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E&P Consultant Market Report

November 2016

Background

Between 2009 and 2014 the Oil & Gas industry prospered with stable oil prices in the $90-$120 a barrel range, There was a high level of demand for professionals within the exploration & production (E&P) sector.

In the middle of 2014, the oil price began to fall and dropped as low as $35 a barrel at the start of 2016. The impact on projects and on employment was significant. Reports estimate around 350,000 jobs lost in the industry or 40% of the global workforce.

As a specialist within the E&P sector, OPC commissioned this survey to quantify the impact of the oil price slump upon the employment of consultants in the E&P sector.

Specific information identified in the survey includes:

- Percentage of consultants still working in the E&P sector
- Labour rates of those still working
- Labour rates wanted by those not working
- Number of professionals lost to the sector
- What are they now doing

Survey details

- Launched October 2016
- Online Survey
- 425 completed responses
- Closed November 2016

Employment levels

Only 45% of consultants are still working in oil industry

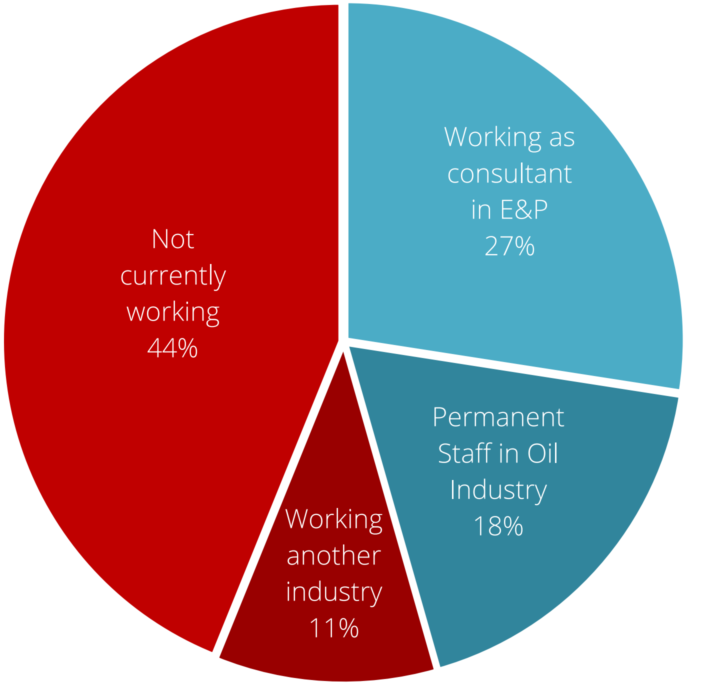
Of the consultants that were working in the industry in 2013 or 2014, just 45% are still working now.

- 27% working as consultants in E&P
- 18% working as permanent staff in the industry

55% are not working within oil.

- 11% have moved to another industry
- 44% are not working at all

This indicates a very large drop in the utilisation of professional consultants within E&P.



Lost to industry

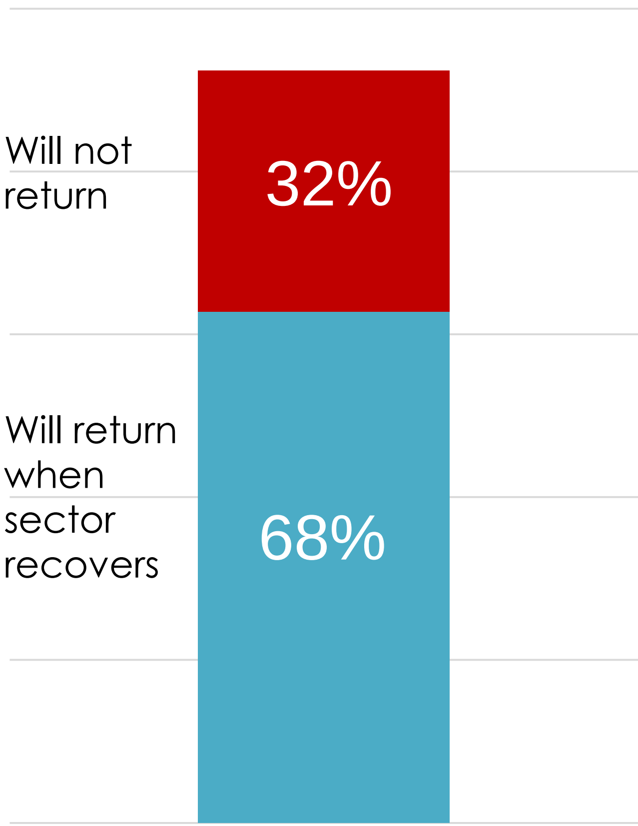
Of those not working in oil, 32% do not plan to return

Of the 55% that are currently not working in the industry, 68% hope to return if and when the sector recovers but 32% say they will not return.

