S&P Global
Energy

Benchmarking Report

QUE$TOR 2026 Q1

May 2026

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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$TOR 2026 Q1 Release Notes** document, available from the QUE$TOR application by clicking on *Help>Release notes* in the main menu
- ✓ 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

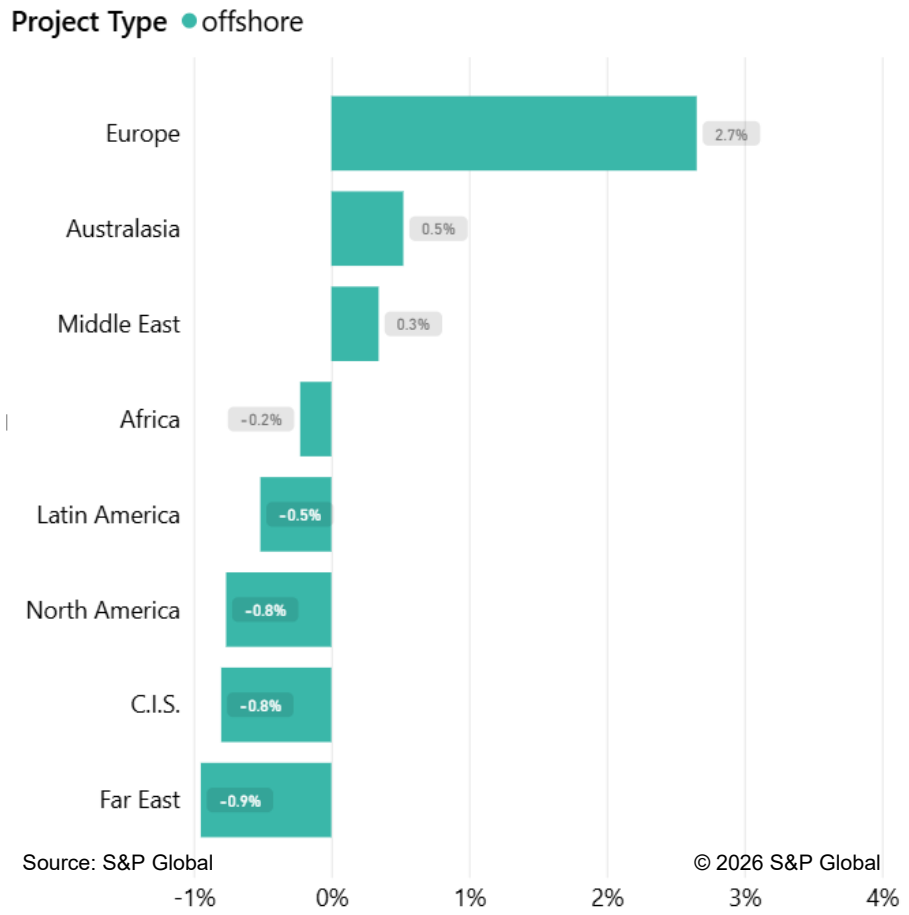
- This document provides a short summary of the effects that cost and technical changes have on project cost estimations when a QUE$TOR project is updated from the previous version, QUE$TOR 2025 Q3, to the updated version QUE$TOR 2026 Q1
- The following benchmarking results are meant to supplement the market trend discussions contained in the *Cost database update* section of the **QUE$TOR 2026 Q1 Release Notes** document and to provide users with a high-level overview of how and why their project costs are expected to change

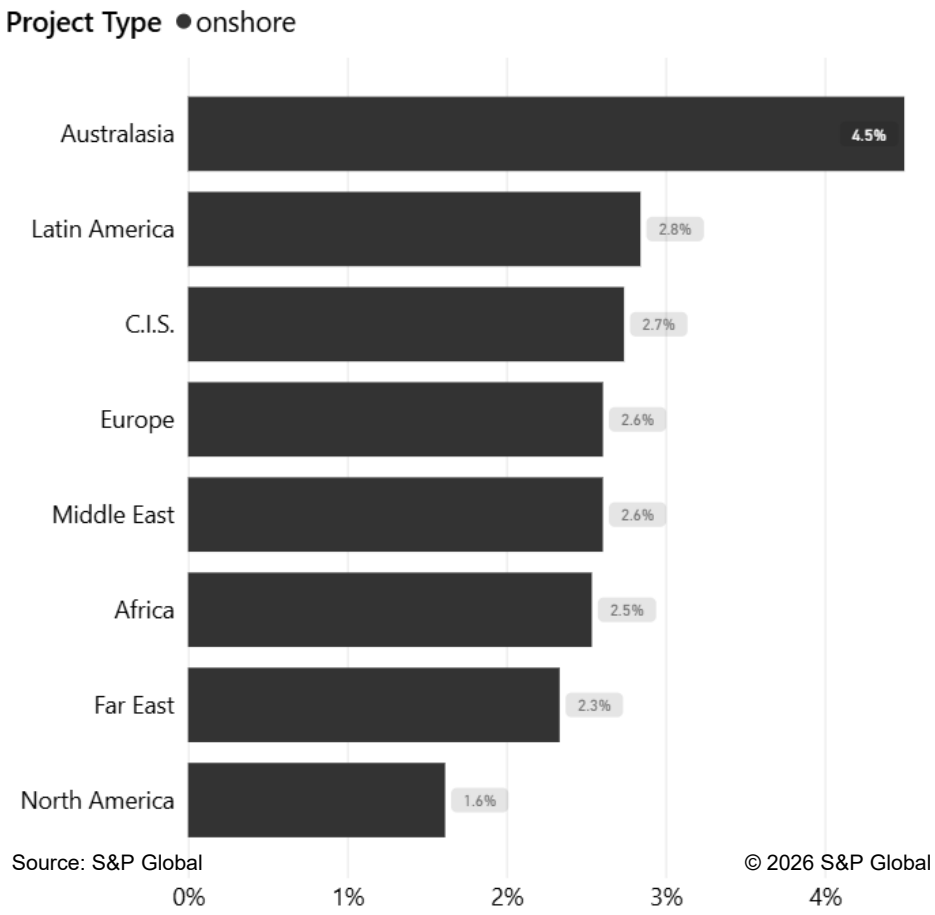
Benchmarking main results

- From Q3 2025 to Q1 2026, the average total costs for all project types, offshore and onshore, varied globally between -0.9% and +4.5%, when drilling was included, and between -0.6% and +5.5% when drilling was excluded.
  - Offshore project costs showed mixed trends, with both increases and decreases. Costs in Europe increased more noticeably, driven by stronger rises in installation and equipment costs, while changes in other regions remained relatively modest. These variations were driven by cost updates, technical adjustments and new features. In some cases, currency fluctuations against the US dollar also affected costs. Overall, offshore projects experienced notable cost movements, particularly in the offshore pipeline and subsea components. Meanwhile, onshore projects were primarily influenced by larger cost variations due to supply issue challenges. 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, excluding drilling resulted in small cost increases in most regions, except for the C.I.S. and the Far East. However, when drilling was included, most regions showed smaller variations. For onshore projects, excluding drilling costs generally resulted in increased total project cost changes across most regions, with North America showing the biggest increase when compared against the cost with drilling included.
- For offshore, installation costs varied between -8.0% and +1.3%. Changes in both D&PM and equipment costs were also noticeable. D&PM costs ranged from 0% to +10.0%, while equipment costs increased between +3.1% and +4.3%, depending on the region.
  - The offshore pipeline and subsea components experienced the largest decrease in installation costs, driven by cost and technical changes. In contrast, offshore loading and tanker components experienced the highest increase in equipment costs, primarily due to significantly higher tanker purchase costs.
- For onshore, Equipment costs varied between +3.3% and +3.6%, while Construction costs varied between -0.4% and +4.1%.
  - 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 Australasia. Materials costs increased across all regions, mainly due to supply issue challenges raising logistics and consumables costs worldwide.

