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Our Perspective

"The upstream job market in the U.S. is growing near the drill bit"

In our last Upstream News article, ["Acquire or Explore - That is the Question"](#), the advantages and hurdles of moving to an exploration strategy were addressed. This issue's article addresses the pros and cons of an acquisition strategy. Related to these discussions, we suggest that though Houston may be the center of A&D and international activity, much of the new job growth is near the drill bit in cities such as Oklahoma City, Midland, Dallas-Fort Worth, New Orleans, Denver, and Tulsa.

You may find the following job bits of information interesting:

- Of 206 total upstream, midstream, and downstream positions posted by two majors, only 64 are upstream jobs posted for Houston.
- Of 41 total upstream positions posted by one independent, 28 are in Tulsa and the rest are in Midland and Denver.
- Another independent is increasing its office space in Oklahoma City from 330,000 sq.ft. at the beginning of 2004 to 480,000 sq. ft. by the end of 2005.
- An independent with Houston roots has a total of 35 upstream positions, three of which are in Houston.
- A job board on the Internet has the following 65 domestic upstream positions posted: 36 engineers, 14 geoscientists, four landmen, and five technicians. Almost all are in Denver, Tulsa, Oklahoma City, and Dallas. One position is in Houston, but then again there was also one in Lafayette and another in Shreveport.

We believe the days of consolidation to Houston are over. You should consider how this might affect your company and your career.

Your Friends at Collarini

Upcoming Events

[The University of Houston G.R.A.D.E. Camp - Girls Reaching and Demonstrating Excellence](#)

June 20-24, June 27- July 1, July 11-15, and July 18-22, 2005, Houston, Texas

G.R.A.D.E. Camp is a week-long day program designed specifically for girls entering 9th to 12th grade who want to find out what engineering is all about through "hands-on" experience.

[Registration and Information](#)
Or Contact **Jenny Ruchhoeft**
(713) 743-5939

[SPE-GCS 4th Annual Roughneck Camp for Summer Interns and New Hires](#)

June 16, 2005
ChevronTexaco, 1500 Louisiana Street
Houston, Texas 77002

Please join SPE-GCS in celebrating your wise decision to join the petroleum industry and become part of one of the closest-knit "industry families" on the planet.

[Registration and Information](#)
Or Contact **Neil C. Decker**
(713) 366-3475

Upstream News

Acquire and Exploit – Still a viable strategy?

There have been many examples of companies who have had tremendous growth and success by buying existing production and, through diligent exploitation, greatly increasing its value. Apache, among many others, has seen tremendous growth in reserves and profitability through the acquire and exploit strategy. Many start-up companies over the past few decades have used this strategy.

Today, however, the acquire and exploit strategy is much harder to pursue successfully. Although many deals are being closed, acquisition prices are through the roof. According to the past few SPEE annual surveys, the industry had been paying close to full value only for PDP reserves. The average buyer would discount PDNP reserves by 25%, PUD by 50%, and pay almost nothing for probable and possible reserves. Deals where only the PDP reserves were considered in the price were not uncommon. These days, acquiring companies are not only paying close to full price for all proved reserve categories, they are also paying significant sums for non-proved reserves. The “exploit” side is necessary just to recoup the initial investment. Where then is the upside for the buying company?

Is it still possible to make money by acquiring properties? Absolutely! Successful buying companies find an advantage that makes the acquired properties worth more to them than to the selling company. This may be specialized technical knowledge, superior local knowledge, economies of scale, or symbiosis with current properties or facilities. Take a company like Kinder Morgan. They own large CO₂ reserves, so they have an advantage on existing or potential CO₂ floods. They should be able to out bid competitors and still make money of their acquisitions. Successful acquirers FIND their advantage and make the most out of it.

Even with an advantage, successful acquirers must stick with the basics. They must do a thorough analysis of the property to be acquired, and must understand the producing properties and as much as possible about the location, quantity, and risk of the upside. Successful companies must be sufficiently funded to take immediate advantage of opportunities. One of Apache’s successful strategies has been the immediate conversion of non-producing and undeveloped reserves into producing reserves. Although many of the successful deals in the past several years have owed at least part of their success to the run-up in prices, it may now be prudent to reduce the price risk through hedging or other arrangements. Another thing has not changed: buyers must have the right management and the right staff. Everyone involved has to be dedicated to maximizing the value.

