Lehman Brothers
2007 CEO Energy/Power Conference
September 5, 2007

Dave Lesar
Chairman, President and Chief Executive Officer

Cris Gaut
Executive Vice President and Chief Financial Officer

HALLIBURTON

The statements in this presentation that are not historical statements, including statements regarding future financial performance, are forward-looking statements within the meaning of the federal securities laws. These statements are subject to numerous risks and uncertainties, many of which are beyond the company's control, which could cause actual results to differ materially from the results expressed or implied by the statements. These risks and uncertainties include, but are not limited to: consequences of audits and investigations by domestic and foreign government agencies and legislative bodies and related publicity; potential adverse proceedings by such agencies; protection of intellectual property rights; compliance with environmental laws; changes in government regulations and regulatory requirements, particularly those related to radioactive sources, explosives, and chemicals; compliance with laws related to income taxes and assumptions regarding the generation of future taxable income; unsettled political conditions, war, and the effects of terrorism, foreign operations, and foreign exchange rates and controls; weather-related issues including the effects of hurricanes and tropical storms; changes in capital spending by customers; changes in the demand for or price of oil and/or natural gas, impairment of oil and gas properties, structural changes in the oil and natural gas industry; increased competition for employees; availability of raw materials; and integration of acquired businesses and operations of joint ventures. Halliburton's Form 10-K for the year ended December 31, 2006, Form 10-Q for the period ended June 30, 2007, recent Current Reports on Form 8-K, and other Securities and Exchange Commission filings discuss some of the important risk factors identified that may affect the business, results of operations, and financial condition. Halliburton undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

Agenda

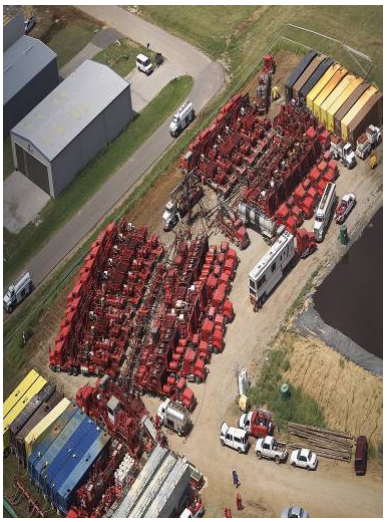
Future Challenges – The Next Trillion Barrels

- Reserves Access: Changing customer dynamics
- Expertise: The changing workforce
- Reserves Exploitation: The need for technology

- **North America Update**
- **Worldwide Market and Position**
- **Financial Discussion**

North America Update

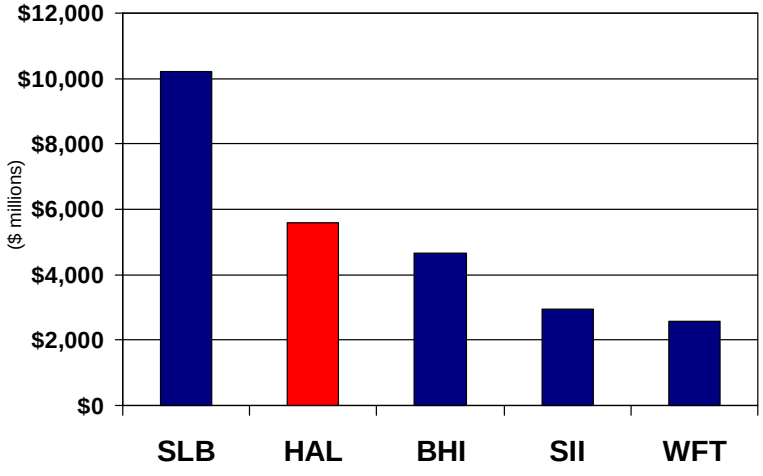
- **Canada**
- **United States - well stimulation / fracturing**
  - Activity
  - Utilization
  - Pricing
  - Capacity
- **United States – other services and products**



Worldwide Market and Position

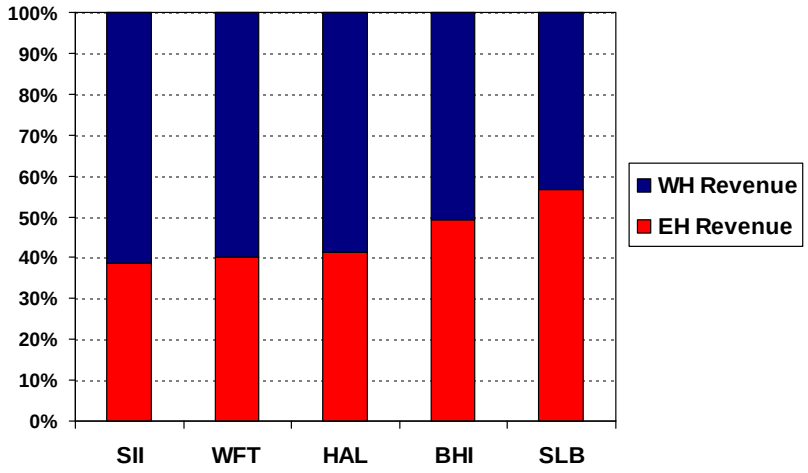
Eastern Hemisphere Revenue

For the twelve months ended June 30, 2007



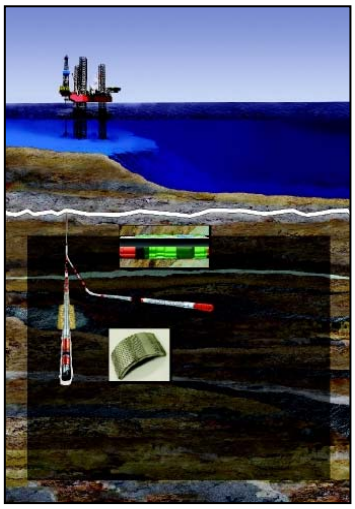
Eastern Hemisphere Revenue Percentage

For the quarter ended June 30, 2007



Our Changing Customer Environment

- **NOCs**
  - In country reserves
  - Activity outside home country
- **IOCs**
  - Reduced role in traditional resource plays
  - Unconventional reserves
  - Mature fields
- **Independents**
  - Unconventional gas
  - Mature fields
- **Private Equity/Smaller Players**
  - Mature fields
  - Application of new technologies



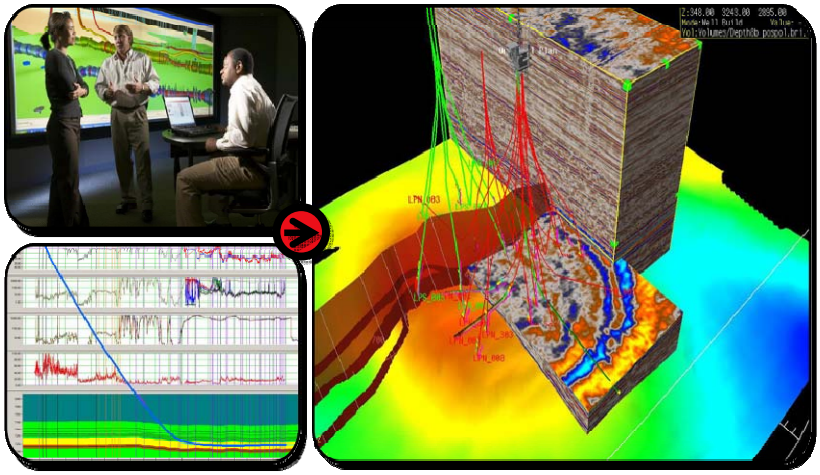
Attracting and Developing New Talent

- 92% nationalization of our workforce
- 121 nationalities working for Halliburton
- 13% 2007 increase in world-wide headcount; 16% in Eastern Hemisphere
- 11% 2007 increase in training hours per employee; 15% increase per employee in the Eastern Hemisphere

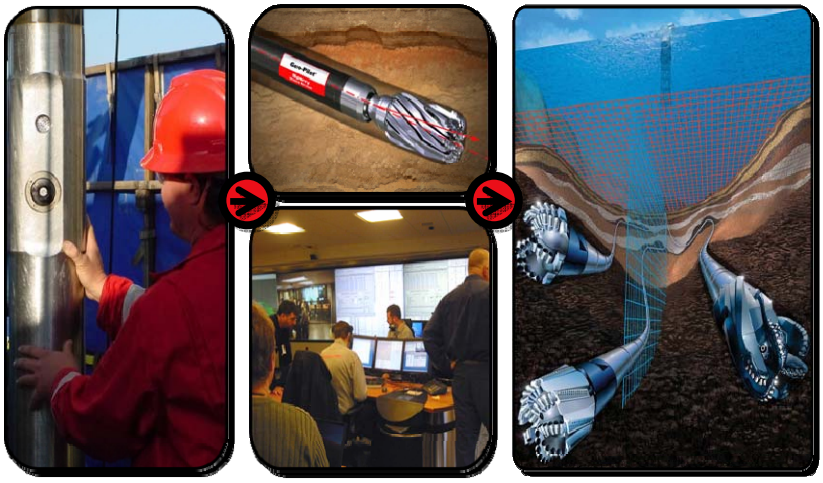
Technology Focus

- Technology to enhance the value of the digital asset
- Technology to improve well construction
- Technology to increase production
- Technology to develop unconventional resources

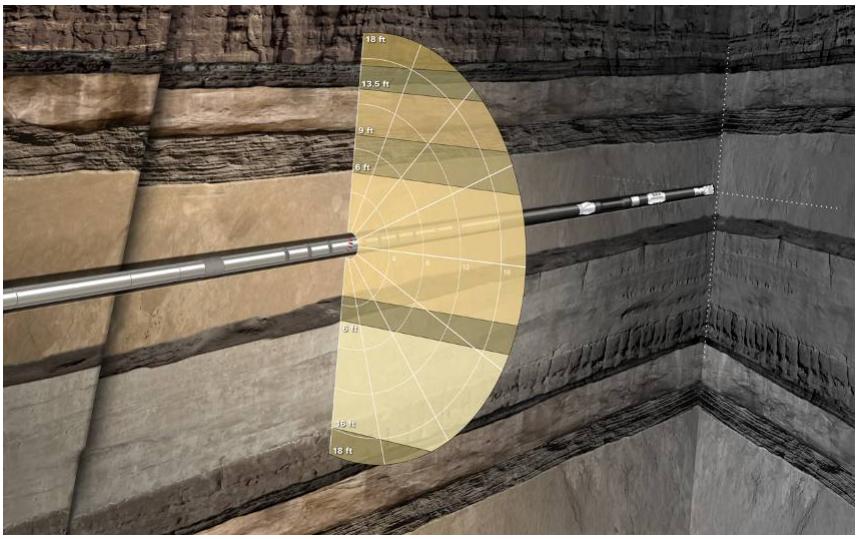
The Digital Asset



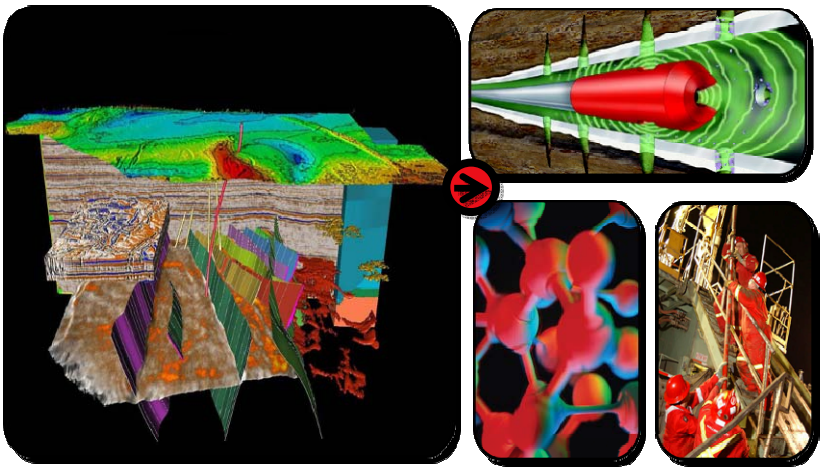
Technology to Improve Well Construction



INSITE® ADR – Azimuthal Deep Resistivity



Technology to Increase Production



Technology to Develop Unconventional Resources

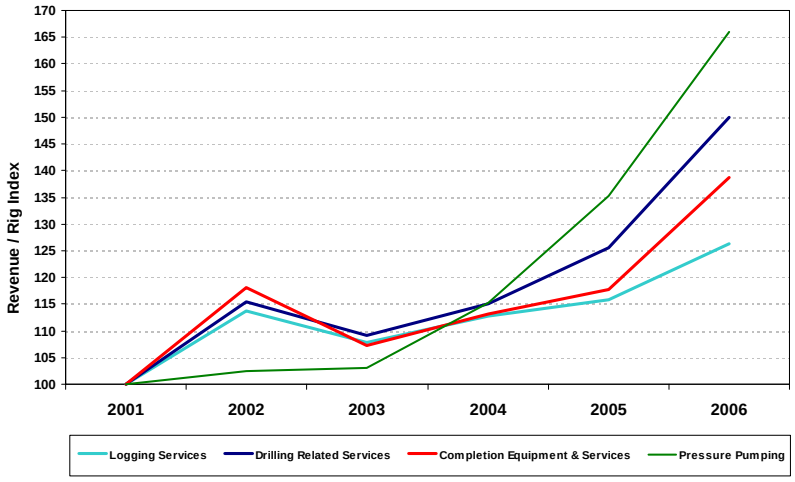
Tight Gas

- Pinpoint stimulation and conductivity endurance

Heavy Oil

- Resins for sand control
- Proppant flowback control
- SAGD™ steam injection system

Service Intensity of Drilling and Completions



Source: Spears & Associates 2006 Oilfield Market Report and March 2007 Drilling & Production Outlook.

