



KASATKIN
CONSULTING

Industry analytical report



Overview of the global and Russian upstream and oilfield services market

Trends, Volumes, Segments

Moscow · September 2026

Foreword and contents



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“ The purpose of this material is to broaden the reader's understanding of our area of expertise: the global and Russian upstream and oilfield services market.

This study covers the oilfield services market: the international context, including upstream and oilfield services trends and regional specifics; and the Russian upstream and oilfield services market with its indicators in monetary, physical and capacity terms.

Russian oilfield services represent RUB 3 trillion per year and 370 thousand jobs. The segment accounts for almost two thirds of all upstream spending (capital and operating): an industry sometimes undeservedly pushed into the background is in fact the very foundation of production and determines what is critical for energy sovereignty – the unit cost of each incremental barrel of the country's most important hydrocarbon resources.

Production costs are rising not only because of increasingly complex conditions, but also because of the state of the services market. A tonne of oil has not become more expensive for the operator – it has become more expensive for the contractor. To hold production on plateau, the market is adding work and people: footage drilled rose 11% and headcount 16%, while production declined 2%. Capital expenditure per tonne in real terms did not change, because the difference was paid for out of service margins – down 2 pp year-on-year, with 39% of revenue falling into the risk zone. The headroom in this mechanism is finite, and it is already close to exhaustion.

None of these trends is now covered by industry statistics: neither headcount, nor the equipment fleet, nor Russian market volumes are officially published. This report reconstructs these figures from primary sources – the financial statements of 500 legal entities, available government statistical filings, interviews with operators and contractors, project experience and international databases.

We hope this material will serve as a practical decision-making tool, and that every reader will find applicable figures and facts.

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Key takeaways



US\$ 87/bbl Brent 2026 · +7% YoY in upstream spending 2026–27

The Middle East conflict creates the preconditions for a new investment cycle in global upstream.



US\$ 770 bn global oilfield services market 2025 · +43% over five years

Over ten years the market has shifted from well construction to production maintenance: the share of drilling services fell from 13% to 10%, while stimulation and production rose from 10% to 12%. Russia is following the same trajectory.



RUB 3,021 bn Russian oilfield services market 2025 · fourth largest globally

Growth of 13% per year over the past five years gives way to 8% in the forecast. Two thirds of the increase comes from inflation rather than work volumes.



515 mt Russian production 2024–28 · 6% cost CAGR

Holding production on plateau requires ever more work: footage drilled up 11%, headcount up 16%, while production fell 2% (2021–2025). For the operator the tonne did not get more expensive — the difference was absorbed by contractor margins.



120% capital expenditure as a share of operators' available cash flow

For the first time the industry is investing more in production than it earns from it. At the same time 93% of capex goes to contractors versus 76% in 2021 — oilfield services are taking an ever larger share of a shrinking investment budget.



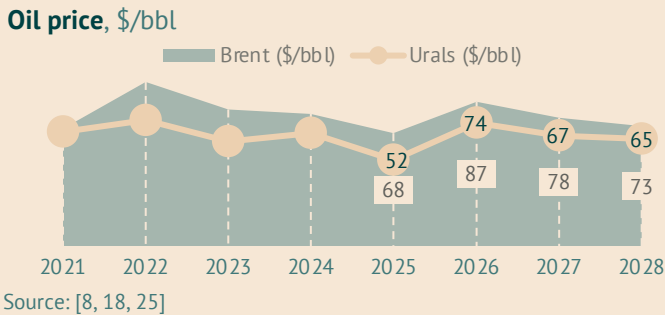
1,352 drilling rigs · **200** frac fleets · **2,877** workover crews.

Capacity has stopped growing: the workover crew fleet is unchanged over four years, and frac fleets have reached the limit of demand.

Global upstream trends

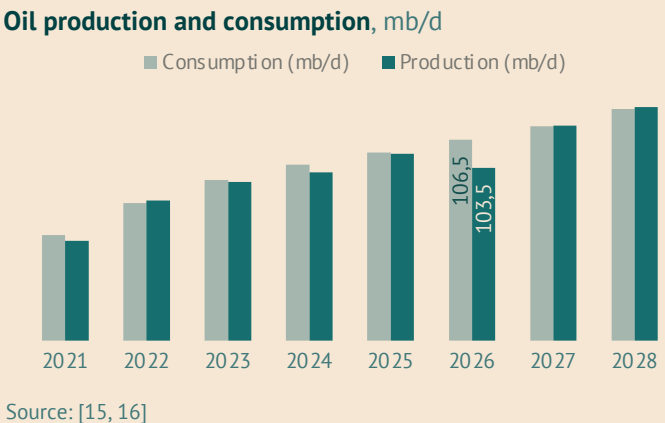
Oil prices will remain at a comfortable level for Russian operators in 2027 and 2028.

The Middle East conflict has lifted the consensus 2026 price forecast from 63 to 87 dollars per barrel. [18, 25]



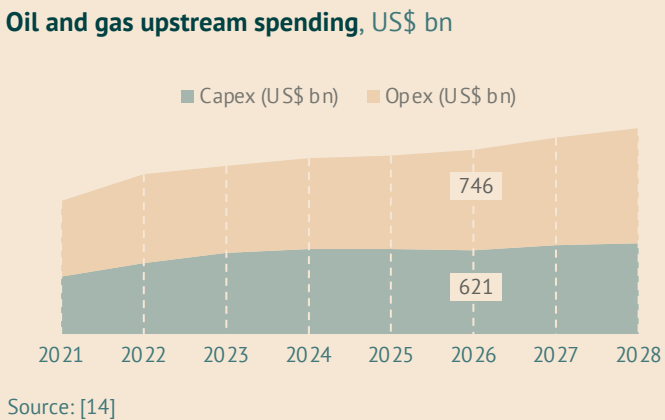
The supply deficit in the oil market in 2026 may reach up to 3 mb/d.

Through 2030 demand growth will run at 0.5–2.3 mb/d/year. Drivers: petrochemicals (+0.04), commercial vehicles (+0.04), aviation (+0.02) mb/d per year. Passenger cars are close to plateau. Reserve concentration: Venezuela 304, Saudi Arabia 298, Canada 168 bn bbl. Low lifting costs: Iraq \$3, Saudi Arabia \$4, Iran \$4 versus USA \$35, China \$39 Russia: production 10 mb/d, lifting cost \$14 – a resilient position. [15, 16]



High oil prices in 2026 are a catalyst for upstream investment over the next two years.