Seldom will we see a package of properties contain the low-hanging fruit that was common a few years back. The value may be there, but it will take a lot of work and knowledge to reap it. On a related subject, Collarini Associates is now offering Jim Haag’s great course on acquisitions and divestments. This one-day course is packed with all of the things you need to know to succeed in the A&D arena. All attendees will receive a copy of Jim’s new book “The Acquisition and Divestiture of Petroleum Property – A guide to the Tactics, Strategies, & Processes Used by Successful Companies”. The course will be presented in New Orleans on June 17. It can also be offered in-house for your company. Additional information will be available shortly on our website, www.collarini.com, or you may contact us at training@collarini.com or (504) 887-7127.

Talent Pool

The following biographies are just a small sampling of the kind of talent available in our talent pool of over 11,000 experts. Please call our placement managers if you are interested in learning more about these professionals, or check out our website for more candidates.

Geoscientist with a Master's Degree and 19 years of experience working for major oil and gas companies. Highly skilled in optimizing field depletion and exploitation through the integration of 3-D seismic with well, paleo, sequence stratigraphic, and production data. Geographic areas worked include offshore Louisiana and the Gulf of Mexico. Computer skills include Geoquest IESX; Landmark's SeisWorks, SynTool, TDQ, 3DVI, ZMAP, PostStack/PAL/RAVE, OpenWorks, and StratWorks; SMT's 2d/3dPak; and GOMAP. **Ask for G27.**

Geophysicist with a Master's Degree and 22 years of experience with a major energy company. Expert in both clastic and carbonate environments. Highly experienced in 2-D and 3-D seismic interpretation, regional analysis, and offshore lease sale analysis. Geographic areas worked include the North Sea, Indonesia, north and west Africa, Brazil, the Barenta Sea, the Australian Shelf, deepwater Gulf of Mexico, and the U.S. Atlantic. Computer skills include Freelance Graphics, Intergraph, Landmark, ZMap, and GMA structural model package. **Ask for GP219.**

Geoscience and engineering technician with 18 years of experience working for two major oil and gas companies and for service companies. Expert in database management. Highly skilled in loading and retrieving data in Landmark OpenWorks, generating maps, and creating cross sections using StratWorks, ZMap+, Geolog, Datavision, and Neuralog. Computer skills also include Dwights/PI, GMA, SDI Montage, Arcview, Datalink, Petcom, MicroStation, Production Analyst, Microsoft Project, Microsoft Office, and UNIX. **Ask for TG123.**

Petroleum and reservoir engineer with a Bachelors degree and 20 years of broad-based international and domestic experience in reservoir engineering and simulation, field development, well testing, petrophysics, reserve estimation, prospect evaluation, and development geology. Able to work in cross-cultural, multi-disciplinary teams. Proficient in Microsoft Office, Eclipse, PanSystem, WEM, Prosper, MBAL, LOGAN, and others. Fluent in Spanish and conversant in Indonesian, Portuguese, Italian, and some Russian. **Ask for R191.**

Production engineer with 27 years of experience as an oil and gas generalist. Comprehensive background in all aspects of drilling, completion, workover, reservoir management, petrophysical evaluations, economic evaluations, and sales. Highly skilled in all aspects of production engineering. Knowledgeable in safety and safety training. Geographic areas worked include south and east Texas, New Mexico, and Louisiana. **Ask for P434.**

Engineering technician with 14 years of experience in the oil and gas industry. Experience includes data gathering for analysis of reservoir performance including decline curves, bottomhole pressure, and water/oil ratio plot analysis. Experienced in maintaining production data using Dwight's and preparing economic reserve evaluations. Computer skills include Quattro Pro, ARIES, OGRE, Lotus 1-2-3, WordPerfect, Dwight's data system, Dodson data system, Harvard Graphics, Lexco, and Microsoft Word. **Ask for TE45.**

Review *thousands of talented* people in more than 30 upstream disciplines at

www.collarini.com

Upstream Careers

Solving the Human Resource Crisis

Focus Two: Recruiting entry-level human resources, no matter where they are!

