S&P Global
Commodity Insights

Benchmarking Report

QUE$TOR 2025 Q3

November 2025

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Benchmarking purpose

This benchmarking analysis serves multiple purposes:

- ✓ Checking that the new capital cost estimates are consistent with the global market changes described in the QUE$TOR 2025 Q3 Release Notes document, available from the QUE$TOR application by clicking in the main Menu on *Help>Release notes*
- ✓ Understanding how technical changes in the application impact project cost estimates
- ✓ Comparing in US dollar terms the cost change effects by region, component type and cost category, with and without drilling costs

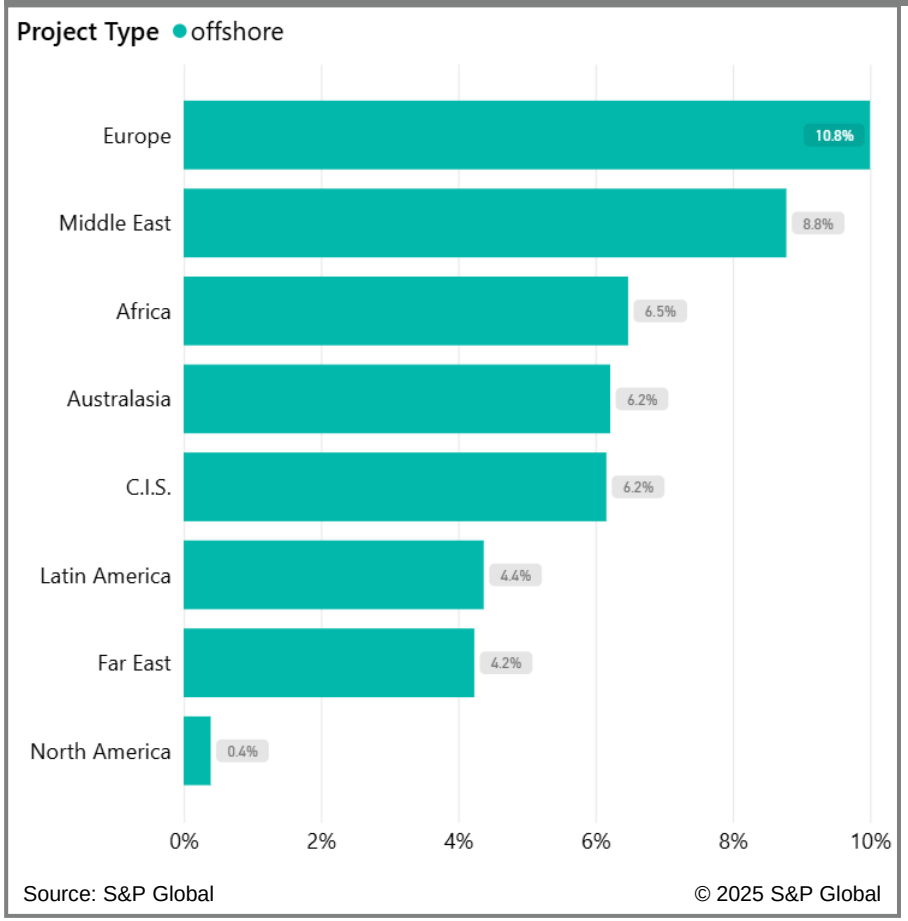
- This document provides a short summary of the effects that cost and technical changes have on project cost estimations when a QUE$TOR project is updated from the previous version, QUE$TOR 2025 Q1, to the updated version QUE$TOR 2025 Q3
- The following benchmarking results are meant to supplement the market trend discussions contained in the *Cost database update* section of the QUE$TOR 2025 Q3 Release Notes document and to provide users with a high-level overview of how and why their project costs are expected to change

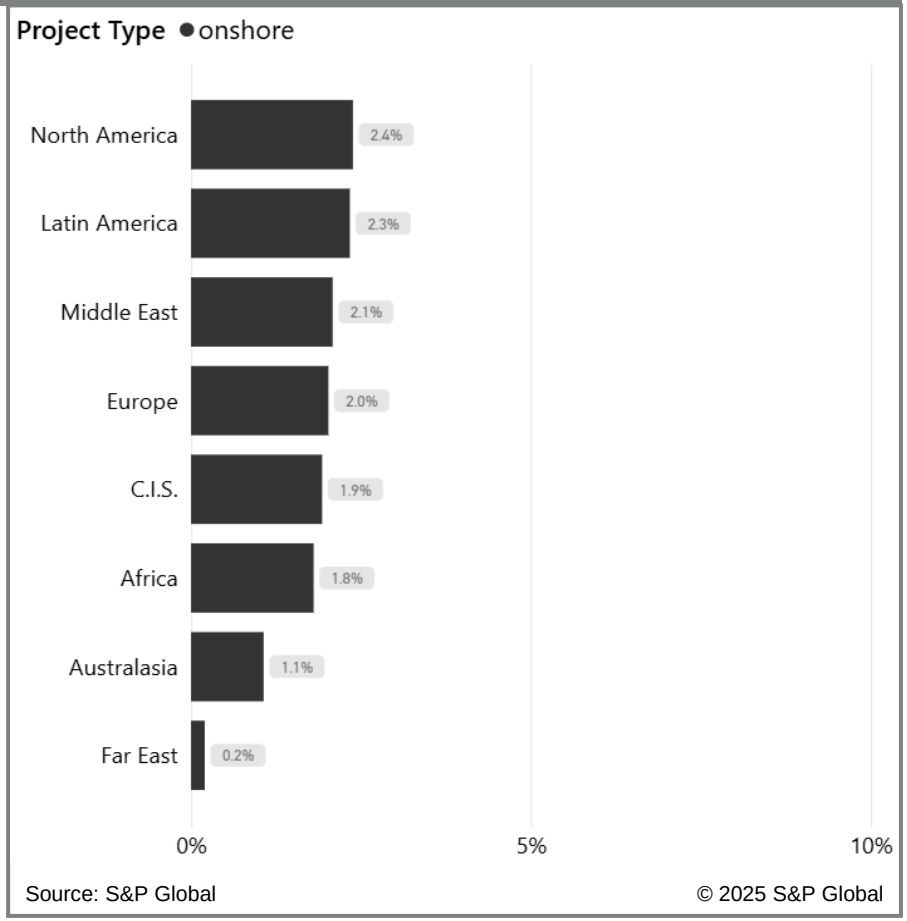
Benchmarking main results

- From Q1 2025 to Q3 2025, the average total costs for all project types, offshore and onshore, varied globally between +0.2% and +10.8%, when drilling was included, and between +1.1% and +5.6% when drilling was excluded.
  - Offshore project costs have shown significant increases, especially in Europe and the Middle East. This was a combined effect of technical changes and cost increases due to the strong appreciation of European currencies versus the USD. Offshore projects experienced noticeable technical changes in offshore drilling, while onshore projects were primarily influenced by cost variations. Major cost trends and technical changes are described in the Cost trends and technical upgrades page.
  - Drilling costs impacted both offshore and onshore projects. For offshore projects, when these costs were excluded, most regions experienced lower increases, except for North America. For onshore projects, excluding drilling costs generally resulted in increased total project cost changes across most regions, except for North America and Latin America, where cost variations were similar or increased less than with drilling included.
- Offshore, Installation costs varied between -1.9% and +17.5%. Equipment cost changes were also noticeable and varied between +2.5% and +6.6% depending on the region.
  - The Offshore drilling component experienced the largest increase, driven by technical changes. In contrast, the cost of Semisubmersible substructures had a small increase, primarily attributed to the decline in steel price and installation vessel day rates.
- Onshore, Equipment costs varied between +2.8% and +3.9%, while Construction costs varied between 0% and +4.2%.
  - All onshore components experienced a moderate cost increase. Construction costs increased due to the rise in civils materials costs, labor rates and drilling services, particularly in Latin America, the C.I.S. and Australasia. Materials costs had mixed variations by region, increasing mainly in North America and the Middel East, while decreasing in Australasia and the Far East.

