Global Service Sector Trends

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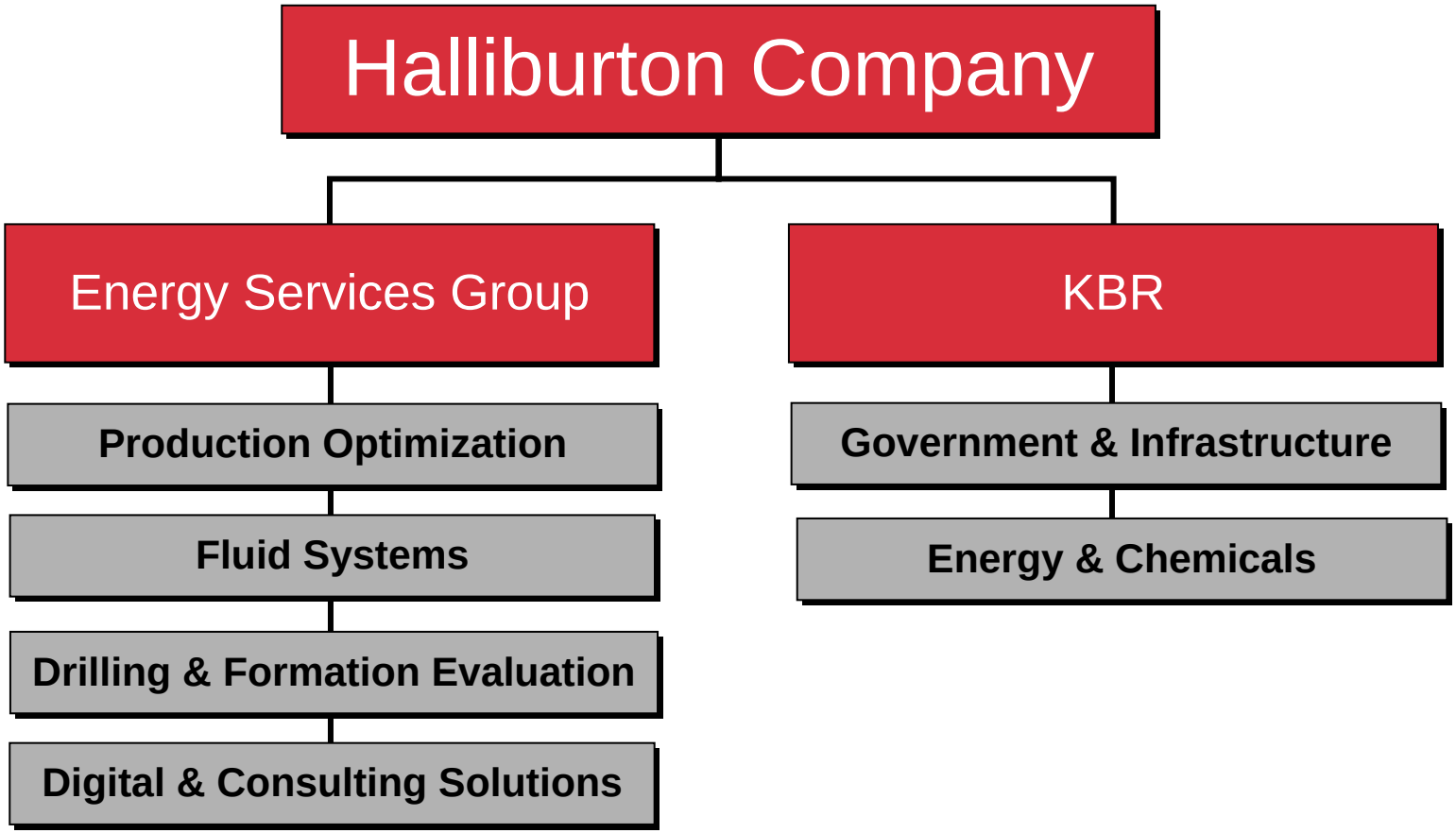
HALLIBURTON

