



Characterization

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Investor Conference 2014
TECHNOLOGY RELIABILITY EFFICIENCY INTEGRATION

- Recognized technology leadership
- The benchmark for financial performance
- Extending the performance gap

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The Reservoir Characterization Group makes Schlumberger unique in the oilfield services industry with an extensive portfolio of surface, sub-surface and downhole characterization technologies that lead the market. The Group sets the benchmark for financial performance within Schlumberger, and is focused on extending our performance gap over our competitors with technologies and workflow processes to meet industry characterization challenges.

The last three years have demonstrated the value of our technology portfolio in setting the financial performance benchmark with new technologies making a strong contribution to our performance beyond overall market growth. Not only has revenue grown by a CAGR of over 12% between 2011 and 2013, our margin CAGR has expanded by more than 24% over the same period. We are confident that we are now poised for further growth, and that we are well positioned for continued outperformance.

Characterization Group Market Position

Group	Product Line	Spears Rank	Spears Market Size (2013)	Spears CAGR (2011–2013)
Characterization	Wireline Logging	1	13,809	9.5%
	Well Testing	1	5,362	11.9%
	Data & Consulting	1*	1,520*	8.3%
	E&P Software	1*	3,820*	7.9%
	Seismic Services	2	16,215	4.3%
Drilling	Directional Drilling	1	14,558	11.7%
	Logging While Drilling	1	4,085	13.6%
	Drilling & Completion Fluids	1	16,470	11.4%
	Surface Data Logging	1	1,371	13.7%
	Drill Bits	1	5,100	9.2%
	Rental & Fishing	4	8,273	6.1%
Production	Pressure Pumping	2	43,351	1.5%
	Artificial Lift	3	13,180	17.5%
	Completion Equipment	3	12,727	16.1%
	Coiled Tubing Services	1	5,435	7.3%
	Slickline	1	2,991	13.9%
	Specialty Chemicals	3	7,805	8.9%
	Subsea	4	17,742	36.0%

Schlumberger CAGR 2011–2013: 12.2%

7.4%

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TECHNOLOGY RELIABILITY EFFICIENCY INTEGRATION

- Clear #1, but still growing faster
- Enabling entire E&P workflows
- Technology driving further growth

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Source: Oilfield Marketing Report, Spears & Associates, Inc., April 2014
* Source: Schlumberger

Our portfolio of reservoir characterization technologies is the most complete in the oilfield services world and is backed by the industry's largest single population of petrotechnical experts. We hold leadership positions in seismic acquisition and processing, wireline logging, reservoir testing and E&P software. In all of these, we are clearly differentiated from our competitors. Each of our technologies is integrated from the surface to the subsurface, and from the physical to the digital to enable E&P workflows that deliver the greatest possible value to our customers.

Over the past three years, our CAGR for revenue of over 12% has exceeded both CAGR E&P spend of 9% and CAGR Spears market growth of 7.4%. This has been enabled by the accelerated deployment of many of the more than 50 new technologies that the Reservoir Characterization Group has introduced since our investor conference in February 2011.



Further, the Characterization Group portfolio is balanced across the key oilfield markets from exploration to development and production. Many characterization technologies apply across these markets enabling the Group to grow when activity changes in response to customer spending plans.

For instance 3D seismic is a key enabling technology for exploration, but once a field is on production we could be acquiring 4D data with the same technology. In wireline logging, we have a large portfolio of tools that are used to measure the rock and fluid characteristics in the exploration phase but we also have a suite of tools that are used to measure and characterize fluid production once wells are flowing.



Technology leadership has long been the hallmark of Schlumberger. Our history in making and interpreting reservoir measurements goes back nearly 90 years. As we leverage reliability, efficiency and integration in addition to technology to transform the way we operate, we will be able to make a step change in performance.

Our customers are challenged to add new production from new fields while maintaining that of older fields at a time when oil and gas prices are range bound. The cost of new production is increasing as activity grows in areas of complex geology and deeper waters, and significant investment must also be directed in developing unconventional resources and slowing decline in mature fields.