Project cost variations due to TECHNICAL and COST changes

Average variation in offshore and onshore project costs by region due to technical and cost changes

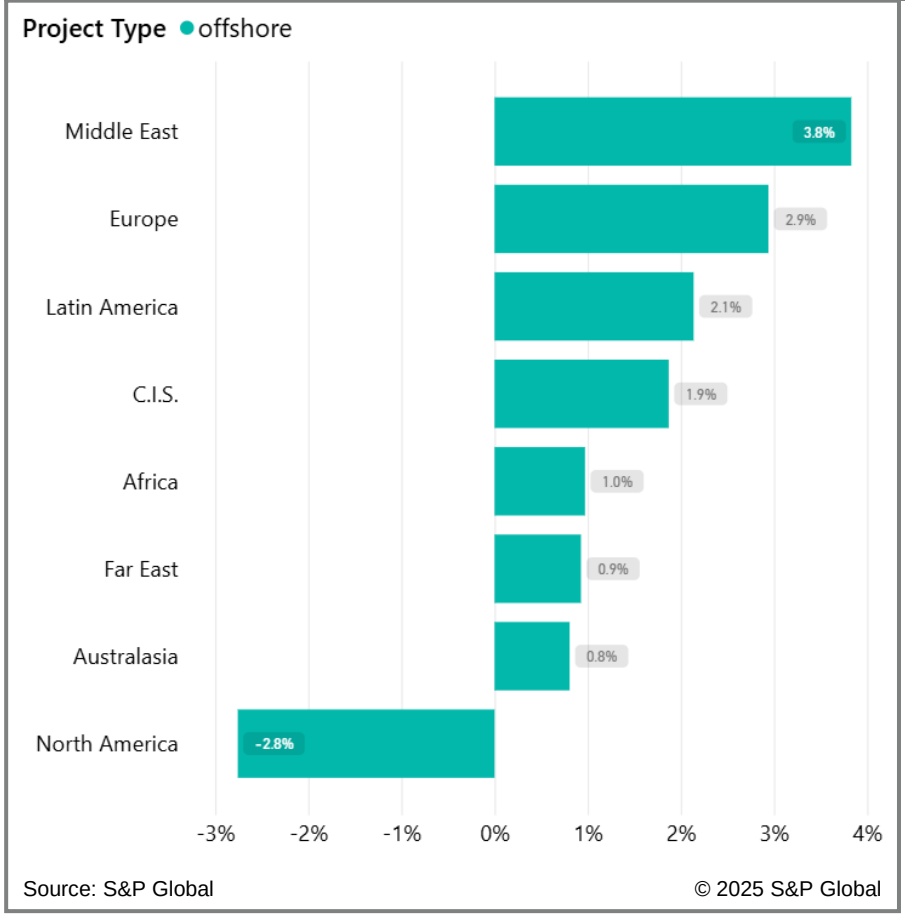


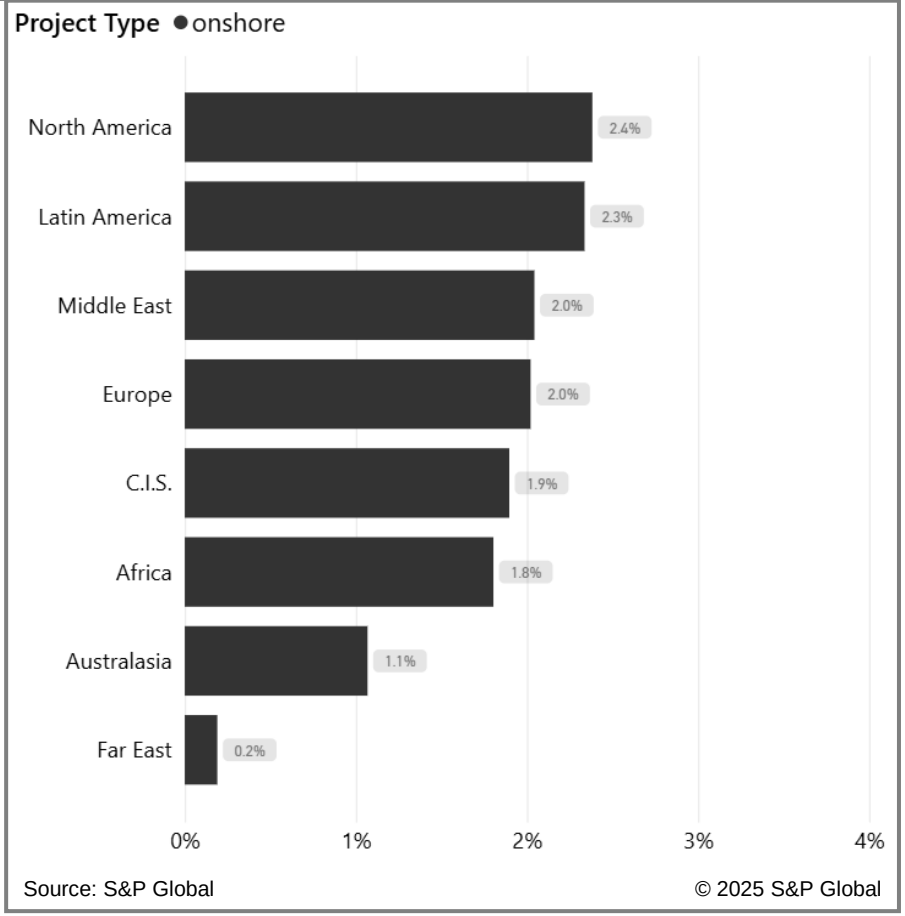


From Q1 2025 to Q3 2025, average total project costs varied globally, ranging from +0.4% to +10.8% offshore and from +0.2% to +2.4% onshore. Technical changes had a significant impact this release, influencing only offshore projects. The larger variations observed in offshore projects were primarily driven by an increase in installation costs, which resulted from the recategorization of offshore rigs and the new support vessel spread composition and duration updated for each rig type. Onshore project costs increased more moderately in all regions due to market trends.

Project cost variations due to COST changes

Average variation in offshore and onshore project costs by region due to cost changes