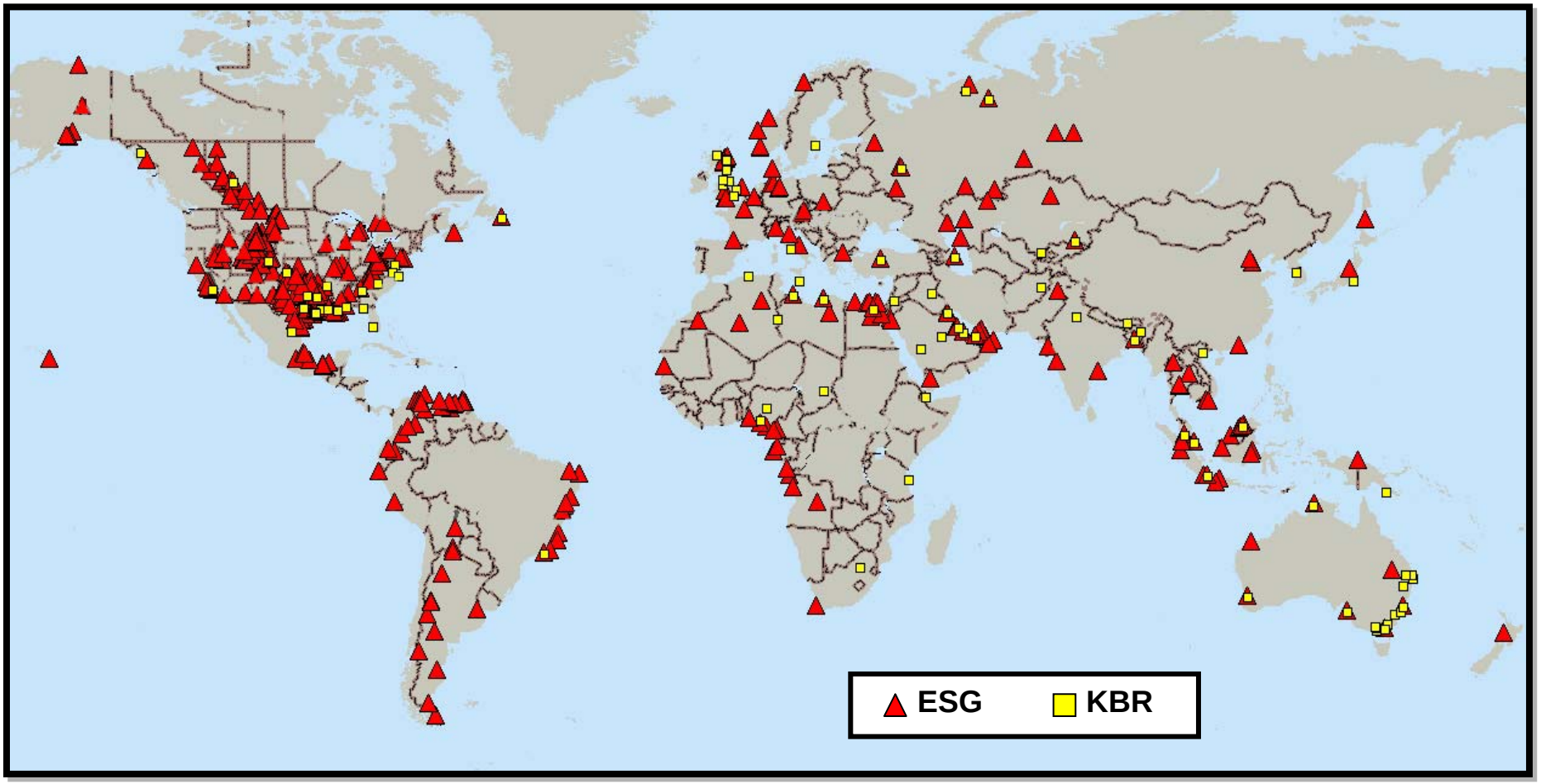
Today's Outline

- **Overview of Halliburton**
  - **Product service lines**
  - **Worldwide locations and importance of Louisiana**
- **General Oilfield Service Trends and Their Implications for the State of Louisiana**
  - **What are the fastest growing segments?**
  - **Where is the growth expected to take place, geographically?**
  - **What types of resources will be developed?**
  - **What types of wells will be drilled in the future?**
  - **What are the new technologies and who will be developing them?**
  - **Who (people) will be doing all of this?**
- **Conclusions**

