

Well intervention services deal could result in increased costs for UK oil and gas production

Press release

Baker Hughes' acquisition of Altus could result in oil and gas operators in the UK facing a worse deal for certain well intervention services.



Image credit: CMA

Well intervention services are essential services used by oil and gas operators to manage well production, provide well diagnostics and modify a well's state or configuration. Both Baker Hughes and Altus supply various well intervention services in the UK, including to operators active on the UK continental shelf.

The Competition and Market Authority's (CMA) Phase 1 investigation has found that Baker Hughes and Altus are the two largest providers of both coiled tubing and pumping services in the UK and compete very closely in the supply of these services currently. After the deal, Baker Hughes would face competition from only one other major supplier – Halliburton – and a small number of other suppliers that are much weaker competitors in the UK.

The CMA is therefore concerned that the loss of rivalry between the merging companies could lead to higher prices, reduced choice and lower quality services for businesses in the UK that purchase coiled tubing and pumping services.

Colin Raftery, Senior Director of Mergers at the CMA, said:

Well intervention services are an integral part of managing oil and gas wells. Competition is vital to avoid higher prices or poorer quality of services for oil and gas operators active in the UK.

Our investigation showed that Baker Hughes' purchase of Altus would take out an important supplier and few remaining competitors would be left in the market. We will move to an in-depth investigation unless the companies can address our concerns.

Baker Hughes and Altus have 5 working days to submit proposals to address the CMA's competition concerns. The CMA would then have a further 5 working days to consider whether to accept these in principle instead of referring the case to a Phase 2 investigation.

For more information, visit the [Baker Hughes/ Oz MidCo \(Altus\) investigation page](#).

Notes to Editors

1. 'Baker Hughes' refers to Baker Hughes Nederland Holdings B.V. and 'Altus', or 'Oz MidCo', refer to Oz MidCo AS (Altus Intervention).
2. UK refers to the UK part of the North Sea and UK onshore.
3. Coiled tubing (CT) refers to a conveyance method which uses a continuous length of small diameter flexible pipe to transport fluids, tools, chemicals or gases down a well.
4. Pumping refers to the delivery of gases or liquids from the surface into the well. It can be provided as ancillary services to CT or as a standalone service.
5. All media enquiries should be directed to the CMA press office by email on press@cma.gov.uk, or by phone on 020 3738 6460.

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