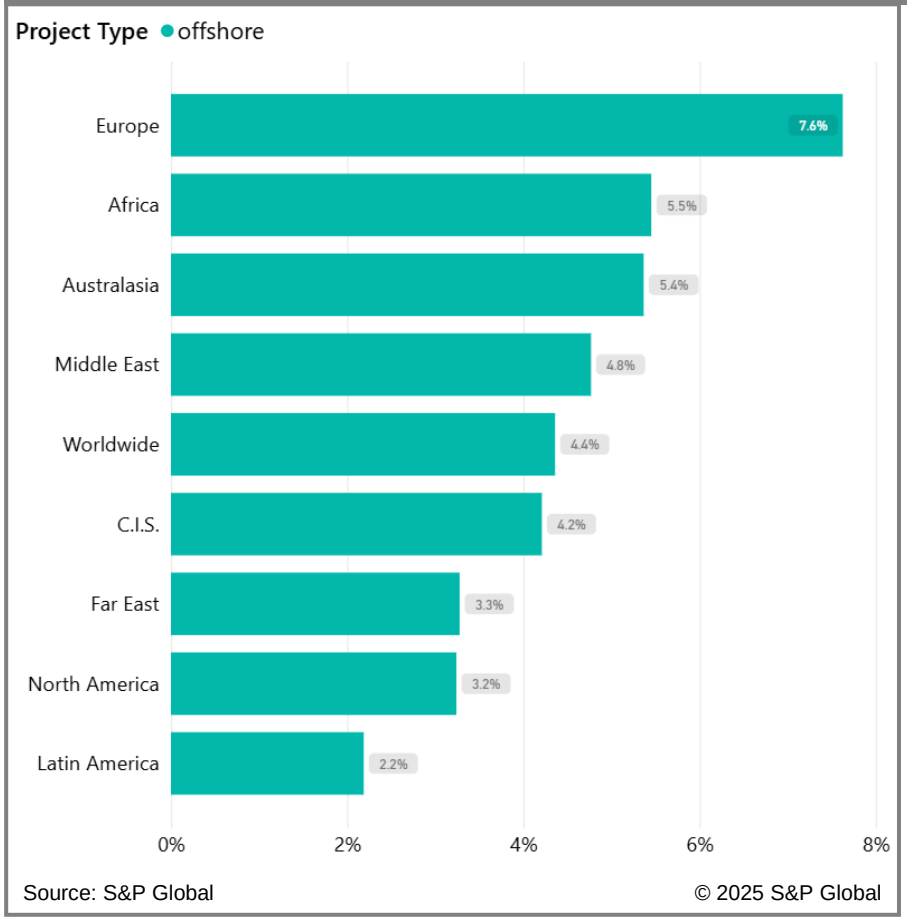


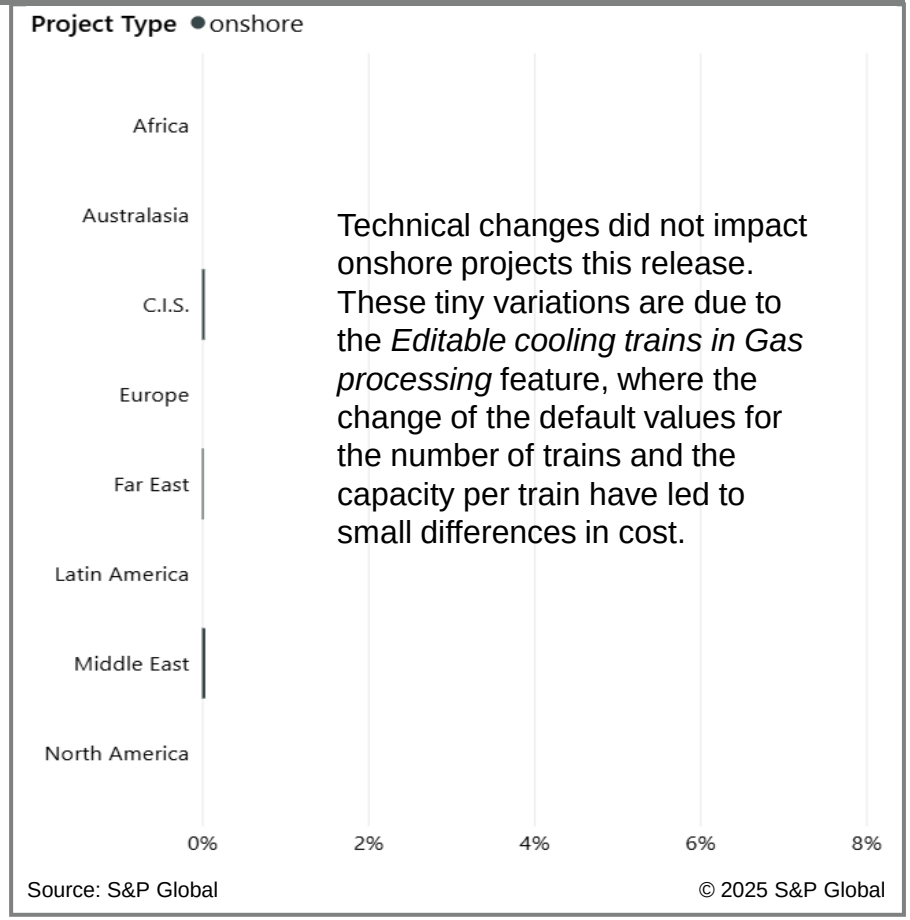


From Q1 2025 to Q3 2025, average total project costs fluctuated globally due to cost changes, with offshore projects changing between -2.8% and +3.8% and onshore projects ranging between +0.2% and +2.4%. While cost changes impacted offshore project costs, technical changes had a more significant effect. The variations in offshore projects were mainly driven by substantial changes in installation. Onshore project cost variations exhibited a narrower range compared to offshore projects.

Offshore project cost variations due to TECHNICAL changes

Average variation in offshore project costs by region due to technical changes



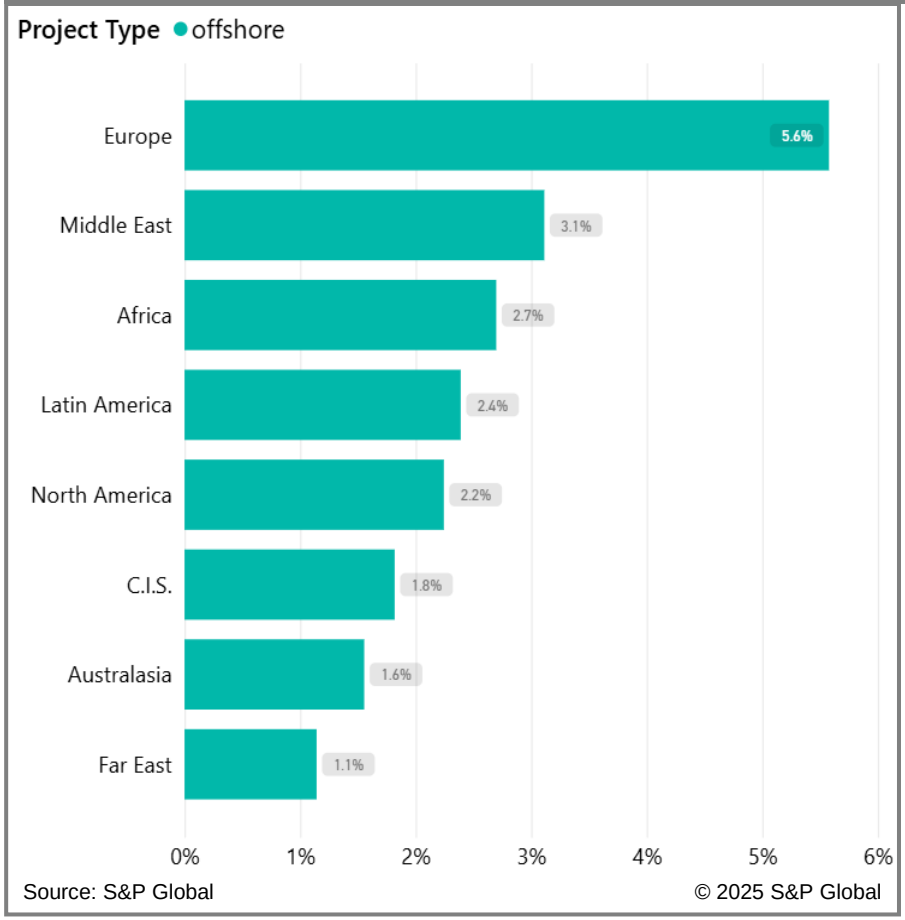


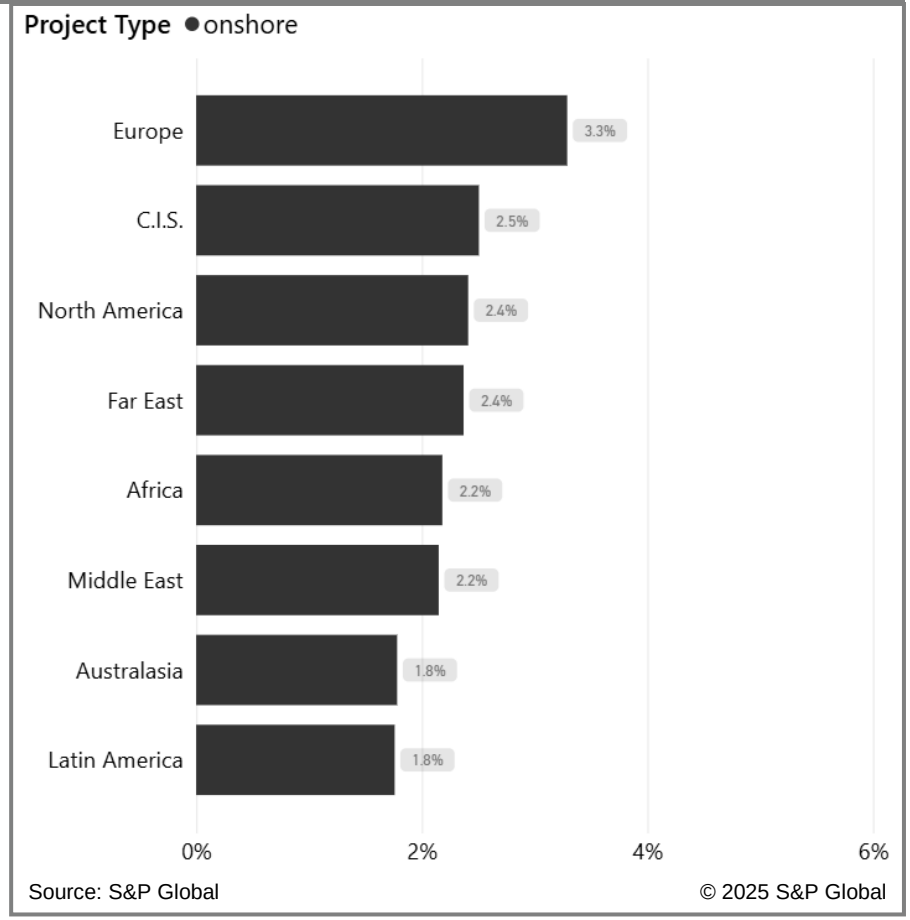
Technical changes did not impact onshore projects this release. These tiny variations are due to the *Editable cooling trains in Gas processing* feature, where the change of the default values for the number of trains and the capacity per train have led to small differences in cost.

Technical changes had a more significant impact on project costs than cost variations. From Q1 2025 to Q3 2025, average total offshore project costs varied globally due to technical changes between +2.2% and +7.6%. Offshore variations were primarily driven by substantial changes in installation costs, as results of the offshore rig recategorization and the new logic implemented for the support vessel spread composition and duration.