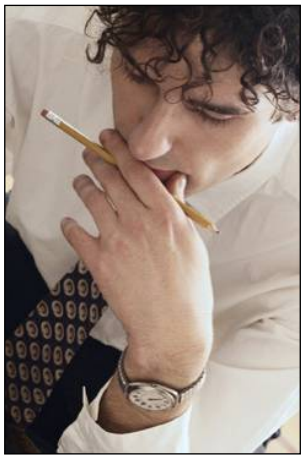
Financial Discussion

Cris Gaut
Executive Vice President
and Chief Financial Officer

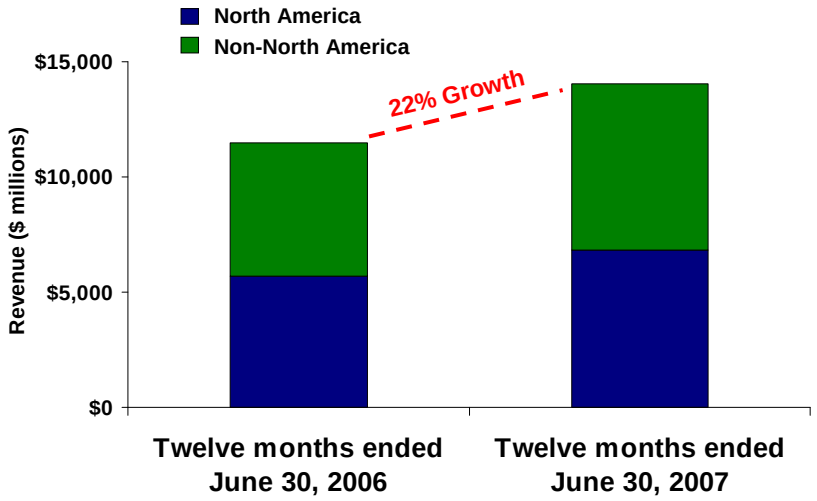
Performance Objectives

Initially set June 2006

- **Revenue growth**
- **Operating margins**
- **Operating income**
- **Income from continuing operations/EPS**
- **Return on equity**
- **Free cash flow utilization**

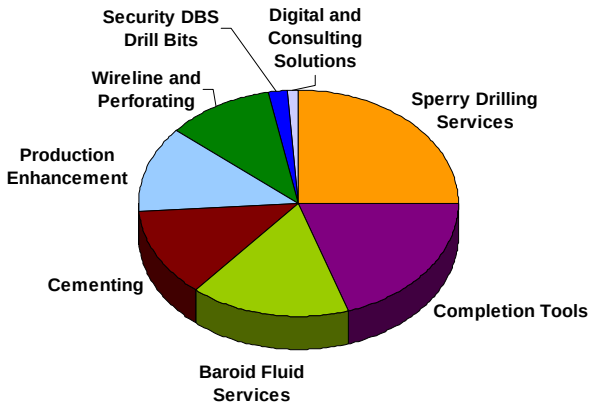


Revenue Growth



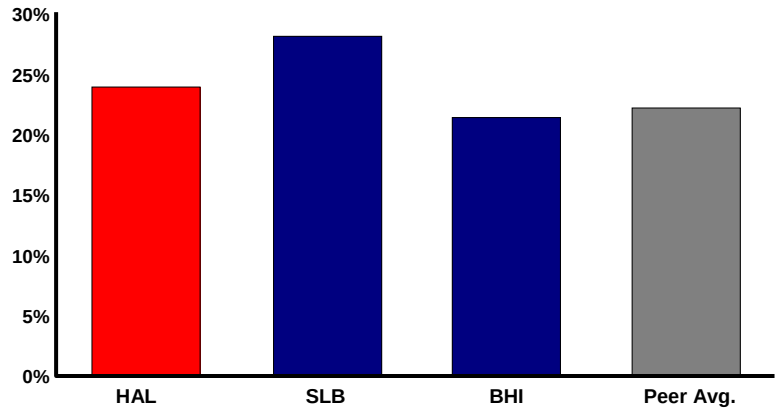
Non-North America Revenue Growth of 24%

Twelve months ended June 30, 2007 versus prior year



Operating Margins

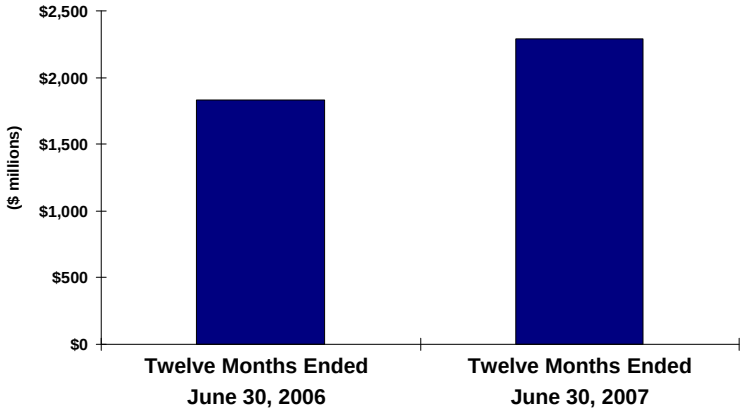
Twelve months ended June 30, 2007



Note: Peer average includes SLB, BHI, BJS, SII and WFT.

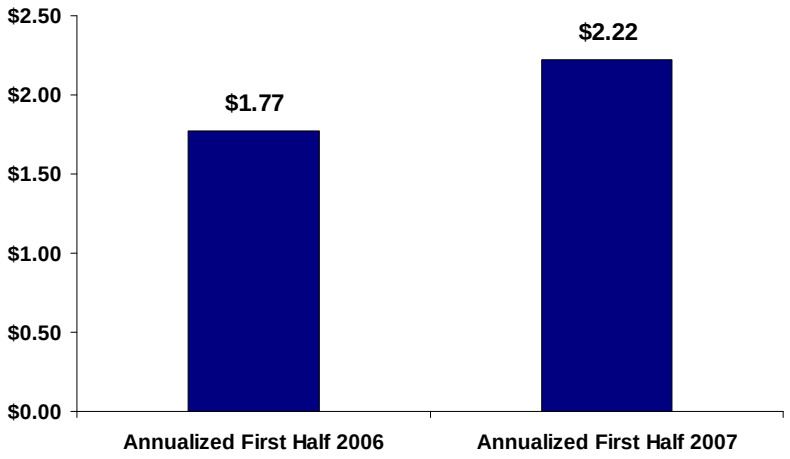
Excludes the following special items for HAL: $48 million 4Q 2006 gain on sale of lift boats and $49 million 2Q 2007 gain on sale of an investment.

Income From Continuing Operations



Excludes the following special items for HAL: $540 million 4Q 2005 income tax valuation allowance adjustment, $18 million (after tax) 4Q 2005 intellectual property settlement, $32 million (after tax) 4Q 2006 gain on sale of lift boats, and $31 million (after tax) 2Q 2007 gain on sale of an investment.

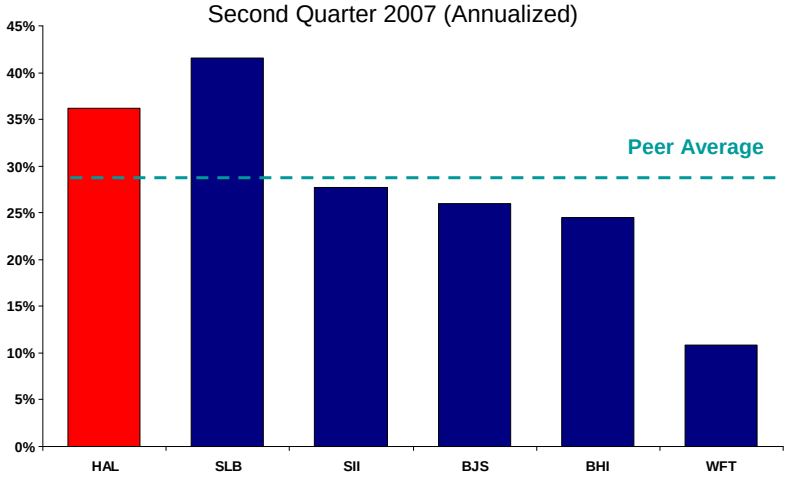
Diluted EPS from Continuing Operations



Excludes the $31 million (after tax) 2Q 2007 gain on sale of an investment.

Return on Equity

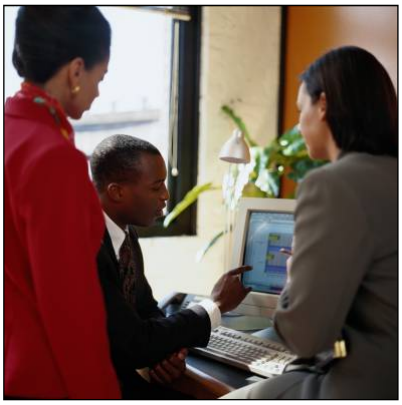
Second Quarter 2007 (Annualized)



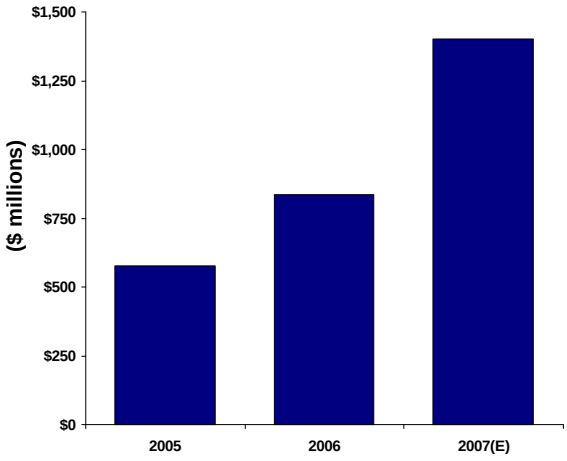
Excludes HAL's $31 million (after tax) 2Q 2007 gain on sale of an investment and discontinued operations.
Halliburton's average second quarter shareholders' equity reflects the weighting related to the 85 million shares exchanged in the April 5th KBR separation.

Free Cash Flow Utilization

- Capital spending
- Acquisitions
- Share repurchases and dividends



Capital Spending



Acquisitions

ULTRALINE

VECTOR MAGNETICS

PSL ENERGY SERVICES

БУРСЕРВИС
НАУЧНО-ПРОИЗВОДСТВЕННОЕ ПРЕДПРИЯТИЕ

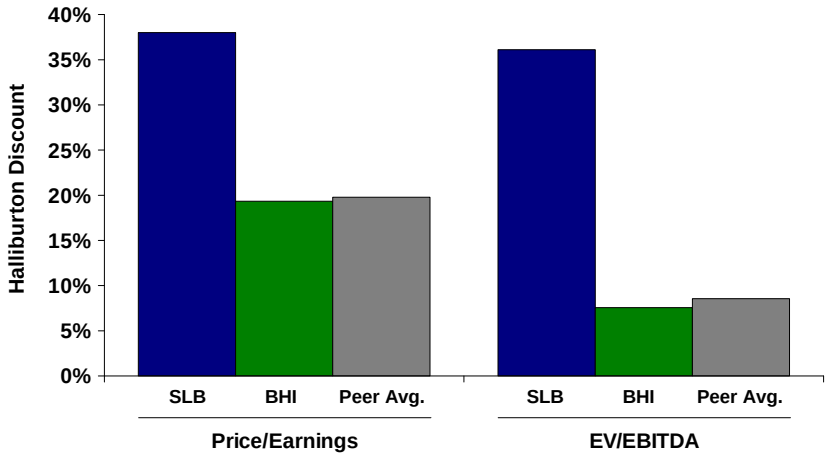
Burservice

easywell

Share Repurchase Program and Dividend Policy

- **Share Repurchase Program**
  - Commenced February 2006
  - $5 billion total authorization
  - Aggressively purchasing shares on low valuation
- **Dividend Policy**
  - February 2006 – 20% increase
  - June 2007 – 20% increase

Relative Valuation



Peer average includes: SLB, BHI, BJS, SII and WFT.
Source: Lehman Brothers 2007 E (August 2007).

