

Subsurface Engineering, Geosciences and Production Engineering Experts



OPC Consultant Market Report

May 2018

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.

In October 2016, OPC commissioned a survey to quantify the impact of the oil price slump upon the employment of consultants in the E&P sector. The survey was well received and showed that both the number of consultants working in the industry and the daily rates charged had dropped significantly

With the oil price pushing towards \$75 a barrel in April 2018, OPC decided to repeat the survey to see whether the market for consultants had improved. This report outlines the results of the survey including:

- Percentage of consultants still working in the E&P sector
- Labour rates of those still working
- Labour rates wanted by those not working



Survey details

- Launched April 2018
- Online Survey
- 443 completed responses
- Closed May 2018

52% of consultants are now working in the oil & gas industry

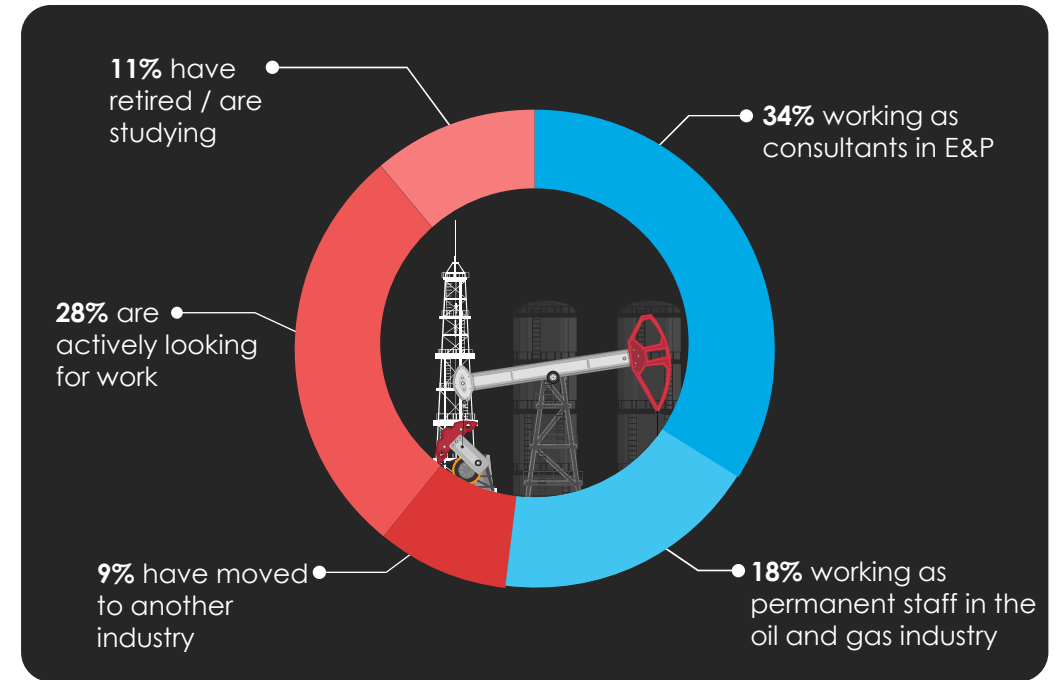
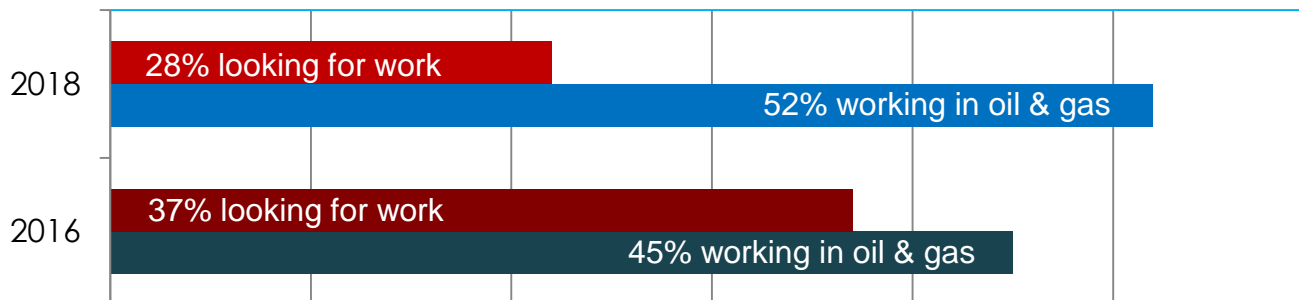
Of the consultants completing our survey that were working in the industry in 2013, 52% are still working now:

- 34% working as consultants in Exploration & Production
- 18% working as permanent staff in the oil and gas industry

48% are not working within the oil and gas industry at all.