TOTAL project cost variations without Drilling

Average variation in offshore and onshore project costs by region without Drilling





Global average total project costs showed a variation of +1.1% to +5.6% for offshore projects. When offshore drilling is excluded, most regions recorded a smaller increase compared to the case with drilling included. Onshore costs ranged from 1.8% to +3.3% with rises in most regions, except in North America and Latin America, where project cost variations did not change or decreased, respectively, when compared to the case with onshore drilling included. Day rate changes for offshore and onshore drilling rigs varied between regions, influencing the overall cost differences with and without drilling.

Cost trends and technical upgrades

Cost changes implemented in the 2025 Q3 release include:

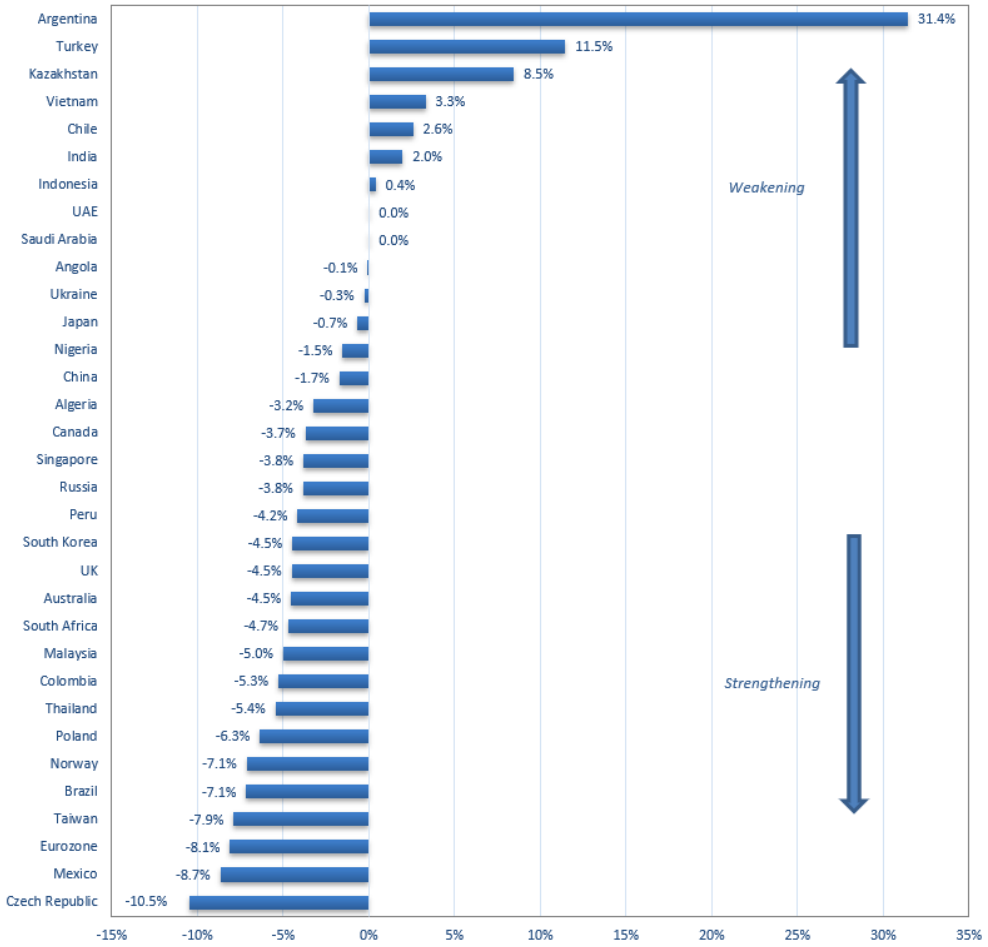
- Decrease in offshore rig day rates in most regions
- Mixed variation for offshore vessel day rates, with some increasing and others decreasing depending on the region and vessel type
- Small increase in land rig day rates
- Increase in most labor rates
- Increase in equipment costs
- Decrease in OCTG and pipeline prices in most regions

Technical upgrades mostly impacting project costs are:

- Offshore rig recategorization
  - This enhancement aligns our rig classification with the latest rigs market categories introduced by S&P Petrodata
  - It better reflects the changed scenario in the global offshore rig market where higher capability rigs are deployed also for shallow water jobs
- Offshore rig support vessel spread composition
  - The typical vessel spread composition (a mix of AHTS, PSV and standby vessels) and each vessel duration have been reviewed to better match the standard vessel deployment for the new rig categories

- Since Q1 2025, the offshore rig market has been facing significant challenges and continued to stay in a subdued phase. Drilling activity was quiet in most regions as a result of the low oil price. New build orders are scarce across all rig categories, further highlighting the difficulties faced by this sector in attracting investment and stimulating growth.
- The global offshore vessel market was heavily influenced by supply and demand dynamics, alongside seasonal factors, geopolitical events and weather conditions. The Asia-Pacific region showed strong performance with high utilization rates, whilst the North Sea experienced some unusual trends with the lowest rates ever recorded for the summer period.
- Following the price decreases that marked the steel market in the first quarter of 2025, global steel prices have experienced a slight increase in the third quarter of 2025. Steel prices decreased in Europe and Asia and increased in North America due to the tariffs imposed by the US government. OCTG and pipeline prices have followed a similar trend.
- Technical upgrades had the most significant effects on Installation costs in the Offshore Drilling component, where the class of rigs has changed or the number and duration of the support vessels have been adjusted. Most projects with an Offshore Drilling component increased in cost, except for ultra-deep projects where the composition of support vessels has been reduced.

Currency market trends

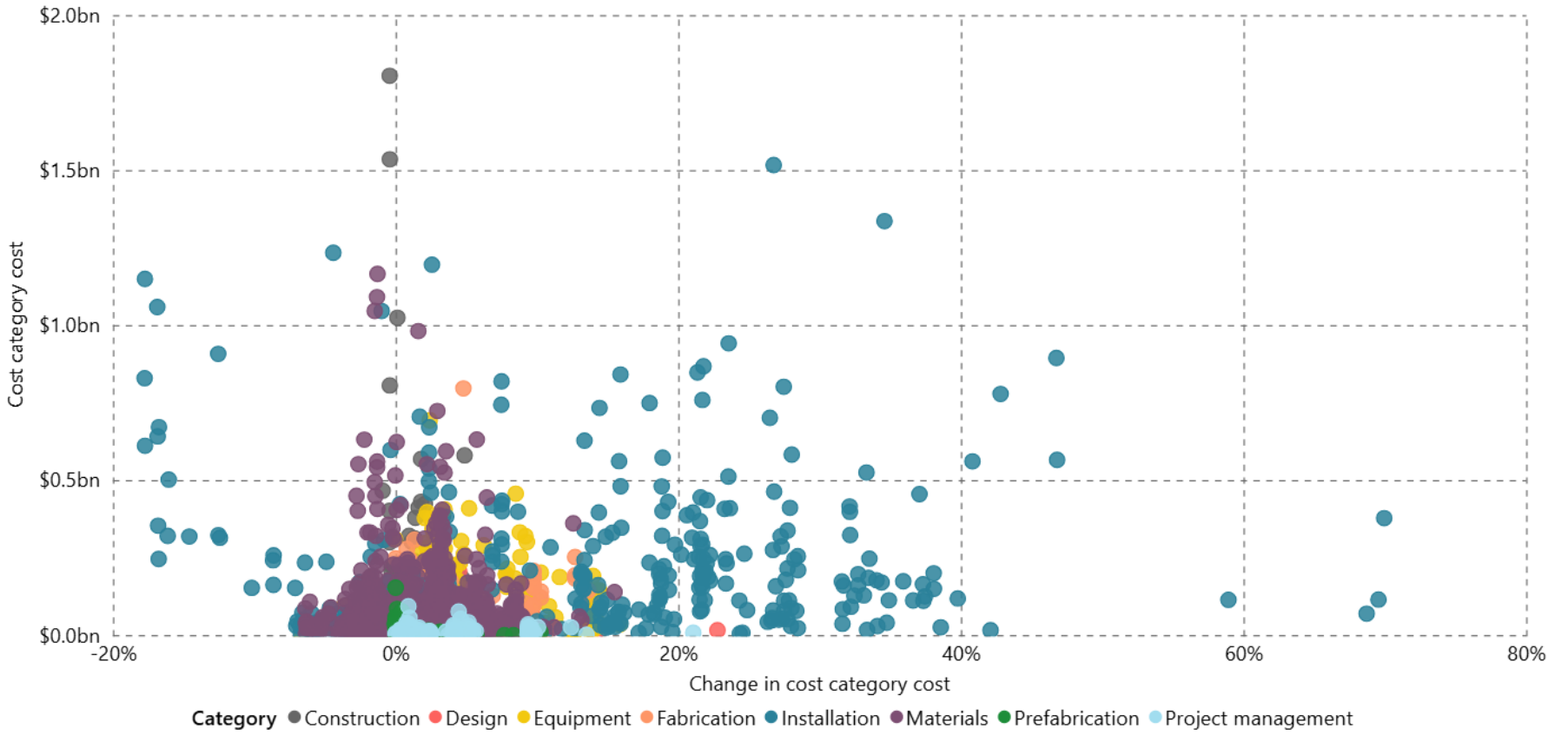


Since Q1 2025, the US dollar (USD) has significantly depreciated against most foreign currencies. This has affected costs across several market segments, including equipment, construction, raw materials, and labor.