Questions

Appendix

HALLIBURTON

HAL – Segment Results

($ millions)	Q105	Q205	Q305	Q405	Q106	Q206	Q306	Q406	Q107	Q207	2005	2006	YTD 2007
Revenue													
Production Optimization	$ 834	$ 971	$ 1,032	$ 1,154	$ 1,196	$ 1,292	$ 1,418	$ 1,454	$ 1,337	$ 1,533	$ 3,991	$ 5,360	$ 2,870
Fluid Systems	631	699	731	776	836	870	928	964	993	1,045	2,837	3,598	2,038
Drilling and Formation Evaluation	555	641	663	693	725	774	845	877	917	953	2,552	3,221	1,870
Digital & Consulting Solutions	164	160	171	225	181	180	201	214	175	204	720	776	379
Total	$ 2,184	$ 2,471	$ 2,597	$ 2,848	$ 2,938	$ 3,116	$ 3,392	$ 3,509	$ 3,422	$ 3,735	$ 10,100	$ 12,955	$ 7,157
Operating Income													
Production Optimization	$ 290	$ 240	$ 259	$ 306	$ 333	$ 368	$ 417	$ 455	$ 325	$ 403	$ 1,095	$ 1,573	$ 728
Fluid Systems	120	142	146	165	189	201	217	217	214	200	573	824	414
Drilling and Formation Evaluation	96	146	150	168	179	194	233	238	256	235	560	844	491
Digital & Consulting Solutions	29	16	36	66	50	51	63	77	50	117	147	241	167
General Corporate	(54)	(59)	(50)	(48)	(59)	(54)	(60)	(64)	(57)	(62)	(211)	(237)	(119)
Total	$ 481	$ 485	$ 541	$ 657	$ 692	$ 760	$ 870	$ 923	$ 788	$ 893	$ 2,164	$ 3,245	$ 1,681
CAPEX	131	129	164	151	138	201	230	265	303	379	575	834	682
DDA	110	112	111	115	117	117	122	124	131	140	448	480	271

HAL – Segment Items

($ millions) **Operating income**	Q105	Q205	Q305	Q405	Q106	Q206	Q306	Q406	Q107	Q207	2005	2006	YTD 2007
Production Optimization:													
Subsea 7, Inc. gain on sale	110	-	-	-	-	-	-	-	-	-	110	-	-
Gain on sale of lift boats	-	-	-	-	-	-	-	48	-	-	-	48	-
Drilling and Formation Evaluation:													
Intellectual property settlement	-	-	-	24	-	-	-	-	-	-	24	-	-
Digital and Consulting Solutions:													
Gain on sale of an investment	-	-	-	-	-	-	-	-	-	49	-	-	49
Total	$ 110	$ -	$ -	$ 24	$ -	$ -	$ -	$ 48	$ -	$ 49	$ 134	$ 48	$ 49

ESG – Geographic Results

($ millions)	Q105	Q205	Q305	Q405	Q106	Q206	Q306	Q406	Q107	Q207	2005	2006	YTD 2007
Revenue													
North America	$ 1,059	$ 1,136	$ 1,270	$ 1,354	$ 1,513	$ 1,541	$ 1,738	$ 1,666	$ 1,672	$ 1,746	$ 4,819	$ 6,458	$ 3,418
Latin America	314	334	323	373	351	355	390	418	404	448	1,344	1,514	852
Europe / Africa / CIS	469	570	595	640	607	694	721	838	783	926	2,274	2,860	1,709
Middle East / Asia	342	431	409	481	467	526	543	587	563	615	1,663	2,123	1,178
Total	$ 2,184	$ 2,471	$ 2,597	$ 2,848	$ 2,938	$ 3,116	$ 3,392	$ 3,509	$ 3,422	$ 3,735	$ 10,100	$ 12,955	$ 7,157
Operating Income													
North America	$ 364	$ 299	$ 359	$ 400	$ 493	$ 481	$ 571	$ 539	$ 494	$ 526	$ 1,422	$ 2,084	$ 1,020
Latin America	48	42	43	70	55	68	82	95	75	94	203	300	169
Europe / Africa / CIS	66	110	107	127	100	135	138	214	149	181	410	587	330
Middle East / Asia	57	93	82	108	103	130	139	139	127	154	340	511	281
General Corporate	(54)	(59)	(50)	(48)	(59)	(54)	(60)	(64)	(57)	(62)	(211)	(237)	(119)
Total	$ 481	$ 485	$ 541	$ 657	$ 692	$ 760	$ 870	$ 923	$ 788	$ 893	$ 2,164	$ 3,245	$ 1,681

ESG – Geographic Items

($ millions)	Q105	Q205	Q305	Q405	Q106	Q206	Q306	Q406	Q107	Q207	2005	2006	YTD 2007
Operating Income													
North America													
Subsea 7, Inc. gain on sale	107	-	-	-	-	-	-	-	-	-	107	-	-
Intellectual property settlement	-	-	-	12	-	-	-	-	-	-	12	-	-
Gain on sale of an investment	-	-	-	-	-	-	-	-	-	49	-	-	49
Latin America													
Intellectual property settlement	-	-	-	2	-	-	-	-	-	-	2	-	-
Europe / Africa / CIS													
Subsea 7, Inc. gain on sale	3	-	-	-	-	-	-	-	-	-	3	-	-
Intellectual property settlement	-	-	-	6	-	-	-	-	-	-	6	-	-
Gain on sale of lift boats	-	-	-	-	-	-	-	48	-	-	-	48	-
Middle East / Asia													
Intellectual property settlement	-	-	-	4	-	-	-	-	-	-	4	-	-
Total	$ 110	$ -	$ -	$ 24	$ -	$ -	$ -	$ 48	$ -	$ 49	$ 134	$ 48	$ 49

HALLIBURTON

Press Release

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FOR IMMEDIATE RELEASE
July 23, 2007

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HALLIBURTON ANNOUNCES SECOND QUARTER EARNINGS OF $1.62 PER DILUTED SHARE; $0.63 PER DILUTED SHARE FROM CONTINUING OPERATIONS

HOUSTON, Texas – Halliburton (NYSE:HAL) announced today that net income for the second quarter of 2007 was $1.5 billion, or $1.62 per diluted share, which includes a net gain of $933 million from the separation of KBR, Inc. recorded in discontinued operations. This compares to net income of $591 million, or $0.55 per diluted share, in the second quarter of 2006. Income from continuing operations in the second quarter of 2007 was $595 million, or $0.63 per diluted share. This compares to income from continuing operations of $498 million, or $0.47 per diluted share, in the second quarter of 2006.

Halliburton's consolidated revenue in the second quarter of 2007 was $3.7 billion, up 20% from the second quarter of 2006. This increase was attributable to increased worldwide activity, particularly in the Eastern Hemisphere.

Consolidated operating income was $893 million in the second quarter of 2007 compared to $760 million in the second quarter of 2006. The increase in operating income was generated primarily by increased customer activity and new international contracts. Also included in second quarter of 2007 operating income was a $49 million gain before tax ($0.03 after tax per diluted share) from the sale of an investment.

"We are pleased with this quarter's results in the Eastern Hemisphere, where we posted 14% revenue and 21% operating income growth as compared to the first quarter of 2007. Our operating income margins in the Eastern Hemisphere increased to nearly 22%. Our commitment to invest in high-growth Eastern Hemisphere markets is evident in our results," said Dave Lesar, chairman, president, and chief executive officer. "In addition, we have seen a strong recovery in the United States well stimulation market from the slowdown we experienced last winter. In fact, in June we experienced the highest monthly United States well stimulation revenue in our history. Our Canadian operations were impacted by the significant decline in activity and the spring breakup season. Our Drilling and Formation Evaluation segment experienced a $21 million decline in operating income from the first quarter due to Canadian operations."

-more-

2007 Second Quarter Results

Production Optimization operating income in the second quarter of 2007 was $403 million, an increase of $35 million or 10% from the second quarter of 2006. Production Enhancement operating income declined 2%, primarily from reduced activity in Asia Pacific and Eurasia, while North America was stable. Completion Tools operating income grew 58%, with non-North American operating income increasing more than 64%. The Completion Tools operating income increase was led by the Middle East, Malaysia, Brazil, and Mexico.

Fluid Systems operating income in the second quarter of 2007 was $200 million, consistent with the results in the second quarter of 2006. Cementing operating income increased 9% compared to the prior year second quarter with increased activity in all regions. Baroid Fluid Services operating income declined 22%, primarily from reduced activity in Latin America and the recording of an additional reserve related to an environmental matter.

Drilling and Formation Evaluation operating income in the second quarter of 2007 was $235 million, an increase of $41 million or 21% over the prior year second quarter. Sperry Drilling Services operating income increased 42%, with a 75% increase in the Eastern Hemisphere, benefiting from increased activity and the introduction of new technology. Wireline and Perforating Services operating income decreased 7%, primarily due to the Canadian breakup impact on the expanded business in Canada. Security DBS Drill Bits operating income improved 42% over the prior year second quarter, reflecting increased rig activity and fixed cutter bit sales in the United States and the North Sea.

Digital and Consulting Solutions operating income in the second quarter of 2007 was $117 million, up $66 million, or 129%, from the prior year quarter. The second quarter of 2007 operating income included a gain of $49 million from the sale of an investment. Landmark's year over year operating income grew 49% with increases in all four regions on improved sales of software and consulting services.

Technology and Significant Achievements

Halliburton made a number of advances in technology and growth.

- Halliburton has entered into a definitive agreement with the shareholders of OOO Burservice to purchase the entire share capital of this Russian directional drilling company. This agreement is subject to regulatory approvals.

- Halliburton's Drilling and Formation Evaluation segment has acquired the intellectual property, assets and existing business associated with Vector Magnetics LLC's active ranging technology for Steam-Assisted Gravity Drainage (SAGD) applications.

- Halliburton has been awarded a contract to provide completion products and services to a group of energy companies for operations throughout Malaysia for a term of five years. The group includes PETRONAS Carigali, Exxon, Shell and Newfield. Valued at $200 million, the contract has the potential to extend beyond the five-year term. This project will be aided by the addition of Halliburton's new manufacturing facility, which is under construction in Malaysia.

- Halliburton has been awarded a major contract by Reliance Industries Limited for the provision of deepwater sand control completion technology in the Dhirubhai-I and Dhirubhai-3 fields offshore India. The scope of the work includes supplying products and installation services for upper completion for 18 wells and open-hole gravel packs for 15 wells.

- Landmark and Statoil have signed a project development agreement to jointly create a geoscience interpretation software system for Statoil's basin- and prospect-scale exploration activities.

- Halliburton announced the opening of a new training center in Tyumen, Russia, in cooperation with the Tyumen State Oil and Gas University. Designed to further develop the professional and technical skills of the company's employees in Eurasia, the Tyumen training center is Halliburton's twelfth such center worldwide and the first in Russia.

- Halliburton's board of directors increased the authorization of Halliburton's common share repurchase program by an additional $2 billion. The $2 billion increase brings the aggregate authorization to $5 billion, with approximately $2.8 billion currently remaining. The share repurchase program does not require Halliburton to acquire any specific number of shares and may be terminated or suspended at any time. This additional authorization may be used for open market share purchases or to settle the conversion premium over the face amount of the company's 3 ⅛% convertible senior notes, should they be redeemed. During the second quarter of 2007, Halliburton purchased 25,746,000 shares at an average price of $35.37 at a total cost of $911 million.

Founded in 1919, Halliburton is one of the world's largest providers of products and services to the energy industry. With nearly 50,000 employees in approximately 70 countries, the company serves the upstream oil and gas industry throughout the lifecycle of the reservoir – from locating hydrocarbons and managing geological data, to drilling and formation evaluation, well construction and completion, and optimizing production through the life of the field. Visit the company's World Wide Web site at www.halliburton.com.