Largest capex spenders in 2025: Saudi Aramco – US\$ 45.0 bn, CNPC – US\$ 29.2 bn, ExxonMobil – US\$ 21.0 bn, Rosneft – US\$ 14.5 bn. The international majors (Exxon, Shell, BP, Chevron, Total) are increasing investment faster than national oil companies (low base effect): growth of 45% versus 34% over 2021–2025. That said, the absolute investment volume of national oil companies exceeds that of the majors by a factor of 1.5. [12]



Long-term trends

- Deteriorating production conditions (rising share of hard-to-recover reserves and deepwater offshore in the reserve base)
- Growing investment in gas projects
- "Sovereignisation" of upstream [14, 15]

Global oilfield services market

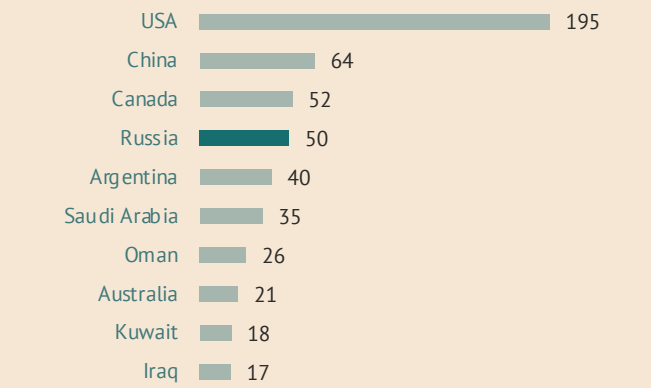
The global oilfield services market grew 43% over the five years to 2025 and will continue expanding to US\$ 858 bn by 2028.

The gas share of services rose from 10% to 13%; in Russia the trend is the opposite – down 4 pp. [14]

The USA remains the number one market: a quarter of global volume.

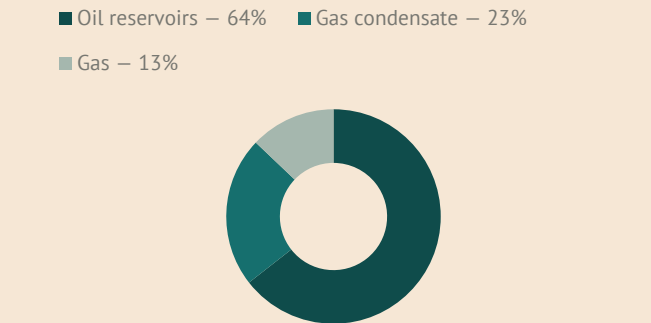
The top ten countries account for 67% of the global market, and their line-up has not changed in five years. [14]

Top 10 countries, 2025, US\$ bn



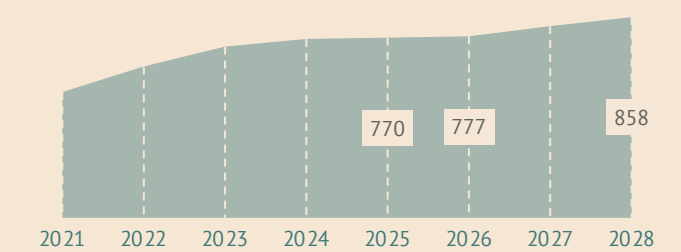
Source: [14]

Market structure by reservoir type, 2025



Source: [14]

Oilfield services market, US\$ bn

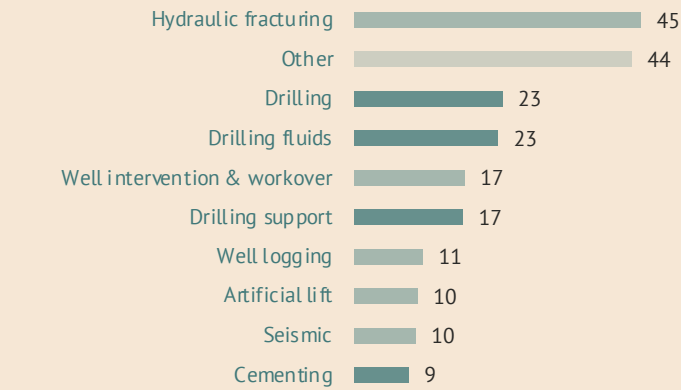


Source: [14]

Over ten years the global market has shifted from well construction to production maintenance.

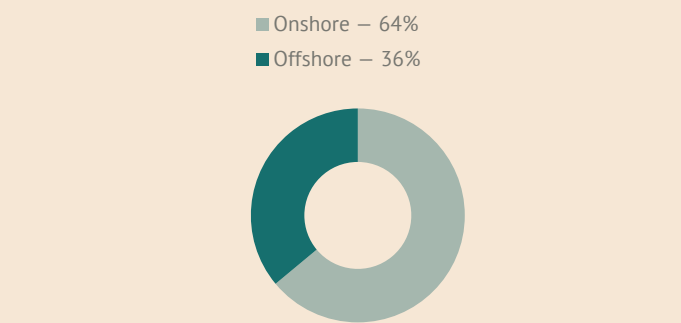
The share of the drilling group of services declined from 13% to 10%; stimulation and production rose from 10% to 12%. Russia is following the global trajectory. [14]

Top 10 segments, 2025, US\$ bn



Source: [14]