These 32% have either found new professions, are retraining for another career or have retired.

The most common industries for those leaving oil and gas are:

- IT
- Construction
- Marine
- Education
- Energy
- Farming
- Business Services



While waiting to return:

We asked those that are hoping to return to the industry what they are doing while waiting. There was a broad range of answers with the most common activities being:

- Charity / volunteer work
- Training & studying
- Travelling
- Social hobbies
- Home renovation
- Childcare
- Short time low paid work

Fred Rittelmeyer – Here is a photo of my water well drilling activities in Madagascar. Although the rewards are not financial, it is quite rewarding in all other respects

Started a M.Sc. degree in Royal Holloway
Creativity (photography, writing) + community service, helping others
Mucking out horses and cleaning stables.
DIY around the house and garden, spending time with family.
On my fathers sheep farm
Gym and child sitting
Looking for a job. House-husband.
Playing golf
Translating books, enjoying hobies
Looking for work. DIY, car maintenance etc.
Making an Online Master on HSE

Currently studying PRINCE2 project management course online
Kitchen assistant at £7.25 per hour
Training to be a teacher (PGCE)
Checking in cruise passengers cars for parking at the port
Working as a taxi driver and a salesperson
Teaching high school physics
Contract Laborer

Average day rates - working

Average working day rate is **27% less** than in 2013/4

In addition to making job losses, many companies have asked consultants to reduce their daily rates as a result of the oil price crisis.

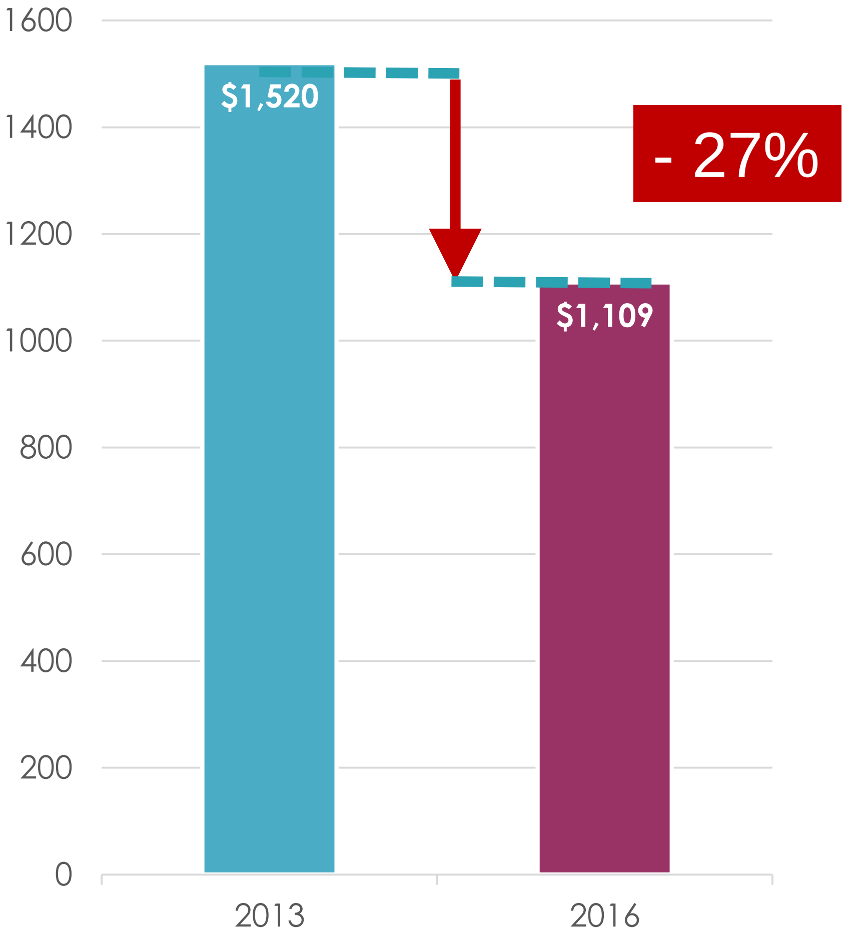
We asked just the consultants who are still working in the industry what their current working rate is and what it was in 2013.

The average day rate now is $1,109.

The average day rate in 2013 was $1,520.

This represents an average reduction of 27%.

Virtually every consultant still working in the industry has needed to reduce rates. Only 5% of those still working have maintained the rates that they were charging in 2013.



Rate wanted by non-workers

Those **not working** are seeking a day rate of $790
In 2013 they were charging rate of $1,285

We asked those not currently working (but were keen to return) what day rate they would want from a new position.