NOTE: The statements in this press release that are not historical statements, including statements regarding future financial performance, are forward-looking statements within the meaning of the federal securities laws. These statements are subject to numerous risks and uncertainties, many of which are beyond the company's control, which could cause actual results to differ materially from the results expressed or implied by the statements. These risks and uncertainties include, but are not limited to: consequences of audits and investigations by domestic and foreign government agencies and legislative bodies and related publicity; potential adverse proceedings by such agencies; protection of intellectual property rights; compliance with environmental laws; changes in government regulations and regulatory requirements, particularly those related to radioactive sources, explosives, and chemicals; compliance with laws related to income taxes and assumptions regarding the generation of future taxable income; unsettled political conditions, war, and the effects of terrorism, foreign operations, and foreign exchange rates and controls; weather-related issues including the effects of hurricanes and tropical storms; changes in capital spending by customers; changes in the demand for or price of oil and/or natural gas, impairment of oil and gas properties, structural changes in the oil and natural gas industry; increased competition for employees; availability of raw materials; and integration of acquired businesses and operations of joint ventures. Halliburton's Form 10-K for the year ended December 31, 2006, Form 10-Q for the period ended March 31, 2007, recent Current Reports on Form 8-K, and other Securities and Exchange Commission filings discuss some of the important risk factors identified that may affect the business, results of operations, and financial condition. Halliburton undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

-more-

HALLIBURTON COMPANY
Condensed Consolidated Statements of Operations
(Millions of dollars and shares except per share data)
(Unaudited)

	Three Months Ended June 30		Three Months Ended March 31
	2007	2006	2007
Revenue:			
Production Optimization	**$ 1,533**	$ 1,292	$ 1,337
Fluid Systems	**1,045**	870	993
Drilling and Formation Evaluation	**953**	774	917
Digital and Consulting Solutions	**204**	180	175
Total revenue	**$ 3,735**	$ 3,116	$ 3,422
Operating income (loss):			
Production Optimization	**$ 403**	$ 368	$ 325
Fluid Systems	**200**	201	214
Drilling and Formation Evaluation	**235**	194	256
Digital and Consulting Solutions	**117 (a)**	51	50
General corporate	**(62)**	(54)	(57)
Total operating income	**893 (a)**	760	788
Interest expense	**(41)**	(42)	(38)
Interest income	**36**	35	38
Other, net	**(2)**	(1)	(3)
Income from continuing operations before income taxes and minority interest	**886 (a)**	752	785
Provision for income taxes	**(284)**	(245)	(259)
Minority interest in net (income) loss of subsidiaries	**(7)**	(9)	3
Income from continuing operations	**595 (a)**	498	529
Income from discontinued operations, net	**935 (b)**	93	23 (c)
Net income	**$ 1,530 (a)**	$ 591	$ 552
Basic income per share:			
Income from continuing operations	**$ 0.66**	$ 0.49	$ 0.53
Income from discontinued operations, net	**1.03 (b)**	0.09	0.02 (c)
Net income	**$ 1.69**	$ 0.58	$ 0.55
Diluted income per share:			
Income from continuing operations	**$ 0.63 (a)**	$ 0.47	$ 0.52
Income from discontinued operations, net	**0.99 (b)**	0.08	0.02 (c)
Net income	**$ 1.62 (a)**	$ 0.55	$ 0.54
Basic weighted average common shares outstanding	**905**	1,026	992
Diluted weighted average common shares outstanding	**942**	1,070	1,025

(a) Second quarter 2007 operating income included a $49 million gain on sale of an investment, which was recorded in Digital and Consulting Solutions results in North America. On an after tax basis, the gain on sale was $31 million or $0.03 per diluted share.

(b) Income from discontinued operations, net, in the second quarter of 2007 included a $933 million net gain on the separation of KBR, Inc.

(c) Income from discontinued operations, net, in the first quarter of 2007 included Halliburton's 81% share of KBR, Inc.'s $28 million in net income in the first quarter of 2007.

All periods presented reflect the reclassification of KBR, Inc. to discontinued operations and the reclassification of certain expenses that were previously allocated to the segments and are now included in general corporate expenses.

HALLIBURTON COMPANY
Condensed Consolidated Statements of Operations
(Millions of dollars and shares except per share data)
(Unaudited)

	Six Months Ended June 30	
	2007	2006
Revenue:		
Production Optimization	**$ 2,870**	$ 2,488
Fluid Systems	**2,038**	1,706
Drilling and Formation Evaluation	**1,870**	1,499
Digital and Consulting Solutions	**379**	361
Total revenue	**$ 7,157**	$ 6,054
Operating income (loss):		
Production Optimization	**$ 728**	$ 701
Fluid Systems	**414**	390
Drilling and Formation Evaluation	**491**	373
Digital and Consulting Solutions	**167 (a)**	101
General corporate	**(119)**	(113)
Total operating income	**1,681 (a)**	1,452
Interest expense	**(79)**	(84)
Interest income	**74**	58
Other, net	**(5)**	1
Income from continuing operations before income taxes and minority interest	**1,671 (a)**	1,427
Provision for income taxes	**(543)**	(468)
Minority interest in net income of subsidiaries	**(4)**	(12)
Income from continuing operations	**1,124 (a)**	947
Income from discontinued operations, net	**958 (b)**	132
Net income	**$ 2,082 (a)**	$ 1,079
Basic income per share:		
Income from continuing operations	**$ 1.18**	$ 0.92
Income from discontinued operations, net	**1.01 (b)**	0.13
Net income	**$ 2.19**	$ 1.05
Diluted income per share:		
Income from continuing operations	**$ 1.14 (a)**	$ 0.89
Income from discontinued operations, net	**0.98 (b)**	0.12
Net income	**$ 2.12 (a)**	$ 1.01
Basic weighted average common shares outstanding	**949**	1,025
Diluted weighted average common shares outstanding	**983**	1,069

(a) Second quarter 2007 operating income included a $49 million gain on sale of an investment, which was recorded in Digital and Consulting Solutions results in North America. On an after tax basis, the gain on sale was $31 million or $0.03 per diluted share.

(b) Income from discontinued operations, net, in six months ended June 30, 2007 included a $933 million net gain on the separation of KBR, Inc. and Halliburton's 81% share of KBR, Inc.'s $28 million in net income in the first quarter of 2007.

All periods presented reflect the reclassification of KBR, Inc. to discontinued operations and the reclassification of certain expenses that were previously allocated to the segments and are now included in general corporate expenses.

HALLIBURTON COMPANY
Condensed Consolidated Balance Sheets
(Millions of dollars)
(Unaudited)

	June 30, 2007	December 31, 2006
Assets		
Current assets:		
Cash and marketable investments	**$ 2,223**	$ 2,938
Receivables, net	**2,948**	2,629
Inventories, net	**1,500**	1,235
Current assets of discontinued operations	**–**	3,898
Other current assets	**601**	490
Total current assets	**7,272**	11,190
Property, plant, and equipment, net	**2,988**	2,557
Noncurrent assets of discontinued operations	**–**	1,497
Other assets	**1,729**	1,616
Total assets	**$ 11,989**	$ 16,860
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	**$ 856**	$ 655
Current maturities of long-term debt	**11**	26
Current liabilities of discontinued operations	**–**	2,831
Other current liabilities	**1,299**	1,222
Total current liabilities	**2,166**	4,734
Long-term debt	**2,784**	2,783
Noncurrent liabilities of discontinued operations	**–**	981
Other liabilities	**1,110**	917
Total liabilities	**6,060**	9,415
Minority interest in consolidated subsidiaries	**71**	69
Shareholders' equity	**5,858**	7,376
Total liabilities and shareholders' equity	**$ 11,989**	$ 16,860

All periods presented reflect the reclassification of KBR, Inc. to discontinued operations.

HALLIBURTON COMPANY
Selected Cash Flow Information
(Millions of dollars)
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	**2007**	2006
Capital expenditures	**$ 379**	$ 201	**$ 682**	$ 339
Depreciation, depletion, and amortization	**$ 140**	$ 117	**$ 271**	$ 234

All periods presented reflect the reclassification of KBR, Inc. to discontinued operations.

HALLIBURTON COMPANY
Revenue and Operating Income Comparison
By Geographic Region
(Millions of dollars)
(Unaudited)

	Three Months Ended June 30		Three Months Ended March 31,
	2007	2006	2007
Revenue:			
North America	**$ 1,746**	$ 1,541	$ 1,672
Latin America	**448**	355	404
Europe/Africa/CIS	**926**	694	783
Middle East/Asia	**615**	526	563
Total revenue	**$ 3,735**	$ 3,116	$ 3,422
Operating income:			
North America	**$ 526 (a)**	$ 481	$ 494
Latin America	**94**	68	75
Europe/Africa/CIS	**181**	135	149
Middle East/Asia	**154**	130	127
General corporate	**(62)**	(54)	(57)
Total operating income	**$ 893**	$ 760	$ 788

	Six Months Ended June 30	
	2007	2006
Revenue:		
North America	**$ 3,418**	$ 3,054
Latin America	**852**	706
Europe/Africa/CIS	**1,709**	1,301
Middle East/Asia	**1,178**	993
Total revenue	**$ 7,157**	$ 6,054
Operating income:		
North America	**$ 1,020 (a)**	$ 974
Latin America	**169**	123
Europe/Africa/CIS	**330**	235
Middle East/Asia	**281**	233
General corporate	**(119)**	(113)
Total operating income	**$ 1,681**	$ 1,452

(a) Second quarter 2007 operating income included a $49 million gain on the sale of an investment, which was recorded in Digital and Consulting Solutions results in North America.

All periods presented reflect the reclassification of certain expenses that were previously allocated to the segments and are now included in general corporate expenses. Also, the results for Sakhalin have been reclassified from Middle East/Asia to Europe/Africa/CIS.

HALLIBURTON COMPANY
Reconciliation of As Reported Results to Adjusted Results
(Millions of dollars)
(Unaudited)

	Three Months Ended June 30, 2007
Income from continuing operations	$ 595
After-tax effect of gain on sale of investment	(31)
Adjusted income from continuing operations	$ 564

Management believes it is important to point out to investors that a portion of income from continuing operations is attributable to the sale of an investment in the second quarter of 2007, because investors have indicated to management their desire to understand the current drivers and future trends. The adjustment removes the effect of the investment sale.

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2007 TOP TEN TECHNOLOGIES

Azimuthal Deep Resistivity (ADR™) Sensor and StrataSteer® 3D Geosteering Service

The Azimuthal Deep Resistivity (ADR™) sensor provides a new level of reservoir navigation capability. By delivering both a geosteering solution and a fully compensated multiple-depth resistivity measurement in one package, the ADR sensor addresses the need for high-accuracy petrophysical evaluation and stratigraphic navigation in one tool. While drilling the pay zone, the sensor provides very deep (more than 16 feet) azimuthal resistivity readings that can detect approaching bed boundaries before the target zone is exited and determine if the approaching boundary is above, below or to the side of the well trajectory.

Cement Assurance™ Tool

The Cement Assurance™ tool supplements the properties of hydrated cement. The new device combines the best attributes of Swell Technology™ packers and cement to improve zonal isolation, increase the productive life of the well and minimize workover expense. The Cement Assurance tool utilizes swelling elastomer technology to fill portions of the annulus, which may be void of cement or other solids, to establish a hydraulic seal.

CobraMax® H Service

CobraMax H service enables operators to benefit from the efficiency of coiled-tubing-based multizone fracturing while optimizing key fracturing treatment parameters (injection rate, propant volume and propant concentration) in horizontal wellbores. The process can overcome flow convergence issues by providing maximum near-wellbore conductivity. Hydrajet-assisted fracturing combined with the well control capabilities and speed of coiled tubing help improve well performance by accurately controlling the placement of fractures in horizontal sections.

GasPerm 1000SM Service

GasPerm 1000SM service provides important benefits to help improve production from unconventional gas reservoirs, including ultra tight formations, coalbeds and shales. Based on microemulsion surfactant technology, the GasPerm 1000 agent works at the molecular level to help reduce damage due to phase trapping, enhance mobilization of liquid hydrocarbons including condensate, increase regained permeability to gas following treatment and improve load recovery. In addition, GasPerm 1000™ additive replaces methanol for water block applications.

High-Performance INNOVERT™ and INTEGRADE™ Clay-Free Oil-Based Fluids

In 2001, Baroid Fluid Services introduced the award-winning ACCOLADE® synthetic-based fluid and launched a step change in drilling fluid technology. The signature benefits of the ACCOLADE system – significantly reduced downhole losses, lower equivalent circulating density (ECD), drastically reduced pressure spikes for breaking circulation or running tubulars and easy maintenance with fewer additives – are now available in two new clay-free, oil-based systems: INNOVERT™ paraffin or mineral oil-based fluid and INTEGRADE™ diesel-based fluid.

LOGIQ™ Logging Platform

The LOGIQ™ system – Halliburton's next-generation platform for openhole and cased-hole wireline logging services – is a completely new technology that encompasses state-of-the-art downhole logging tools, a higher data rate telemetry system and a powerful PC-based LOGIQ surface system. The dramatic reduction in the length of the downhole tools without any penalty in temperature or pressure rating specifications has already proved effective in global field tests and has been recognized by customers to provide quality formation evaluation data.

Oil Mud Reservoir Imager (OMRI™) Tool

The latest addition to Halliburton's borehole imaging solutions is the OMRI™ tool for use in oil-based muds. The OMRI generates crisp, high-resolution digital images of the wellbore with a 1 inch vertical resolution, instead of the 1 foot vertical resolution that is available with conventional logging tools. The extra resolution makes thin bed pay and other important features clearly visible.

Optimized Reservoir Decisions

The Optimized Reservoir Decisions workflow helps to address E&P industry's uncertainties inherent in the reservoir and in production systems. The workflow utilizes Landmark's DMS™ software to help asset teams mitigate uncertainty, incorporate risk factors and utilize business objectives in a coherent field-development planning workflow. This approach, utilized by Landmark's consulting group in their Asset Decision Solutions methodology, applies high fidelity and technical rigor in each step of the field development workflow to enable E&P professionals to make better, more optimal decisions.

PropStopSM WC Service

PropStopSM WC service combines the capabilities of PropStop service and WaterWeb® service to help control proppant flowback, fines production and unwanted water production. The process is not merely a treatment of a symptom but is a proven remedy for the fundamental causes of a pervasive industry problem that escalates as assets mature. PropStop provides cohesion between proppant grains without damaging permeability or conductivity of the proppant pack. WaterWeb service reduces the permeability of the formation to water and may increase the permeability to hydrocarbons. The result is highly conductive fractures and long-term productivity.