- The Canadian dollar (CAD) has strengthened against the USD, driven by minimal tariff impacts on exports and proactive monetary policy adjustments by the Bank of Canada.
- In Europe, both the euro (EUR) and the British pound (GBP) have appreciated against the USD, supported by declining inflation rates in the eurozone and strong UK economic data.
- In the Asia-Pacific region, currencies have generally strengthened against the USD, with notable gains in Taiwan and Thailand due to robust exports and improving economic conditions. The Australian dollar (AUD) has also appreciated, fueled by higher commodity prices and positive economic indicators.
- In Africa, currency movements have varied, with several currencies appreciating against the USD, particularly the South African rand (ZAR), while the Nigerian naira (NGN) has seen modest gains amid ongoing efforts to stabilize the currency despite high inflation rates.
- In Latin America, the Argentine peso (ARS) has significantly depreciated against the USD due to soaring inflation, economic instability and political uncertainty. Conversely, the Mexican peso (MXN) and Brazilian real (BRL) have shown resilience, appreciating against the USD.
- The Russian ruble (RUB) has strengthened against the USD, supported by tight monetary policy and a resilient economy.

Project cost distribution by cost category

Distribution of cost category costs

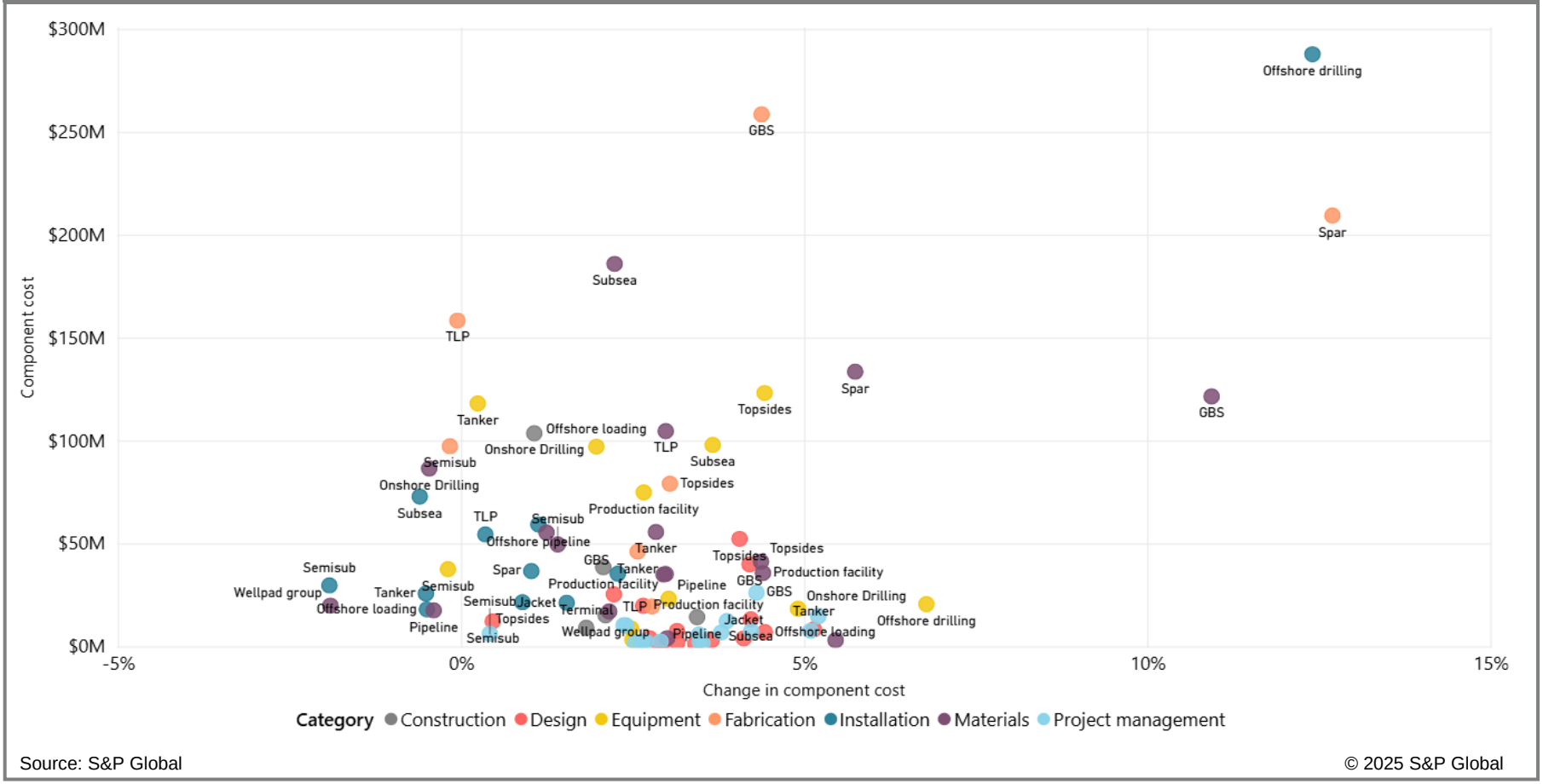


Source: S&P Global

Most cost categories varied between -7% and +20% with Installation costs showing the most significant and varied changes. These notable variations were observed not only in small to medium-sized projects but also in larger ones. The implementation of new logic for the offshore rig support vessel spread composition and duration has impacted all offshore projects that include offshore drilling components, resulting in increased Installation costs for most projects. Projects that saw a decrease in installation costs were located in ultra-deep water, where the spread of offshore rig supply vessels was reduced.