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

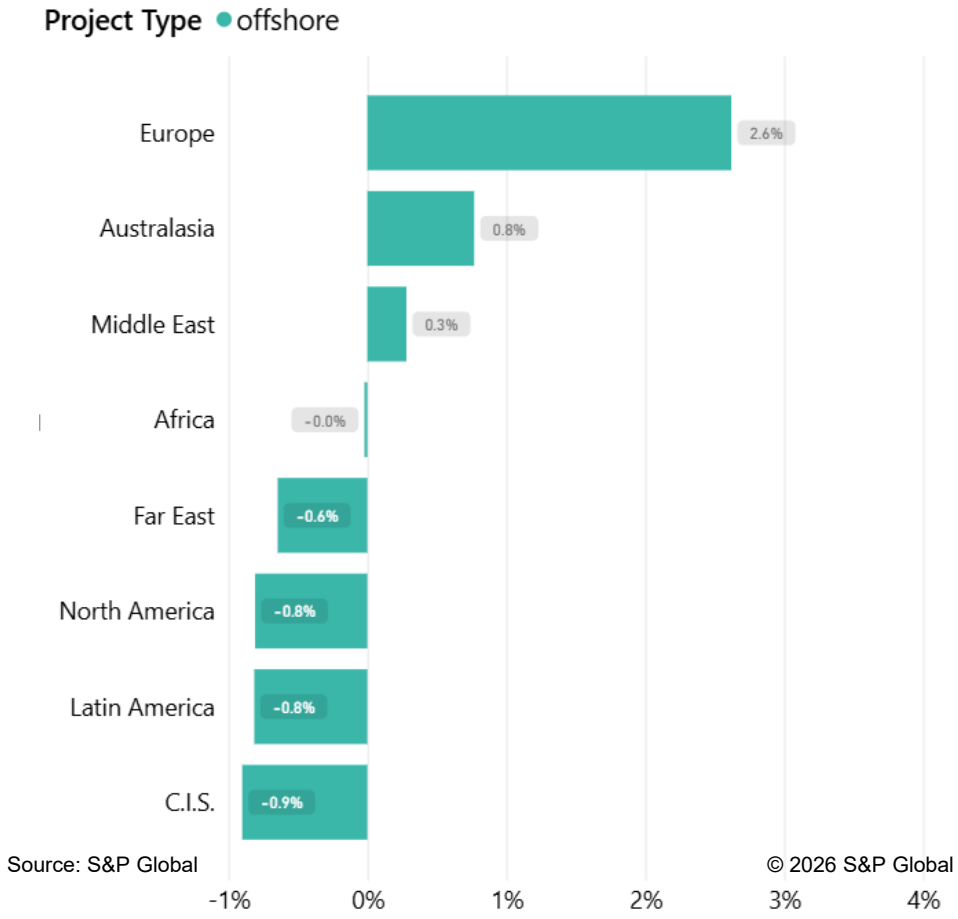


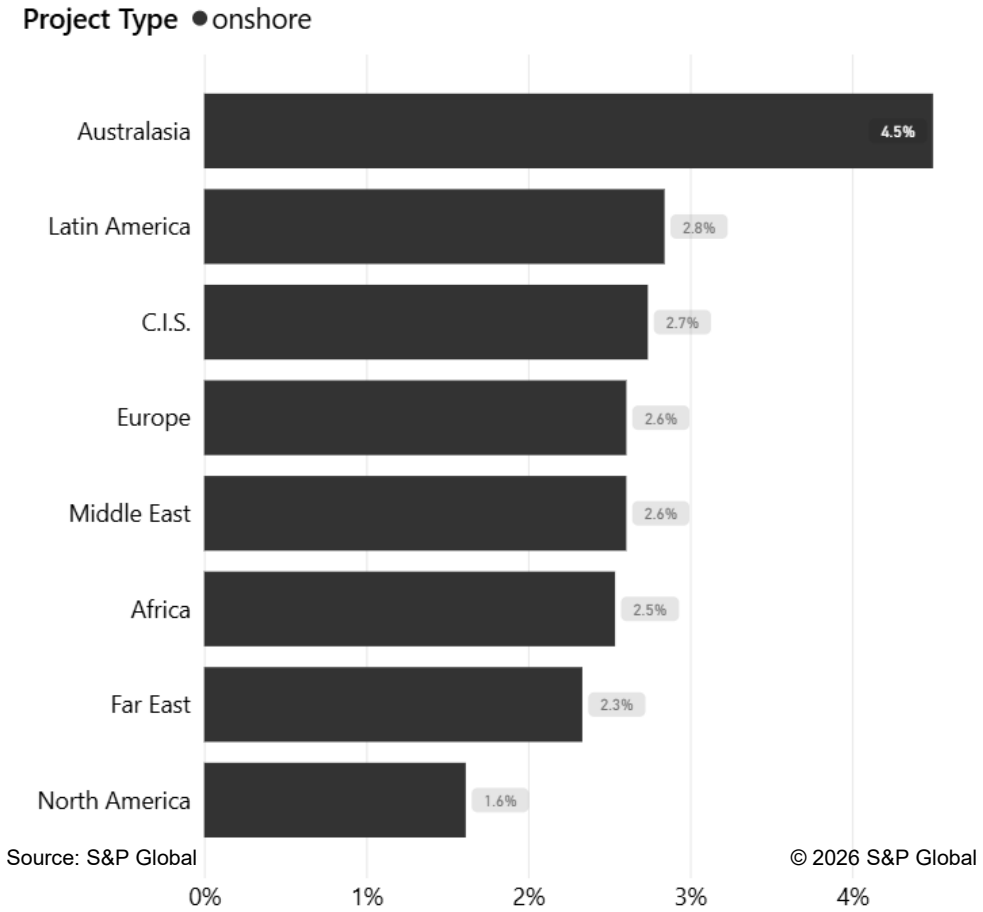


From Q3 2025 to Q1 2026, average total project costs varied globally, ranging from -0.9% to +2.7% offshore and from +1.6% to +4.5% onshore. Technical changes had a lower impact, compared to cost changes in this release, although large variations in offshore installation costs were observed in some regions. Onshore project costs increased globally, with a more consistent pattern than offshore project costs.