Halliburton Business Units



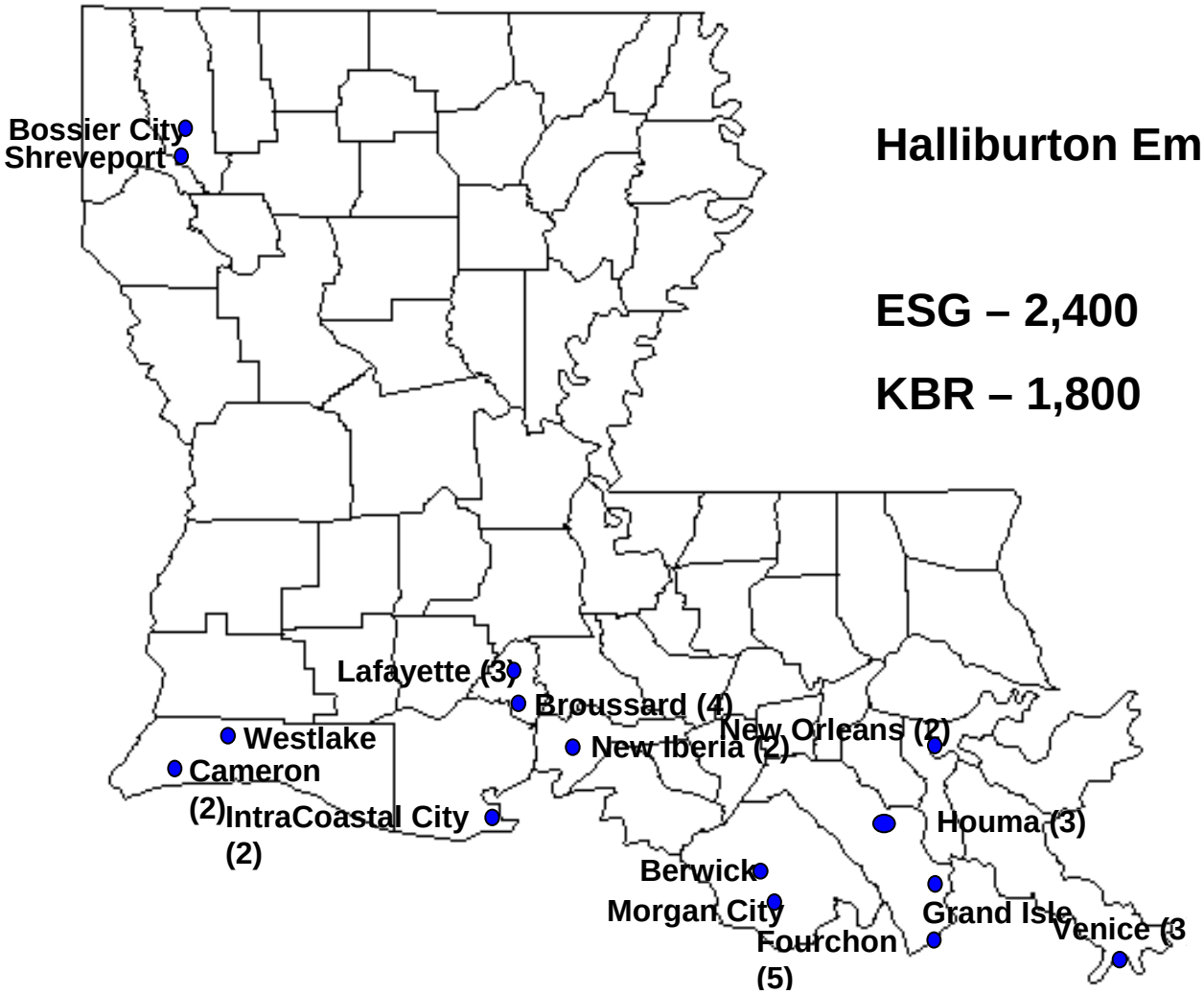
Halliburton's Geographic Coverage



- ~ 100 Countries
- ~ 100,000 Employees
- 2004 Revenue: $20.5 Billion

Louisiana and the GOM Remain Key to Halliburton

Major Facility Locations



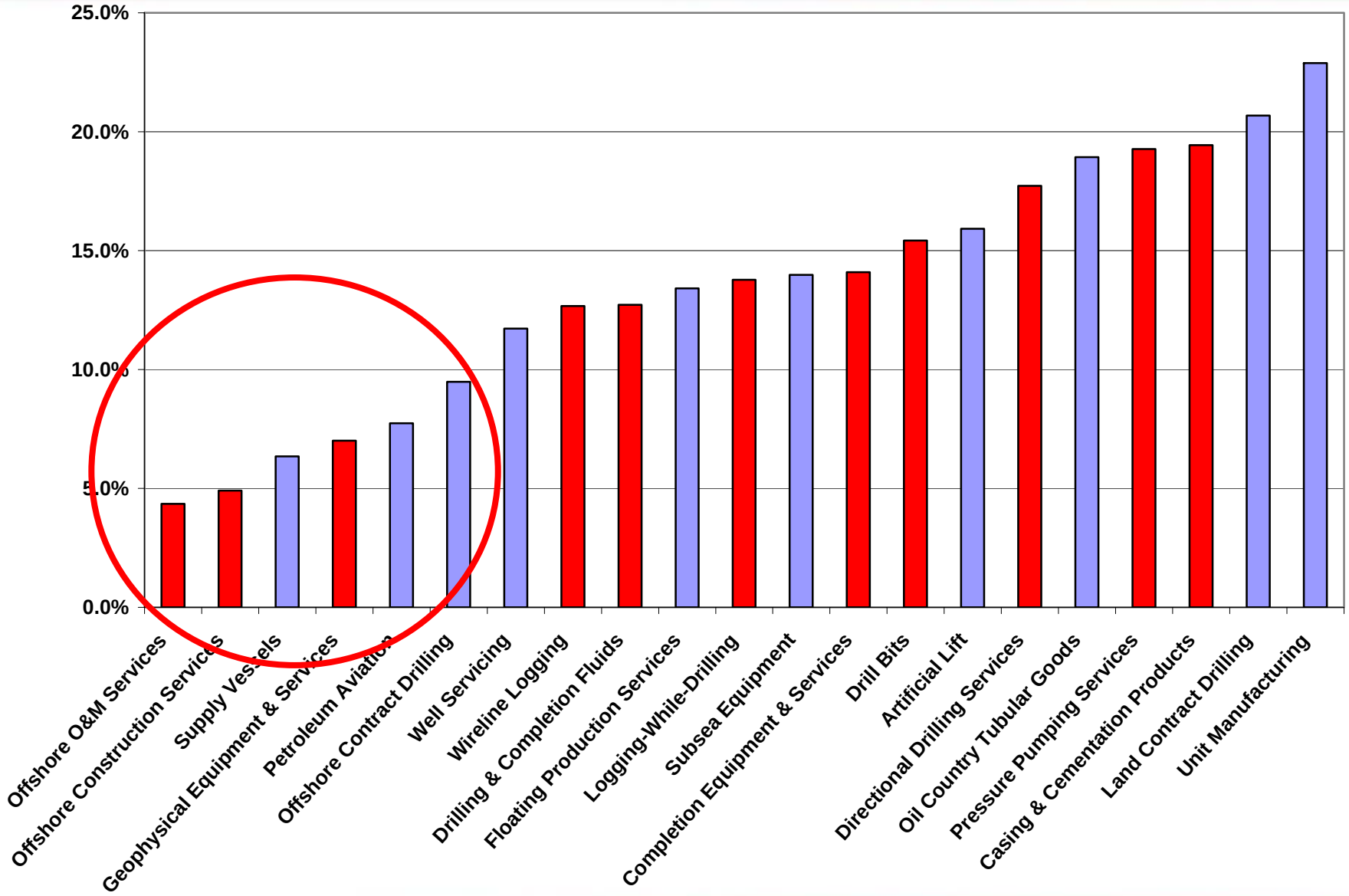
Halliburton Employees

ESG – 2,400

KBR – 1,800

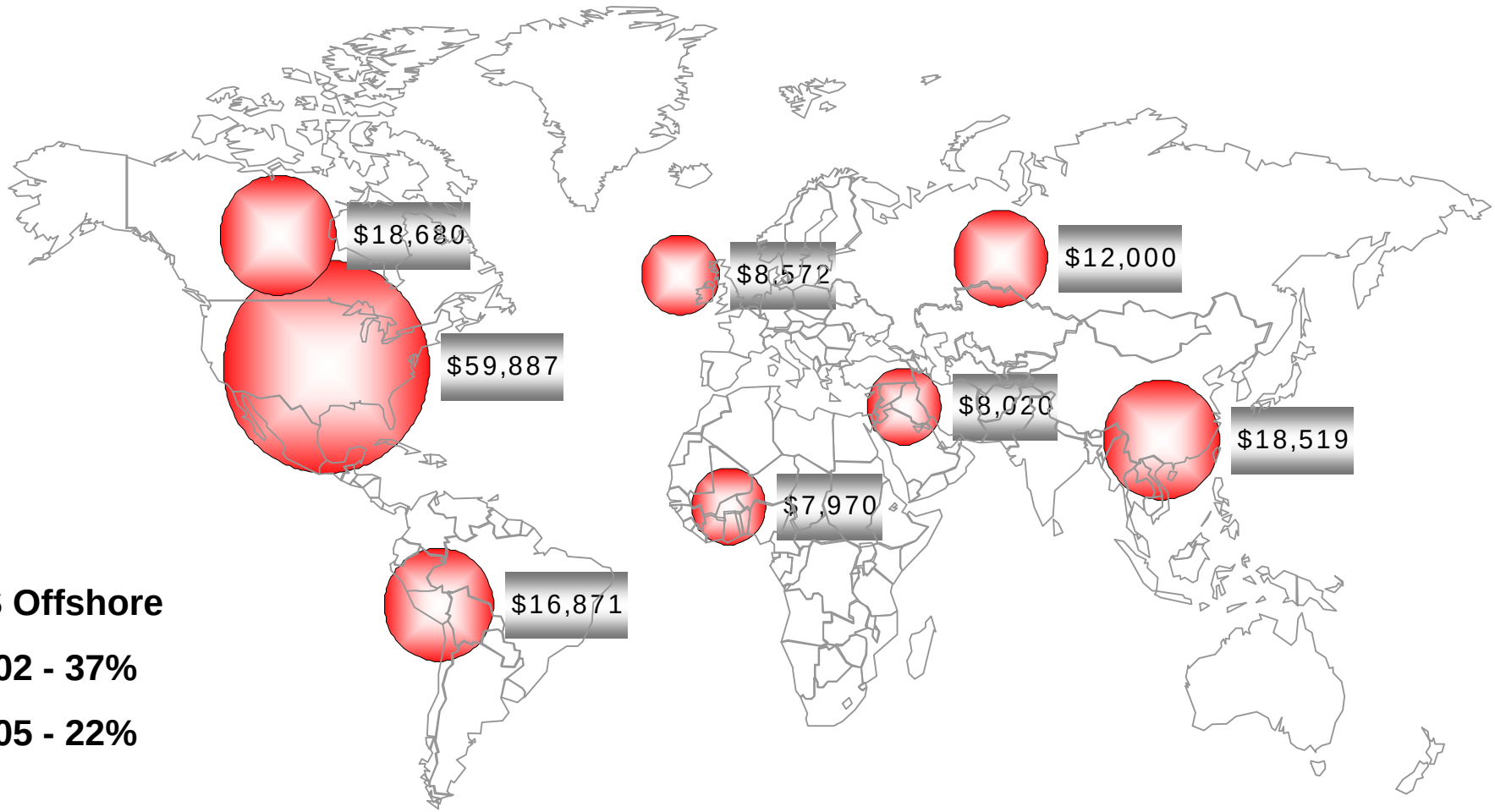
Offshore Services – Slowest Growth Rates