Project cost distribution by cost component

Distribution of component cost changes by cost category

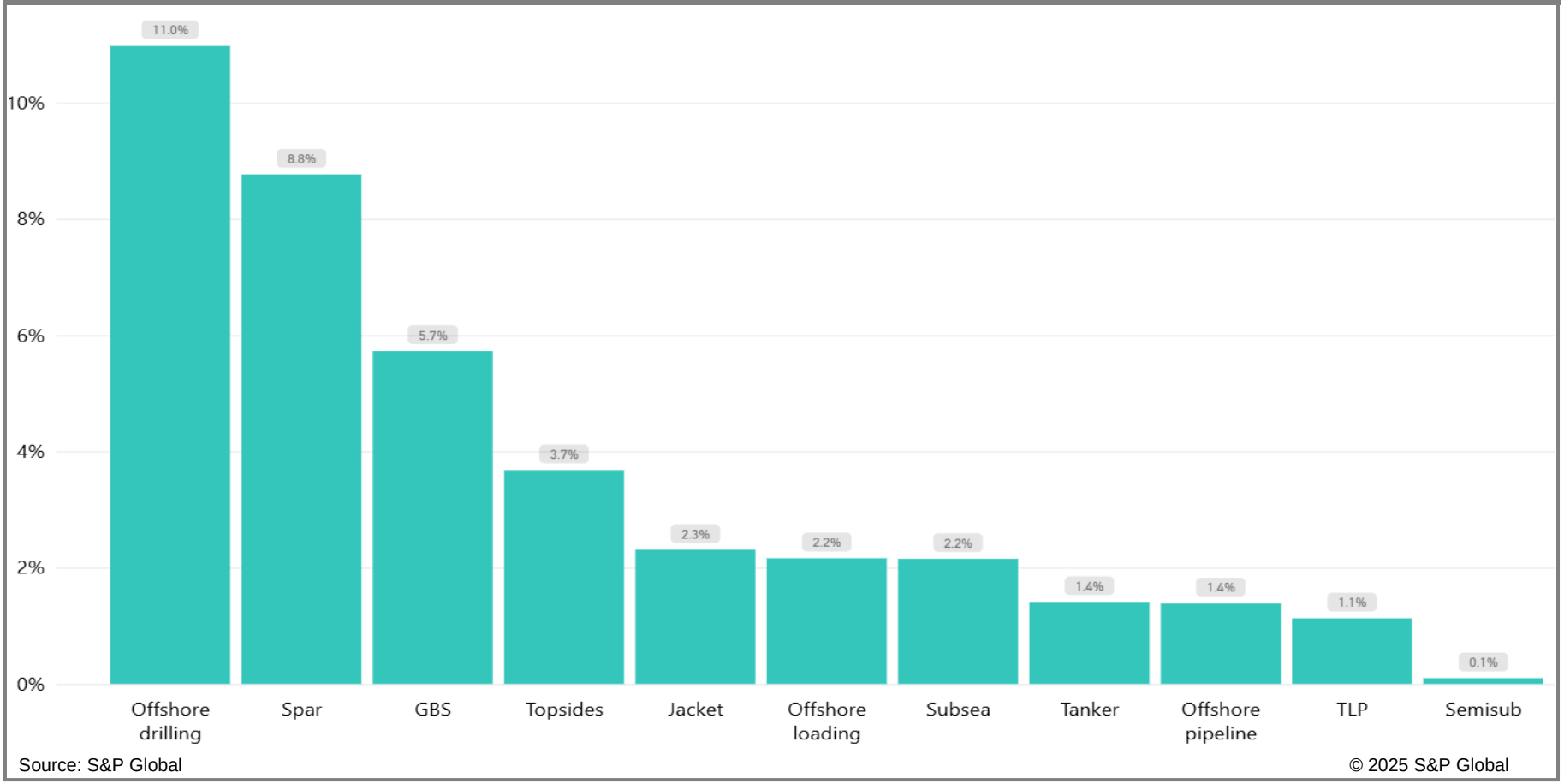


Source: S&P Global

Most component costs fluctuated between -2% and +5%, with notable increases in Installation, Fabrication and Material costs. Variations in component costs were driven by both cost changes and technical adjustments. Installation costs rose due to technical adjustments in offshore rig support vessel spread composition and duration, while Materials and Fabrication costs exhibited a mixed trend, with certain components experiencing price increases due to the strong appreciation of European currencies against the USD.

OFFSHORE component costs varied between +0.1% and +11%

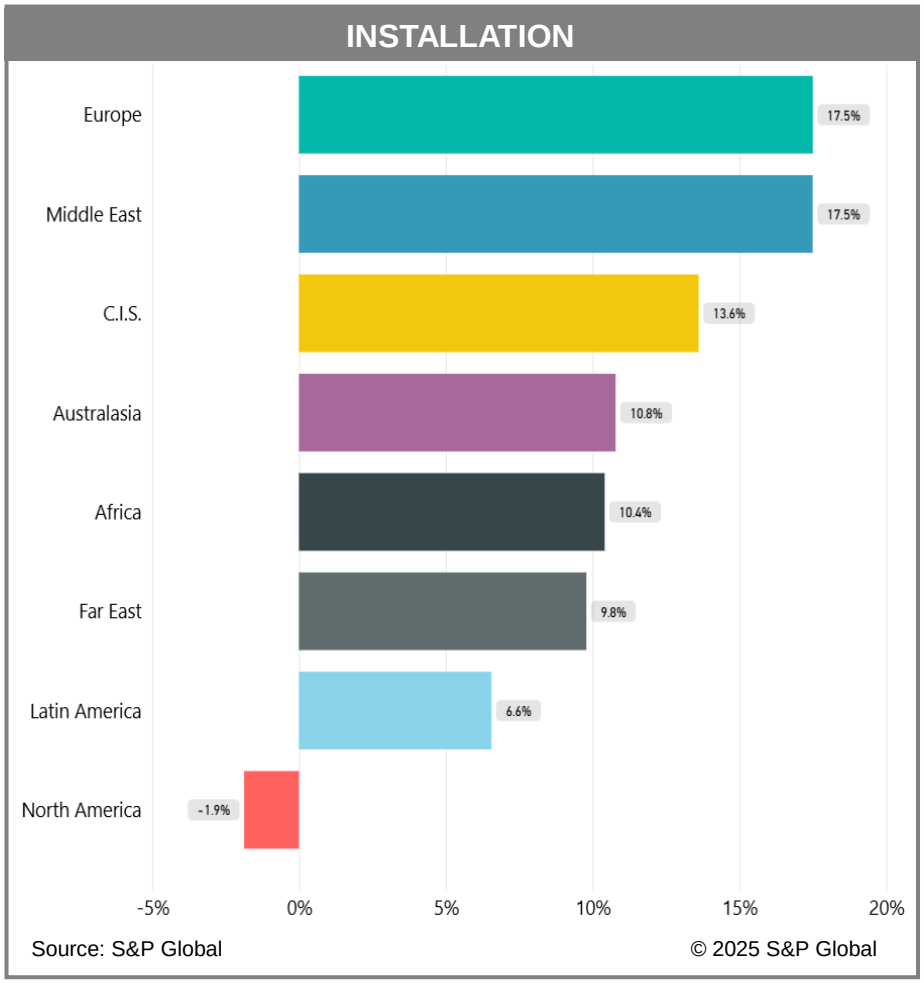
Average offshore cost variation by component

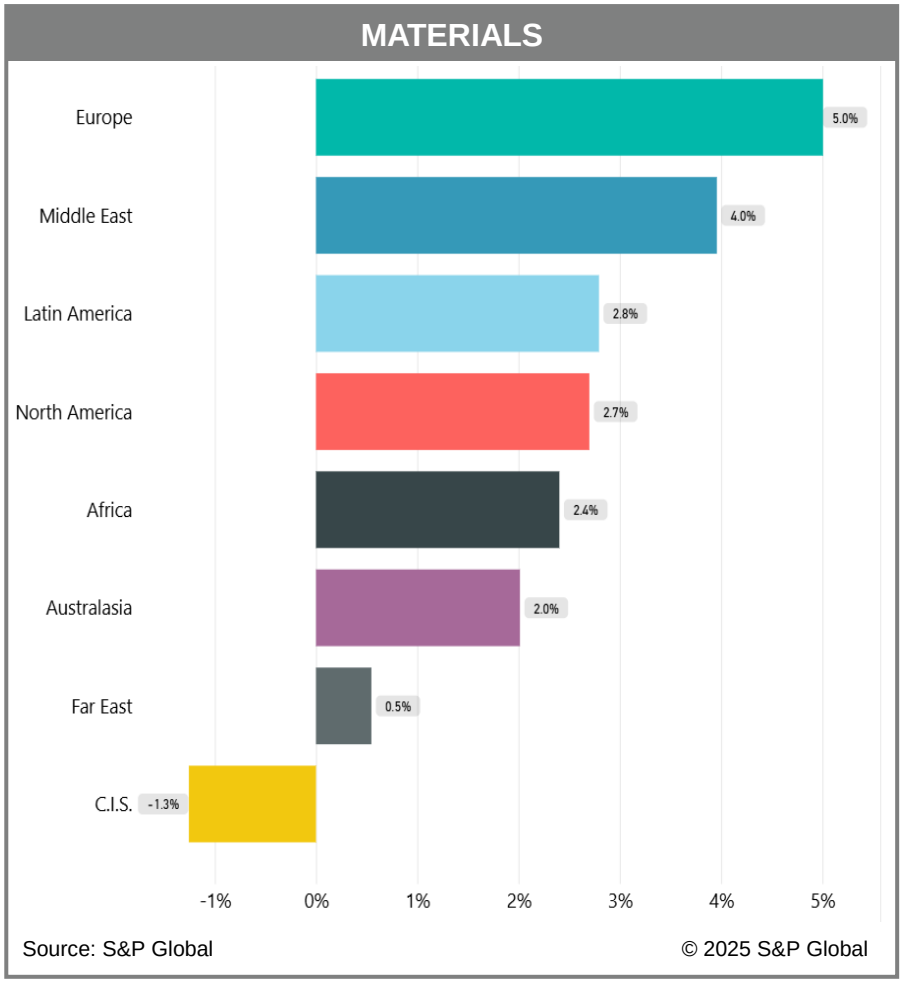


Source: S&P Global

All offshore components saw cost increases, with Offshore Drilling experiencing the most substantial rise, driven by the impact of technical changes. The cost of Semisubmersible substructures rose the least, largely due to declines in certain raw material prices, including steel, as well as reductions in some installation vessel day rates. In contrast, the Spar component's cost increased significantly, primarily due to the substantial appreciation of European currencies against the USD.