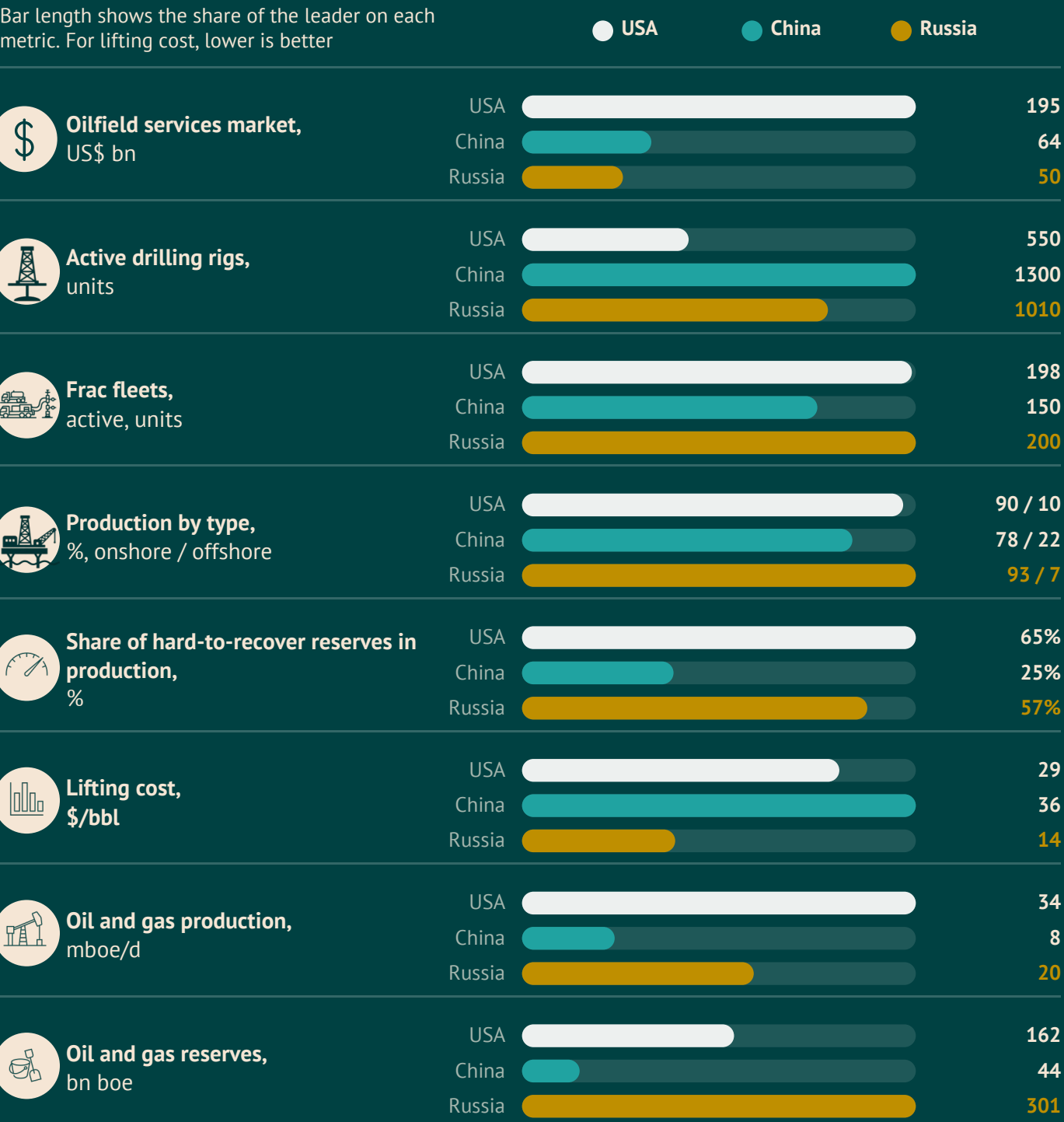
Market structure by asset type, 2025



Source: [14]

In focus: USA, China, Russia

The three countries account for around 45% of global production and 40% of the global oilfield services market. The comparison shows that Russia's strength lies in its resource base rather than its capacity: in reserves Russia exceeds the USA by almost a factor of two, while its services market is four times smaller. [14, 15]



Sources: USA and China – [14, 15, 17]; Russia – [19]
The Russian oilfield services market under our model is US\$ 36.3 bn; Rystad's scope is broader, including infrastructure construction [14, 19]

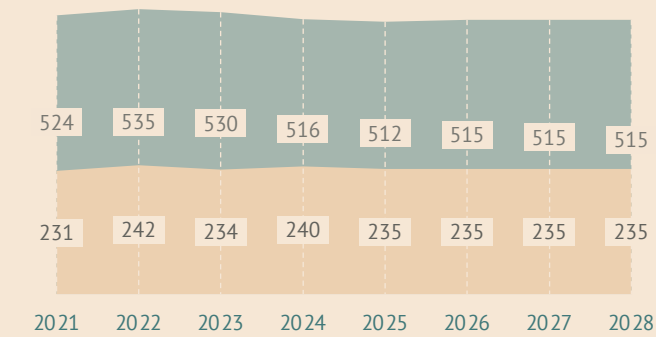
Upstream trends in Russia

Production will hold on a plateau of 510–520 mt in the coming years.

On the sales side, the consolidation of external demand in Asia carries no risk: India and China are actively competing for cargoes of Russian crude. The 2026 situation in refining affects upstream only indirectly, without materially changing volumes, given the export alternative.

Despite deteriorating production conditions and a rising share of hard-to-recover reserves, Western Siberia will remain the centre of production for the coming decade. [7]

Oil and condensate production and exports, mt

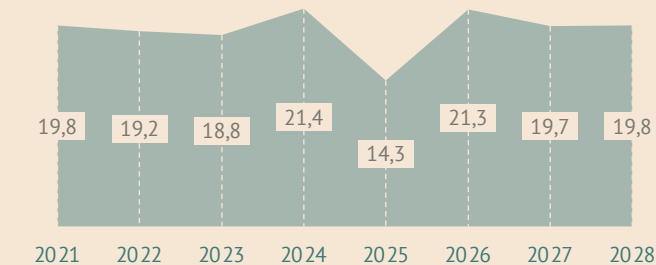


Source: [7]

Operators' financial results in 2025 were similar to the levels of the pandemic year 2020.

In 2026, higher oil prices, a weaker rouble and central bank rate cuts will increase companies' capacity to fund production. [12, 20]

Oil and gas production revenue, RUB trn

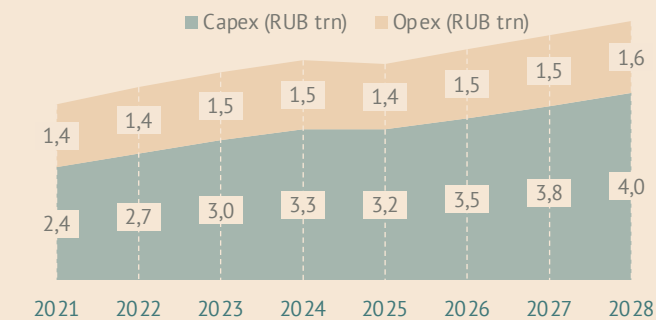


Source: [12, 20]

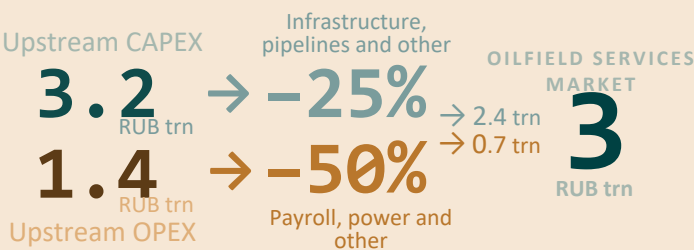
Operators' capital expenditure will rise to RUB 4 trn by 2028 – up 20% on the 2025 level.

Operating expenses, meanwhile, barely change: RUB 1.42 trn in 2025 versus 1.55 trn in 2028. The 2025 revenue slump to RUB 14.3 trn – with capital investment held at RUB 3.25 trn – means operators funded their investment programme from something other than profit. Capex reached 120% of available cash flow: the industry invested more in production than it earned from it. [20]

Oil production costs, RUB trn



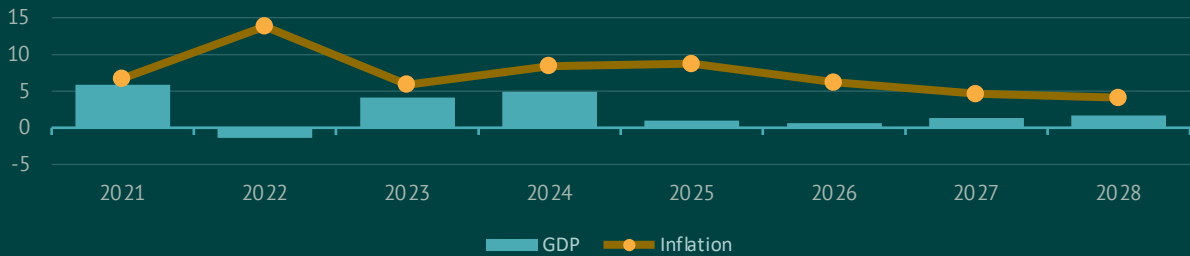
Source: [20]