Project cost variations due to COST changes

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

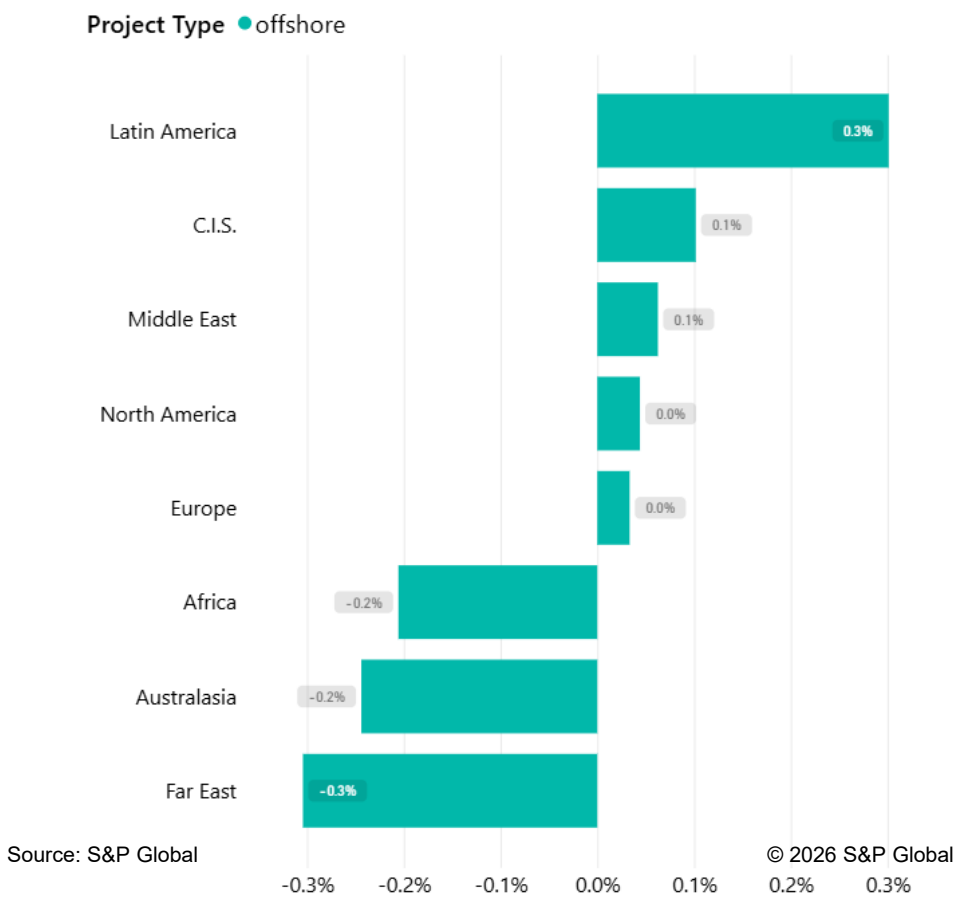


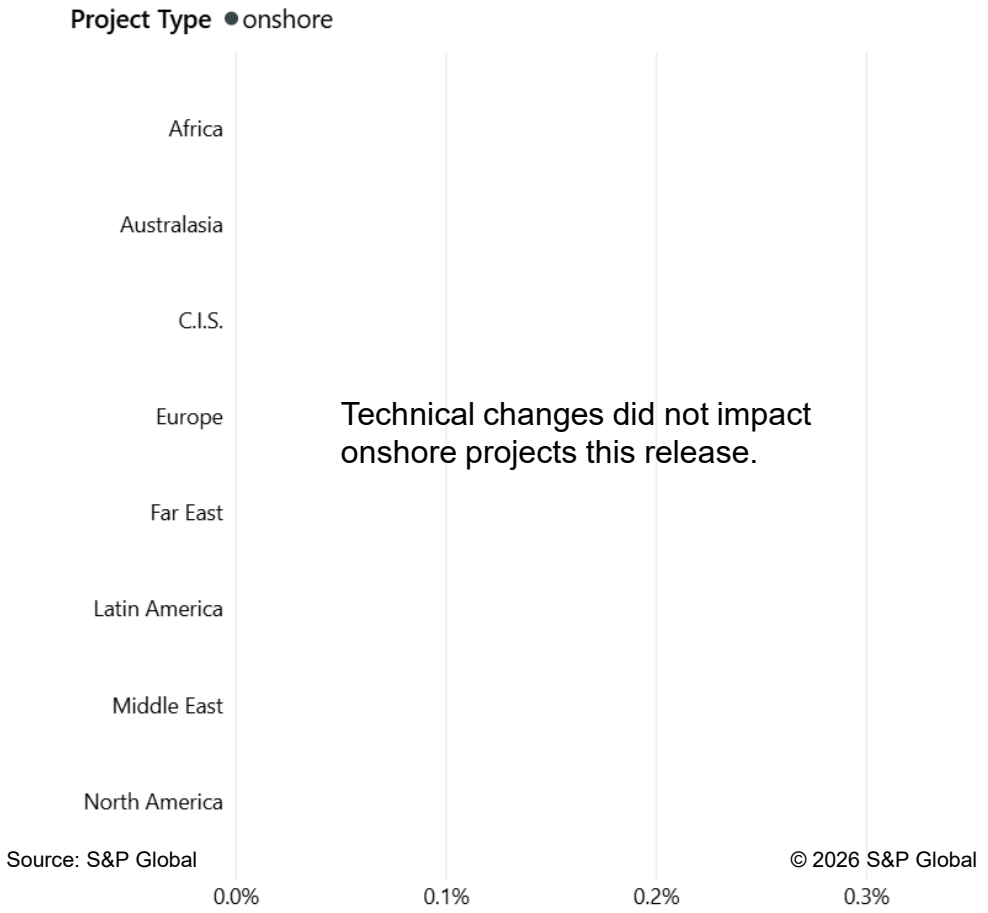


From Q3 2025 to Q1 2026, average total project costs fluctuated globally due to cost changes, with offshore projects changing between -0.9% and +2.6% and onshore projects ranging between +1.6% and +4.5%. Offshore project costs increased in Europe, Australasia and the Middle East due to rising offshore vessel rates and offshore rig day rates in those regions. Onshore project costs exhibited larger changes than offshore projects.

Offshore project cost variations due to TECHNICAL changes

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

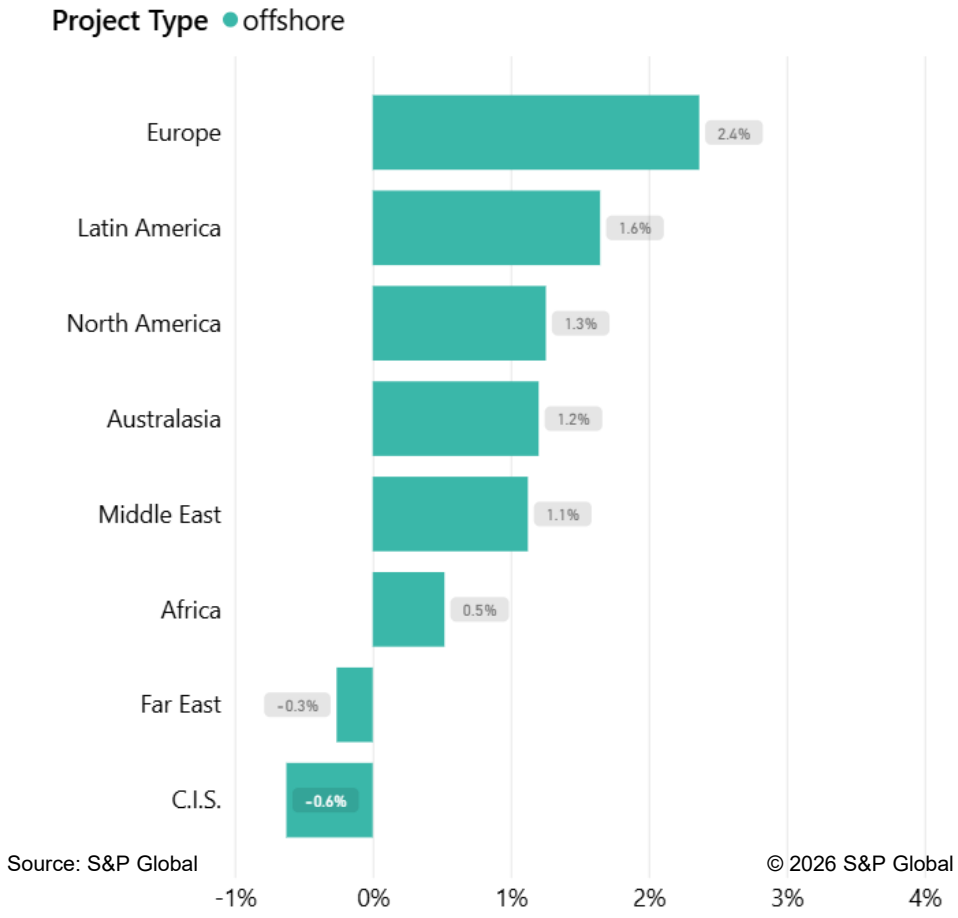


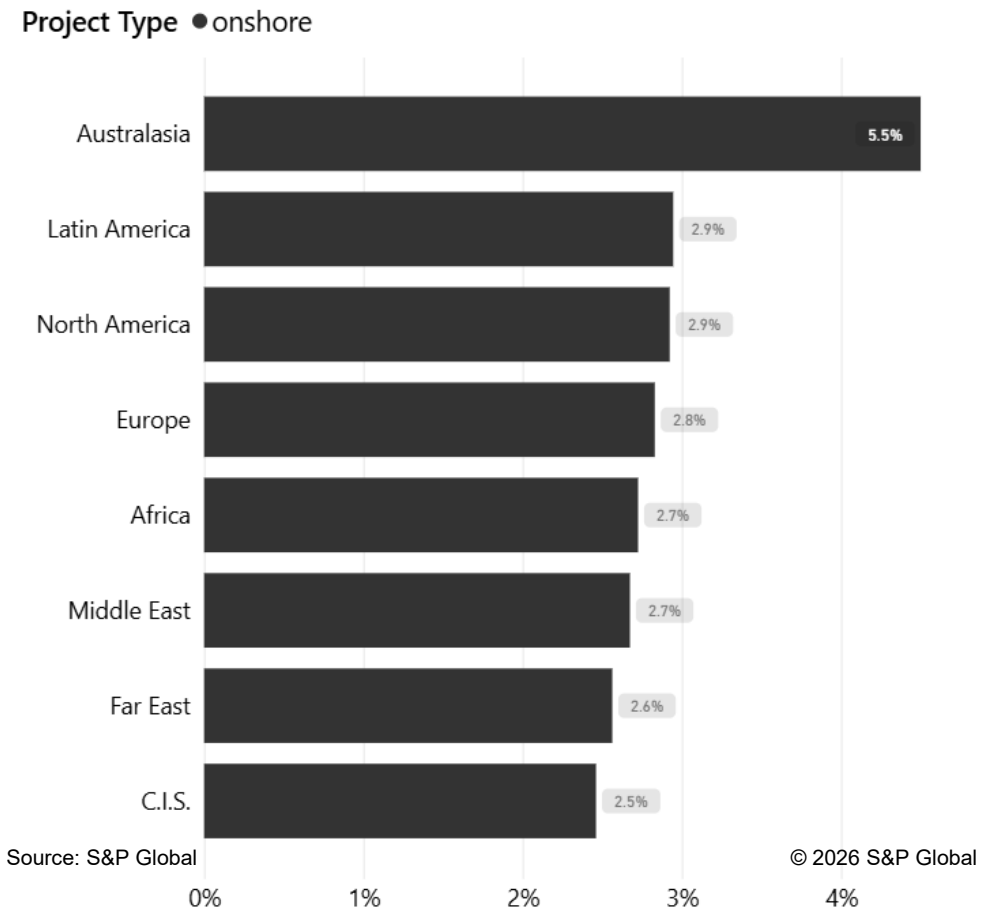


Technical changes had a smaller impact on project costs than cost variations. From Q3 2025 to Q1 2026, average total offshore project costs varied globally due to technical changes between -0.3% and +0.3%. The variations in offshore project costs were primarily driven by the changes in installation costs, due to the implementation of new logic for the lay vessel default selection and transit loadout durations.