Ultimately our customers seek ways to lower finding and development costs. Reservoir Characterization Group technologies address this by meeting three main customer challenges. First, we help reduce subsurface risk. Second, we seek to characterize even the most complex reservoirs. And third, we provide the foundation needed to optimize well production and improve reservoir recovery.

To do this, we develop and deploy technologies that maximize reservoir understanding, we integrate physical measurements with digital workflows across software platforms, and we customize solutions to overcome the challenges that each reservoir presents.

Our competitive advantage is built on the differentiation offered by the depth and breadth of our offering; the integration of our services across domains, platforms and workflows; and the advantages that reliability, efficiency and integration are now bringing—all of which are multiplied by our wide geographic footprint.

We will now look at some specific technologies that address each customer challenge, before looking at how their combination with technical expertise, integrated workflows and software platforms can bring increased customer value.

We'll begin with reducing sub-surface risk and look at our latest marine seismic acquisition technology offering, IsoMetrix* isometric seismic technology. This was introduced in 2013 and aimed at bringing a totally new level of seismic detail to the market.

Reducing Subsurface Risk—IsoMetrix Technology

Conventional 3D streamers recording 2D planes of seismic data

IsoMetrix technology streamers delivering isometric data volumes

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- The first true 3D acquisition system
- Step change in image detail and quality
- First vessel deployed 2013, sold out

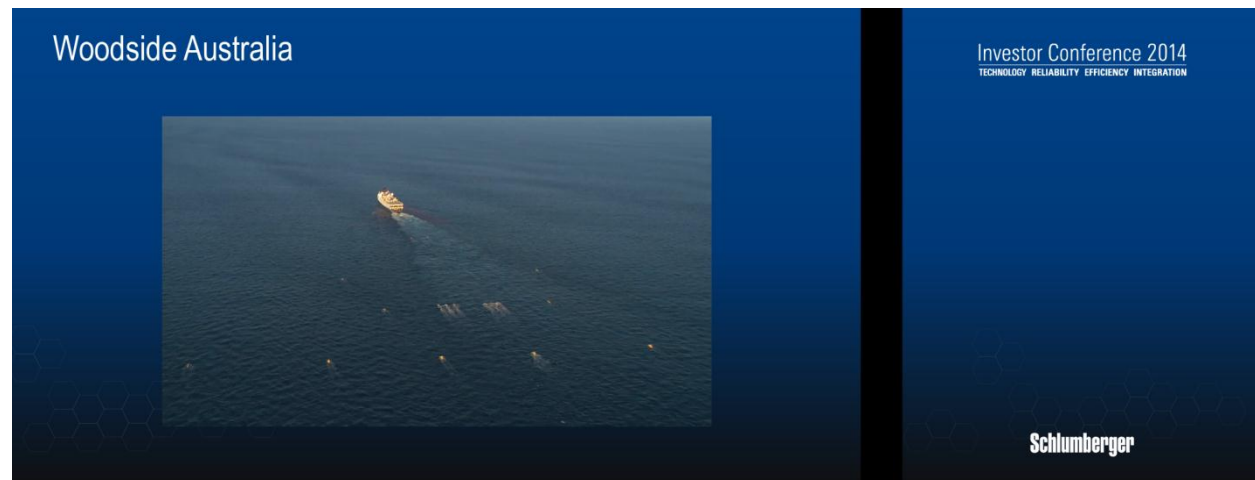
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Conventional 3D acquisition is in fact 2D. Data imaging is limited to vertical planes, or 2D slices, below the actual streamer positions. These can be spaced up to 150 m apart, requiring interpolation of the data to build the 3D cube. In areas of complex geology, this is clearly not representative of the subsurface. IsoMetrix technology, on the other hand, accurately reconstructs the crossline seismic wavefield to enable reliable, continuous measurement of the full up-going and down-going wavefields. The end result is a true 3D cube image of the subsurface