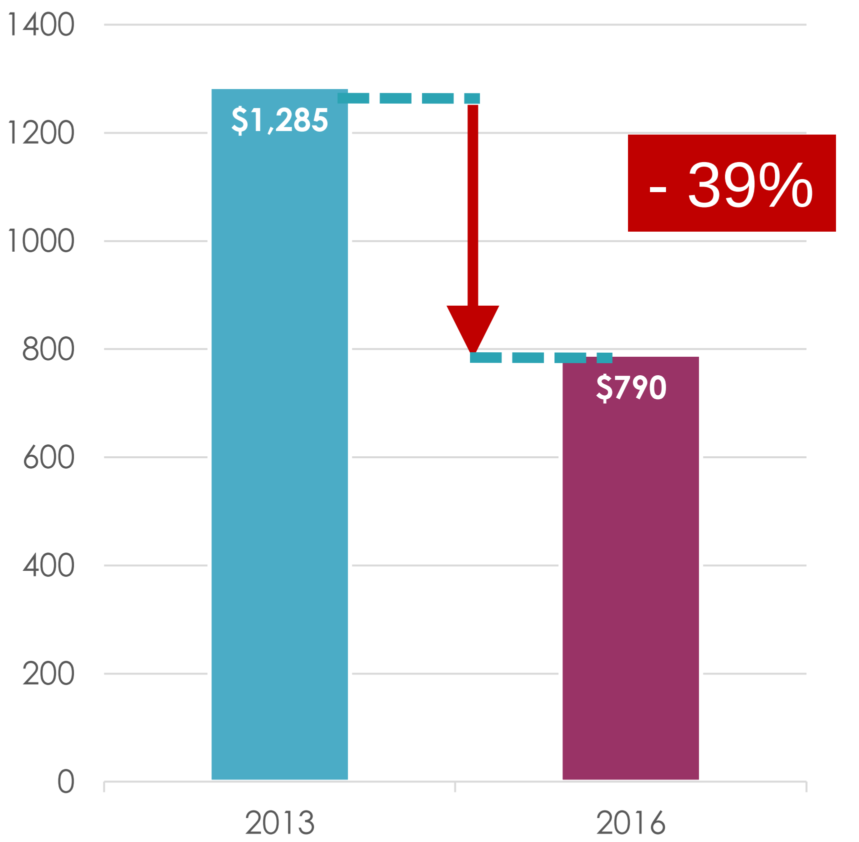
The average day rate wanted now is $790
The average day rate in 2013 was $1,285

This represents an average reduction of 39%.

A few consultants claim that they wanted the same rate as they earned before the oil price crash. However, most have been flexible with their rates to reflect a lower demand for their services.

"At the end of the day anything moderately reasonable has to be considered."

"Up to the market. Very competitive and negotiable"



Views of the industry

We asked everyone how recent downturn has impacted their views of the industry. Here are a few of the most representative comments

Probably not a place to advise my kids to pursue

It was a natural cycle, but this time the presence of oil shale drillers changed the rules.

Part of the natural cycle, although this is the deepest dip I have seen in over 40 years

Industry is dead. I am not sure it will be like before.

It really has had little impact on me, although it might have brought a sense of realism to an industry previously awash with money.

Decimated future recovery and alienated fresh blood from joining the industry.

It has only made me even more cynical, because I am old enough to have seen it all before. Short term haemorrhaging of talent to satisfy stockholders, then panic as the upturn arrives and all the people have gone, leaving only graduates to carry the load. It happened before, and it will happen again. The industry never learns.

Deja vu. 86 crash survivor. Have planned for it. It will rebound, for a while, but we can safely expect more turbulence ahead. The question is: will enough competent technical staff be around to accommodate. Young people would be crazy to enter this industry in anticipation of a stable career path. How many of the young people are mobile, willing to work in hardship locations?

It hasn't changed my attitude about how important I know that it is to continue finding new reserves. There is a very large world out there and energy will be needed from the oil and gas sector for many many years to come!

Summary & Conclusions

The survey has provided an excellent insight into the impact of the downturn on E&P professionals. The key findings are:

- 55% of consultants that were working in 2014 are not currently working in industry
- Only 27% are still working as consultants, 18% as staff
- Working consultant labour rates have reduced by 27%
- 68% of those not working want to return to the industry
- 32% are lost to the sector
- Those wanting to return will take a rate 39% less than in 2013

The short-term conclusion is that there is a ready supply of professionals available to work in the industry at labour rates that make using consultants very attractive to oil businesses.

However, the downturn has had a significant impact on many consultants, and while some have been able to weather the storm so far, many have a negative view on the industry as a result.

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