ABSTRACT

There are many issues affecting the world’s oil and gas industry at present. Many news articles simply state that supply is greater than demand, that we’ve become so good at producing oil that supply has simply outweighed demand. Some articles portray supply as being reduced through new technologies such as solar power, wind power, tidal power and nuclear power for example. And some news agencies think that because oil and gas is so cheap we’re using more of it. Just look at the number of ships at sea, vehicles on the road and aeroplanes in the sky. Are using less oil? No. So what’s going on if supply-and demand isn’t the real reason? One answer could lie in the area of politics. This paper address what goes on behind the scenes, behind the news, and offers potential solutions to those graduates who, today, are struggling to get a job.

INTRODUCTION

Since the early days of Drake and his wooden derrick in Pennsylvania in 1867 and Spindletop in Texas in 1901, the oil industry has always been one of boom and bust, hire and fire. Yet every time the industry is short of people we hear the recruiters, the oil companies, the drilling contractors and the service companies say “people are our biggest asset, we just love our people and we’ve got great plans for their personal development we just love them so much”. As an industry veteran of 35 years now I’ve heard this 7 times. And I’ve seen the lie – which always follows an oil price crash – when people are laid off in their thousands. I see the fear and the panic of someone who no longer has a job. How will they feed their families? What about their children’s new school books? How to pay for the house? The electricity? The water? It’s an awful sight, and I remember seeing a good friend, a Driller, staggering up Union Street in Aberdeen in 1988 not able to comprehend he’d been laid-off after 13 years excellent service for his employer. This was an awful period in the North Sea, with every third house up for sale, cars just left on garage forecourts as people were laid off overnight and sent back to America or Canada the very next day – or certainly within days. It was brutal. One particularly harsh event I remember was BP transporting many of their employees by bus to a large building in Aberdeen by the beach called the “Beach Ballroom”. Once assembled their senior management – who had promised them so much just a year ago –
announced from London via video-link – that they were all fired and were not to return to the office. How crass and cold is that? A manager cannot even have the back-bone to personally stand before his staff? What kind of rubber-necked nonsense is this? (Well, we have seen the capabilities of BP these past years – the Texas City Oil Refinery Disaster, Macondo etc. and so perhaps we should not be too surprised).

Yet I’ve seen this 7 times now and want to go beyond it:- 1) To help you understand what kind of shenanigans are going on behind the scenes and 2) What you may do to help yourself get a job in this current difficult climate and 3) If you do have a job, what you can do to excel.

THE OIL PRICE CHART

Let’s take a look at one of the recently posted oil-price charts posted on 6th July 2016 by a company called “Daily FX”.

We can see that the oil-price per barrel is locked in a range $46 per barrel and nearly $50 per barrel. However, as soon as oil reaches $50 per barrel is drops down toward the $46 per barrel range. If one goes by the typical American Stock Exchange theory, “the bulls and the bears” are fighting things out around the average value of $48 dollars per barrel of oil.

We saw one extreme value - $38 per barrel of oil – earlier this year – but this I think was a typical “overshoot” to due heavy hedge-fund speculation and short selling. Nevertheless,
such a low of $38 cannot be ignored and is a figure which may stay in people’s minds for quite some time.

Let’s take a look at another graph:-

![Crude Oil Price History](source:NYMEX)

Source: NYMEX

When we look back over history – in this case from almost the present back to 1983, we typically only really see extreme volatility starting in the region of the crash of late 1985 where oil went from $30 per barrel to $10 per barrel 1998 where crude rose from $15 per barrel to almost $40 per barrel by 2000 AD spiking at $140 in 2007 – 2008 AD. We saw one extreme value - $38 per barrel of oil – earlier this year – but this I think was a typical “overshoot” – as financial genius Mr Soros reminds us, it is often east to get caught up in the “over-bought” section of the market and the “over-sold” section of the market, thinking that by entering the market during these times we will make money regardless. Playing the market can be notoriously difficult.

**WHAT CAN YOUNG PEOPLE DO AT THIS DIFFICULT TIME?**

This is one of the most difficult and hardest questions to answer at this time – or indeed during any recessionary time.

On the one hand you have an extremely bright BSc Graduate coming out of University who has everything to give – energy, determination, commitment and a life-time of giving – on the other hand you have no work for him / her.