Targeted Automated Steering Solutions

The Sperry Drilling Services' Pilot fleet has grown. The flagship Geo-Pilot® Rotary Steerable System is now joined by the practical EZ-Pilot™ Rotary Steerable System and the robust V-Pilot™ Vertical Drilling System, creating a comprehensive fleet of automated steering systems. These new solutions provide impressive drilling efficiency improvements for their targeted applications, while delivering the precise wellbore placement for which the Geo-Pilot system has become known. And with the addition of a Security DBS® drill bit, these systems deliver even better ROP and consistently excellent hole quality.

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Cement Assurance™ Tool

Cementing has been a mainstay process in wellbore construction for more than 85 years. The knowledge gained during this time frame has indicated that cement placement issues and long-term zonal isolation issues are areas of extreme importance. Failure in either of these categories can lead to safety, environmental and financial risk, up to and including the loss of the well, for our customers.

Halliburton's new Cement Assurance™ tool combines the best attributes of Swell Technology™ packers and Halliburton's primary cementing products and processes to provide the optimum solution to these challenges.

The Challenge

Wellbore trajectories, casing programs and inability to implement best practices can result in an incomplete cement sheath that fails to provide the desired zonal isolation. This placement issue is exacerbated in horizontal and deviated wells.

When cement hydrates (sets), its physical properties become well-defined. Quite often, over the life of the well, certain physical properties of cement are exceeded by production operations. The primary phenomenon is where the cement de-bonds from the casing. This results in the undesirable situation where hydrocarbons can travel to other portions of the well and to the surface in a situation often termed sustained casing pressure.

The Cement Assurance Tool Supplements the Properties of Hydrated Cement

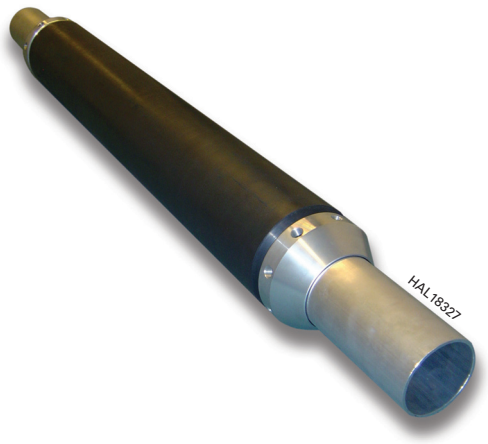
The Cement Assurance tool can improve zonal isolation, increase the productive life of the well and minimize workover expense. The device utilizes swelling elastomer technology to fill in portions of the incomplete cement sheath and fill in the gaps resulting from the casing-cement de-bonding phenomenon. The combination of hydrated cement and the Cement Assurance tool provides the necessary high-quality zonal isolation critical to optimum well performance.

The Cement Assurance tool is a large reactive gasket that is attached to the outside of the casing prior to running in the well. The pre-positioning of the tool at strategic points in the well allow the Swell Technology packing materials to supplement zonal isolation for the short term (placement issues) and the long term (sustained casing pressure). The expansion of the reactive gasket is "fueled" by common downhole materials such as oil, water or gas.

The Cement Assurance Tool Attributes

The Cement Assurance tool provides the following unique attributes:

- Functions autonomously – no surface manipulation required
- A service hand is not required to install tools onto casing string
- Self-healing and adjusts to changing wellbore conditions over time
- No moving parts
- Can seal in irregular borehole geometry
- Complements all slurry designs
- Minimal contribution to equivalent circulating density
- Available for any casing to be run in the well
- Can be applied in new drills or in existing wells that are being worked over
- Tool is rated for pressures up to 1,000 psi with temperature ratings of 230°F, 330°F and 400°F



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Middle East: Swellpacker™ Cement Assurance™ Tool Solves Mud-Channeling Issues


HAL19172

The Challenge

To ensure success for the intelligent completions to be installed in two multilateral wells, the customer needed effective zonal isolation between the lateral junctions. The main issue was the prospect of mud channeling occurring during cement placement, particularly in the highly deviated or horizontal sections of the well.

Mud channeling is caused by the casing sitting eccentrically in the open hole, allowing channels to form on the low side of the hole, usually at either side of the casing. This can result in inter-zonal communication behind the casing string.

Challenge Snapshot

- Install intelligent completions in multilateral wells
- Achieve effective zonal isolations between lateral junctions
- Mud channelling from poor cement placement

The Solution

To solve the problems of mud channeling and ensure an effective annular seal below the lateral junctions, the customer installed the Swellpacker™ Cement Assurance tool as part of the casing string to seal off the mud channels and micro-annuluses at the cement/casing interface. This tool also acts as a solid centralizer when run with the casing string as it sits on the low side of the hole where mud channeling normally occurs.

The cement slurry is then placed conventionally behind the casing, cementing the Swellpacker system in place. After cement placement, the Swellpacker system swells to seal off any formed mud channels or micro-annuluses, utilizing the hydrocarbon that flows along the channel.

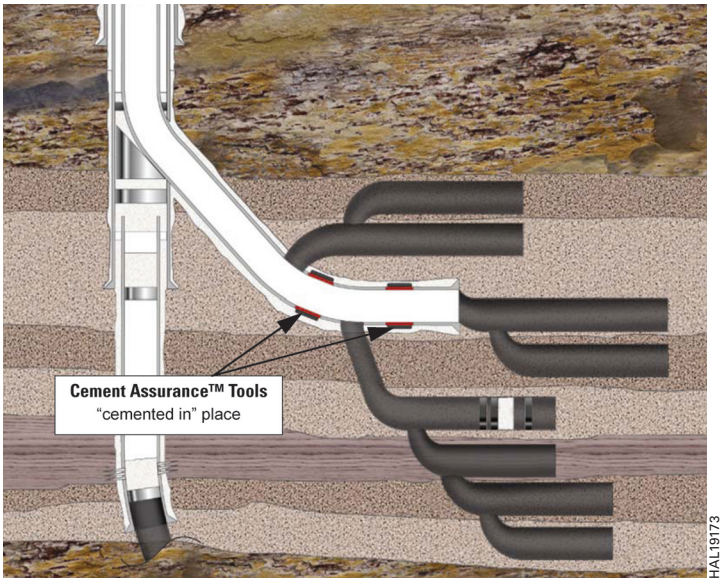
Solution Profile

- Through cement assurance, the Swellpacker systems were run with the casing string and installed below each lateral junction
- The Swellpacker system swelled and sealed any channels behind casing using flowing hydrocarbon

The Results

The 9-5/8" casing, complete with two Swellpacker systems, was run the first time, and the cement job was completed without any problems. A cement bond log was completed after cement placement and confirmed that the Swellpacker systems had been placed correctly below each lateral junction. It also identified areas of bad cement.

Installing the Swellpacker Cement Assurance tools provided effective zonal isolation between the laterals and ensured the long-term success of the internal intelligent completion (with no extra rig time taken up installing the casing and pumping the cement job).



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Oil Mud Reservoir Imager (OMRI™) Tool

The latest addition to Halliburton's borehole imaging solutions is the OMRI™ tool for use in oil-based muds. The OMRI tool generates crisp, high-resolution digital images of the wellbore down to one inch of vertical resolution, instead of one foot of vertical resolution that is available with conventional logging tools. The extra resolution makes thin bed pay and other important features clearly visible.

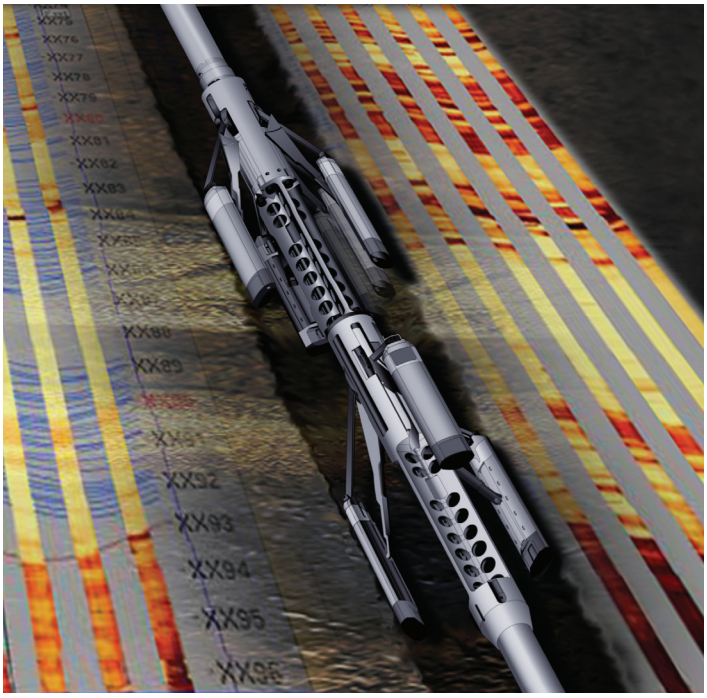
Designed to Give Better Data and Superior Resolution

With a current that penetrates four inches into the formation, deep enough to overcome the resistivity in oil-based muds, the OMRI tool gives correlatable events in less than 1 ohm. Six-arm calipers that move independently allow the OMRI tool to yield a truer borehole shape for determining borehole stresses that affect frac jobs and the quality of completions. Also unique to Halliburton's OMRI tool are pads that articulate both horizontally and vertically, keeping the tool in better contact with the formation. Better contact means better data. The combination of better data and superior resolution from 120 samples per foot provides measurements of formation properties as accurate as any available today.

OMRI Digital Images Reduce E&P Risks

Halliburton's OMRI tool reduces E&P risks by:

- As a stand-alone tool, identifying important reservoir characteristics, such as structural and stratigraphic dips, sedimentary textures and structures, borehole stresses and lithologic unit thickness
- Recognizing features beyond resolution of conventional logs, including permeability barriers, sand attributes, clasts, vugs and more
- Complementing or replacing whole core
- When integrated with other logs and well information, identifying lithology, porosity, water saturation, permeability, fluid profile and flow potential
- Identifying and quantifying thin bed pay



Benefits

Halliburton's OMRI tool can:

- Give detailed, accurate pictures of the reservoir that answer key geological and petrophysical questions
- Identify thin bed pay that cannot be seen with conventional logs, particularly in geologically younger, unconsolidated rock formations
- Increase the success rate in multi-well developments by answering basic questions about lithology and structural and stratigraphic dips that identify potential pay zones
- Optimize design of effective completion programs

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Sales of Halliburton products and services will be in accord solely with the terms and conditions contained in the contract between Halliburton and the customer that is applicable to the sale.

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CobraMax® H Service

An issue with coiled tubing-based pinpoint stimulation for multizone fracturing has been that large-diameter coiled tubing was required to achieve the high rates and fluid volumes, velocities and downhole pressures required for perforating and fracturing. The 2-3/8-in. or 2-7/8-in.-diameter coiled tubing imposed depth limitations due to the additional weight and the reel capacity of conventional coiled tubing units. Fortunately, recently developed technology has eliminated these shortcomings.

CobraMax® H Service Provides Coiled Tubing Efficiency and Optimized Frac Treatments

CobraMax® H service enables operators to benefit from the efficiency of coiled tubing-based multi-zone fracturing while optimizing key fracturing treatment parameters for both vertical and horizontal wellbores:

- Injection rate
- Proppant volume
- Proppant concentration

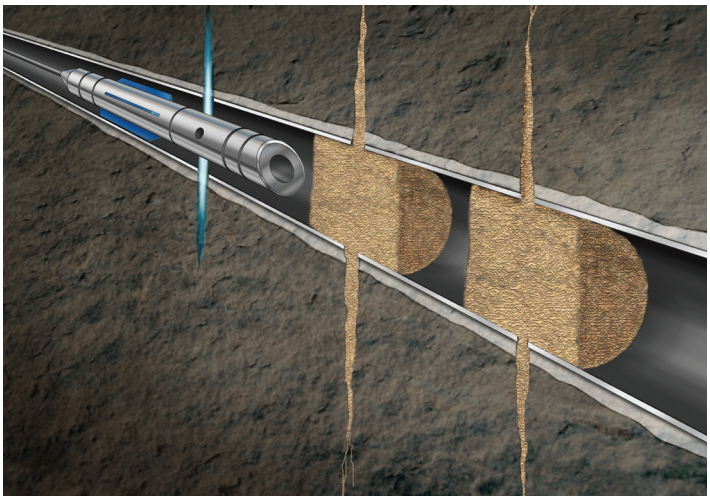
Innovative Aspects

The service combines hydrajetting-assisted fracturing with the coiled tubing's well control capabilities and speed to provide several innovative features:

- Enables perforating and fracturing in the same trip in the hole
- Eliminates the need to set mechanical plugs that must be removed later – proppant slug provides necessary diversion to upper zones
- Enables the use of conventional coiled tubing units, typically 1-3/4-in. or 2-in. OD units
- All operations are on a live well