Oilfield Service Market CAGRs (1999-2005) – Spears & Associates



Drilling and Completion Spend (US Millions) - 2005

Spears & Associates Drilling and Production Outlook – Sept 2005



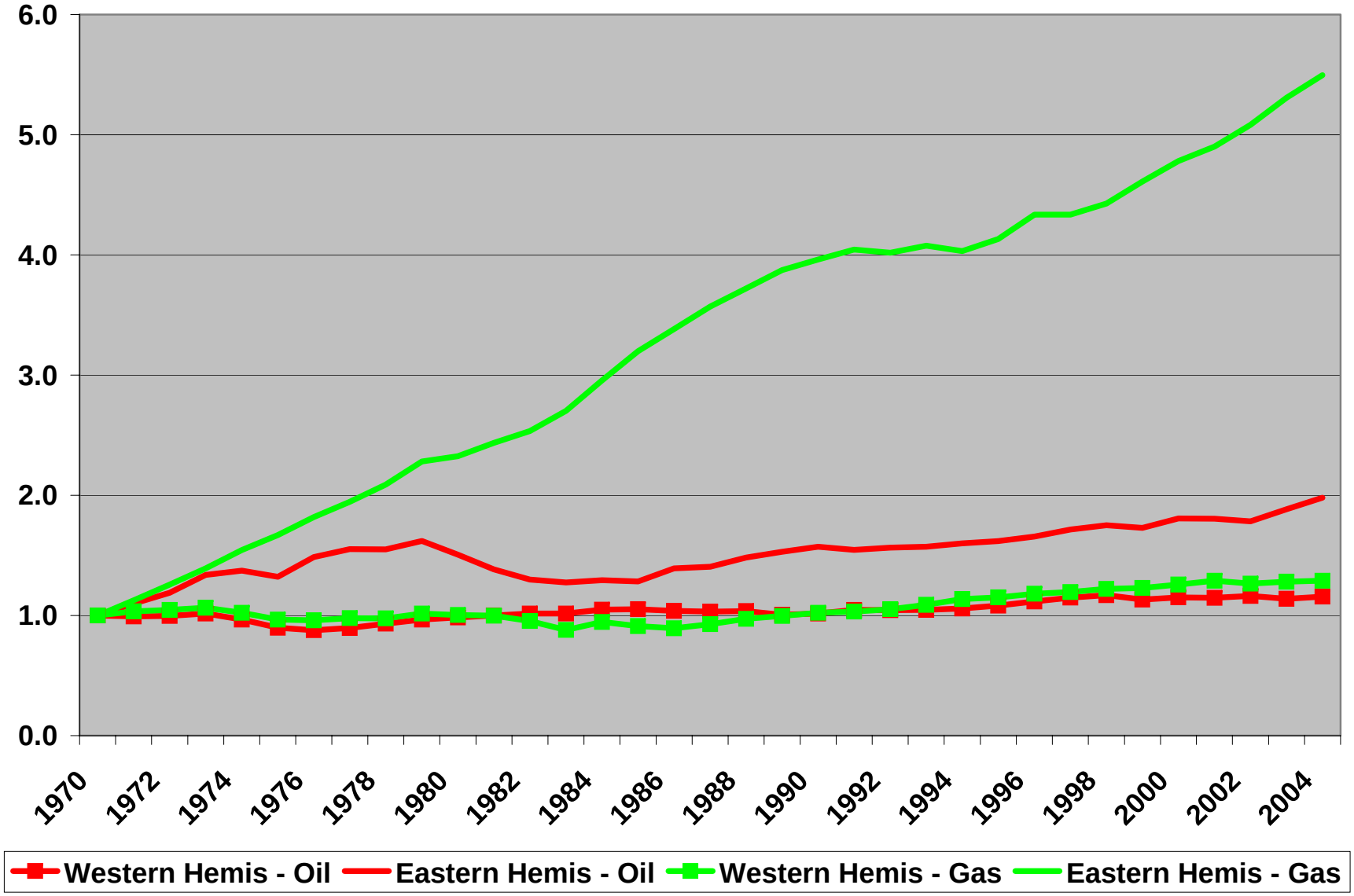
US Offshore

2002 - 37%

2005 - 22%

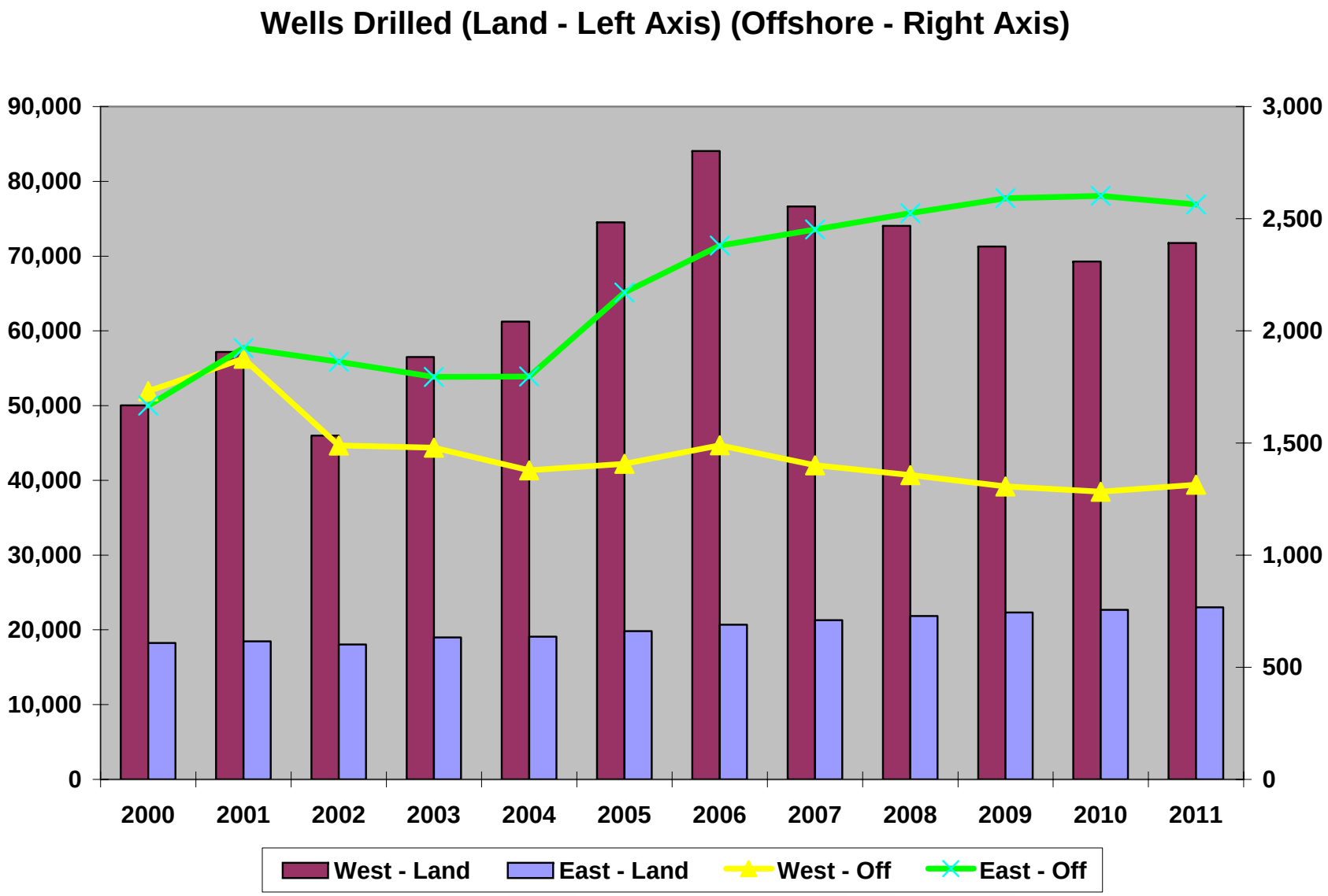
Expect Spend to Shift Gradually to the Eastern Hemisphere

Oil and Gas Production Indexed to 1970 - Spears' Sept 2005 Drilling and Production Outlook