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 -0.6% to +2.4% for offshore projects. When offshore drilling was excluded, most regions showed small cost increases. However, when drilling was included, most regions showed lower cost changes, highlighting the strong impact of drilling activities on overall project costs. Onshore costs ranged from +2.5% to +5.5% with rises in all regions. North America showed the biggest increase when compared against cost with drilling, as a result of the reduced land rigs day rate.

Cost trends and technical upgrades

Cost changes implemented in the 2026 Q1 release include:

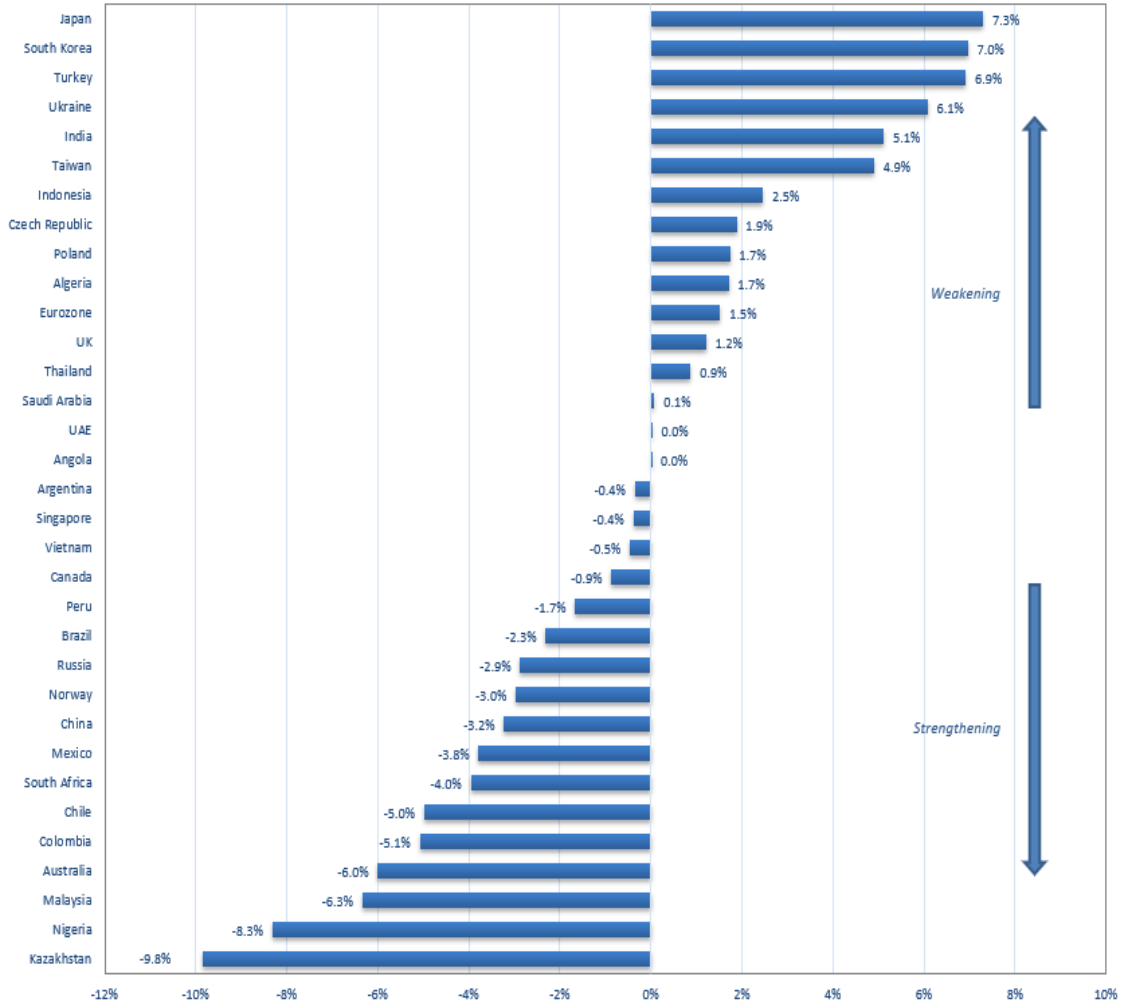
- Decrease in offshore rig day rates in most regions.
- Mixed variation in offshore vessel day rates depending on vessel type and region. Europe saw a significant increase in rates.
- Most regions recorded a decrease or a small increase in land rig day rates with South America and the C.I.S. experiencing a more notable increase.
- Global increase in labor rates. Australian rates were adjusted to better reflect the higher level of costs in the region.
- Global increase in equipment costs.
- Mixed variation in OCTG and linepipe prices depending on region.

Technical upgrades mostly impacting project costs are:

- Improved lay vessel default selection logic
  - This reduces the likelihood of selecting a lower-spec S-lay without DP vessel instead of a higher cost option, leading to increased installation costs within specific ranges of water depths and pipe diameter.
- Transit loadout duration update
  - Enhanced data to better differentiate transit loadout durations across lay vessel types.
  - Cost changes are most notable for projects using reel-lay vessels.

- Since Q3 2025, the global offshore rig market has remained uneven, with persistent oversupply, especially in jackups, continuing to limit day rate growth despite increasing activity in selected regions. The deepwater floater market has seen some activity improvements, supported by rising tendering and better visibility on projects moving into 2026–2027.
- The global offshore vessel market has shifted from softer conditions to gradually tightening fundamentals, driven mainly by deepwater, ultra-deepwater and FPSO-led activity. Supply has remained limited in several key markets, pushing utilization higher and lifting day rates, especially for AHTS and other specialized support vessels.
- Following the price increases that marked the steel market in the third quarter of 2025, global steel prices have further increased in the first quarter of 2026 in North America and Europe whilst remaining flat in Asia. OCTG and pipeline price movement varied across regions.
- The technical upgrade with the greatest impact was the change to the pipelay lay vessel selection logic, affecting both offshore pipeline and subsea installation. For several deepwater projects, selection shifted from S-lay without DP to S-lay with DP or Global high-spec vessels. As the capabilities of the S-lay without DP fleet have declined in recent years, for example following the retirement of Saipem Castoro 6, day rates for this vessel class were adjusted downward to reflect this change. The transit loadout duration update, which increased the assumed time for this activity, had an impact on reel-lay vessels by increasing the overall cost.