Specifications

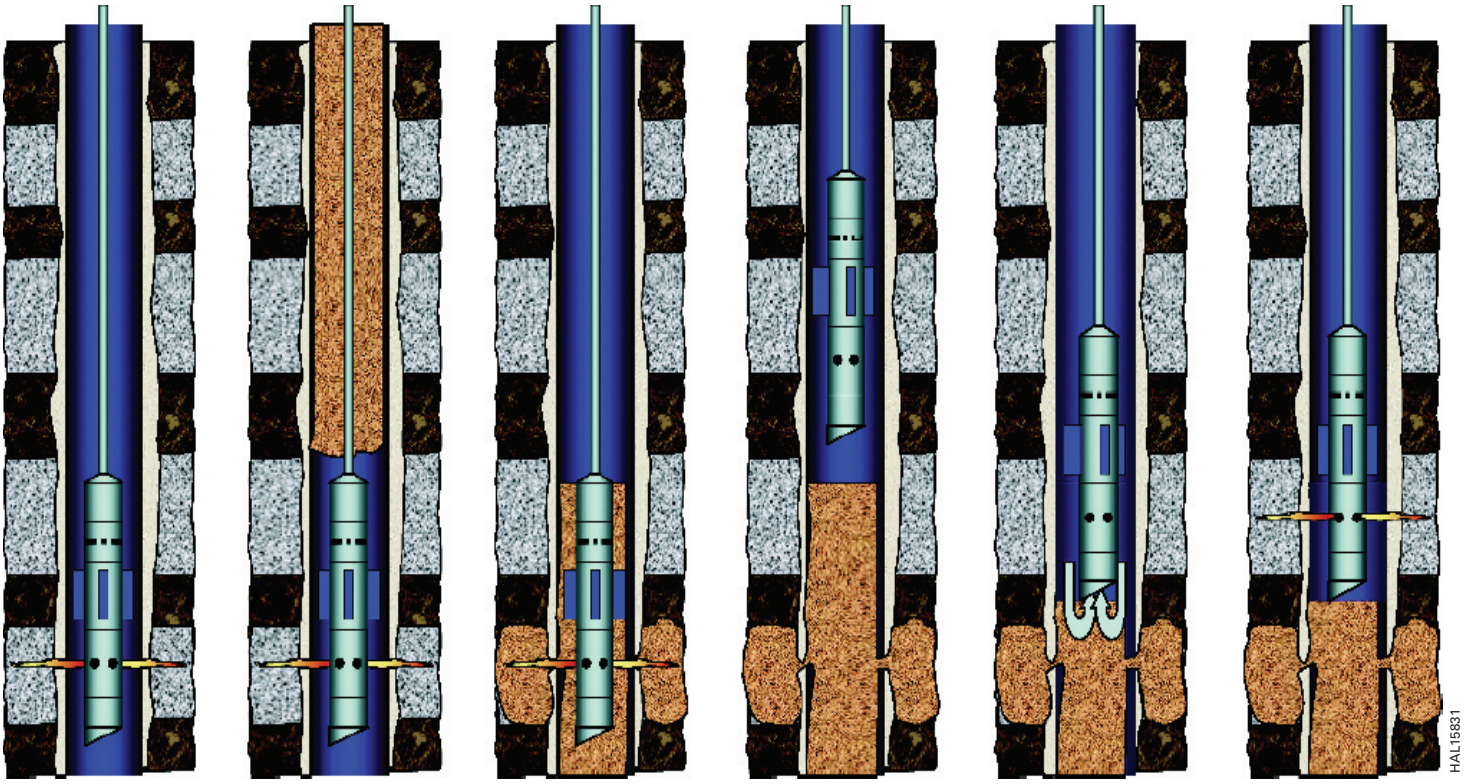
- No temperature limits with the bottomhole assembly (BHA)
- No depth limitations, except for the reach of the coiled tubing
- Enables fracturing in casing sizes of 3-1/2-in. or greater
- No downhole packer or bridge plug to manipulate



CobraMax H service is especially beneficial for horizontal wells where the process helps achieve higher production rates by eliminating flow convergence from the fracture into the wellbore. The proppant pack as a final stage of each fracture treatment helps achieve maximum conductivity in the near-wellbore region where flow convergence issues are the most extreme.

CobraMax H Service Provides 30 Percent Improvement in 180-Day Post-Frac Cumulative Production

Chevron began using the CobraMax H process in January 2005 in the Lost Hills field in California. The CobraMax H process began in 2004 and became the sole stimulation technique in 2005 after side-by-side comparisons. The surface and downhole tiltmeter analysis was used to compare the limited entry fracturing technique vertical coverage to the CobraMax H service vertical coverage. The CobraMax H technique has shown a 30 percent increase in the vertical fracture coverage compared to limited entry. A comprehensive report of the study is documented in SPE 101840 which spans two years' history in the use of the CobraMax H process.



The study found that the use of CobraMax H service to place an average of 18 fracture treatments per well resulted in a 30% improvement in 180-day post-frac cumulative production as compared to the 18-stage "perf and plug" fracturing method used prior to the introduction of CobraMax H service. As a result, the cost per BOE for completions costs was reduced by almost half, which resulted in an expansion of the field development due to favorable economics. As of September 2006, more than 100 CobraMax H service completions have been performed in the Lost Hills field. The development project is entering Part 4 expansion and CobraMax H service remains the sole method of completing these wells.

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High-Performance INNOVERT™ and INTEGRADE™ Clay-Free Invert-Emulsion Fluids

In 2001, Baroid Fluid Services introduced the award-winning ACCOLADE® synthetic-based fluid and launched a step-change in drilling fluid technology. The signature benefits of the ACCOLADE system – significantly reduced downhole losses, lower equivalent circulating density (ECD), drastically reduced pressure spikes for breaking circulation or running tubulars and easy maintenance with fewer additives – are now available in two new clay-free oil-based systems: INNOVERT™ paraffin or mineral oil-based fluid and INTEGRADE™ diesel-based fluid.

In dozens of wells drilled over the last year, the INNOVERT and INTEGRADE systems have proven to deliver the same performance as the acclaimed ACCOLADE system, but they are formulated with economical base oils that are used throughout the global market and on land applications. Where the use of paraffin or mineral oil and diesel fluids is permitted, operators now have two reliable high-performance options.

Unique Formulations

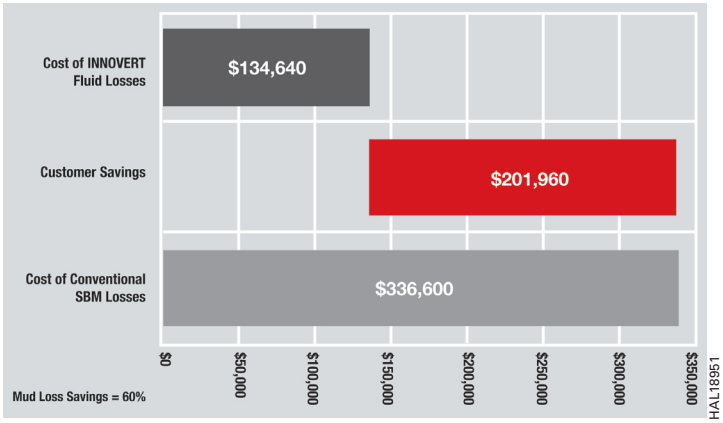
The INNOVERT and INTEGRADE systems are formulated without the use of commercial organophilic clays or lignites. Instead, the rheological properties are managed through the application of powerful new emulsifiers and fatty acids. The interaction of the components in these clay-free systems is the key to providing robust yet fragile gel structure, one of the most notable features of drilling fluids in the ACCOLADE fluid technology family. The gel structure of INNOVERT and INTEGRADE drilling fluids eliminates the need for excessive thickening of the mud. The systems' rapid response to this unique suite of products helps save conditioning time and prevent over-treatment. The absence of commercial clay and lignite naturally reduces the solids content and helps operators achieve faster rates of penetration (ROP).

Innovative Aspects

Where economics play a significant role in base fluid selection, operators have long been limited to conventional oil-based fluid technology – systems that have not changed in their design or performance capabilities in decades. Now operators have a choice: the INNOVERT and INTEGRADE systems can provide superior drilling performance yet retain the economic advantages of the lower-cost base oils.

Proven Performance

The INNOVERT system has consistently met high standards of performance in deepwater applications offshore West Africa, and is currently implemented in operations where paraffin or mineral oil-based fluid is the preferred option. The INTEGRADE system has rapidly replaced conventional diesel-based systems throughout South Texas and along the Gulf Coast, including slim-hole and casing drilling operations. The INTEGRADE system is also being considered for Western Canada and zero-discharge operations in the Gulf of Mexico.



INNOVERT™ system technology value savings in US dollars, every 10,000 feet drilled.

INNOVERT Case History:

While using a conventional paraffin-based fluid in deepwater West Africa, a major operator experienced huge losses when drilling, running casing and cementing. After changing to the Baroid INNOVERT system, the operator observed an approximate 60% reduction in downhole losses, representing a savings of approximately $200,000 for every 10,000 feet drilled.

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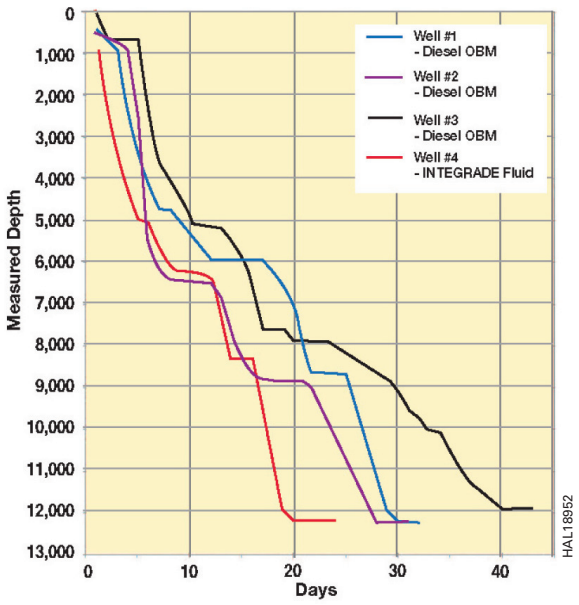
INTEGRADE Case History:

A major operator drilled four wells in the Haynes/Jennings field in Zapata County, Texas. These wells were selected for comparison based on their similarity. Three of the wells were drilled with a conventional diesel-based mud (Wells 1, 2, 3). The fourth well was drilled with the new INTEGRADE diesel-based system (Well 4). Compared to those wells drilled with conventional diesel-based mud, the well drilled with the new INTEGRADE system reached total depth eight days faster than the fastest comparison well, yet required fewer products and diesel additions. Based on a daily rig rate of $38,000, the operator reduced operation costs by at least $304K.



INTEGRADE Fluid vs. Diesel OBM; Days vs. Depth; Haynes/Jennings Field, Zapata County, Texas

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GasPerm 1000SM Service

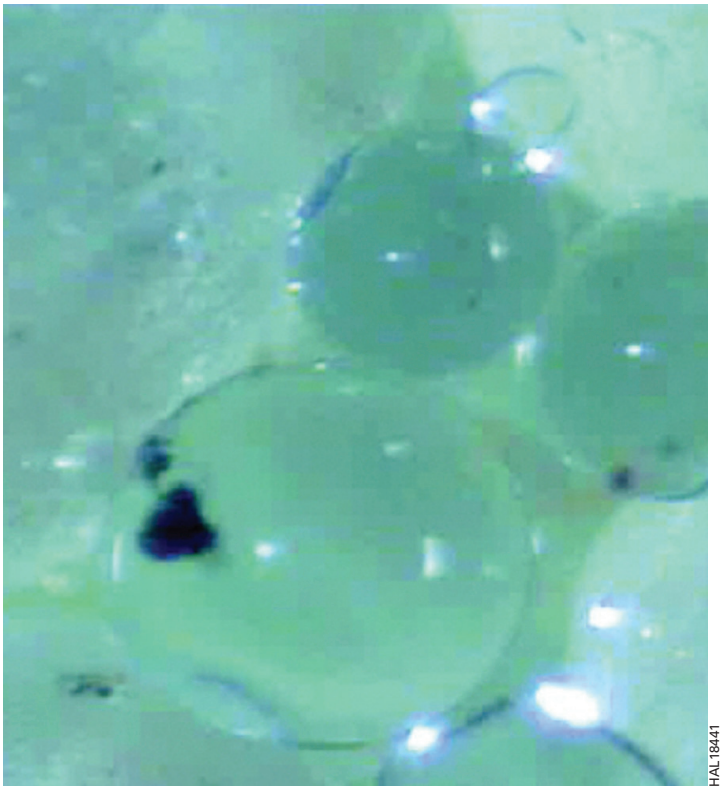
Coalbed methane, shale, and tight-gas formations typically have relatively low production due to low permeability and/or low reservoir pressures. The low permeability of these formations creates a capillary effect causing water to be drawn or "imbibed" into the formation during a fracturing treatment. The low reservoir pressures do not create enough flow for the gas to displace the liquid from the formation. A condition called "phase trapping" can occur in which the liquid becomes trapped within the formation at the fracture face and the gas cannot displace it. This trapped liquid can inhibit gas production. GasPerm 1000SM service was developed based on a microemulsion surfactant technology that specifically mitigates fracture-face damage caused by capillary effects and phase trapping.