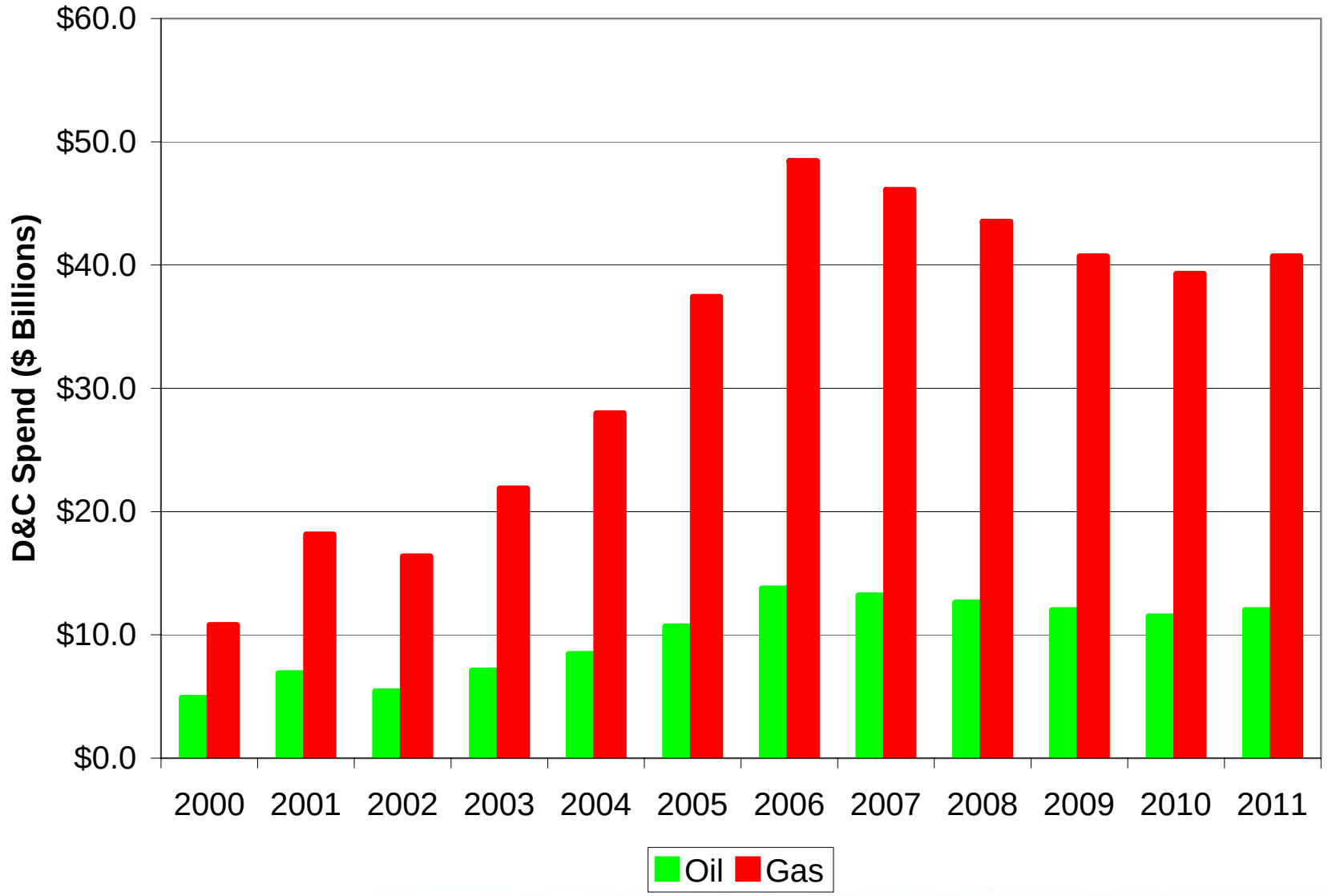
Well Count Expected to Increase in the Eastern Hemisphere