Currency market trends



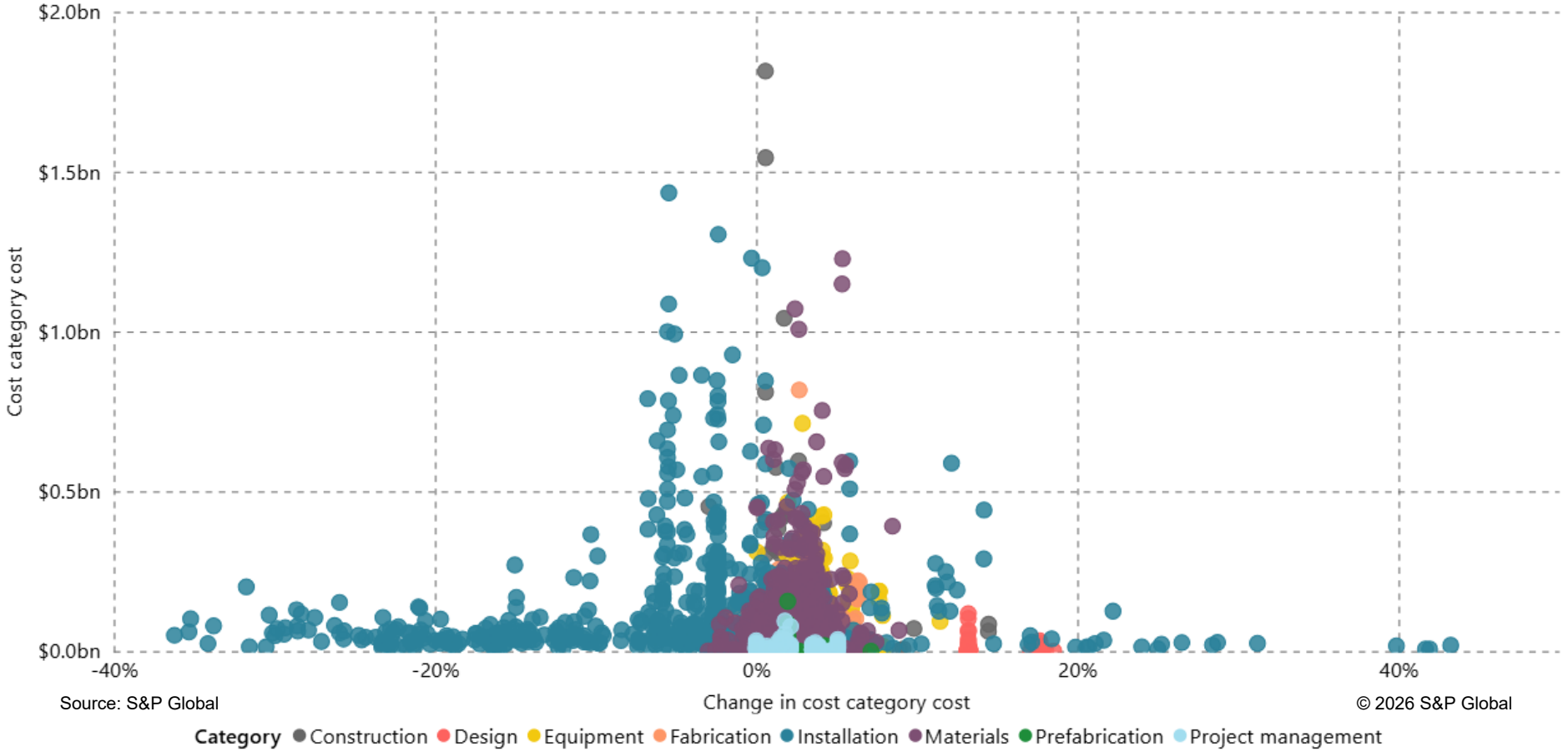
Source: S&P Global

Since Q3 2025, the US dollar (USD) has weakened against most major foreign currencies. This has affected costs across several market segments, including equipment, construction, raw materials and labor.

- The Canadian dollar (CAD) has strengthened slightly against the USD, supported by steady monetary policy and stable economic conditions in Canada.
- In Europe, the euro (EUR) and British pound (GBP) got weaker against the USD. High inflation and slow growth made these currencies less attractive.
- In Asia-Pacific, the Malaysian ringgit (MYR) was the strongest. Interest rates and low inflation helped the MYR. The Australian dollar (AUD) also got stronger because of steady interest rates and strong exports.
- The Indian rupee (INR) depreciated against the USD, mostly because higher oil prices made imports more expensive and investors pulled money out of the country.
- In Africa, the South African rand (ZAR) and Nigerian naira (NGN) got stronger against the USD. Improving government policies and lower inflation helped these currencies.
- In Latin America, most currencies got stronger against the USD. High commodity prices and strong exports helped countries like Brazil.
- In Russia, the ruble (RUB) appreciated against the USD, supported by high oil prices and strong exports, even with ongoing sanctions.

Project cost distribution by cost category

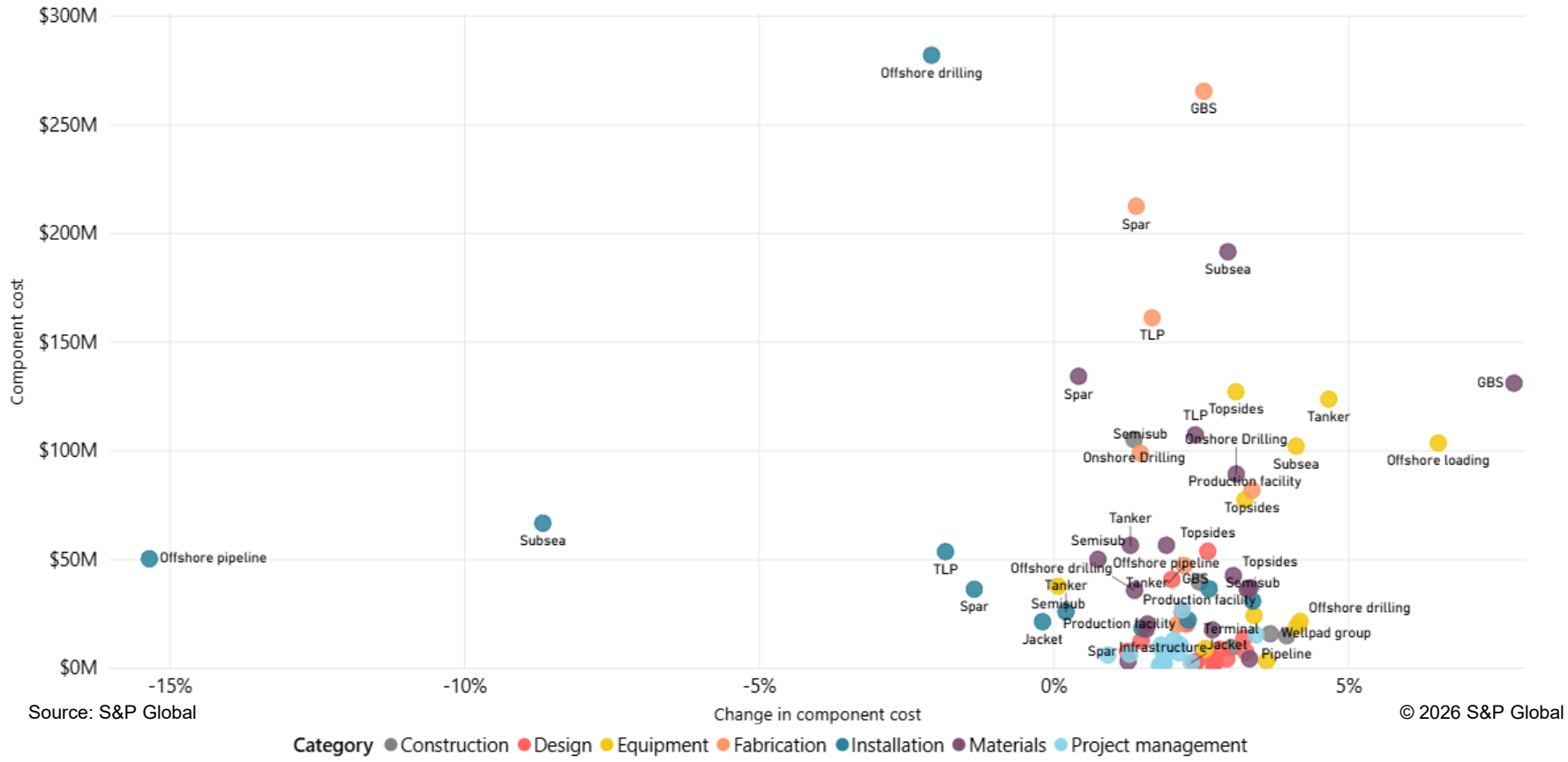
Distribution of cost category costs



Most cost categories varied between -5% and +8% 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 lay vessel default selection, along with the day rate reduction for S-Lay without DP, has significantly impacted offshore project installation costs. As a result, several projects had lower installation costs.

Project cost distribution by cost component

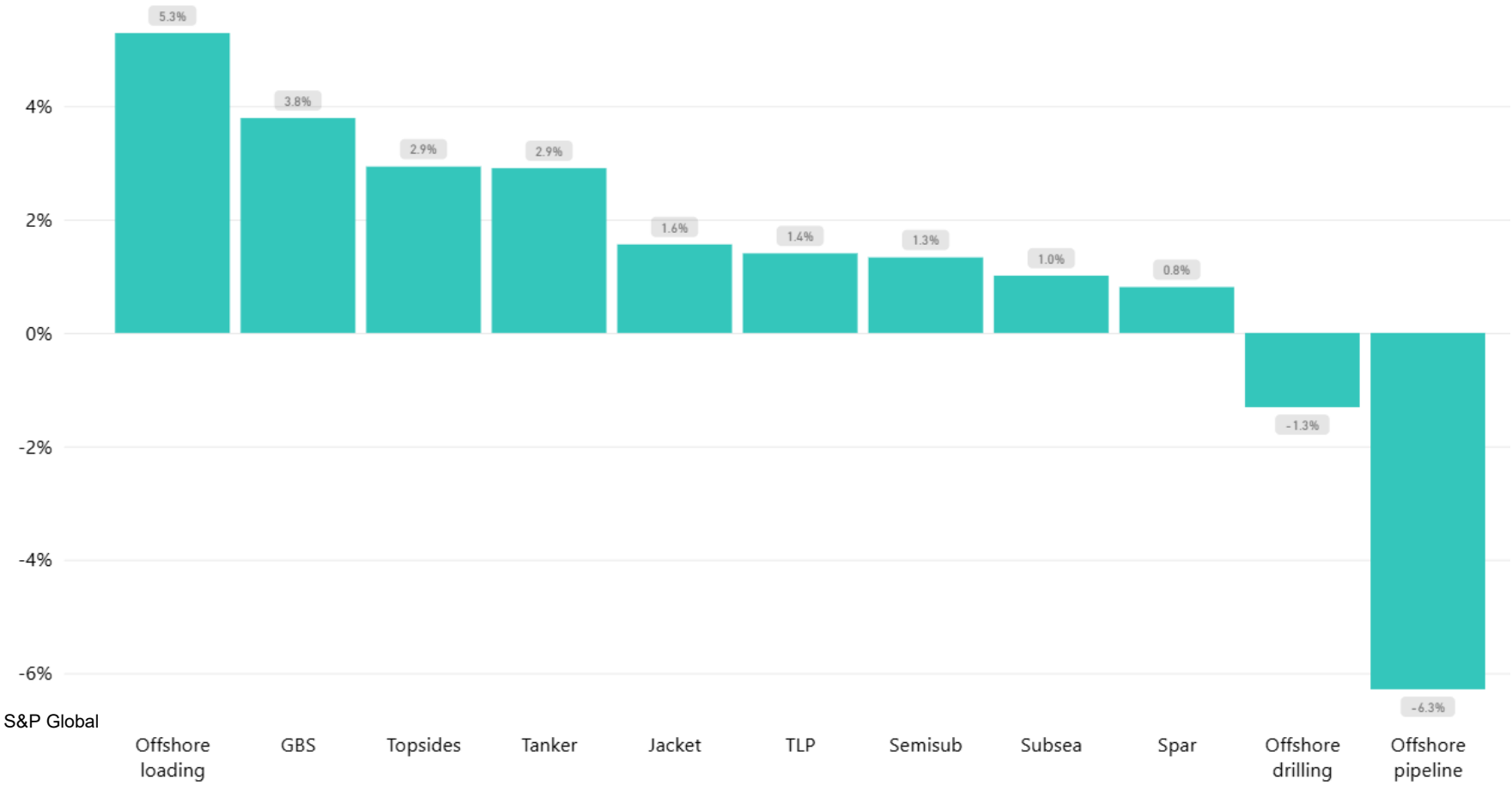
Distribution of component cost changes by cost category