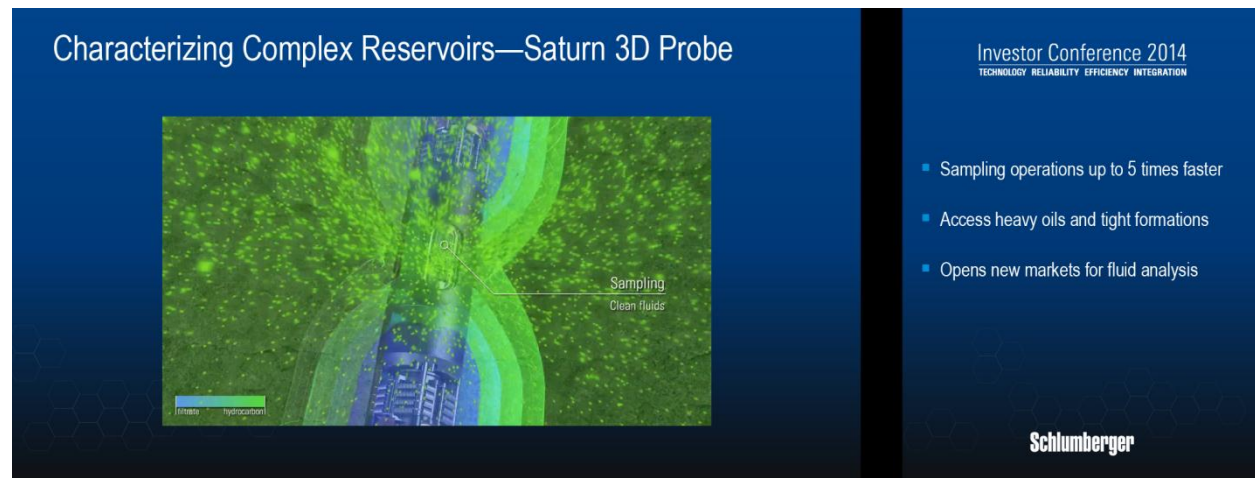
As you can imagine, we collect vast amounts of high resolution data to yield these images. The data require highly sophisticated processing techniques, which only high performance computers are capable of handling. Data are processed, visualized and integrated with other measurements, supported by the interpretational capability of Schlumberger PetroTechnical Solutions—the industry's largest group of petrotechnical experts.

IsoMetrix technology represents a step change in seismic image quality and detail and offers new opportunities to mitigate exploration risks and reduce finding and development costs.

Market acceptance has been rapid since the first vessel was deployed in 2013. The vessel has since been fully utilized and IsoMetrix technology has already been deployed on four continents, with operations in the North Sea, the Barents Sea, South Africa, Canada, and Australia. In Latin America, and especially in the Brazil presalt, the technology will be fundamental to identifying deeper prospects.



New seismic technology brings value to successful exploration activity. But while seismic data can show the larger architecture of a potential field, they tell us little about the rocks and fluids that the field contains, or how reservoir compartments are connected. As our customers seek to develop more complex reservoirs, we have added new technologies to our portfolio of reservoir rock and fluid sampling services to help them do so.



The Saturn* 3D radial probe for example is the latest advance in Wireline technologies that measure reservoir pressure and recover reservoir fluids for in-situ downhole analysis or later laboratory work. These technologies make up a portfolio that has grown over the long term as each new member of the family was introduced.

The Saturn probe extends formation testing to the previously inaccessible environments of low-permeability formations, heavy oil reservoirs, unconsolidated formations, and rugose boreholes. When coupled to the real-time downhole fluid analysis of the InSitu Fluid Analyzer* system that we showed you in 2011, we now have the capability to accurately determine the connectivity of hydrocarbon accumulations in almost all environments by evaluating the optical density and compositional variation of the crude oil.

Fluid sampling and pressure testing in the difficult types of formations that Saturn technology addresses requires lengthy exposure to environmental conditions of high temperature and high pressure. On average, Saturn reduces the operating time by a factor of five to not only save significant rig-time, but also to reduce the total downhole tool time exposure. The technology therefore also represents a step change in equipment reliability that is one of the benefits of the R&E transformation.