Innovative Aspects

The specially formulated microemulsion surfactant works on a molecular level to change the fluid characteristics to reduce the capillary effect and phase trapping of liquids in very low-permeability formations, helping to improve gas flow in low-pressure reservoirs. It exhibits unique fluid characteristics that include the following:

- Surface tension modification
- Interfacial tension modification
- Contact angle modification
- Detergency
- Enhanced phase displacement
- Enhanced spatial flow behavior

This new additive is more effective at much lower concentrations than methanol, significantly reducing the amount of additive required during fracturing treatment. This also provides a less flammable alternative to the use of methanol-based fracturing fluids, improving safety and reducing environmental risk. The GasPerm 1000 additive is compatible with both acidic and basic fluid systems and can be used as an acidizing additive or a fracturing fluid additive. GasPerm 1000 service has been applied in reservoirs with matrix gas permeability as low as the nanodarcy range and the range of applications continues to expand.



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Photomicrograph shows the effects of phase trapping that can occur during a fracturing treatment. This process is especially pronounced in conjunction with water fracs in ultra tight gas formations. The discontinuous phase greatly reduces the gas permeability. GasPerm 1000 service has been shown to help enable the trapped phase such as imbibed water to flow freely from the rock matrix and fracture system resulting in significantly improved permeability to gas.

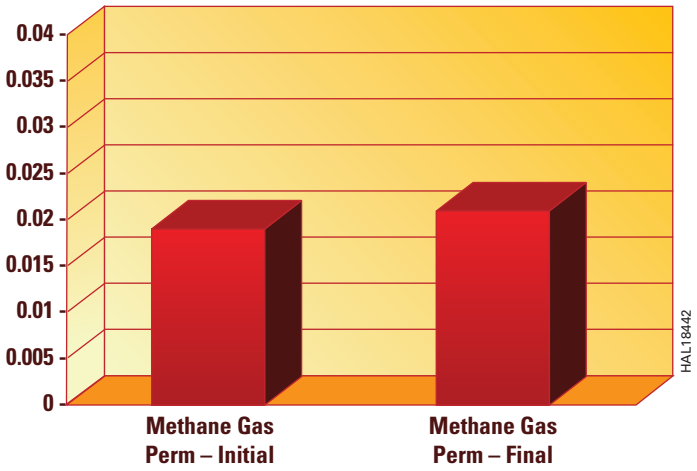
GasPerm 1000 Service has Been Introduced with a High Degree of Success

The following case studies illustrate the effectiveness of this revolutionary technology.

Ten horizontal shale wells in Oklahoma were recently completed with massive slickwater fracturing. Four of these wells were fractured using GasPerm 1000 service and six wells were not. The wells utilizing GasPerm 1000 service had initial gas production among the best wells in the field.

A Cotton Valley tight-gas sand formation in East Texas was fracture-stimulated using GasPerm 1000 service. This treatment resulted in over 14 times the wellhead pressure (100 psi vs. 1,400 psi) and almost double the initial production (862 MMcf/d vs. 1,432 MMcf/d) compared to a conventionally treated offset well.

Eight infill wells were drilled on a 20-acre spacing at the Granite Wash formation in the Texas Panhandle. Two of these wells were fractured without any optimization services, and showed an average initial production (IP) of 1,974 Mscf/d. Three wells were fractured with optimized treatments and yielded an average IP of 2,679 Mscf/d. The three remaining wells were fractured with the same optimized treatment plus the GasPerm 1000 service. The GasPerm 1000 service-treated wells produced an average IP of 5,135 Mscf/d, demonstrating a significant production increase.



Summary results of tests conducted by a third-party laboratory showed that a crosslinked borate commingled nitrogen fluid containing GasPerm 1000 additive caused no damage to the formation gas permeability.

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PropStop℠ WC Service

In fractured wells in mature assets, proppant flowback and formation fines production cost operators millions of dollars annually in lost production and expensive equipment damage. Wells experiencing these problems require remediation ranging from routine wellbore cleanouts, to complete workovers, to expensive artificial-lift equipment repairs. PropStop℠ WC service addresses these challenges. In addition, the process helps control production of unwanted water.

PropStop WC service helps control proppant flowback and fines production and helps maintain highly conductive fractures and long-term productivity. The process is not merely a treatment of a symptom, but is a proven remedy for the fundamental causes of a pervasive industry problem that escalates as production assets become more mature.

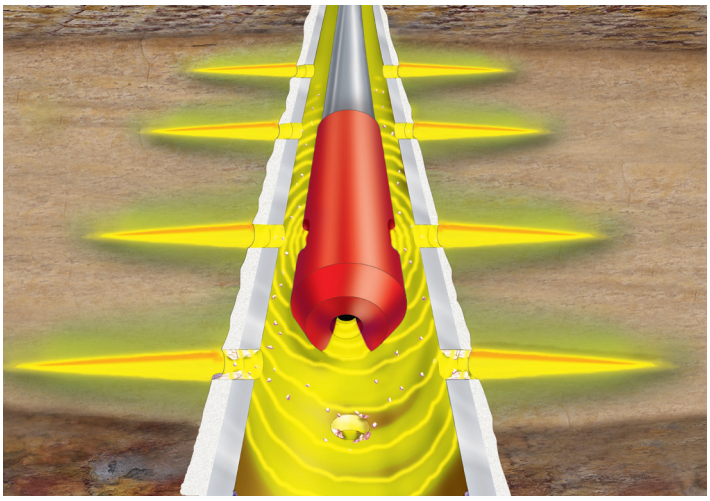
PropStop WC service is a coiled-tubing-deployed, single-trip, rigless intervention service that requires no isolation packers, thus reducing the time, cost, and risk of a conventional workover.

Innovative Aspects

- Provides cohesion between proppant grains without damaging permeability or conductivity of proppant pack
- Helps maintain highly conductive fractures and long-term productivity
- Treats proppant pack with low-viscosity curable resin (PropStop service agent)
- Applied using pulsing action provided by Pulsonix® TF or DeepWave® service*
- Combined with WaterWeb® service to provide PropStop WC service, it can also control unwanted water production

The coating used in PropStop WC service does not produce the high consolidation strength commonly required of a coating in an initial fracturing treatment but is adequate to lock the proppant into place. In addition, the treatment process clears fines and debris away from the proppant pack placed near the perforations to help restore and maintain conductivity between the fracture and the wellbore.

* DeepWave℠ Stimulation Service technology™ is licensed from Wavefront Energy and Environmental Services, Inc.



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PropStop℠ WC service is implemented using either Pulsonix TF or DeepWave service pulsing technology to help assure penetration into the proppant pack.

Case History, Mid-Continent, U.S.

Following a fracture treatment, a well was producing proppant up the wellbore into the ESP, separator, chokes, etc. In addition, water production was 300 bwpd and gas production was 1 mmscfd initial rate. Gas production dropped to zero in less than 1 month. The 14-ft (net) interval was treated using PropStop WC service. Results: Twelve days after treatment, no sand was found in the choke, separator, pumps and water meter. Four weeks after treatment, wire line found only 1-ft difference from PBTD of coiled-tubing clean out. Two months after treatment, the ESP was in place and water rate was about 175 bwpd. The gas rate is still very low but the operator is very positive. There is absolutely no sign of proppant or formation particles.

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Proppant flowback can inflict significant damage to production equipment. The electric submersible pump shown above is plugged, requiring a costly workover.

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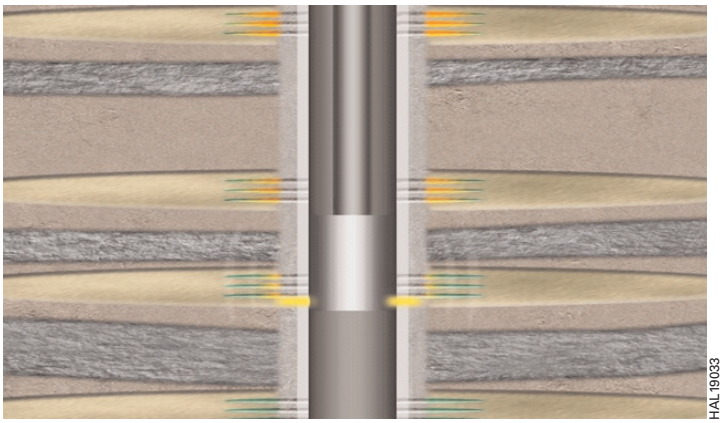

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Case History, XTO Energy

A well was producing excessive proppant that was damaging the electric submersible pump (ESP) in an XTO Energy well. Results: The well was treated using the PropStop WC service, and the treatment successfully controlled proppant flowback and increased gas production. The total value to XTO Energy will be $220,000 to $400,000 annually.

HAL18460

Another example of significantly damaged production equipment due to proppant flowback.

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Optimized Reservoir Decisions

One of the principal tasks of exploration and production (E&P) asset teams is to make long-term commitments of funds to projects where major uncertainties exist. These decisions involve the asset's production strategy, wells, facilities and scheduling. Inadequate understanding of the uncertainties often leads to unexpectedly low outcomes in key performance measures such as Net Present Value (NPV), rate of return, cumulative oil production and plateau period.

Optimized Reservoir Decisions addresses the E&P industry's need to maximize performance, given the uncertainties that are inherent in the reservoir and production systems. It is designed to help asset teams integrate uncertainty, risk factors and business objectives into a coherent field-development planning workflow.

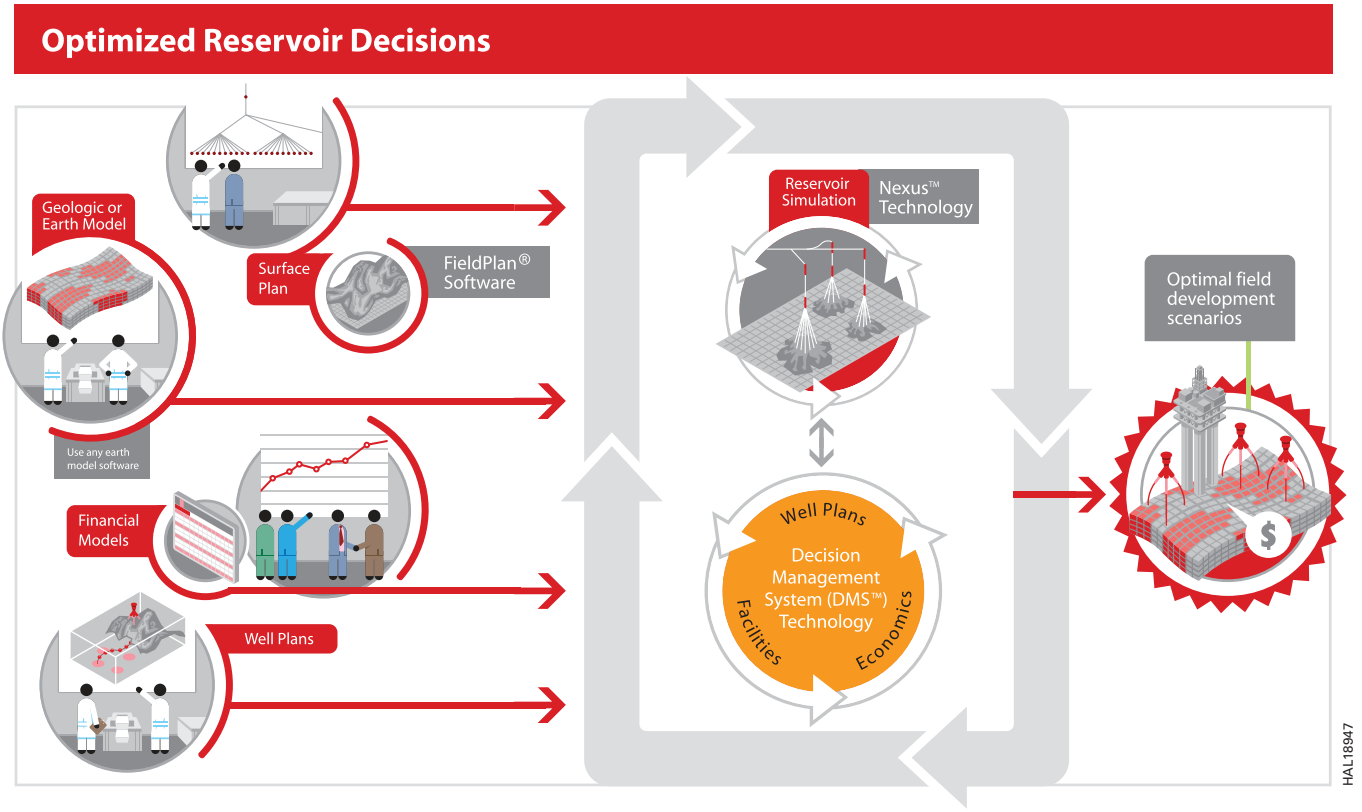
Unlike traditional workflows, this approach integrates across the field-development value chain and allows high fidelity and technical rigor in each of the chain's components to enable E&P professionals to make better decisions. This solution includes the following technologies.

Decision Management System™ (DMS™) Software

Decision Management System™ (DMS™) software technology delivers superior solutions to complex reservoir management problems. The outcome is a comprehensive evaluation of all potential scenarios in light of uncertainties and business goals for better, faster and traceable decisions. DMS software technology combines existing simulation technology with powerful mathematical optimization methods to identify the best scenarios when given a set of decision variables and constraints.