- 9% have moved to another industry
- 11% have retired / are studying
- 28% are actively looking for work

This is an improvement on 2016 when only 45% of consultants were working in the industry and 37% were actively looking



Working status of consultants 2018

Average day rates - working



Average working day rate is **5% more** than in 2016

We asked the consultants who are still working in the industry what their current working rate is and what their rate was in 2013 and in 2016.

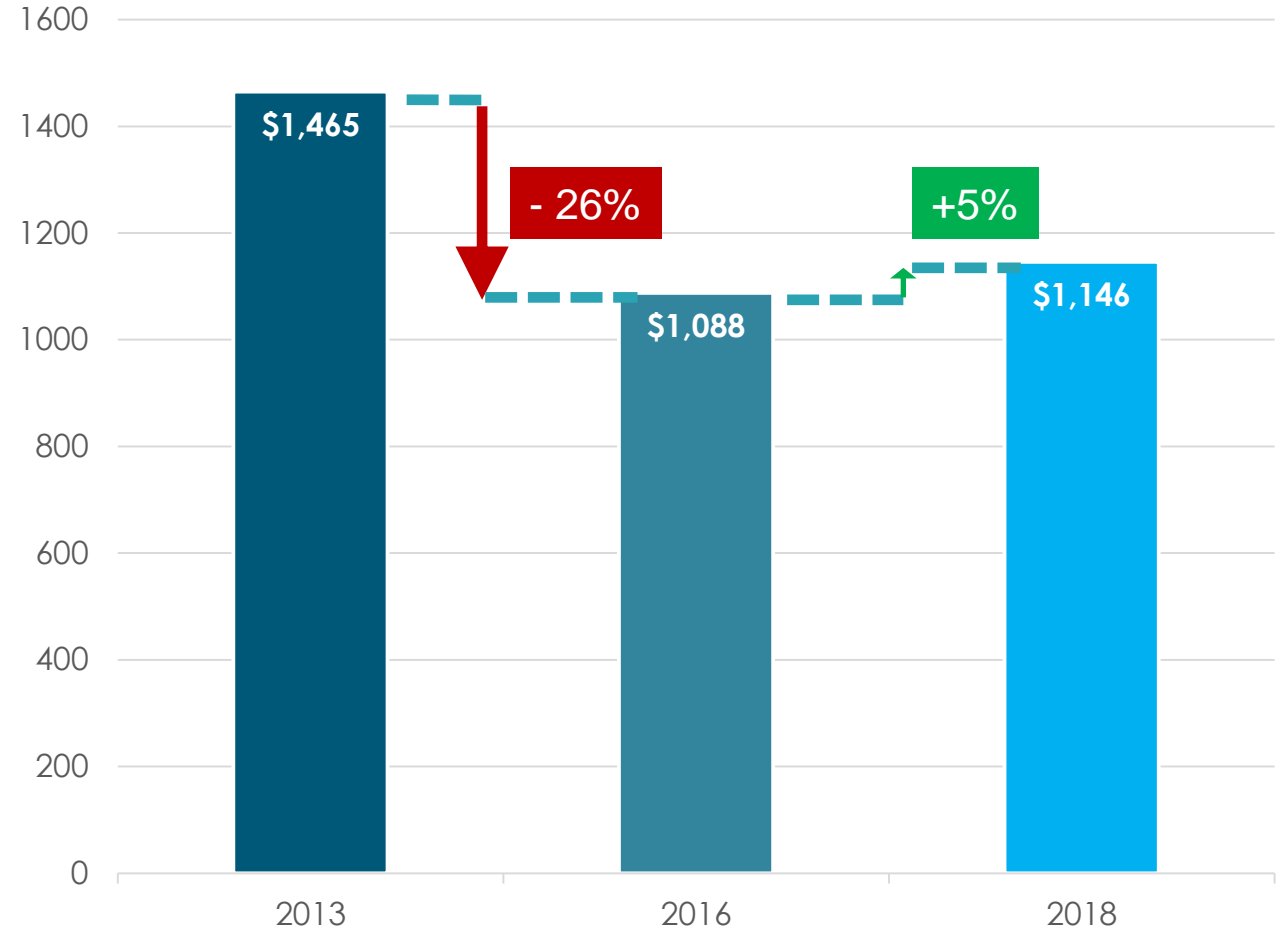
The average day rate now is **\$1,146**.

The average day rate in 2013 was \$1,465

The average day rate in 2016 was \$1,088.

This represents an initial reduction in rates from 2013 to 2016 of 26% followed by an increase between now and 2016 of 5%.

