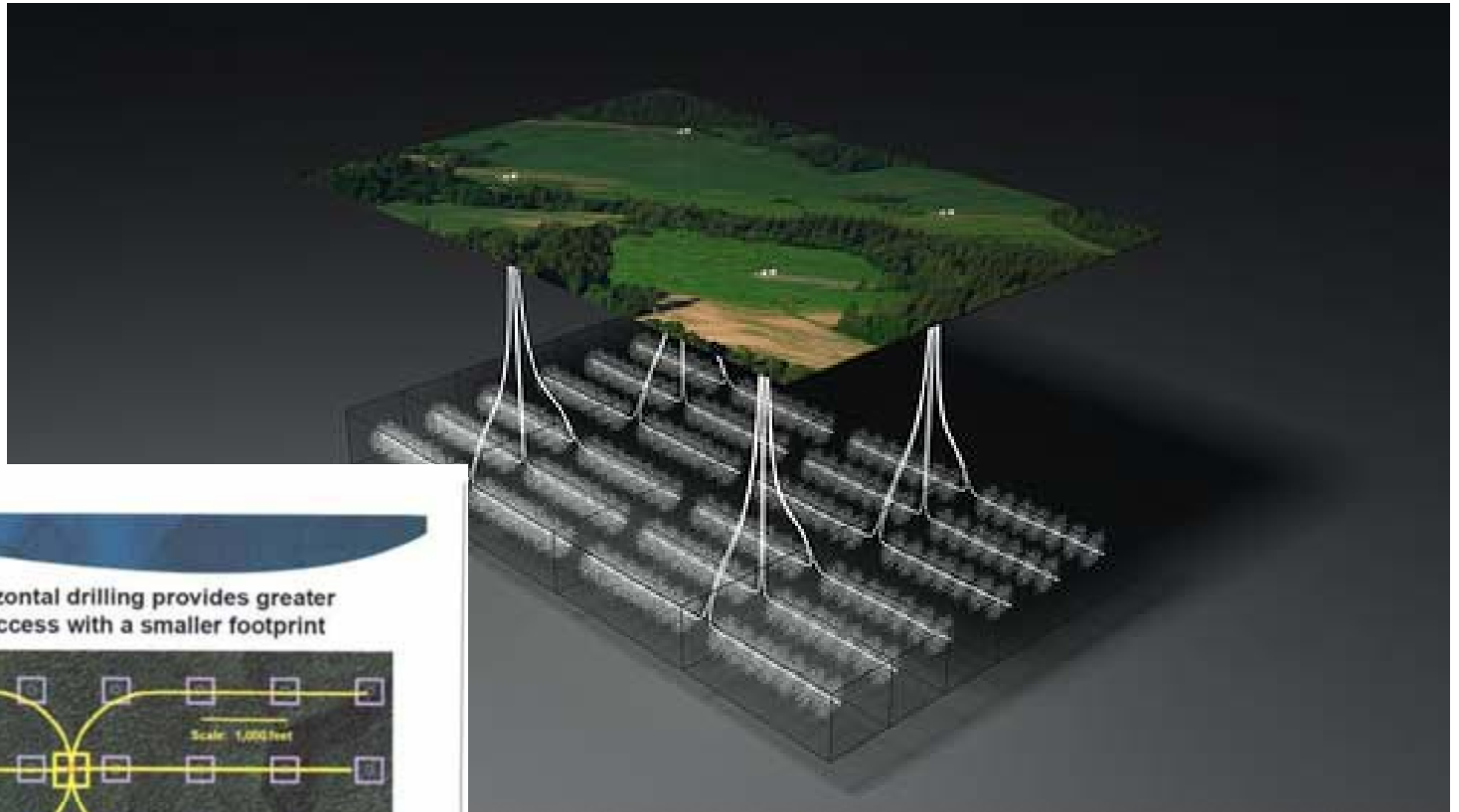
## NLA Drilling Activity



## ND Drilling Activity

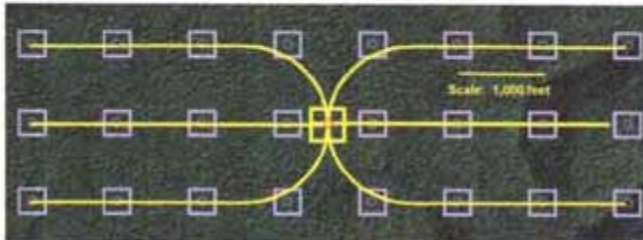


# Outlook for Oilfield



## Drilling

Horizontal drilling provides greater access with a smaller footprint



Total surface disturbance during drilling, including access road, drilling pad and required pipeline infrastructure:

- Horizontal (yellow) develop 500 acres per pad with 2% surface disturbance
- Vertical (purple) on 1,000-foot spacing develop 23 acres per well with 19% total surface disturbance

# Thanks....Questions?

**PIPE LOGIX**

Measuring & Analyzing the Market for Oil Country Tubular Goods & Line Pipe

[www.pipe-logix.com](http://www.pipe-logix.com)