

Large Shale Reserves Promise Pump Market Growth

Frost & Sullivan

LONDON – Greater political acceptance of shale gas exploration and the growing need among European countries to be self-sufficient in terms of energy is expected to result in the growth for the pumps market. Pump manufacturers, though, may not be able to capitalize on this potential as concerns on the environmental impact of fracking are likely to curb shale gas exploration activities by oil and gas companies.

New analysis from Frost & Sullivan (<http://www.industrialautomation.frost.com> [1]), Strategic Analysis of the Pumps Market in the European Shale Gas Industry, finds that the market earned revenues of \$35.3 million in 2012 and expects this to reach \$47.7 million in 2017.

“Vast shale gas reserves across Europe and the economic benefits of shale gas exploration will encourage exploration,” said Frost & Sullivan Industrial Automation and Process Control Research Analyst Niranjana Paul. “However, the potential growth of pump manufacturers targeting the region’s shale gas industry will vary according to the country.”

While the United Kingdom, Ukraine and Poland are at the forefront of shale gas production in order to meet energy requirements and reduce dependency on Russian gas imports, the industry will be affected by uncertain policies of local governments in other countries. For instance, France and the Netherlands have enforced a ban on shale gas exploration as hydraulic fracturing activities may cause earthquakes and the pollute drinking water.

Moreover, although Germany and the United Kingdom have issued permits, large-scale exploration is yet to begin since the feasibility of commercial shale gas production in Europe remains doubtful. For example, ExxonMobil withdrew from Poland after the drilling of two gas wells failed to yield commercial opportunities. In Germany and Austria, oil and gas companies are required to conduct environmental impact studies for every shale gas project, escalating costs and significantly reducing the commercial viability of shale gas exploration.

Nevertheless, pump vendors will continue to find growth pockets as oil and gas companies such as Royal Dutch Shell and ConocoPhillips continue exploration activities during the forecast period. Shell is likely to conduct seismic testing and drill test wells in Ukraine, while Chevron is looking to stake capital in shale gas exploration in Poland and Romania.

“In fact, proponents of the shale gas industry in Europe predict that increased exploration would be beneficial to countries affected by the slowdown, as it is

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expected to attract investments from major oil and gas companies, result in job creation, and provide significant tax revenue for governments,” added Paul. “To benefit from these opportunities and ensure market expansion, pump manufacturers must develop high-pressure pumps that will be suitable for applications in the shale gas industry.”

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[1] <http://www.industrialautomation.frost.com>