Macroeconomic context

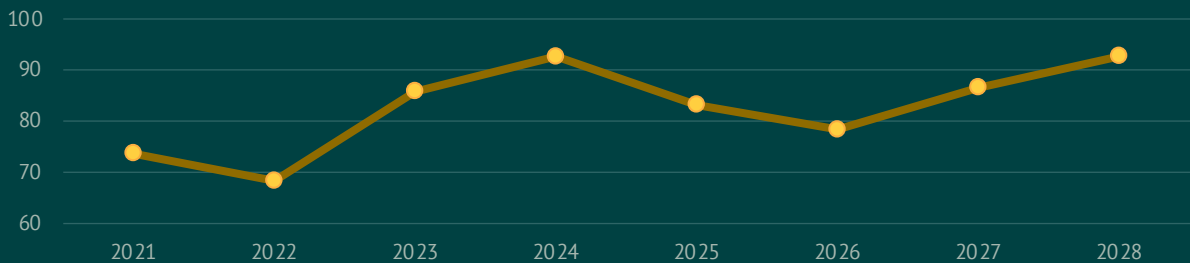
GDP and inflation

Bank of Russia • % YoY [8]



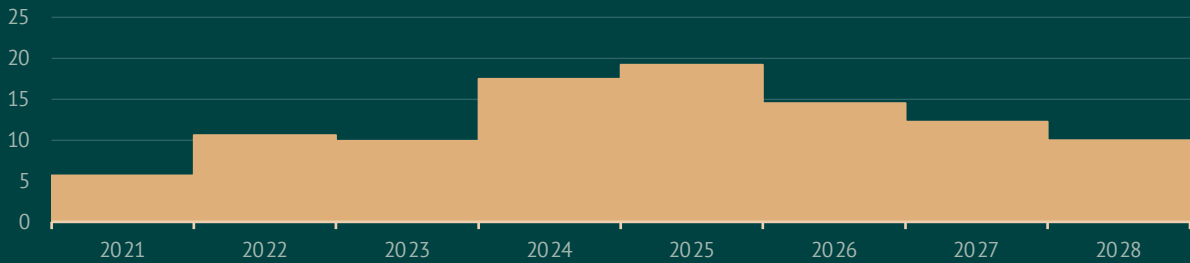
Rouble exchange rate

Bank of Russia • RUB/US\$ [8]



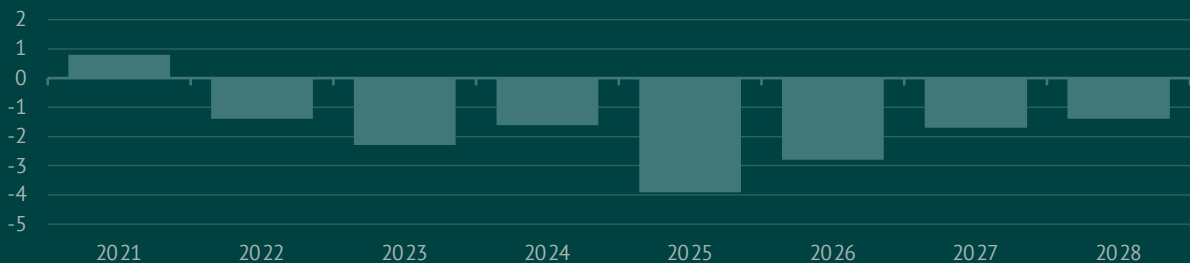
CBR key rate

Bank of Russia • % [8]



Budget balance

Bank of Russia • % of GDP [8]



Oilfield services market

After slowing in 2025, the market will return to growth.

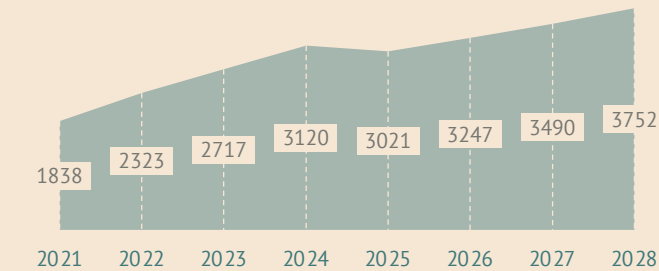
Average annual market growth over the five years to 2025 was 13%, and through 2028 growth will run at 8%. Market growth is mainly price-driven: price increases deliver 10 pp of annual growth (9 pp of it inflation) and only 3 pp comes from physical volume. From 2026 we estimate the contribution of physical volume will double, from 20% to 40% [9, 19]

The drilling group of services accounts for 44% of the market. Well servicing and stimulation / production account for 10% each, and exploration for 5%.

The segment structure of the market does not change materially over time. Independent service companies hold 46 % of the market, 49 % of companies are part of, or affiliated with, vertically integrated oil companies, and 5% are international.

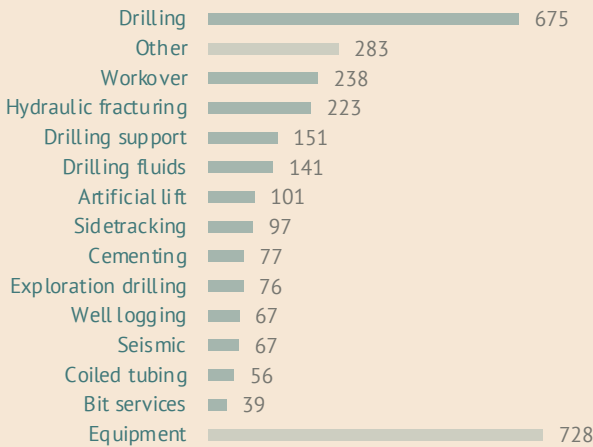
The fastest-growing and most profitable segments are drilling support services, cementing, bits and artificial lift; the weakest are exploration-related services. [11, 19]