OFFSHORE cost category changes





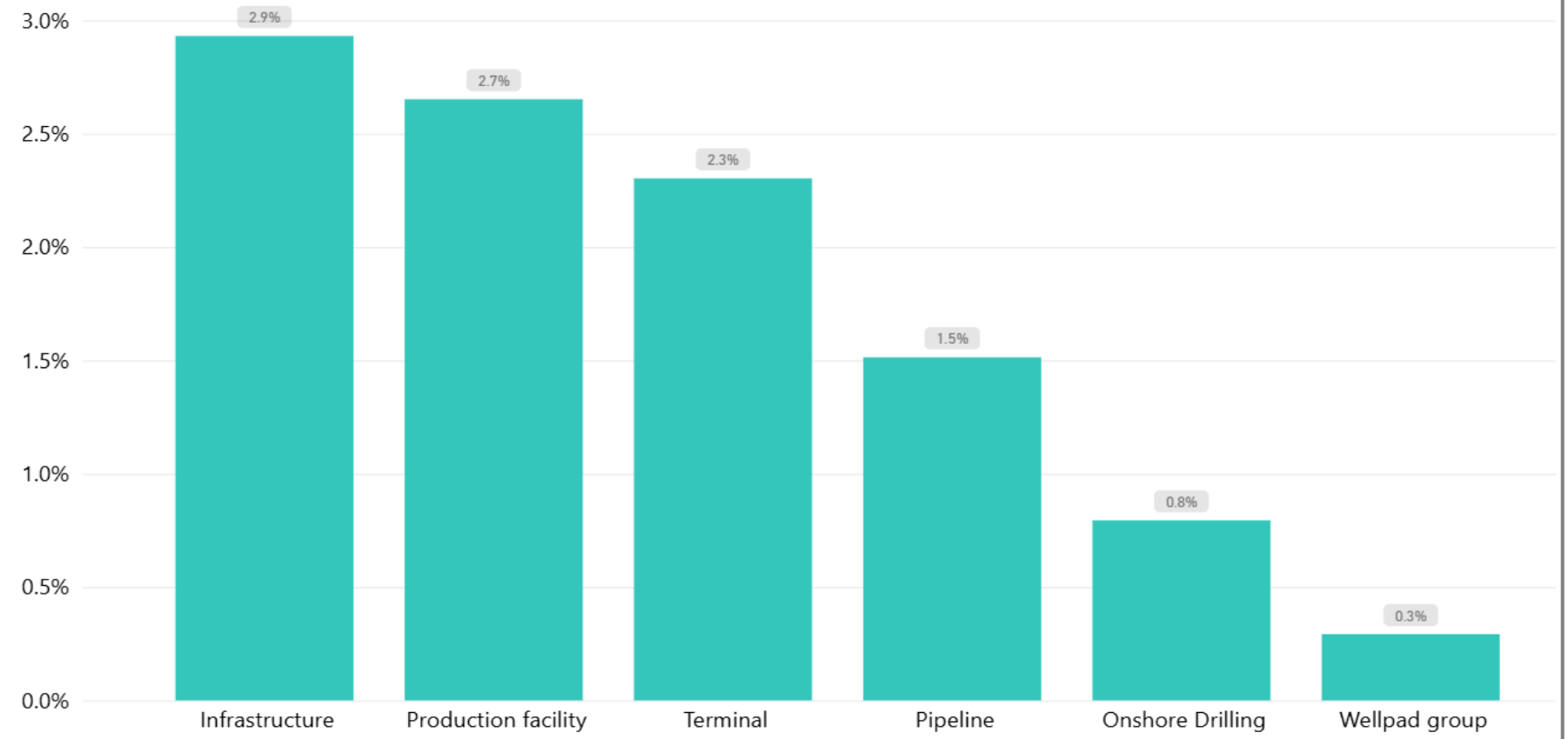
Installation costs increased across all regions except North America, primarily due to technical changes. In North America, projects located in ultra-deep waters experienced a significant reduction in the number and duration of offshore rig support vessels, while shallow water projects in other regions saw an increase. Material costs increased in all regions except the Commonwealth of Independent States (C.I.S.), which reported a slight decrease.

Offshore summary

- Offshore project costs varied between +0.4% in North America and +10.8% in Europe, with Installation costs being the main drivers of cost changes.
- Regional variations were caused by the combination of technical changes, price changes and local currency volatility:
  - Installation costs increased across all regions, except in North America, mainly due to technical changes. In North America, ultra-deep water projects saw a significant reduction in both the number and duration of offshore rig support vessels, whereas shallow water projects in other regions experienced an increase.
  - Equipment costs increased in all regions, following the trend in Materials prices. An increase in demand for equipment was combined with the appreciation of most foreign currencies against the USD.
  - Design and Project Management costs increased almost globally and varied regionally due to exchange rate fluctuations against the USD. Projects utilizing the European procurement strategy experienced the highest increase.
- Drilling costs had a substantial impact on offshore total project variations. Excluding these costs resulted in a much lower increase across most regions compared to when drilling was included. This reduction was primarily attributed to technical changes in rig class selection and the composition and number of support vessels assisting the rigs.

ONSHORE component costs varied between +0.3% and +2.9%

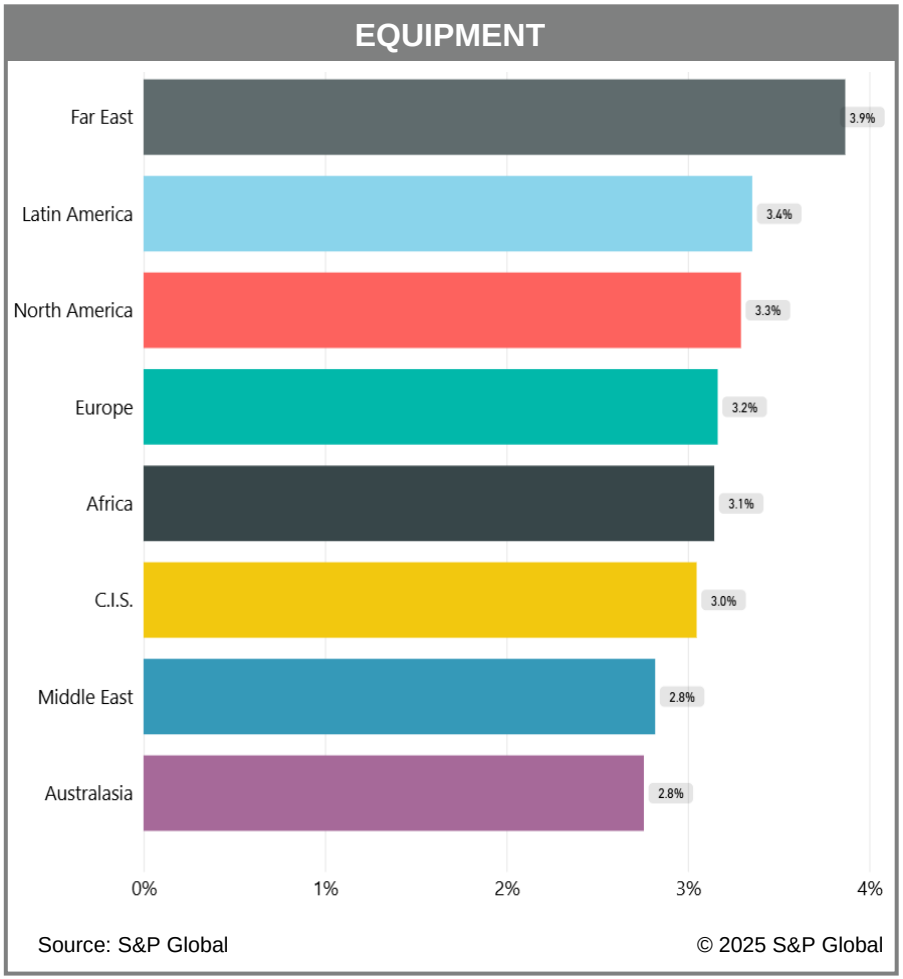
Average onshore cost variation by component