Spears' Sept 2005 Drilling and Production Outlook

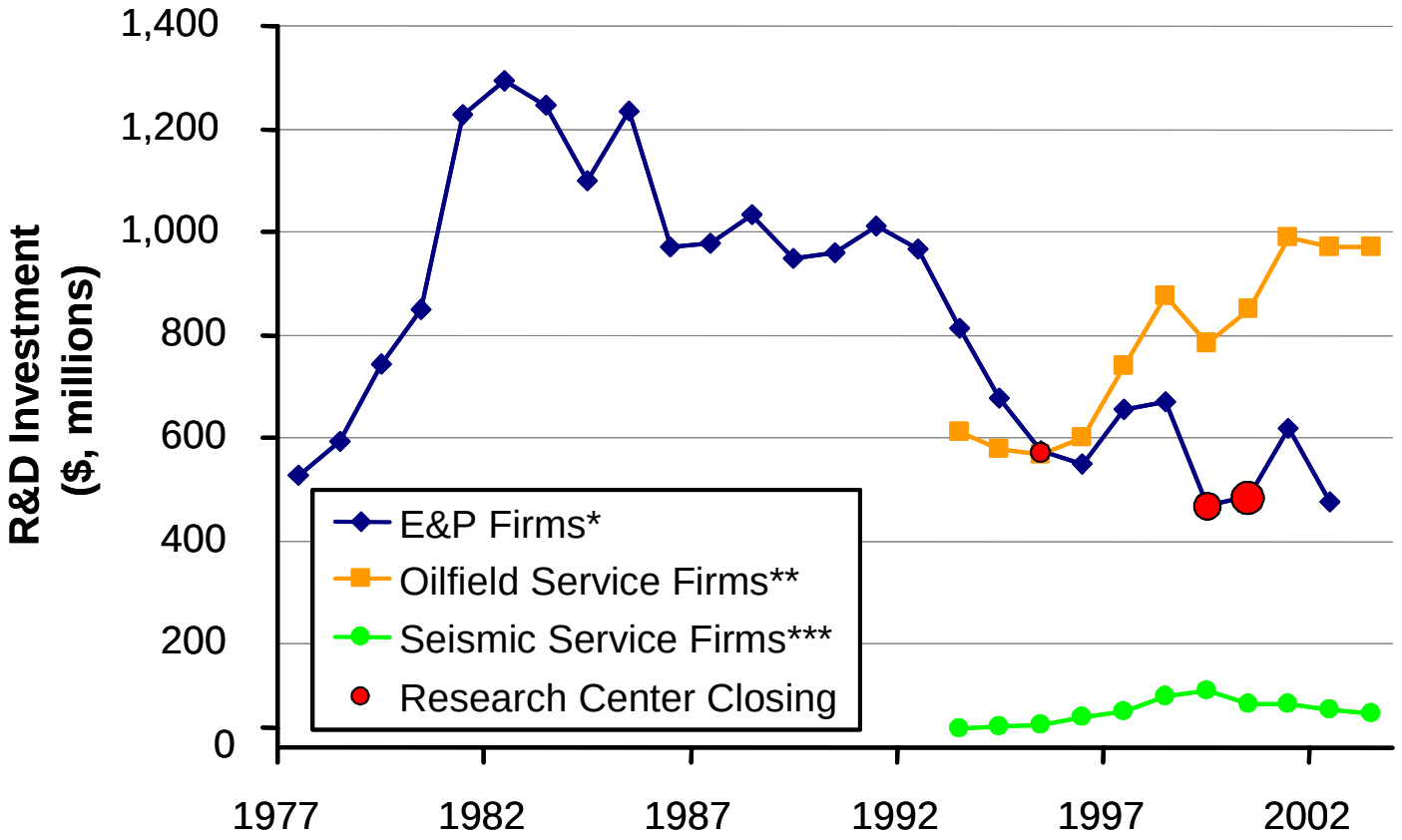


US Drilling and Completion Spending

Spears' Sept 2005 Drilling and Production Outlook



R&D Investment Continues to Shift to Oilfield Services

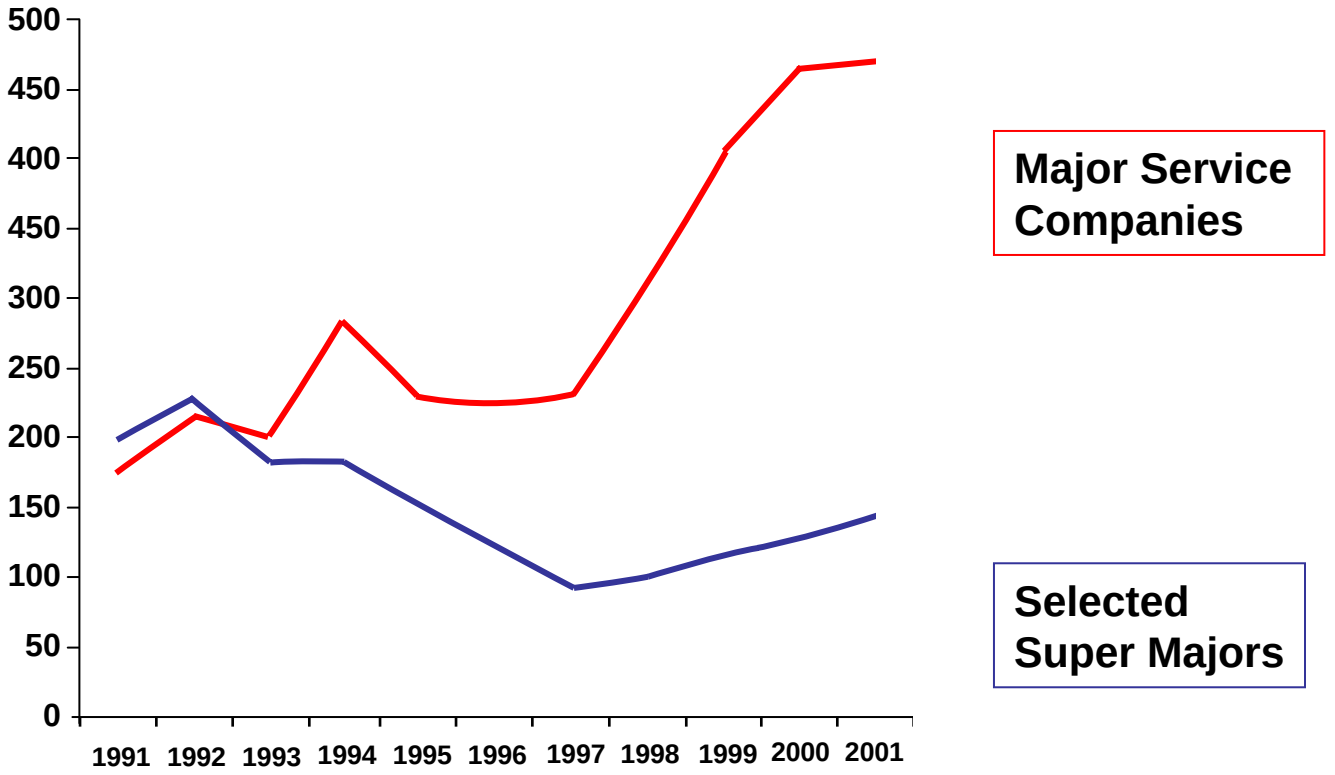


* US E&P firms and the US R&D investments of international E&P firms; source Department of Energy, EIA, CERA analysis.
** Traditional Oil Field Service companies (Baker Hughes, Halliburton, Schlumberger, Smith, Weatherford) annual reports, CERA analysis.
*** Seismic Service Companies (CGG, Input/Output, OYO Geospace, PGS, Veritas) annual reports, CERA analysis.

Source: Cambridge Energy Research Associates.

Upstream Patent Awards

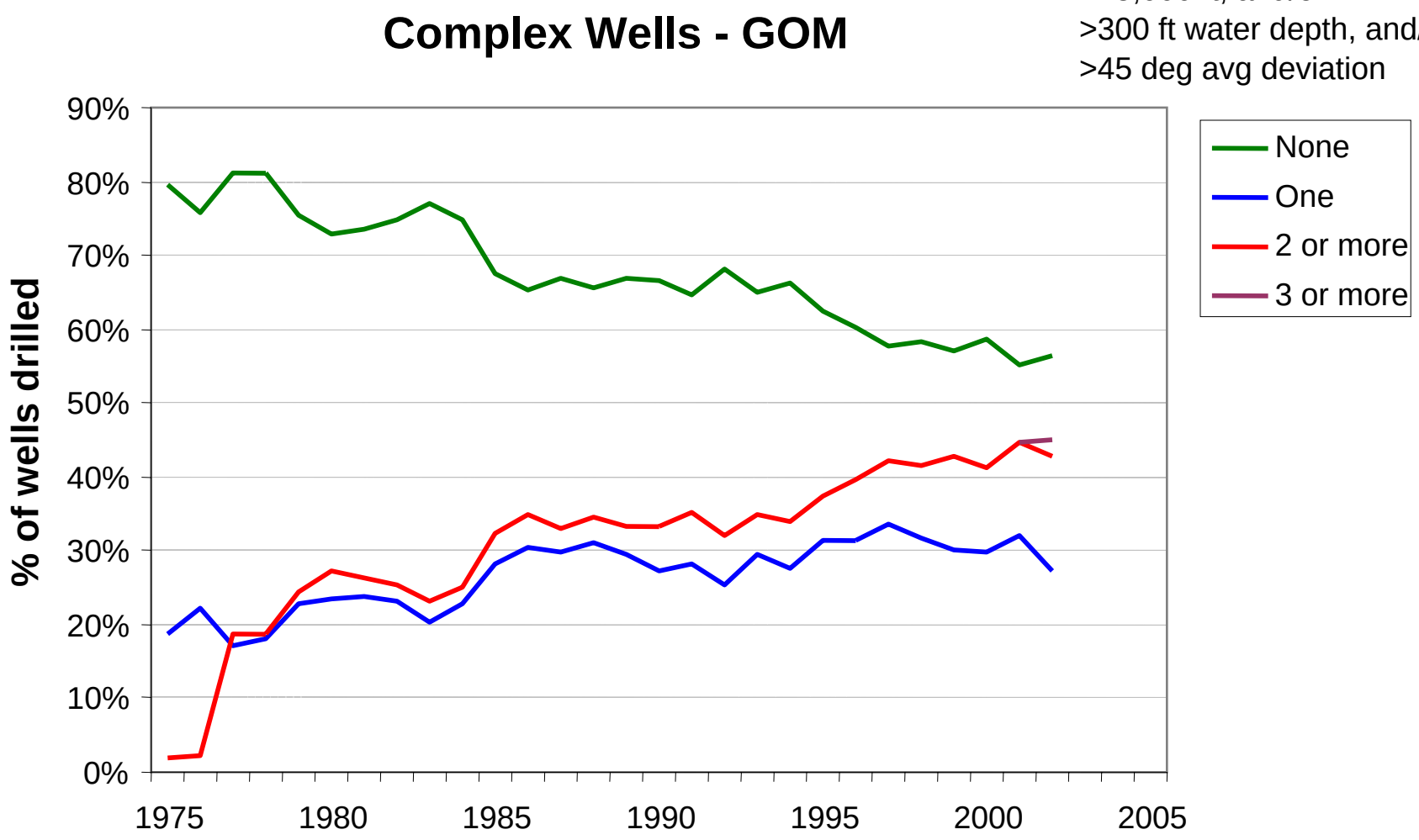
Top 3 Super Majors vs. Service Companies