Saturn technology has already been deployed in over 37 countries for 53 customers, and the tool has seen one of the most rapid market deployments of any Schlumberger service. Its innovative features have opened up a new growth market to Wireline formation testing, while bringing a pricing premium.


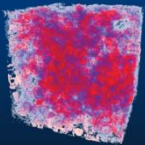
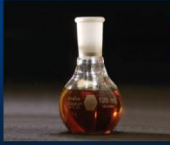
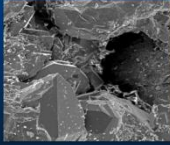


Saturn technology captures fluid samples for surface laboratory analysis. Schlumberger has offered such analysis of reservoir fluids for more than 40 years through the Testing Services laboratory network that now numbers 27 separate facilities in locations spread across the world. That business has expanded at a CAGR of 25% over the past three years.

In addition to fluid sampling, core analysis is central to a variety of activities that span the hydrocarbon pathway. Measurements are integrated into evaluation of reservoir geology, reservoir engineering, and later in the life of a field, enhanced oil recovery. Rock property data are integrated in seismic studies, log interpretation, reservoir simulation modeling, and stimulation and completions decisions.

Since the acquisition of Terratek in 2006, we have added rock core laboratory analysis services to our laboratory services network using samples from traditional full-bore core plugs or from those recovered with the Wireline XL-Rock* large-volume rotary sidewall coring service.

Increasing Production and Recovery—CoreFlow Services

Macro	Micro	Nano
Whole-core computer tomography	MicroCT and DHD simulation	Scanning electron microscopy
	 	

- Imaging technology from other industries
- Combines physical and digital analysis
- New possibilities for enhancing recovery

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But we have also taken both rock and fluid analysis to another level with the introduction of CoreFlow* high resolution digital rock and fluid analysis technology. This applies the latest imaging techniques from the medical and materials industries to produce digital representations at incredibly small scales. For example, we use scanning electron microscopes to image at nanometer scales, or use medical NMR imaging techniques to image at macro scales to gather insight into detailed rock properties. In unconventional reservoirs, such understanding of behavior at nanoscales helps predict shale producibility.

We use these high resolution images to build a digital model of the core itself that can simulate the behavior of various fluids and mixtures through the rock. CoreFlow digital services integrate rock and fluid laboratory work with digital core scanning and digital fluids to provide improved input to reservoir models. This provides a unique combination of digital and physical analysis across a wide range of reservoirs to determine the interaction between reservoir rocks and fluids for enhanced reservoir understanding. The technique is based on proven physics and offers a fast turnaround time to enable customers to integrate the data into actionable plans. In practice in an EOR field, a customer would have to physically perform these tests with real cores and real fluids. This is time consuming and expensive, which limits how much testing can be done. Using CoreFlow technology, thousands of different rocks and fluids can be simulated to optimize the EOR program.

The three technologies I have shown you are bringing new value to customer projects around the world. But we have also introduced new technologies for specific types of reservoir, such as unconventional resources.

Characterizing Complex Reservoirs—Litho Scanner Service



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- Latest addition of advanced technology
- Excellent correlation with lab core analysis
- >300 jobs in the first year

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Wireline logging is one of those technologies, and the Scanner* family of advanced open hole logging tools has been expanded to include a new member—the Litho Scanner* spectroscopy tool.

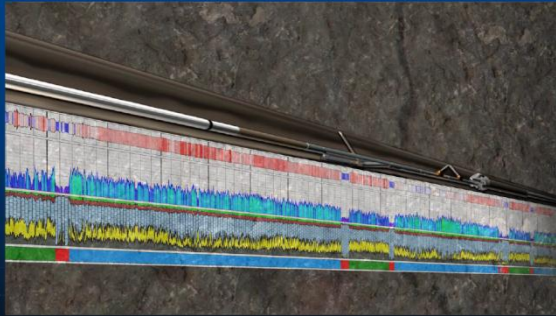
Scanner technologies already include the Rt Scanner* triaxial induction service for fluid saturation evaluation, the MR Scanner* expert magnetic resonance service for fluid typing and producibility analysis, and the Sonic Scanner* acoustic imaging platform for petrophysical, geomechanical, and geophysical measurements. At the 2011 conference, we introduced you to the exclusive Dielectric Scanner* multifrequency dielectric dispersion service to directly evaluate water volume and investigate rock textural properties.

