



Like Australia? This Energy Value Stock Could Rise Significantly

Description

Total Energy ([TSX:TOT](#)) provides [contract drilling services](#) through Savanna Drilling in Canada, the United States, and Australia. The company operates a total fleet of 107 drilling rigs. The drilling rig fleet is supported by an extensive fleet of owned top drives, walking systems, pumps, and other ancillary equipment. Total Energy's operations are structured into four business segments in areas of contract drilling services, transportation services, compression, and well servicing.

Strong relationships

Contract drilling services are carried out using drilling rigs and are typically performed based on instructions from the [oil and natural gas exploration](#) and production customers that have contracted the company. The management of Total Energy has significant experience in all aspects of the management and operation of contract drilling entities. Management also has significant experience in the design, construction, and development of new rigs, and has developed strong relationships with the suppliers of various components necessary for the construction of new rigs.

The current business plan for the company's contract drilling services segment includes a focus on the maintenance and growth of Total Energy's market share in the drilling business through a combination of internal growth and acquisitions. The company presently has a fleet of 35 telescoping double drilling rigs, nine ultra-heavy electric telescoping double drilling rigs, 15 hybrid drilling rigs, and one mechanical single drilling rig in Canada.

Valuable drilling rig inventory

Recent areas of operations in Canada are in Alberta, British Columbia, and Saskatchewan. The company presently has three electric triple drilling rigs, 10 telescoping double drilling rigs, four ultra-heavy electric telescoping double drilling rigs, and three drilling rigs in the United States. Present areas of operation in the United States include the Permian basin and onshore Gulf region in Texas.

The company also has a fleet of five hybrid single drilling rigs in Australia for liquefied natural gas coal

seam gas projects. In addition, the company operates a fleet of trucks and associated equipment to support Total Energy's drilling rig operations.

Lucrative and low-risk drilling contracts

Drilling contracts are awarded through competitive bidding or on a negotiated basis. The company provides the drilling rig and drilling rig personnel and is responsible for the payment of wages for drilling rig personnel, expenses, and certain other operating and maintenance expenses. Total Energy's drilling contracts are generally carried out on a day-work basis. Under day-work contracts, the customer is charged a fixed amount per day based upon the number of days required to drill the well. Day-work contracts usually provide payment for the movement of the drilling rig to the job site and for rig-up and rig-out operations. Under day-work contracts, drilling contractors such as Total Energy ordinarily bear no risk for unanticipated costs.

The company's customer base consists of a variety of oil and gas exploration and development companies, ranging from small private entities to large organizations. Savanna Drilling's 82 drilling rigs is the third-largest drilling rig fleet in Canada, accounting for 16% of the Canadian industry's estimated 516 drilling rigs. Total Energy's drilling rigs should be a valuable asset as oil prices recover.

CATEGORY

1. Investing

POST TAG

1. canada

TICKERS GLOBAL

1. TSX:TOT (Total Energy Services Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Tags

1. canada

Date

2025/08/23

Date Created

2021/06/05

Author

nikhilwaterloo

default watermark

default watermark