Most component costs changed between 0% and +5%, with significant decreases in installation costs. Variations in component costs were driven by both cost changes and technical adjustments. The reduction in installation costs was mainly due to the declining vessel day rates, as well as technical adjustments in the vessel default selection logic for subsea and offshore pipeline components. In contrast, equipment and material costs mostly increased. GBS costs were driven by higher concrete and steel costs. Offshore loading and tanker costs were driven by increased tanker purchase costs.

OFFSHORE component costs varied between -6.3% and +5.3%

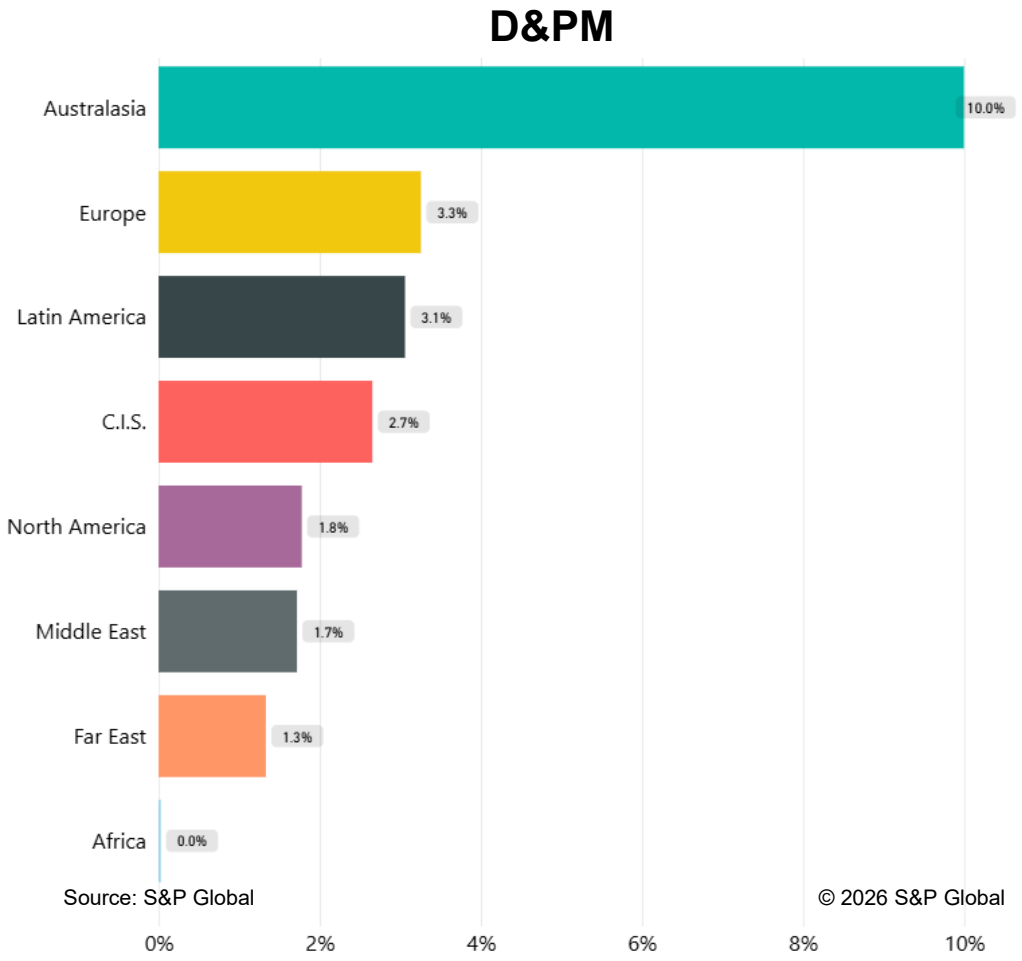
Average offshore cost variation by component

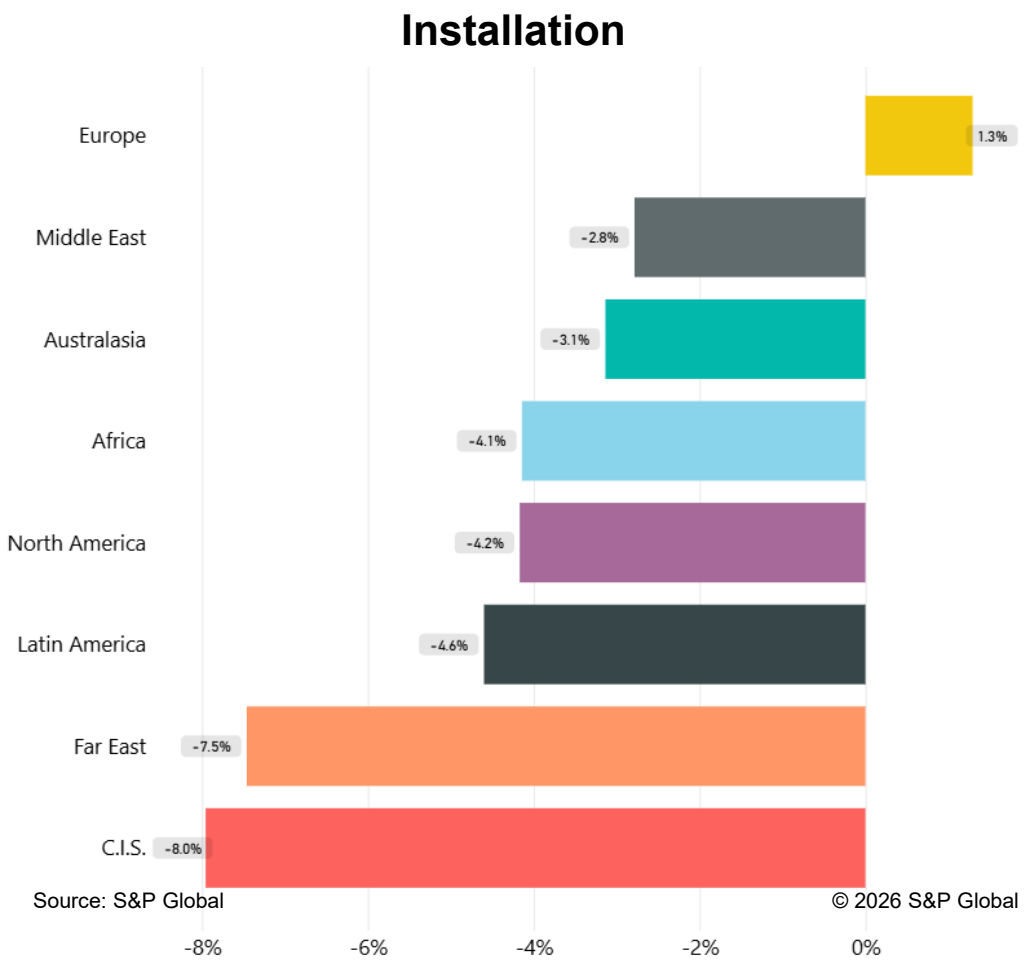


Source: S&P Global

Most offshore components experienced a cost increase. The offshore loading component cost increased significantly because of the higher tanker purchase costs, within the equipment category. In contrast, offshore drilling and offshore pipeline component costs decreased. Despite increased material costs for offshore pipelines and significantly higher costs for subsea equipment, the overall costs for both components still decreased. This was primarily because installation costs declined, driven by lower day rates for vessels and rigs, and technical changes.