This mirrors our experience of the market. Rates were under severe pressure in 2015 and 2016 but in the last quarter of 2017 and the first quarter of 2018 there has been noticeable upward pressure on labour rates.



Rate wanted by non-workers



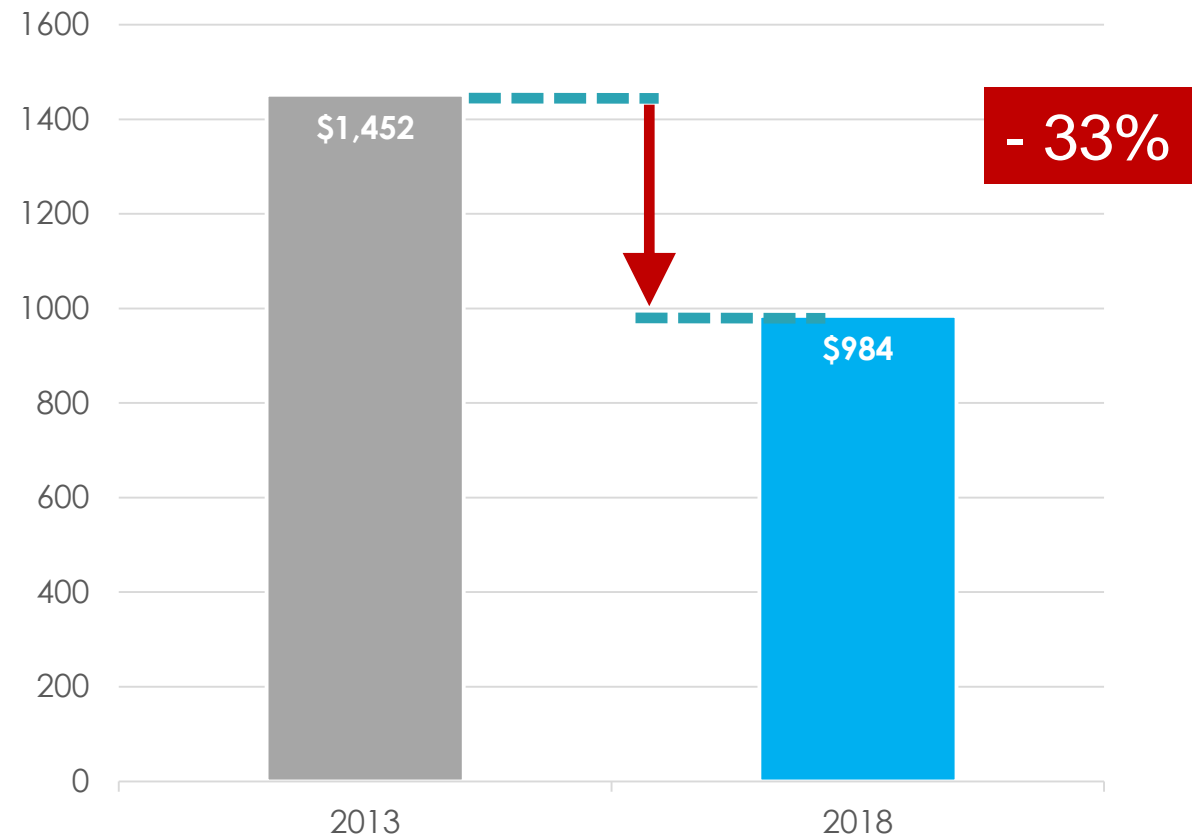
Those **not working** are seeking a day rate of \$984
In 2013 they were charging \$1,452 per day

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 **\$984**
Their average day rate in 2013 was \$1,452

This represents an average reduction of **33%**.

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.

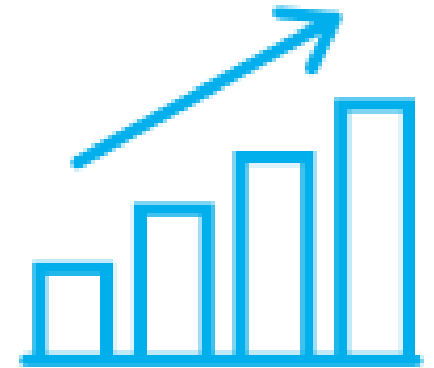


Summary & Conclusions



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

- Working consultant labour rates have increased by **5%** since 2016
- Those actively looking/available has **dropped** from 37% to 28%
- Those wanting to return will take a rate **33% less** than in 2013



The initial conclusion is that there is still a good supply of professionals available to work in the industry at labour rates that make using consultants very attractive to oil businesses.

However, demand for skills is increasing – with less consultants not working and rates increasing from their low point in 2016.

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Contact us for further details

www.opc.co.uk

+44 20 7428 1111