Source: Derwent WPI, Global patent search on Upstream code H01 published patents (1991-2001)

Well Complexity – Trending Up

Complexity parameters:
>15,000 ft, and/or
>300 ft water depth, and/or
>45 deg avg deviation

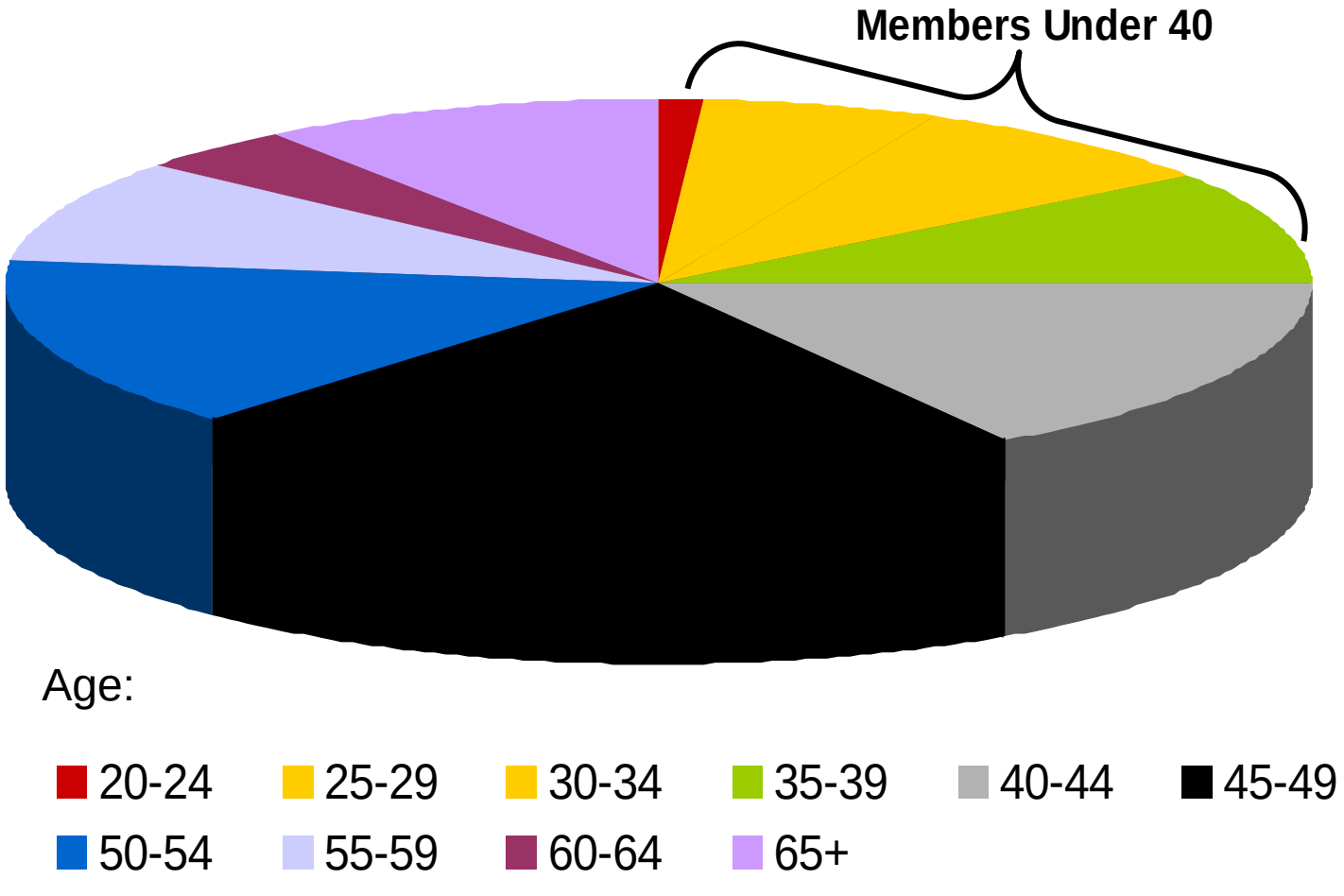


Source: MMS

Technology Trends and Challenges

- Geoscience Interpretation and Reservoir Modeling
- Advanced Drilling Methods
- Advanced Completion Techniques
- HT-HP Applications for Ultra-Deep Shelf
- Real-Time Drilling and Production Applications
- Ultra-Deep Water Applications
- Increasing distance for Remote Tie-backs
- High Performance Environmentally Advanced Fluids
- Advanced Testing Applications for Reserve Assurance
- Development of Unconventional Resources
- Mature Field Exploitation Advancements