The new LithoScanner high-definition spectroscopy incorporates innovative electronics technology and proprietary sensor design technologies to resolve the elemental composition, mineralogy, and lithology of rock formations, especially in unconventional reservoirs. The LithoScanner, just like the insitu fluid analyzer technologies using the Saturn radial probe we described almost take the laboratory downhole to provide measurements that give a full picture of the rock and shale matrix in complex reservoirs. LithoScanner logging enables shale typing, which customers need to understand heterogeneity and place fractures in the right places to maximize production. Inputs from the LithoScanner tool are critical for grading completion and reservoir quality to make the near real-time decisions on well completion and fracturing strategies that maximize both short- and long-term well productivity.

The LithoScanner tool generates neutrons that activate the formation, which then gives a specific response for each element. Proprietary sensor technology enables much higher resolution in data acquisition, which increases data quality and logging speed—we can log a mile of hole in under one and a half hours. At the wellsite the engineer can determine the total organic carbon (TOC) content of comparable quality to the laboratory core measurements that are only available months after the well has been drilled, showing how the LithoScanner brings efficiency. To prove this point, every time a customer has had full-hole core analyzed in the laboratory, the laboratory data have validated our in situ downhole measurements and customers now have confidence to use LithoScanner data to design the most appropriate well completion and reservoir stimulation to get the best reservoir recovery possible.

We have seen a rapid uptake with almost 300 jobs run within its first year of introduction.

Characterizing Complex Reservoirs—ThruBit Technology



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TECHNOLOGY RELIABILITY EFFICIENCY INTEGRATION

- Fit-for-purpose technology platform
- Economic solution for horizontal wells
- Accelerated adoption in unconventional

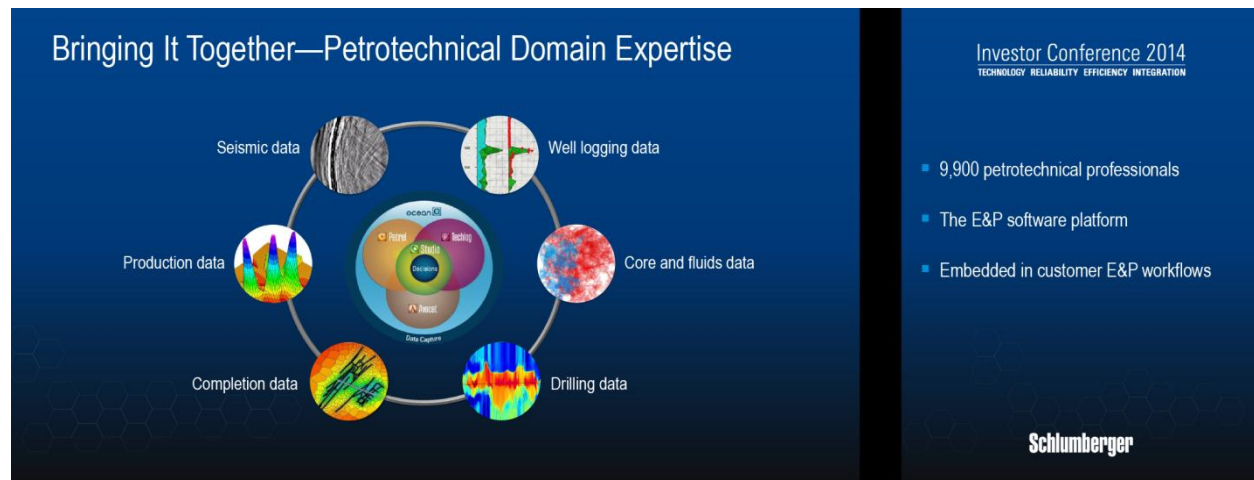
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The Litho Scanner service is generally run in vertical pilot holes. However, as you well know, the development of shale reservoirs is driven through the drilling of horizontal wells. The additional time required to log a horizontal wells using traditional techniques has made well logging uneconomical in many cases. As a result, less than 5% of the horizontal wells in North America are logged and we have now introduced a new cost-effective service to solve this particular challenge

