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Halliburton Profit Rises as Oil Prices Boost Demand (Update1)
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(Updates with comment from CEO in seventh paragraph.)

By David Wethe

Jan. 24 (Bloomberg) -- Halliburton Co., the world's second-largest oilfield services provider, said fourth-quarter profit more than doubled as higher crude prices and demand for drilling equipment boosted sales in North America.

Net income rose to \$605 million, or 66 cents a share, from \$243 million, or 27 cents, a year earlier, Halliburton said in a statement today. Excluding costs from a settlement agreement with Nigeria, the Houston-based company earned 5 cents more than the average of 33 analysts' estimates compiled by Bloomberg.

Sales climbed 40 percent to \$5.2 billion.

"Extreme inflation" in the price of pressure-pumping services used to tap unconventional oil and natural gas widened margins compared with a year earlier, Scott Gruber, an analyst at Sanford C. Bernstein in New York, said in an interview before the results were announced.

Oil prices rose 12 percent to average \$85.24 a barrel in the quarter, from \$76.13 a year earlier. There were 3,227 active drilling rigs at the end of last year, up 29 percent from 2009.

The Obama administration in October ended a moratorium on new deep-water drilling in the Gulf, put in place after the BP Plc disaster, the biggest offshore oil spill in U.S. history. The government has said it isn't delaying permits until the second half of this year.

Halliburton said it saw a quarterly loss from its Gulf of Mexico operations and may see "ongoing losses" there until the rig count recovers. It plans to maintain all of its infrastructure and most of its employees in the region while anticipating a rebound.

Gulf Prospects

"We continue to believe that prospects for a recovery in the Gulf of Mexico will remain uncertain through the first half of 2011 and perhaps the full year," Chief Executive Officer Dave Lesar said in the statement.

The earnings statement was released before the start of regular trading on U.S. markets. Halliburton rose 40 cents, or 1 percent, to \$39.59 at 7:17 a.m. in New York. The shares, which have 30 buy and 4 hold recommendations from analysts, climbed 23 percent during the fourth quarter.

Schlumberger Ltd., based in Houston and Paris, is the world's largest oilfield-services contractor.

(Halliburton will hold an earnings conference call for investors and analysts, starting at 9 a.m. New York time. To listen, access a broadcast at LIVE .)

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