Traditional recruiting is not enough to sufficiently identify new talent for our industry. How will successful companies sustain a steady supply of young talent for their organizations?

Large major, independent, service, and EPC companies must also recruit from non-petroleum disciplines in the United States. According to Engineers Dedicated to a Better Tomorrow (EDBT), civil, computer, electrical, mechanical, aerospace, biomedical, chemical, and industrial/manufacturing engineering collectively account for over 85% of all engineering bachelor's degrees awarded in the United States. Early recruiting focused on first and second year students combined with active summer internship programs will help identify students who are interested in the energy industry. Large companies should re-create or initiate the fundamental training programs necessary to further develop new hires. This could be accomplished using a training consortium. In addition, strong college recruiting programs should be developed for international universities with energy related curricula, such as in India and China, where more than 50% of the math, geoscience and engineering students in the world are today.

Mid-size and small independents and service companies need to consistently hire summer interns and college graduates and "own" the college internship and recruiting processes at the petroleum geology and engineering schools in the United States. These students need less formal training than non-petroleum students do, especially with the right internships. Strong mentoring programs can accomplish much of what the training programs larger companies do.

Companies with international operations should be hiring foreign students with energy related degrees from United States' universities to work in their domestic offices. The students are authorized to work in the United States during school and after graduation for one year. During that time, successful performers can be identified and trained, then used in foreign assignments.

Smaller companies with international operations can use a similar, but more targeted approach. Identify students at petroleum schools in the areas where you conduct international operations. Hire them for internships to screen for permanent hires. You will be helping to develop young professionals who can either continue work in that area or others with a good understanding of your company's mission, culture, and processes.

None of these strategies by themselves will do the trick. Today's successful companies must be creative and employ a variety of old and new approaches to find the right human resources. In our next article, we will look at methods for recruiting more experienced and mature talent.

About Us

Connecting the Industry's Experts...

[Collarini Energy Staffing Inc.](#) is a full-service agency specializing in the placement of exploration and production personnel including the disciplines listed below (other supporting personnel are managed upon request):

Accountants and supporting personnel
Administrative assistants
Business analysts
Civil engineers
Clerks
Database administrators
Drilling engineers
Drilling operations supervisors
Electrical/Instrument engineers
Geologists
Geophysicists
Health, safety and environmental personnel
Landmen and supporting personnel
Management personnel
Material/Corrosion engineers

Naval architects
Operations supervisors
Petrophysicists
Process engineers
Procurement personnel
Production/Completion engineers
Production operations supervisors
Project managers
Reservoir engineers
Subsea engineers
Surface/Topsides engineers
Technical writers
Technicians, drafting and graphic
Technicians, engineering
Technicians, geoscience

Reservoir Solutions the Industry Trusts...

The [Collarini Associates](#) petroleum engineers and geoscientists specialize in evaluating oil and gas reservoirs. Specific projects include integrated field studies, acquisition evaluations, independent reserve appraisals, and exploration and exploitation prospect generation and assessment. Our full divestment services include creation and hosting of electronic and physical data rooms in addition to the technical evaluation. Our teams in Houston and New Orleans are very experienced and stand ready to help you on projects of any size. Try us!

Guiding Careers to the Next Level...

[Collarini Career Management](#) applies its deep understanding of the oil and gas industry and expertise in career issues to help oil and gas companies and professionals build successful organizations and careers. We leverage Collarini's unique combination of industry knowledge and technical expertise to guide companies and individuals during transition, training existing employees for high performance, and designing customized technical training plans for companies and individuals.

Contact Us

11111 Richmond Avenue, Suite 126
Houston, Texas 77082
832.251.0160 (Associates)
832.251.0553 (Energy Staffing)

4200 South I-10 Service Road Suite 230
Metairie, Louisiana 70001
504.887.7127 (Associates)
504.592.4007 (Energy Staffing)

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www.collarini.com