Oilfield services market size, RUB bn



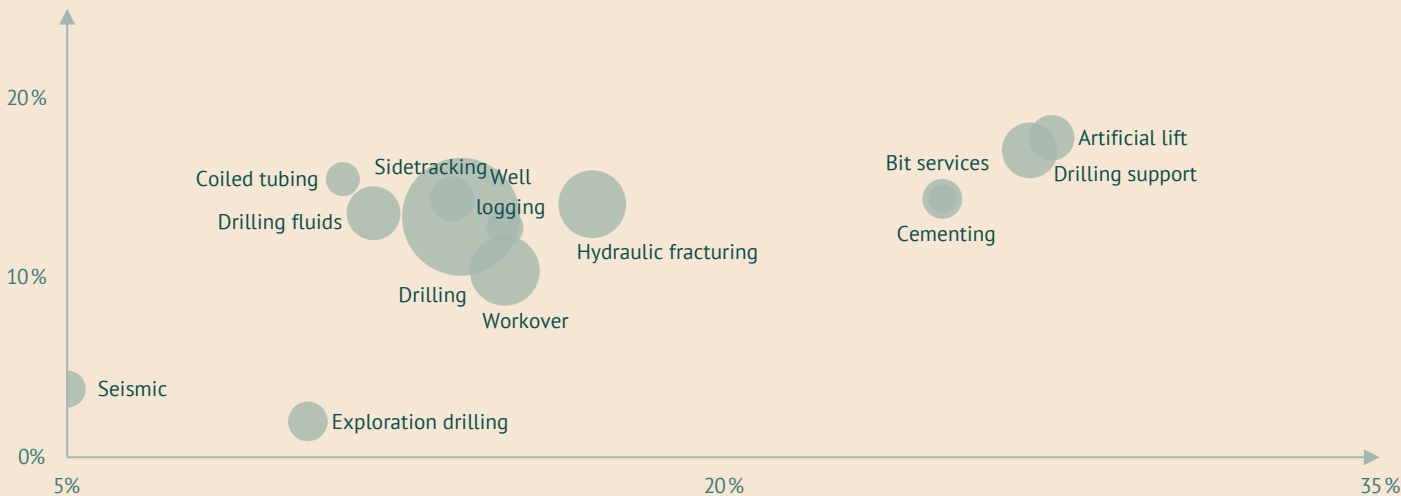
Source: [1, 19]

Market segments, 2025, RUB bn



Source: [1, 19]

X axis – EBITDA margin 2025 • Y axis – revenue CAGR since 2021 • Bubble size – market size 2025 [1, 11, 19]

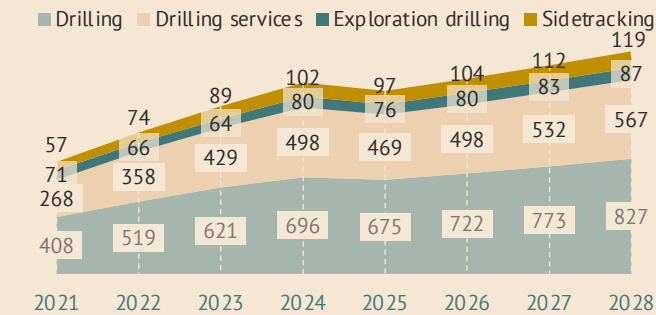


Drilling

The core segment of the oilfield services market, characterised by high stability.

Average annual growth in 2021–2025 was 13%; the forecast is 7%. It accounts for 22% of the market; together with exploration drilling, sidetracking, drilling support, drilling fluids, cementing, well logging and bit services, the drilling cluster totals RUB 1,318 bn, or 44% of the market. [19]

Drilling market size, RUB bn

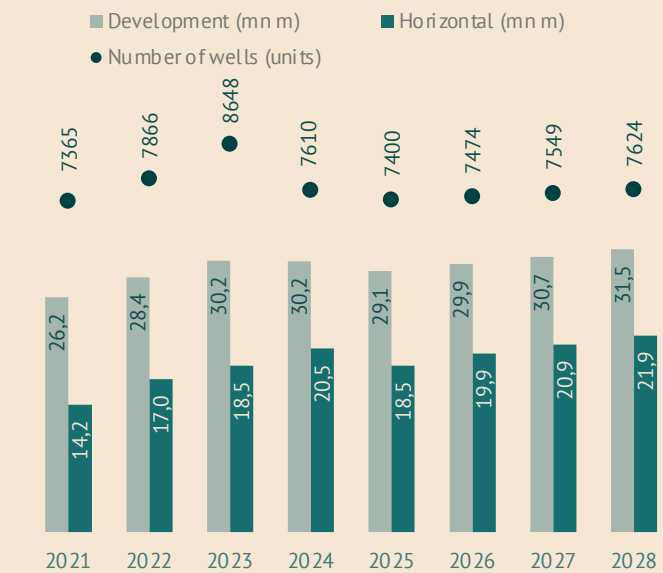


Source: [1, 19]

The market is growing on the back of increasing operational complexity rather than total footage.

Footage drilled is almost flat: 29.1 mn m in 2025 versus 26.2 mn m in 2021 – 2.7% per year. The shift is internal: horizontal footage rose from 14.2 to 18.5 mn m, and its share from 54% to 64%. The number of wells built is unchanged: 7,400 versus 7,365. [5, 27]

Key drilling indicators

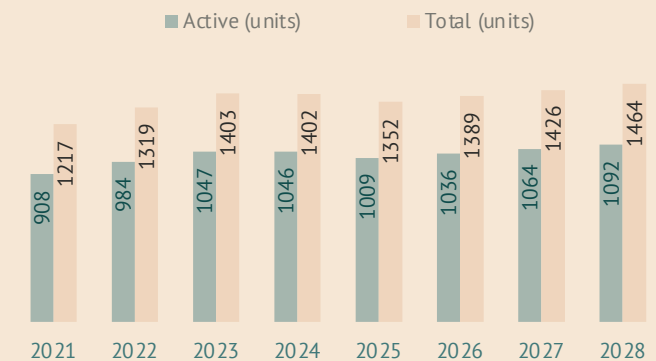


Source: [5, 9, 19]

The rig fleet is stable. Current capacity implies a technical footage ceiling of around 32 mn m without large-scale fleet renewal.

Rig fleet wear and tear stands at 55%. The residual value of a rig at the largest contractors is RUB 200–250 mn versus around RUB 500 mn for a new unit. [11, 21]

Drilling rig fleet, units



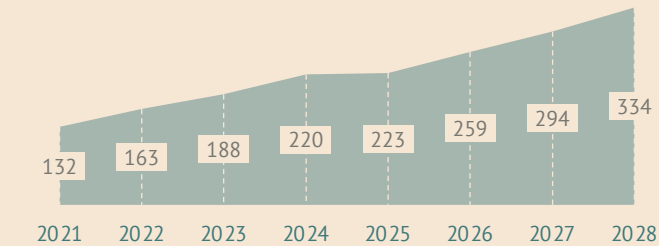
Source: [10, 21]

Hydraulic fracturing

The hydraulic fracturing market reached RUB 223 bn in 2025 and will grow to RUB 334 bn by 2028.

Average annual growth in 2021–2025 was 14%. The forecast 14% per year is driven by the price per stage on the back of greater technological complexity, not by the number of operations. [19]

Hydraulic fracturing market size, RUB bn

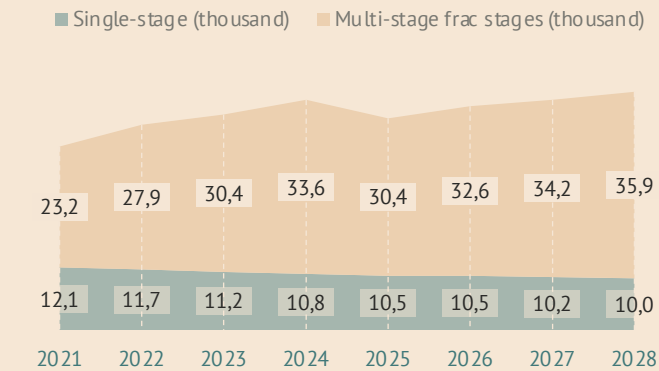


Source: [1, 19]

In terms of operations the market is almost flat: 40.8 thousand stages in 2025 versus 35.4 thousand in 2021.