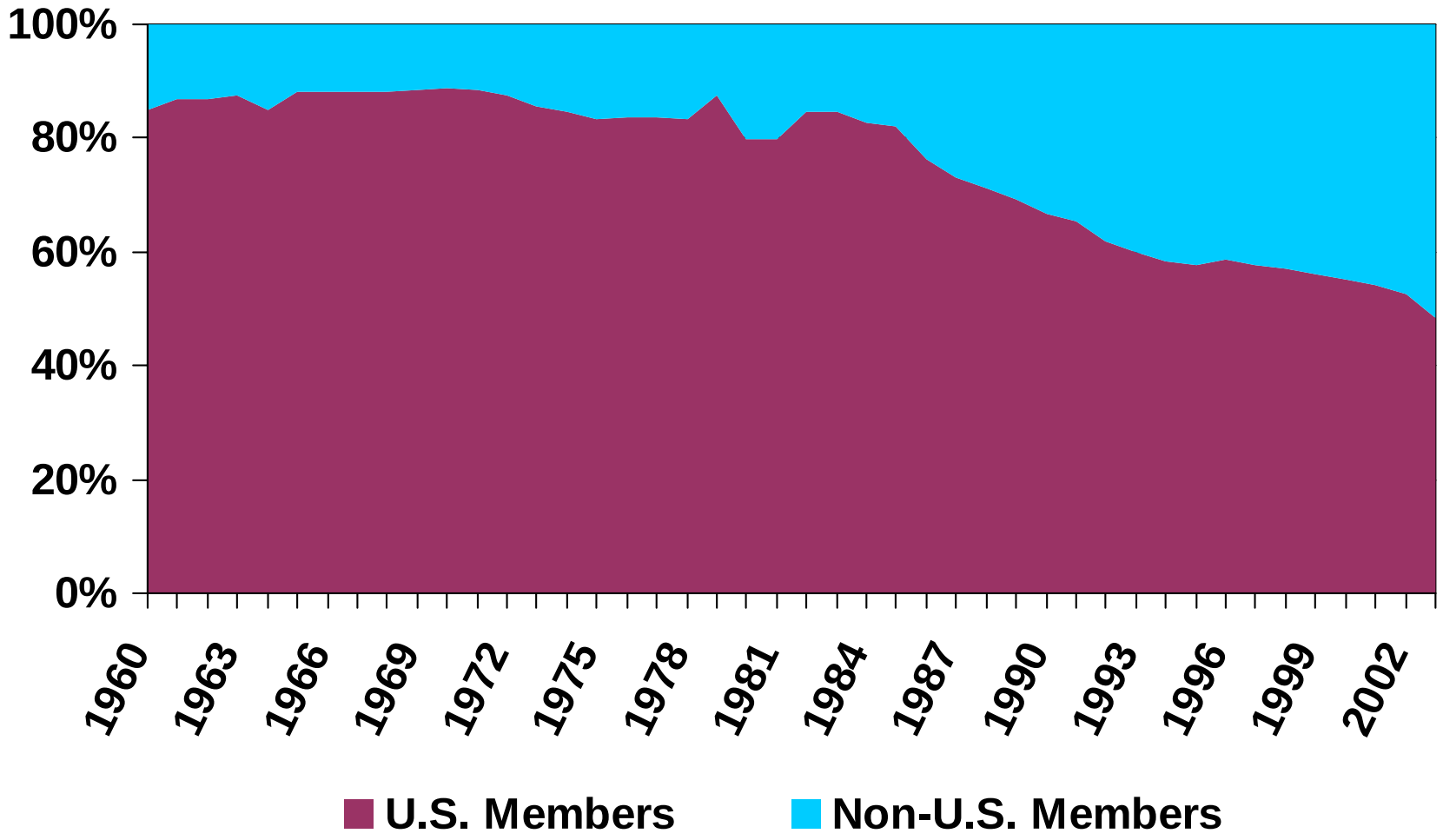
Majority of SPE Member are Over 40:
Many Opportunities for Younger Engineers



Source: SPE

SPE membership includes petroleum engineers and other E&P industry professionals.

SPE Non-US Membership Continues to Grow



Source: SPE

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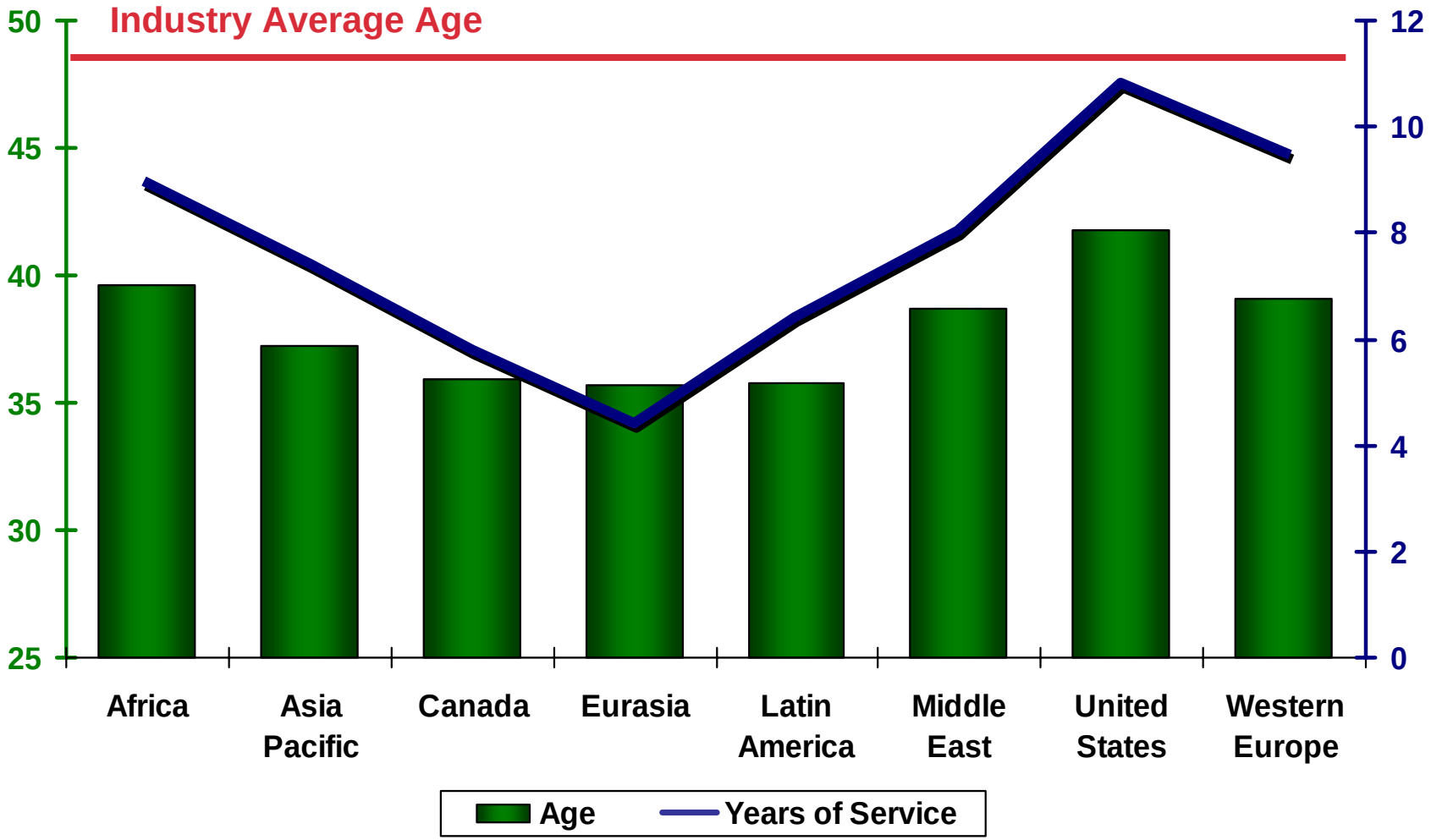
Halliburton Employee Profile by Region

Age/Service by Region



Questions for the Eastern Gulf of Mexico

Will the Eastern Gulf be opened for access?

Where will the operations be staged from?

Source: MMS

Conclusions

- **Louisiana will be ….**
  - **An important oil and gas production area for the US but on a declining basis on land**
  - **An important geographic area for Halliburton**
  - **A staging ground for new technology worldwide especially for offshore operations**
  - **A vital source of personnel and offshore expertise**