Our solution for the critical evaluation of shale reservoir wells is ThruBit* logging, which couples a unique through-the-bit deployment technology coupled with a complete measurement suite for unconventional wells. This enables simultaneous well conditioning and logging operations and provides critical measurements without slowing the drilling curve. ThruBit logging provides the information needed in horizontal wells in unconventional developments to add value as measurements from each new well are introduced into the reservoir model.

Once the well is drilled and after the cleanout has been performed with the drillstring at total depth, the ThruBit tools are pumped down the string, across the horizontal, and out the Portal* proprietary drill bit design. The logging string is activated, checked, and memory systems started. Then the cable is removed, and as the drillstring is pulled out of the hole, the data is acquired. This system is transparent to the high-volume drilling process, logging the well with next to no additional non-drilling time, and its deployment flexibility allows operators to reduce their risk both in real time in terms of well control and financially by using the data for engineered completions. The revolutionary ThruBit service for unconventional reservoirs is a game changer, and we are very excited about its future as its rapid market penetration has made clear.

Only two years ago, ThruBit services were performing 130 operations a quarter in North America. Today that has almost doubled to 250. ThruBit technology will shortly be available internationally, and additional services added to the platform to provide the data that enable customers to add value to their assets through optimally completing their wells, resulting in better well economics in both the short and long term. In one unconventional play, and compared to a standard approach in which only 64% percent of the perforations contribute, use of ThruBit logging data helped increase perforation efficiency by 28% making a significant impact on the wells' net present value.



The Reservoir Characterization Group is supported by the technology balance of our portfolio, the maturity of our organization, and the close integration between the physical world of measurement and the digital world of workflow software.

The measurements we take are complex and should not be viewed in isolation. For example, seismic data are often the first data that allow us to get an initial view of the reservoir. Once the reservoir is drilled, let's say during an exploration well, we acquire new sources of data such as wireline logs or laboratory cores. It does not stop here. During the drilling process we continue to add data and understanding, and we do the same when we complete or stimulate wells. Finally once the well is on production we make further measurements that even bring more understanding.

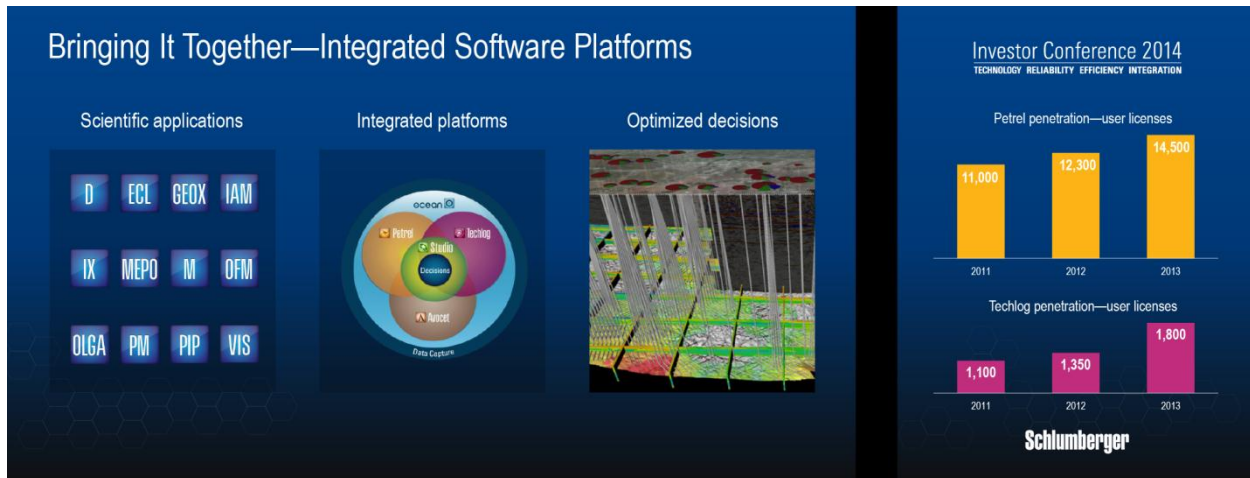
This is an ongoing process. 4D seismic later on in the life of the reservoir brings new data indicating fluid movements, while additional wireline logs in development wells are used to enhance the reservoir model.