All of the growth comes from multi-stage fracturing: its share of stages rose from 66% to 74% and will reach 78% by 2028. Single-stage operations are declining steadily and predictably: the segment lost 13% of volume over the five-year period. [13, 19]

Frac operations, thousand

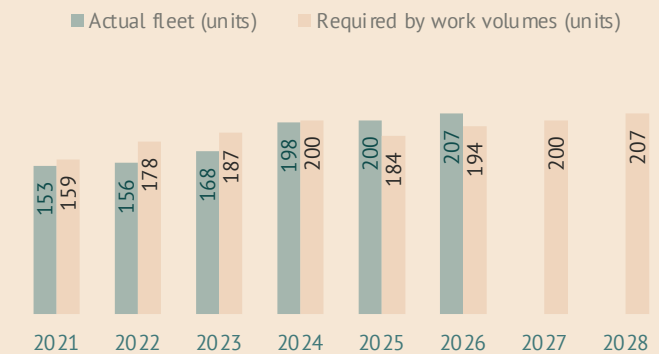


Source: [13, 19]

The fleet grew from 153 to 200 frac fleets over five years and has reached the limit of demand.

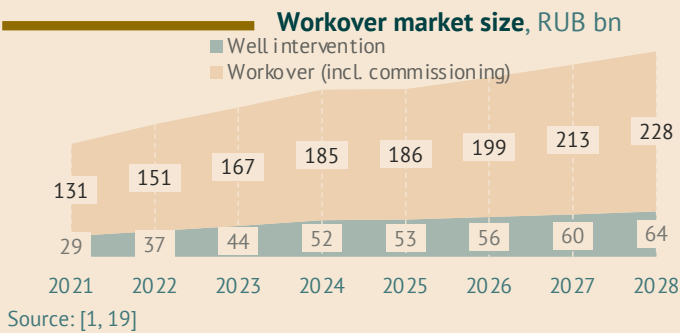
The fleet required by work volumes in 2025 was 184 units against 200 actually available. 16 fleets are mothballed. [13]

Frac fleet, units



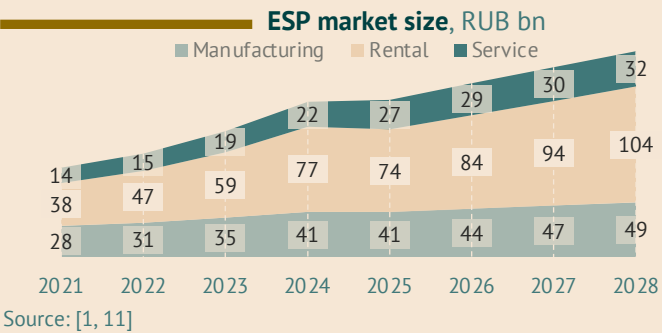
Source: [13, 19]

Well intervention, workover and artificial lift



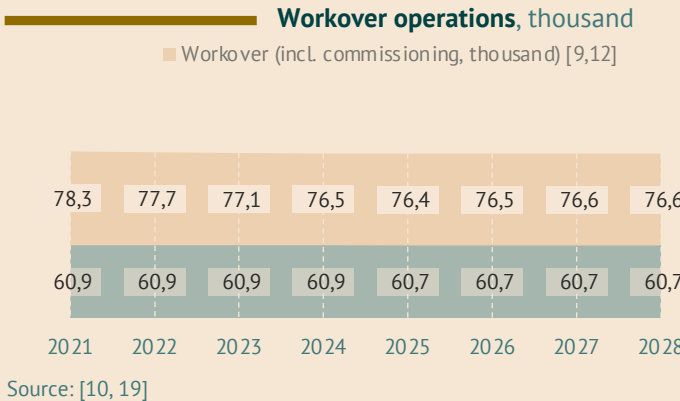
Average annual growth in 2021–2025 was 10%, against inflation of 9%.

The workover market stands at RUB 238 bn, but in real terms the segment has not grown for five consecutive years – the only large segment with such a profile. [19]

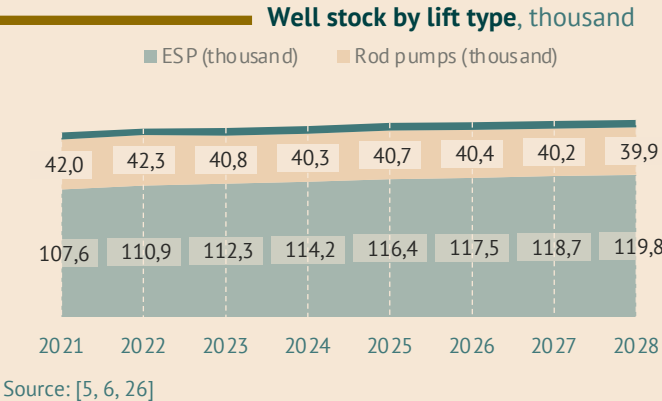


Artificial lift accounted for RUB 101 bn* in 2025, a 1.9-fold increase over five years.

Rental of downhole equipment is growing twice as fast as its manufacture: the operator is shifting from buying a pump to paying for well-days, transferring failure risk to the contractor. The rental fleet grew 64% while the ESP well stock rose 8%. [1, 11]



The growth potential lies not in crew numbers but in crew support. Each percentage point of downtime eliminated equals about 29 extra crews – while adding a crew requires capex, removing downtime requires better supply logistics. [10]



The producing well stock grew from 155.6 to 163.4 thousand over five years – up 5%. All of the increase came from wells on electric submersible pumps: their share rose from 69% to 71% and will reach 72% by 2028. [5, 6, 26]



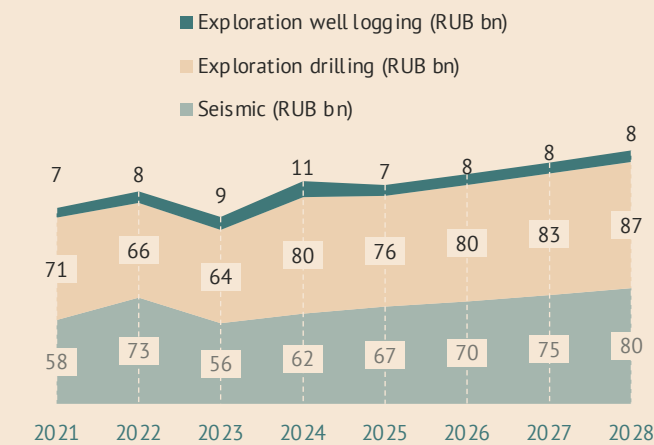
**ESP equipment manufacturing is captured in the "Equipment" segment.*

Exploration activity

Exploration accounted for RUB 151 bn in 2025 and 5.0% of the oilfield services market, versus 7.3% in 2021. No other segment has lost weight in the industry so quickly.