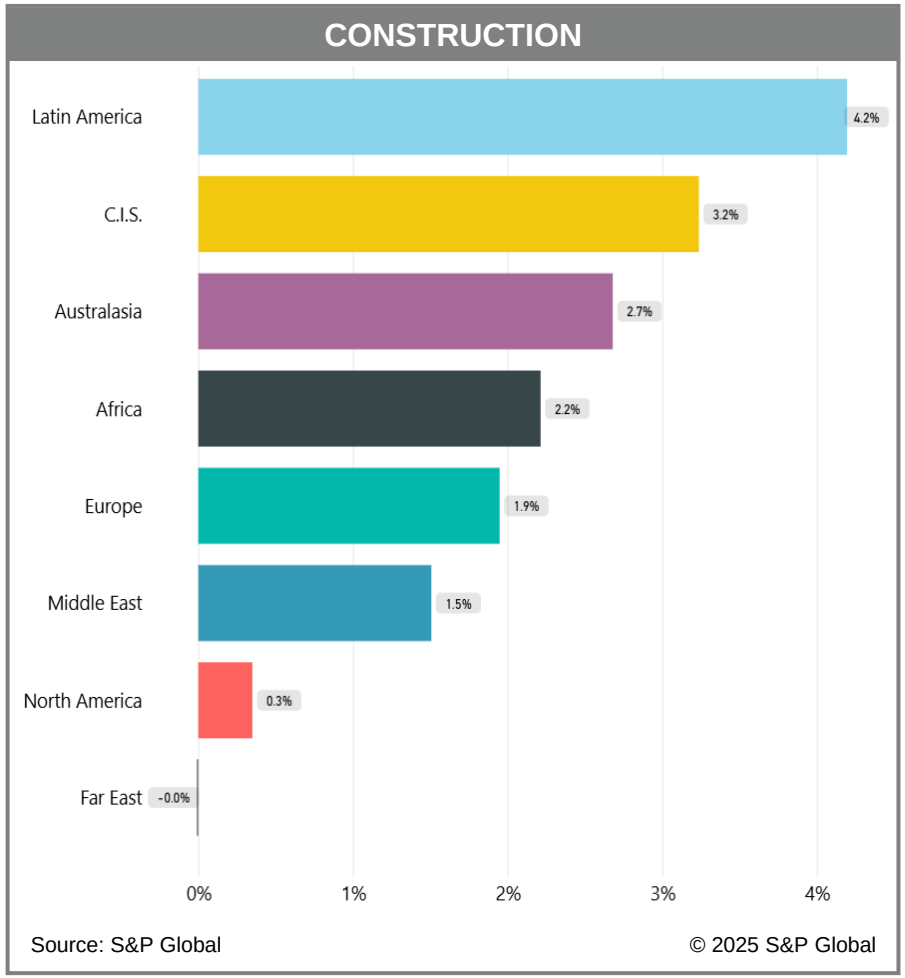


Source: S&P Global

Since Q1 2025, all onshore components saw some moderate cost increases, primarily driven by rising prices for equipment, materials and construction rates. Estimates for Infrastructure, Production facility and Terminal rose due to a combination of factors, including elevated costs in construction, equipment, and design and project management. These elements collectively contributed to the upward pressure on overall project costs in the onshore sector.

ONSHORE cost category changes





Equipment costs increased uniformly in all regions as a result of increased raw materials and labor rates. Construction costs increased in Latin America and the C.I.S. due to a rise in land rig rates, some civil materials prices, labor rates and drilling services. The Far East region showed a flat trend mainly due to lower land rig rates.

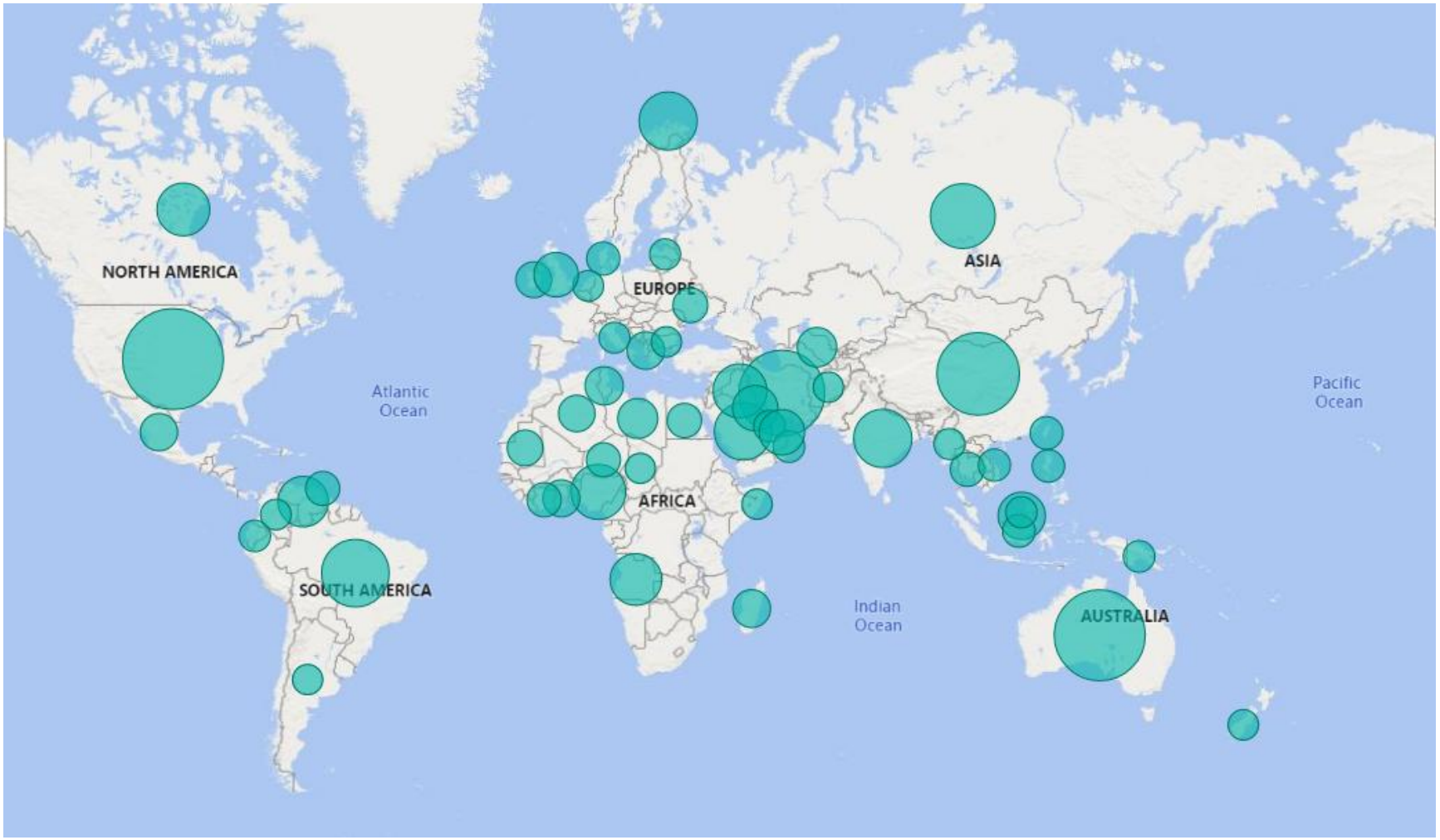
Onshore summary

- Onshore total project cost variations by region ranged from +0.2% in the Far East to +2.4% in North America. These variations were primarily influenced by cost changes affecting Equipment, Construction, Prefabrication, and Design and Project Management costs.
- The regional variations were caused by price changes and appreciation of most foreign currencies against the USD:
  - Construction and Equipment costs rose due to input prices increase, with the most significant variations observed in Latin America, the CIS and Australasia.
  - Materials costs increased in North America, the Middle East, Europe and Latin America. All other regions experienced a decrease in steel products like casing and tubing and insulation.
  - Design and Project Management costs increased consistently in all regions.
- Excluding Onshore drilling costs generally resulted in increased onshore total project cost changes across most regions, except for North America and Latin America, where cost variations were similar or increased less than with drilling included.

Benchmarking method

- Our benchmarking analysis consists of running a set of projects using three different versions of QUE$TOR:
  1) the previous version, i.e., QUE$TOR 2025 Q1
  2) an intermediate version that only includes latest technical changes and new features
  3) the updated version, i.e., QUE$TOR 2025 Q3, inclusive of both cost and technical changes
- The results of the analysis show the variations of project costs, in US dollar terms, when technical changes and cost changes were applied. In particular:
  - Technical changes are the changes in results from the previous release to the intermediate version.
  - Cost changes are the difference between the results of the intermediate version and the results of the updated version.
  - Combined changes are the difference between the previous and the updated version i.e., the effect of cost and technical changes together.
- The analysis uses a large sample of projects, about 250 offshore and 200 onshore cases. These are based on real assets and potential developments all around the world.
- Every region contains both offshore and onshore projects. Note that the overall portfolio is not intended to include all possible cases, but to be a representative sample of what is feasible in each region. As a result, some project types or regions November be better represented than others.

QUE$TOR benchmarking portfolio offers global coverage



Customer suggestions and feedback

- Does this report provide enough information?
- Does it meet your expectations?
- Is there anything you would like us to add or replace?

We would love to hear your thoughts.

Please provide your feedback by contacting us at ci.support@spglobal.com

Thank you!

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