Each measurement we make, taken separately, yields only a single piece of information but this must be integrated into a reservoir model that can be updated over time. This requires a high degree of petrotechnical domain expertise and here we count nearly 10,000 networked technical professionals expert in understanding the value brought by every piece of information. This constitutes a major competitive advantage that is unique in the industry today.

This constant cycle of improving reservoir understanding is at the core of the Reservoir Characterization Group and underpins the close integration between the physical world of measurement and the digital world of workflow software.

The complexity of reservoir data, made at different scales, different sensitivities and different times is managed by the growing capability of E&P software platforms that enable the oilfield to be managed in the most efficient way over its productive life—from discovery to abandonment. The reservoir model is built on these platforms and integrates the three fundamental customer perspectives of the shared earth, the shared wellbore, and the management of production.

Schlumberger leads this market with the Petrel*, Techlog* and Avocet* platforms that are increasingly embedded into our customers' workflows.

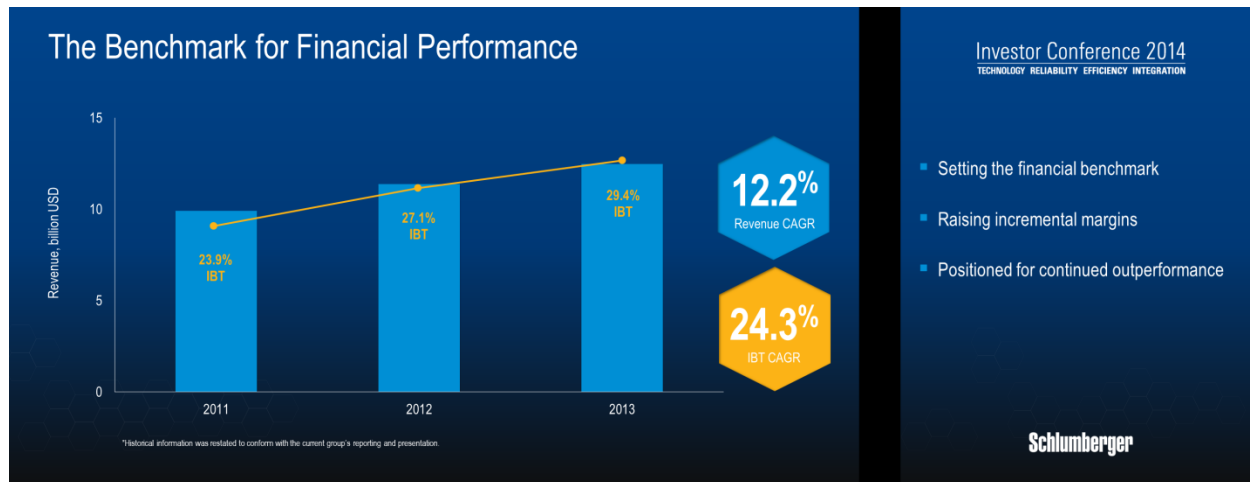


These three platforms, Petrel, Techlog and Avocet are built on a common core allowing users to seamlessly move and integrate data at different scales. You could think of this as a Microsoft Office® type suite where different applications are integrated across one platform.

The power of the platforms is not only based on usability and integration, it is also based on a series of fundamental scientific applications that are integral to exploration, production and development. The platforms can be used across the whole range of oilfield activity to enable optimized decisions to be made with specific workflows for each type of reservoir and operating environment—from conventional to unconventional. The knowledge derived from each platform is shared and linked by the Studio* E&P knowledge environment.