Nexus® Software

Nexus® software provides integrated reservoir simulation workflows that generate results faster than any other commercial simulation solution. Using Nexus software, asset team engineers can quickly make robust production and reserve forecasts, improve field development and facilities planning, and help maximize the value of the total asset. The software allows multiple reservoirs of varying fluids and formulations to be coupled seamlessly, tied to a common surface facility and solved as one fully coupled simulation solution. Reservoirs can easily be added to the system as new fields are brought on production.



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FieldPlan® Software

FieldPlan® software automatically generates, evaluates and ranks multiple potential facility design scenarios in less than an hour. The software considers everything related to the project – from wells, to subsea systems, to production facilities and export systems. This application delivers economic screening of prospects and analysis of field development concepts. Each scenario includes a cost estimate for the field and a cash flow over the life of the project. FieldPlan software can be used in multiple phases of development projects and it provides great value when integrated with Nexus and DMS software technologies.

Asset Decision Solutions™

Asset Decision Solutions™ is a consulting-led methodology using a multi-disciplinary team that incorporates three key concepts: Front-end loading (FEL), integrated stochastic simulation and progressive scale modeling. FEL enables better management of the project. Integrated stochastic simulation with analytical and dynamic models helps the team understand the variables and associate risks and uncertainties. The third concept, progressive scale modeling, appropriately represents the subsurface throughout each phase of the evaluation.

Case History, Latin America

A national oil company in Latin America needed to design an integrated production network of four gas reservoirs offshore. There were uncertainties around volumes, cost of wells and productivity. Multiple facility plans also needed to be evaluated.

Landmark's DMS technology enabled rapid evaluation of the reservoirs individually and as a combined development plan. Uncertainties in subsurface, surface and economic inputs were properly accounted for in the process of identifying the optimal development scenario. An 18 percent increase in NPV was realized over the original base case, without a corresponding increase in project risk. The DMS framework also provided a standardized workflow that will be utilized for planning the development of surrounding assets.

Case History, Middle East

A Middle East operator utilized Nexus reservoir simulator technology to solve pressing technical and business challenges associated with modeling reservoirs and surface facilities. The objective was to simulate four reservoirs tied to a common surface facility. Originally, multiple simulators had to be used. The previous workflow consisted of managing the production data for each reservoir in a spreadsheet and, then, correlating that with the productivity of the surface facility.

Nexus software enabled the operator to analyze all four reservoirs simultaneously, couple them to the surface facility, and simulate them as one system very quickly. This meant that the complex interactions between the fields via the surface system are now modeled with rigorous physics, which leads to better informed decisions and better field performance.

Case History, Latin America

A national oil company had a new gas condensate field in a complex carbonate reservoir located in Latin America in a mature production area. The customer needed to identify the optimal development plan within a few months and understand the risks and potential return.

An integrated full-asset model (subsurface, wells, facilities and economics) was needed for the evaluation of multiple development scenarios. The customer needed to incorporate key uncertainties to obtain a total view of the associated risks and to identify the key technical work and/or data required to resolve them. Technology transfer to the customer asset team was also required.

Landmark consultants used ADS methodology while leveraging DMS and FieldPlan technologies to integrate the workflows and disciplines in the project, generate the decision matrix and identify the optimal development scenario given the customer's goals.

The result was the identification of several optimized scenarios that provided NPV increases for the customer of 50 to 60 percent, up to $2 billion USD. The differences with respect to the case base were due to variation in the number of wells, their locations and additional platforms.

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Economical Automated Steering Solutions

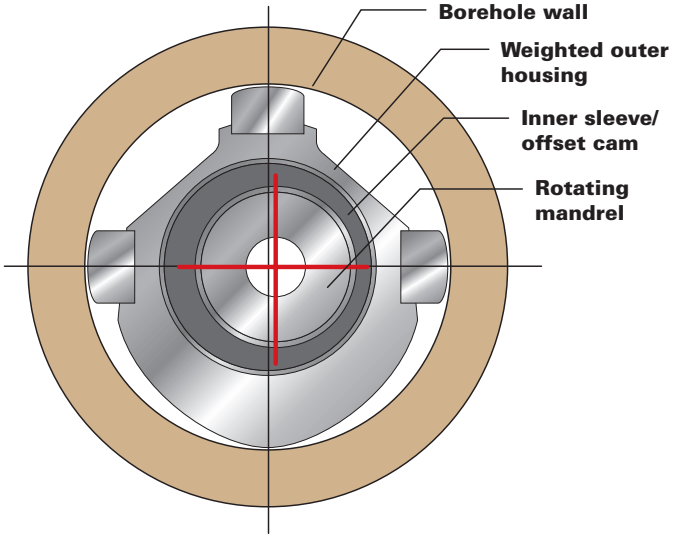
The Geo-Pilot® system is now joined by the EZ-Pilot® rotary steerable system and the V-Pilot™ vertical drilling system, creating a comprehensive rotary steerable offering – the Pilot Fleet. And combined with a Security DBS bit, these new systems produce even better ROP and hole quality. Both of these solutions provide impressive drilling efficiency improvements, while delivering the same outstanding hole quality that the Geo-Pilot system has become known for.

The EZ-Pilot system represents a new approach to rotary steerable drilling, delivering the basic steering capability of more exotic designs in a simple, short tool. The simplicity of the EZ-Pilot system will allow Sperry Drilling Services to bring the benefits of rotary steerable technology to a much broader customer base. Initially, this system will be deployed in the North America land market.

The new V-Pilot system also represents a new approach to automatic vertical drilling systems. The V-Pilot system is unique in the industry in that it is a purely hydro-mechanical solution. This elegantly simple system is capable of detecting inclination as low as 0.2 degrees mechanically – avoiding the use of electronics – thus producing a far more rugged solution suitable for drilling in hard rock and high-temperature applications. The V-Pilot system has successfully completed five field tests and one commercial field test in Kazakhstan.

South Texas EZ-Pilot Vertical Control and Sidetrack

Sperry Drilling Services' EZ-Pilot rotary steerable system was selected by a major operator to drill the first of two planned bit runs in 8-3/4-in. holes. Sperry utilized the EZ-Pilot 850 system along with the DWD real-time survey and mud pulse telemetry system, to drill out the 9-5/8-in. casing shoe and drill to the planned trip point. The system drilled from 750 ft to 6,528 ft, for a run footage of 5,778 ft. The operator indicated that the on-bottom rate of penetration performance for the interval was the fastest they had seen in the area. The operator has drilled many such vertical intervals using rotary, motor and other rotary steerable systems. The EZ-Pilot system also achieved a sidetrack from a cement plug later in the same well.



This cutaway shows the main components of the tool with a 90° right deflection. The EZ-Pilot™ system has fewer than 75 total components and is completely field serviceable.

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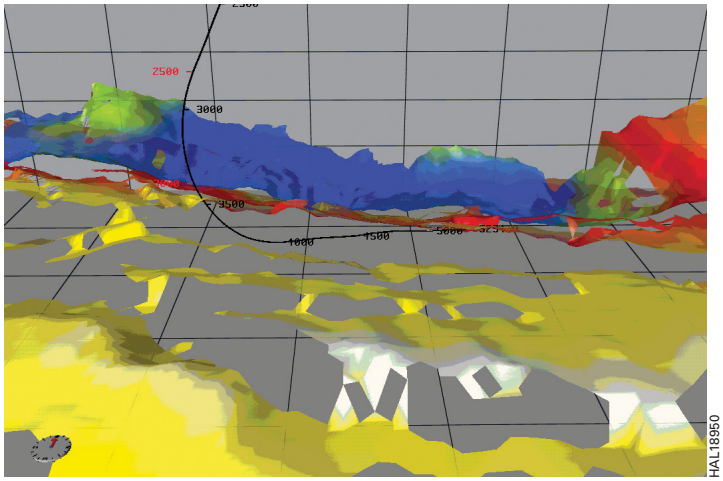
InSite ADR™ Azimuthal Deep Resistivity Sensor and Stratasteer® 3D Geosteering Service

The InSite ADR™ azimuthal deep resistivity sensor provides a new level of reservoir navigation capability. By combining a geosteering solution and traditional resistivity measurement in one package, the ADR sensor addresses the need for stratigraphic navigation and highly accurate petrophysical evaluation in one tool. While drilling the pay zone, the ADR system provides very deep (up to 18 feet) azimuthal resistivity readings that can detect approaching bed boundaries before the target zone is exited, and determine if the approaching boundary is above, below or to the side of the well trajectory. The well trajectory can then be steered to keep the borehole in the reservoir and maintain the desired distance from the adjacent water zone or top of pay.

As part of the StrataSteer® 3D geosteering service, the numerous directional resistivity measurements from the InSite ADR are analyzed and visualized in the industry's most advanced geosteering model. This comprehensive consulting service can give you the insight to maximize contact with the productive interval. Combined with a new, more powerful version of the industry's most advanced geosteering software model – StrataSteer 3D – and the onsite and/or remote geosteering consulting services to optimize these state-of-the-art tools, Sperry Drilling Services can maximize contact with the productive interval.

While drilling through the overlying formations on the way to the target zone, the fully compensated resistivity sensor can acquire a multitude of measurements, ranging in depths of investigation from extra shallow (a few inches into the formation) to very deep (greater than 16 feet in high-resistivity formations). Acquiring both phase shift- and amplitude-based measurements at 3 different frequencies and 18 different depths of investigation ensures that true resistivity can be determined regardless of the unique characteristics or special challenges of the formations. These azimuthal measurements are also sensitive to formation resistivity anisotropy – a characteristic that depends on the direction the measurements are made.

The azimuthal readings are used to slice the geology surrounding the borehole into 32 discreet segments and 18 discreet layers, creating a resistivity-based "image" of the formations. This is most beneficial when drilling the target zone. The data is presented visually in the StrataSteer 3D model so that asset team members and StrataSteer geosteering service specialists can collaborate based on a more accurate picture of the formations, as compared to traditional omni-directional resistivity data. This powerful combination of next-generation resistivity information and advanced structural modeling, allows the StrataSteer 3D service specialist to make recommendations on trajectory changes to stay in the producing zone and maximize production.



Geosteering with Azimuthal Deep Resistivity (ADR™)

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LOGIQ™ Logging Platform

The LOGIQ™ system – Halliburton's next-generation platform for openhole and cased-hole wireline logging services – is completely new technology that encompasses state-of-the-art downhole logging tools, a higher data rate telemetry system and the more powerful PC-based LOGIQ surface system.

The benefit most readily recognized by customers is the dramatic reduction in the length of the downhole tools without any penalty in temperature or pressure rating specifications. In the most common configuration, the "quad combo," tool length is reduced by more than 50 feet. Time spent drilling "rathole" to permit evaluation of pay zones near the bottom of the well is also significantly reduced. In addition, shorter logging tool strings have a lower potential to become stuck. As operators know, there are few rig activities more destructive to a well's economic value than time spent fishing logging tools.

Product suite includes the LOGIQ logging platform and LOGIQ downhole tools.


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LOGIQ OH/CH Surface System

The LOGIQ surface system is configured to run all openhole (DITS™, INSITE®, RDT™, MRIL®) and cased-hole services. The new, faster PC-based system addresses the obsolescence of the EXCEL™ 2000 surface system. Office environment and dual display are configured for improved workflow, and boast a power scheme that allows the delivery of 200 W instrument and 1,800 W auxiliary power.

Based on an MS WINDOWS® operating system, the LOGIQ surface system is designed to run CLASS, INSITE® and logging software.


HAL18963

Array Compensated Resistivity Tool (ACRt™) System

The latest thinking in sonde geometry and architecture is teamed with state-of-the-art electrical, mechanical and software design to yield an array induction with unparalleled accuracy, stability and dynamic range. Real time log acquisition – processed via 2D software, optimum balance of vertical resolution and radial focusing across the full range of logging (Rt/Rm) conditions – can be provided.

Dual-Spaced Neutron Log (DSN-IQ™ Tool String)

Halliburton's DSN-IQ℠ service delivers porosity measurements with greater accuracy and repeatability, in both open holes and cased holes, than any other neutron porosity service. The DSN-IQ service has application in determining formation porosity and the presence of gas when used with spectral density logs and/or acoustic measurements. It can also determine formation lithology when run in conjunction with other porosity devices.

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Sonic Array Tool (SAT-IQ™) System

Halliburton's SAT-IQ℠ service integrates a monopole transmitter with an array of five piezoelectric receivers. The full waveform data is digitally recorded for each receiver, thus permitting advanced data analysis and quality control for waveform amplitude, slowness and arrival time in both openhole and cased-hole applications.

Spectral Density Log (SDL-IQ™) System

Halliburton's spectral density log SDL-IQ™ system provides superior measurements of formation bulk density and borehole-compensated photoelectric factor (Pe). These measurements are key factors for accurate determination of formation porosity, reliable identification of formation lithology, precise delineation of thinly bedded formations (Omega processing of RhoB and Pe) and gas detection when used in combination with dual-spaced neutron logs.

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