OFFSHORE cost category changes





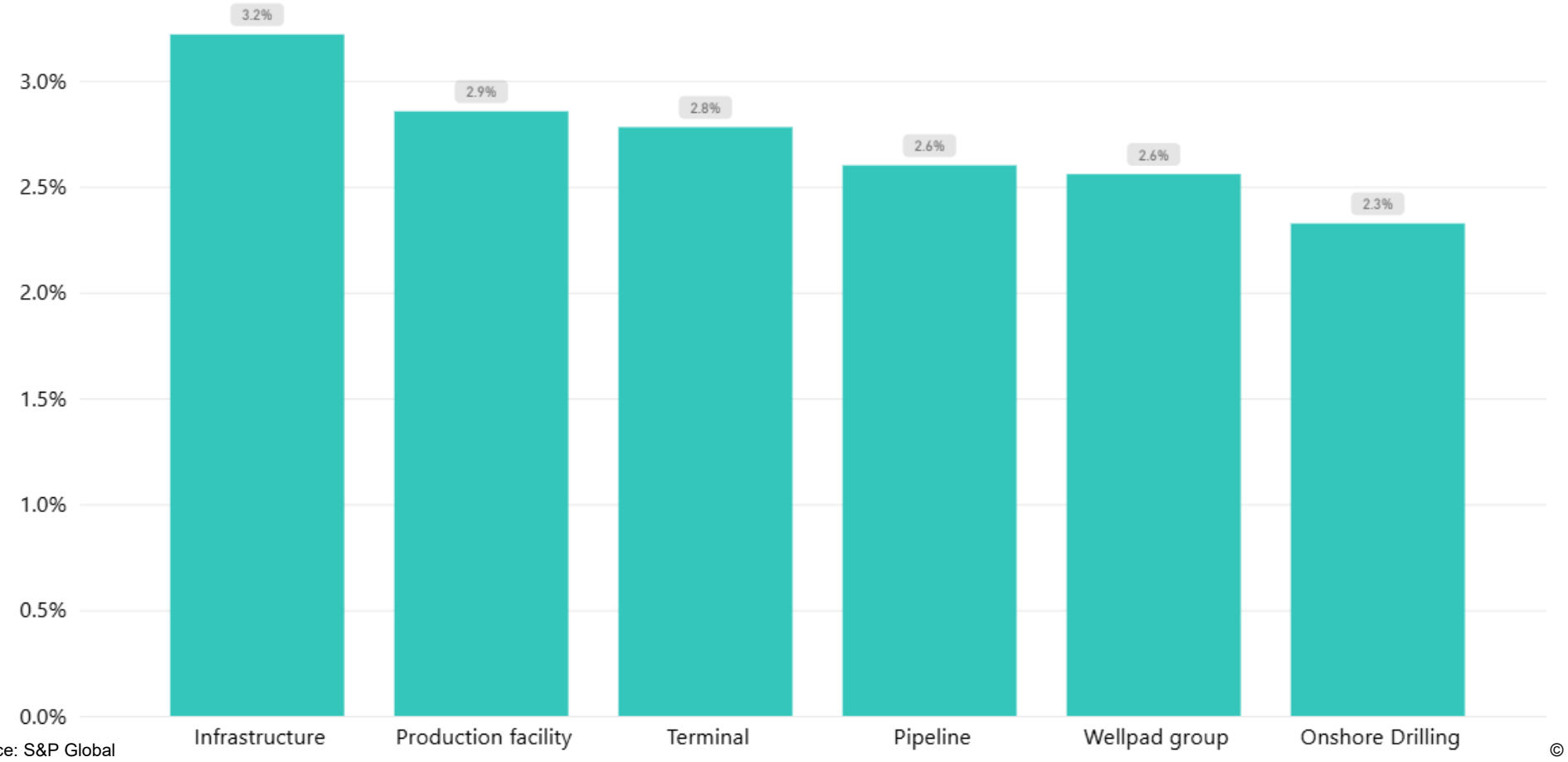
Design and project management costs increased in most regions, mainly due to higher oil prices, active offshore oil and gas developments, and stronger local currencies. In Australasia, costs increased due to strong wage growth and adjustments to bring offshore labor cost more in line with industry benchmarks. Several African projects followed the Mediterranean Europe procurement strategy, where labor costs were significantly lower than the European average. Installation costs were affected more by technical changes than by market conditions, and this was the main factor limiting offshore project cost variations across all regions.

Offshore summary

- Offshore project costs varied between -0.9% in the Far East and +2.7% in Europe, with installation costs being the main drivers of cost changes. When installation changes are excluded, offshore project costs increase across all regions.
- Regional variations were caused by the combination of technical changes, price changes and local currency volatility:
  - Installation costs decreased across all regions, except in Europe. Offshore pipeline is the most affected component by the installation cost variation with the C.I.S. and North America regions affected the most. These changes were primarily driven by the cost correction reduction for S-Lay without DP.
  - Equipment costs increased across all regions, mainly due to the geopolitical situation in the Middle East and the ongoing tariff situation.
  - Design and project management costs increased almost globally and varied regionally due to exchange rate fluctuations against the USD. Projects utilizing the Australia procurement strategy experienced the highest increase.
- Drilling costs had a substantial impact on offshore total project variations. Excluding these costs resulted smaller cost increases across most regions. However, when drilling was included, some regions recorded lower costs.

ONSHORE component costs varied between +2.3% and +3.2%

Average onshore cost variation by component

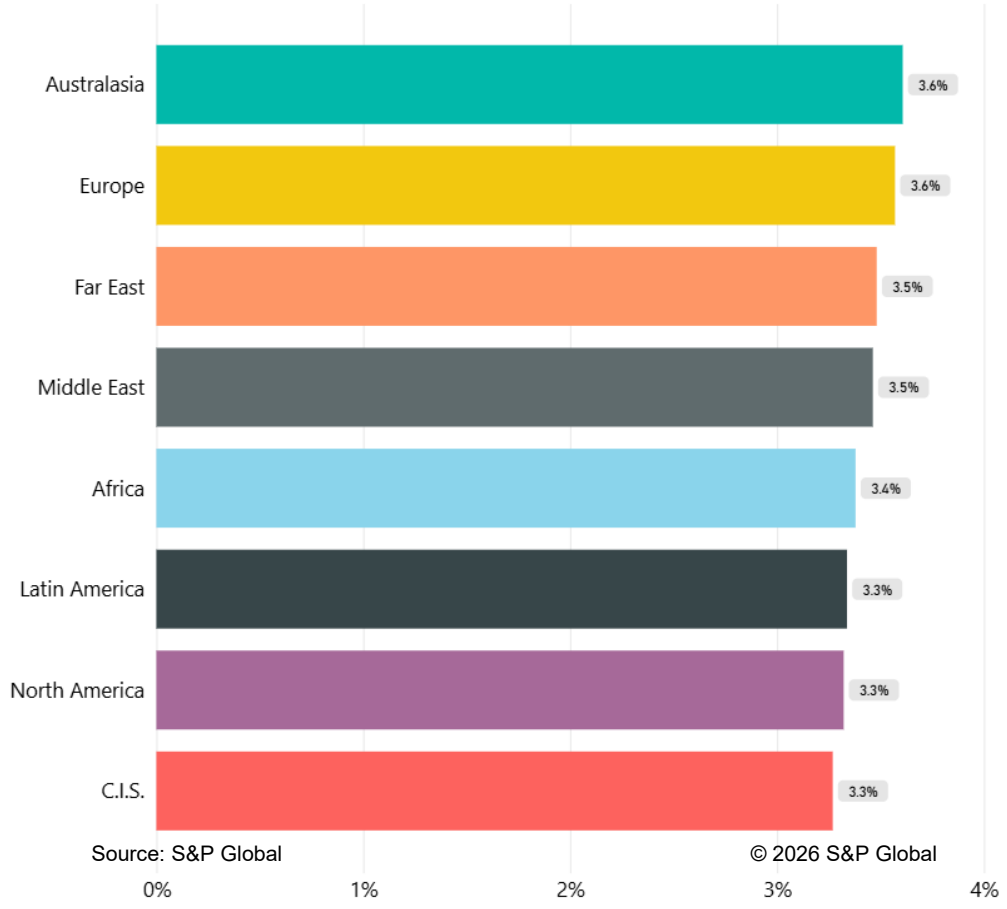


Source: S&P Global

Since Q3 2025, all onshore components saw some moderate cost increases, primarily driven by rising prices for logistics and consumables, equipment and materials costs. Estimates for infrastructure, production facility and terminal rose due to a combination of factors, including elevated costs in consumables cost, equipment and design and project management from the ongoing supply chain disruption. These elements collectively contributed to the upward pressure on overall project costs in the onshore sector.