What makes this even more powerful, however, is the fact that the platforms can be customized with the Ocean* software development framework using input from individuals, academia and customers as well as from Schlumberger. This brings “app-store” type capability to the system. The net result is that complex reservoirs can be properly characterized by the integration of different types and scales of data, allowing optimized decisions to be made.

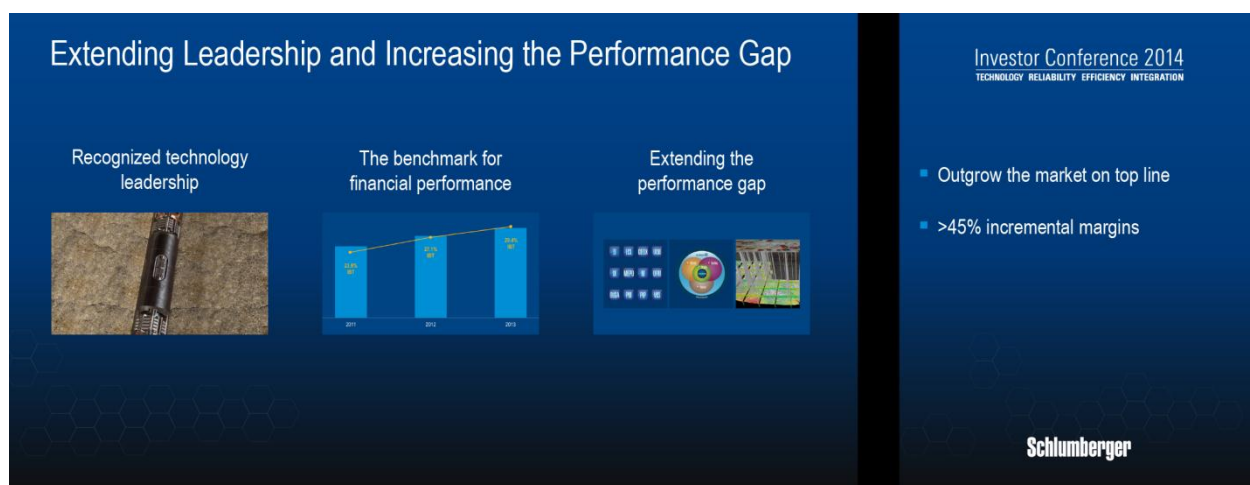
The Petrel platform, which we described to you in detail at previous investor conferences in 2008 and 2011 has now developed into the most commercially successful software product in the industry. The more recent Techlog wellbore platform, developed through the acquisition of Techsia in 2009, is penetrating the market just as rapidly as did Petrel.



Ladies and gentlemen, we have shown you just some of the exciting new technologies and integrated approaches that we are pursuing in the Reservoir Characterization Group. You will meet others later today on your visit. Each industry-leading technology not only delivers superior measurements but is also fully integrated into our E&P software platforms.

Our new technology sales have grown a CAGR of 32.3% since 2011. With each new technology, we exact a pricing premium. And while some new technologies such as IsoMetrix revolutionize a particular activity, others such as Litho Scanner service and ThruBit measurements complement and grow existing technology portfolios that expand with growing customer characterization needs such as in fluid sampling, or in the evaluation of unconventional reservoirs. New services also build on current product lines and pull through existing platforms such as the introduction of the Saturn Probe that significantly increases the types of formation that can be successfully sampled with MDT technology.

And while new technologies offer new functionality, they also provide better reliability and greater efficiency, which then also pull through existing services as a result of the engineering transformation that we have already described.



In conclusion, the Reservoir Characterization Group is unique in the oilfield services industry. It is built on a strong base of technical differentiation and excellence. The Group sets the benchmark for financial performance within Schlumberger, and is focused on extending our lead over our competitors. Our overall ambition is to continue to outgrow the market on the top line, and to deliver incremental margins greater than 45%