

PUBLICATION

Rig Counts Drill Down as Oil Prices Fall

January 27, 2015

As a follow up to last week's blog entitled *Consequences of the Falling Price of Oil and LOGA's Perspective*, this week we focus on the impact of the falling oil prices on rig counts.

As noted on Baker Hughes' [website](#), Baker Hughes has issued the rotary rig counts as a service to the petroleum industry since 1944. The North American rig count is released weekly at noon central time on the last day of the work week. The rig counts are an important business barometer for the drilling industry and its suppliers. Although rig counts often take three to six months to respond to swings in the oil price market, for the week of January 23, 2015, the U.S. rotary rig count is already showing steep declines. The U.S. rotary rig count was down 43 at 1,633. This count is 144 rigs (8.1 percent) lower than last year. Analysts and industry watchers are expecting a sharp cutback on the number of rigs drilling in the U.S. and Canada in the coming months. We will continue to watch and analyze the rig counts to fully understand the impact of the failing oil prices on the oil and gas industry.