The share of work performed in-house by operators rose from 20% to 26% – the contracted market is shrinking faster than the exploration market itself. The hydrocarbon share of the country's exploration spend fell from 68% to 60%: gold added 79% over three years and is pulling away the same contractors. [2, 3, 4, 19]

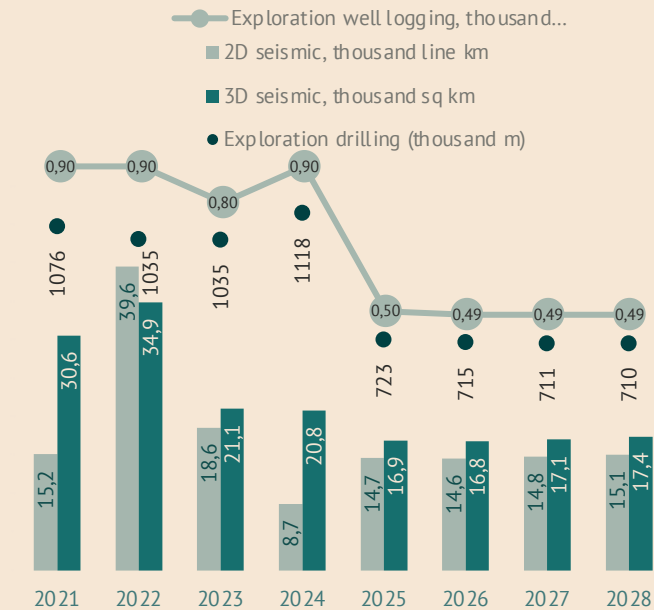
Exploration market size, RUB bn



Source: [1, 2, 9, 19]

In physical terms exploration has fallen several-fold. 3D seismic is down 52% versus 2022. Exploration drilling lost 34% in 2025 alone: 723 thousand m against 1,118 thousand m in 2024. Depth has changed too: the average exploration well is now shorter – 2,502 m versus 3,886 m five years ago. Exploration has shifted away from new standalone plays towards appraisal near existing production infrastructure. This is rational behaviour when money is expensive and planning horizons are short, but it does not replenish the resource base: reserve additions of this type extend the life of existing fields rather than creating new ones. [2]

Key exploration indicators



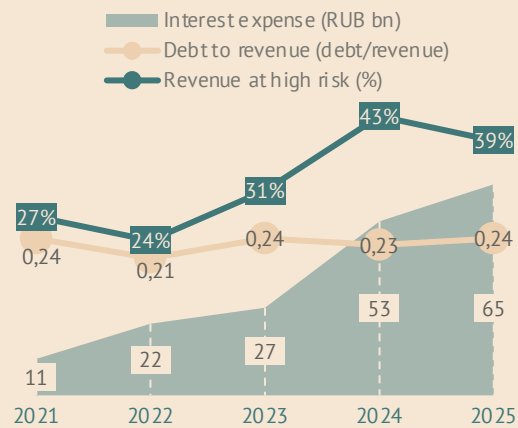
Source: [2]

Oilfield services market facts

39% % of market volume is in the financial risk zone (27% in 2021).

Oilfield service companies have not increased their debt, but the cost of servicing existing debt has pushed more companies into the risk zone. [1, 23]

Share of the market in the risk zone,

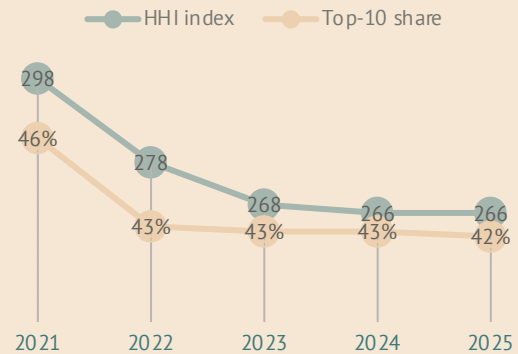


Source: [1, 23]

The market is becoming less concentrated, but the preconditions for consolidation are in place

The Herfindahl index (the sum of the squared market shares of all market participants; below 1,500 means not concentrated) fell by 11 % over five years. An important caveat: at national level the market is not concentrated, but at the level of an individual field the picture may be the opposite. [24]

Market concentration

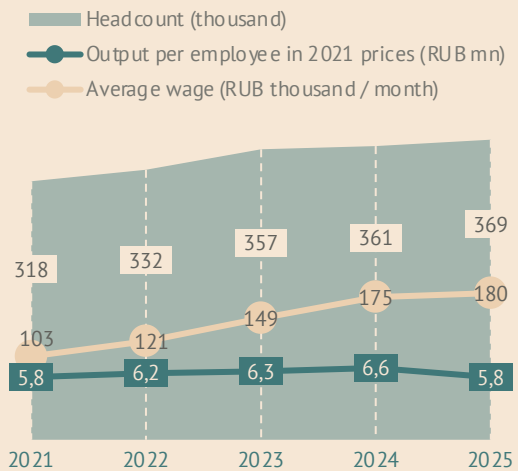


Source: [24]

Headcount is not expanding; the main driver is employee retention: output per employee in constant prices has returned to the 2021 level.

The payroll bill has doubled while the market grew 64%. Labour costs are outpacing revenue, compressing margins. [22]

Employment



Source: [9, 11, 22]

Methodology

I. Scope

Market. Contractor revenue from services rendered to oil and gas operators in Russia, including operators' captive service units. Manufacturing of oilfield equipment is included as a separate segment. Infrastructure and pipeline construction and the supply of consumables are outside the scope.

Horizon and unit of account. Detailed data — 2025; historical series — from 2021; forecast — to 2028. Revenue excludes VAT; international comparisons are in US dollars at the CBR average annual exchange rate.

Segmentation. Fifteen segments by type of contractor work (not by field development stage): drilling, sidetracking, exploration drilling, drilling support, drilling fluids, cementing, bit services, hydraulic fracturing, coiled tubing, well intervention and workover, artificial lift, well logging, seismic, equipment, other.

II. Data collection

Five data circuits. (1) The Federal Tax Service financial statements register (GIR BO) — a full extract for the contractor register: 493 legal entities, statement forms 1, 2 and 4 for 2021–2025, 2,244 annual observations and 2,484 explanatory notes. (2) Government statistics — Rosnedra forms 2-GR and 7-GR, Rosstat EMISS, CDU TEK, the Ministry of Natural Resources state report. (3) Industry reviews by analytical agencies — for reference and cross-checking. (4) Expert interviews — capacity, operations, utilisation. (5) International databases — Rystad Energy, Statistical Review of World Energy.