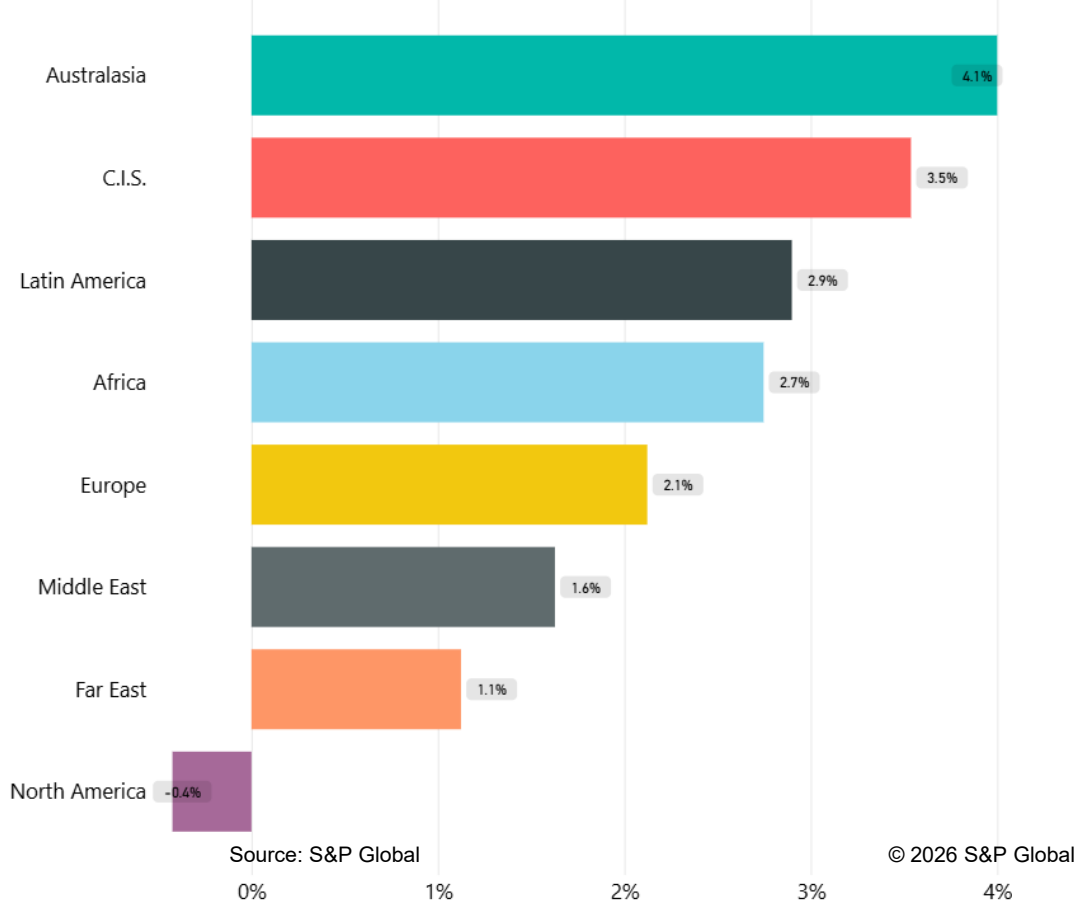
ONSHORE cost category changes

Equipment



Source: S&P Global

Construction



Source: S&P Global

Equipment costs increased across all regions due to higher raw material and labor costs. Construction costs rose most in Australasia, mainly because labor rates were adjusted to better align with industry benchmarks. Most other regions also recorded increases, driven by higher land rig rates, civil material prices, labor rates and drilling service costs. North America was the exception, showing a slight decrease largely due to lower land rig day rates.

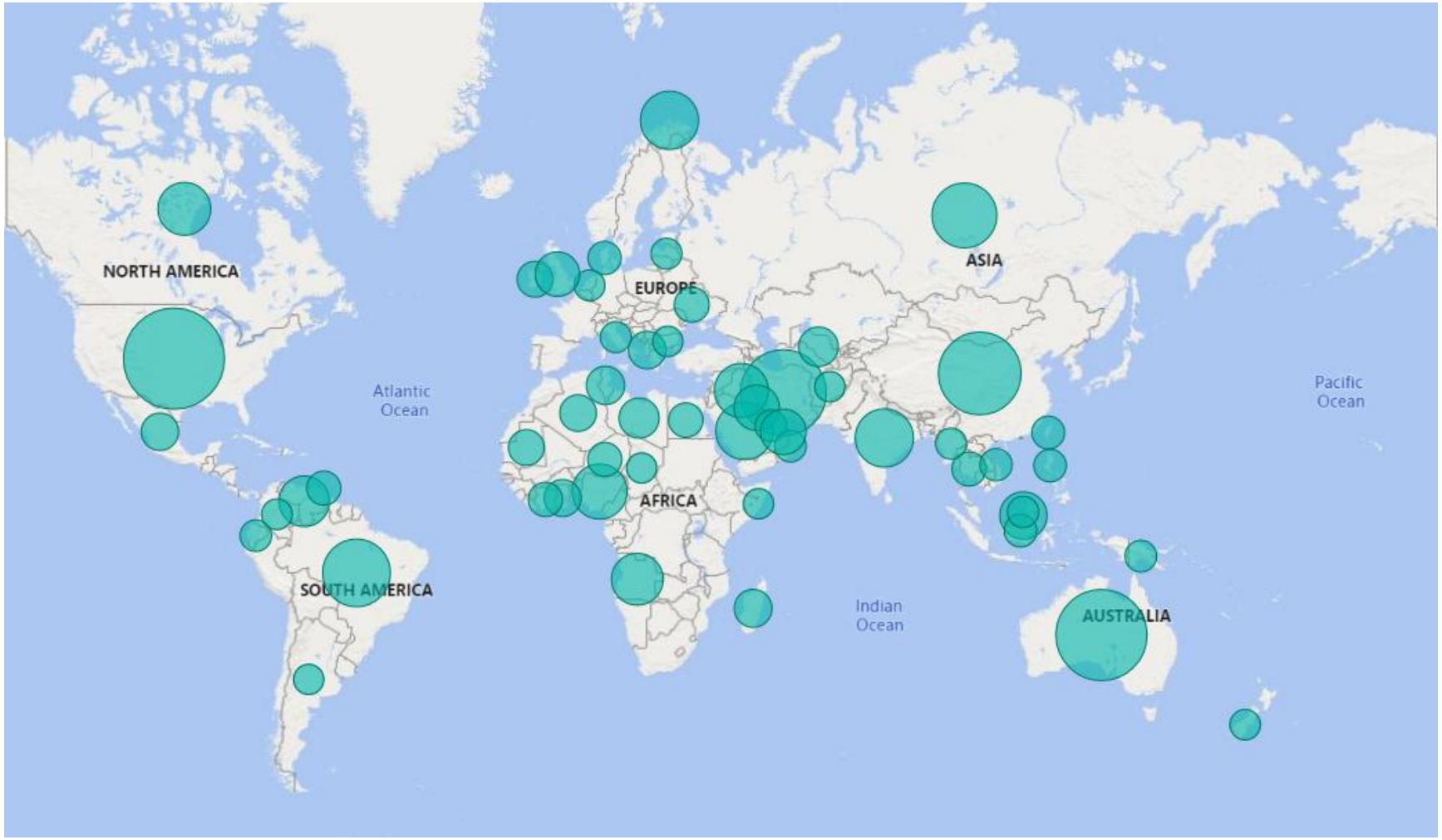
Onshore summary

- Onshore total project cost variations by region ranged from +1.6% in North America to +4.5% in Australasia. 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 price increases, with the most significant variations observed in Australasia, the C.I.S. and Latin America. Only North America showed a decrease mainly due to lower land rig rates.
  - Materials costs increased in all regions, mainly due to supply issue challenges caused by the geopolitical situation and the ongoing tariff situation. Design and project management costs increased consistently in all regions.
- Excluding onshore drilling costs generally led to larger increases in total project costs across most regions, with North America showing the greatest increase when compared with costs that included drilling.

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 Q3
  2) an intermediate version that only includes the latest technical changes and new features
  3) the updated version, i.e., QUE$TOR 2026 Q1, 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 may be better represented than others.

QUE$TOR benchmarking portfolio offers global coverage



Source: S&P Global

25-30 projects

10-15 projects

3-5 projects

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 Support.Energy@spglobal.com

Thank you!

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