Personally, I think our industry as a whole has failed hundreds of thousands of people – and not just young graduates. The industry needs to keep a “reserve fund” for such times. No-one is asking for a maximum salary; but at least some kind of training could be offered:-
• In the large companies workshops (e.g. Weatherford, Schlumberger, Baker, Halliburton) etc;
• The simulator rooms of the Well Control Companies;
• Pipe-yards (casing and drill-pipe);
• Tool yards;
• Work in University Workshops (perhaps supplemental to the original degree);
• Internships with the Operators, Drilling Contractors, Service Companies and Universities / Colleges;
• Partaking of SPE / IADC events (e.g. organising conferences, writing and presenting papers etc);
• Partaking of other “parallel” industry public events (such as computing-related, mechanical engineering related etc);
• Taking a step (or few steps) down (such as a newly-qualified Drilling Engineer taking roughneck / roustabout work for example);
• Etc.

As in America, such training could have a “Transcript” value and complement the BSc Degree, adding value not just to the degree itself but to the human himself / herself. Such work (even though without pay / with low pay) would also help with job applications.

There is also the option of finding “partially related” parallel work – e.g. in mining or laying pipelines; drillers working on topsides projects etc.

There may also be “back to work” courses – such as roughnecks / roustabouts learning to become welders / fitters / mechanics for example.

The most important thing is to get back to / get into work. Everything on a CV / Resume has a value.

One area which is of considerable value these days is Voluntary Work. This often excites HR people because it shows a range of positive attitudes and attributes. This is very often the case if the Voluntary Work is, in some way, related to the oil and gas industry (e.g. water supply, construction, teaching a foreign language etc.). However, there are many other attributes too – such as humbleness, desire to help fellow human beings, desirable right human “values” for example.

If there is absolutely no opportunity to do any form of “work”, then take up – and excel in – something else. Such as learning a foreign language, climb a mountain, take up running. Help the disabled. Push wheelchairs. Travel to India or Cambodia and help the super-poor. Perhaps your life doesn’t revolve around reservoir engineering after all; perhaps your vocation is voluntary care in an overseas country.

There are other areas where IDEAS has seen other types of success stories. For example, if you’re a BSc student and absolutely cannot find anything then consider:-

• Taking an MBA;
• Taking an MSc;
• Starting a PhD.

Finally, IDEAS personnel have also seen success in people changing careers completely. The most classic example observed occurred in the awful oil price crash
of 1985 onwards. This particularly person, who was an absolute gentleman, had a first-class degree in Physics from Glasgow University and a post-graduate diploma in Offshore Engineering from Robert Gordon’s in Aberdeen. After just 6 months of work he was laid-off and couldn’t find a job. He decided to go back to Glasgow University to read for an MSc in Electronic Engineering upon completion of which he was given a career with British Telecom. He is still there, after all these years, as Departmental Manager, perfectly happy and of course delighted he’s not caught-up in today’s oil and gas recession.

So changing industry may also be your most valid option.

Certainly, the older you become, the more difficult it is to change. So if you’re going to change industries, change sooner rather than later – but only after you’ve also explained all other options.

CONCLUSIONS & RECOMMENDATIONS

This is one of the worst and most protracted recessions ever in the oil and gas industry. It has hit, badly, both young and old alike; Operator and Drilling Contractor / Service Company alike. There is little avenue for “escape” – unless you think laterally, creatively and “out of the box”. Don’t become a slave to an industry which doesn’t fundamentally care about people. If you’re not sure, despite a good degree, about this industry – then leave – and do a Master’s Degree or PhD in a subject which captures your heart. Finally – do what you want to do. As Shakespeare so ably said: - “Be true to thyself”. Live your life. Don’t be put down. And be happy. (See the World Happiness Index and its constituent components below)

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AUTHOR’S BIOGRAPHY
Michael Gibson PhD has 36 years international oilfield experience working in a wide variety of disciplines ranging from drilling engineering through to drilling operations and, latterly, drilling consultancy and training.

A champion of lateral thinking, new technology, risk analysis and inter-disciplinary teamwork, he studied at The Robert Gordon University in Scotland under the expert tutelage of the late Professor Blythe McNaughton and his team. He holds a Post-Graduate Diploma with Distinction in Offshore Engineering, Master’s Degrees in Offshore Engineering and Engineering Technology and a PhD in High Pressure High Temperature Drilling.

He currently advises and teaches a wide-range of clients worldwide and is based in both Scotland and Singapore.

FOOTNOTE

IDEAS was established in 1999 in Aberdeen, Scotland, U.K. to service the European and African market. It set-up in Singapore 10 years ago in order to transfer its North Sea, Atlantic and Gulf of Mexico experience to South East Asian operators, drilling contractors and service companies. Focusing upon well performance, risk reduction, efficiency and cost-effectiveness, IDEAS advises a number of clients, including operators and drilling contractors, ranging throughout Europe to South East Asia.

For details, please refer to www.wellideas.com Thank you.