Completeness control. Of a reference base of 580 legal entities, 493 were identified — 97.0% of the base's revenue. 87 entities with revenue of RUB 49.5 bn were not found; these were estimated and flagged. Cross-checked against the SPARK database.

III. Data analysis

Segment sizing — physical volume × price, using a single method across all segments. The 2025 level is taken from the revenue allocation matrix; the shape of the 2021–2024 series is set by a physical driver: footage drilled (development, horizontal or adjusted, where a horizontal metre is weighted at 1.5 vertical metres), fleet count for coiled tubing, and well stock for well intervention/workover and artificial lift.

The price index is not set exogenously. It is derived from the requirement that the sum of segments equals the market total, and works out at 10.4% per year. Three segments are measured directly rather than derived as a share: seismic and exploration drilling from form 2-GR, and hydraulic fracturing from a separate model based on the number of stages and the price per stage.

The allocation matrix has three layers: contractor × segment, segment × client, contractor × client; the result is 9,121 populated cells. Priority is given to direct breakdowns from explanatory notes; intra-group turnover is eliminated.

Growth decomposition. Annual market growth is decomposed into consumer inflation, physical work volume and real service price escalation: $9.2 + 2.5 + 1.2 = 13.2\%$ per year for 2021–2025.

The forecast is built bottom-up from physical drivers (not extrapolation). The chain: operators' available cash flow → capital expenditure → drilling metres → share of horizontal footage → operations → money. Macro parameters come from the Bank of Russia macro survey.

Reconstructed figures. Headcount is derived from the payroll bill (form 4) and disclosed average headcount: 122 observations for 2025, 85 thousand employees in the sample. The capacity fleet is triangulated by three independent methods. Neither series is officially published.

Financial resilience and concentration. Financial resilience — 436 legal entities, 1,911 observations: the Altman Z" model, Russian benchmarks for equity autonomy, liquidity and leverage, and interest coverage. The Herfindahl index is based on 181 actual contractor groups, with two denominators.

IV. Reliability

Reliability tagging. Every figure is tagged: fact (primary document), calculation (reproducible formula), or expert estimate. Every calculated figure is checked against an additional source.

Sources

Government statistics and official publications

- [1] **GIR BO** — Federal Tax Service of Russia, bo.nalog.gov.ru. Statement forms 1, 2 and 4 for 493 legal entities for 2021–2025, 2,244 observations; 2,484 explanatory notes and audit reports. (pp. 9, 10, 12, 14)
- [2] **Form 2-GR** — Rosnedra, consolidated reports for 2021–2025. Exploration drilling, 2D and 3D seismic, geophysical surveys, contracted works. (p. 13)
- [3] **Form 7-GR** — Rosnedra, 2022–2025. Breakdown of exploration into hydrocarbons, precious metals and other raw materials. (p. 13)
- [4] **State report on the condition of the mineral resource base** — Ministry of Natural Resources of Russia; materials of the Rosnedra board meeting of 25.04.2025. Exploration funding since 2014. (p. 13)
- [5] **CDU TEK** — Ministry of Energy of Russia. Development drilling footage, new well completions. (pp. 10, 12)
- [6] **EMISS** — Rosstat. Well stock by lift method, calendar time balance of well construction; series were published up to 2021. (p. 12)
- [7] **Oil production and exports** — Ministry of Energy of Russia. (p. 7)
- [8] **Macro indicators and analyst macro survey** — Bank of Russia. GDP, inflation, key rate, exchange rate, budget balance. (pp. 4, 8)
- [9] **Consumer price index** — Rosstat, 2014–2025. Deflator used to restate series in constant prices. (pp. 9, 13, 14)

Industry documents, interviews and company disclosures

- [10] **Industry reports** — oilfield services reviews, analytical reports on individual segments. (pp. 10, 12)
- [11] **Contractors' explanatory notes and audit reports** — within the GIR BO extract. Revenue breakdowns by activity, capacity fleet, cost structure, related parties. (pp. 10, 12, 14)
- [12] **Annual reports of oil and gas companies** — investment programmes of the largest operators and contractors. (pp. 4, 7)
- [13] **Expert interviews** — distribution of capacity, operations and revenue across contractors. (pp. 11, 12)

International sources

- [14] **Rystad Energy** — global oilfield services market, top 10 countries and segments, spending by reservoir type and asset type, upstream capital and operating costs. (pp. 4, 5, 6)
- [15] **Statistical Review of World Energy, 75th edition** — Energy Institute, 2026. Oil and gas production and reserves by country. (pp. 4, 6)
- [16] **OPEC data** — global oil production and consumption. (p. 4)
- [17] **Physical work volumes in the USA and China** — Primary Vision, Rystad Energy, USGS, disclosures by national oil companies and equipment manufacturers. (p. 6)
- [18] **FRED, IMF** — actual Brent prices. (p. 4)

Kasatkin Consulting estimates

- [19] **Size and structure of the Russian oilfield services market** — aggregation across 174 contractor groups; "contractor × segment × client × year" matrix, 9,121 cells. (pp. 3, 9, 10, 11, 12, 13)
- [20] **Capital and operating costs of Russian upstream** — calculated from operators' financial statements. (p. 7)
- [21] **Drilling rig and crew fleet** — triangulated by three independent methods. (pp. 10, 12)
- [22] **Industry employment and payroll** — reconstructed from statement form 4 and disclosed average headcount. (p. 14)
- [23] **Contractors' financial resilience** — 436 legal entities, 1,911 observations; Altman Z" model, Russian benchmarks, interest coverage. (p. 14)
- [24] **Market concentration** — Herfindahl index based on 181 contractor groups. (p. 14)
- [25] **Consensus oil price forecast** — 18 sources, as at 13.08.2026; Urals forecast — own calculation. (p. 4)

Industry press

- [26] **Proceedings of the "Artificial Lift" conference** — Expert Council on Artificial Lift, publications in Neftegaz.RU. (p. 12)
- [27] **Industry press publications** — Bloomberg, Vedomosti, Kommersant, Neftegaz.RU. Footage drilled and well completions for 2024–2025. (p. 10)

Our products

1

Strategic development advisory for oil and gas companies

- Entry into international markets
- Entry into new product markets
- Corporate development strategy

2

Analytical support for decision-making and engagement with counterparties

- Market research
- Investment cases
- Substantiation for engagement with government authorities

3

Ready-made products

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- Investment map of the oilfield services market
- Reviews of individual countries and regions

4

Products in development

- **UpstreamInsight** – database of the Russian upstream and oilfield services markets
- **GlobalUpstreamInsight** – database of international upstream and oilfield services markets



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An independent consulting firm that brings together the competencies, approaches, experience and resources in strategic and operational consulting of the former Russian offices of international firms.

The firm's key strengths are a deep understanding of markets and of the client's issues, international expertise, and a focus on resolving the client's most complex and pressing problems.