

Energy Contractor's Employment and Training Needs

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Introduction

Currently, there are about 5,000 unfilled jobs (in the energy sector) according to an official from the Petroleum Services Association of Canada. The jobs range from entry level, unskilled positions to technologists and professional services. (Business and Employment Trends, Dec. 97/Jan. 98.)

The current demand for labour in the energy sector is certainly strong and is likely to remain so in the immediate term. What is not clear however, is which particular trades and skills will be in demand over the next few years. Since most of the new jobs in the energy sector will be with contractors rather than with the major oil companies, this report sheds light on the skill demands by looking at the labour needs of a selection of primary contractors working in northern Alberta. This is not an exhaustive study. Rather, it is a brief look designed to outline the types of skills that will be in demand in the near future, and to point out directions for future research.

Methodology

The information in this report comes primarily from a series of interviews with personnel from 10 contractors serving the oil and gas industry in northern Alberta. The contractors were identified as major primary contractors by contacts at various northern Alberta oil companies. The contractors contacted represent a range of oil field services including drilling, pipeline construction, wellsite construction and maintenance, and electronics. We asked the contractors to look ahead three years and predict their overall labour force demand, the demand for specific trades and related skills and what changes they thought would be needed in training for their industry. We then asked respondents about their current situation with regard to recruitment, ongoing training for employees, seasonality and turnover. Finally, we asked which trades the contractors saw as being the most likely to be needed in both the construction and operational phases of an oil and gas industry project.

Additional information came from earlier Clearinghouse reports and other research completed for industry associations.

Points from Previous Research

- Energy service sector activity on Alberta doubled from 1992-93 to 1995-96 and has continued to grow since then. It is important to note however, that the growth in activity has not been matched by growth in employment. A 1996 report prepared for the Canadian Association of Petroleum Producers points out that, "compared to 1985, the patch now requires one third fewer workers per barrel of oil produced, and less than half of the workers per 1,000 cubic feet of natural gas produced". ("A Review of Trends Affecting the Human Resource Requirements of Canadian Petroleum Producers", Executive Summary, p.2.)

- The same study noted that the average age of employees is increasing, following the “baby boomer bulge”.
- Many companies prefer to do their training “in-house”.
- The supply of young “farm boys” that the oilpatch used to hire has dwindled in recent years.
- Contractors participating in last February’s Together Toward Tomorrow conference stressed the importance of work ethic in obtaining and keeping a job in the oilpatch. Showing up on time, working hard and obeying company rules are the keys to continued employment.

Survey Results

Predictions

Most of the contractors expect to grow over the next three years, but they have difficulty predicting hard numbers. The oil and gas sector is highly volatile and susceptible to changes in the world price of oil among other factors. One contractor is wary of the federal government’s recent commitments to cut “greenhouse gas” emissions, fearing that attempts to meet established targets will result in the cancellation of several proposed energy sector projects. Even with such risk factors however, none of those contacted expected to have fewer employees in three years.

The tradespeople most likely to be in demand three years from now, according to those interviewed, are welders and pipefitters, with electricians, instrumentation technologists and heavy duty mechanics also on the list. In addition to tradespeople, heavy equipment operators, rig hands, systems analysts and general labourers will be in demand three years from now.

Many of the contractors interviewed for this report do not see a need for change in the training for this industry. Most of them provide safety and equipment operations training on the job, though it is helpful if new employees have their safety tickets before they start. Those who do see some need for changes in training point to several needs and factors:

- new technologies (i.e. control systems and drilling technology) will require more intensive training
- human resource training will be needed as people move up into supervisory positions
- employers want a larger pool of trained people
- some are looking for local delivery of courses designed to fit specific occupations
- funding for the in-class portions of apprenticeship training must be restored
- “There is always room for improvement”.

Current situation

The hardest trades to recruit for are generally the same trades that contractors expect to see in demand in the future; welders, pipefitters, instrumentation technologists, heavy duty mechanics and millwrights. For most of those interviewed recruiting is not a significant problem now, but they expect it to become more difficult over the next few years. Where employers are experiencing some difficulty is in finding good, experienced workers. There are plenty of bodies out there, say the contractors, but not so many who know what they are doing.

Contractors' recruiting strategies vary from company to company. Some recruit locally, mostly by word of mouth, while others advertize provincially or throughout western Canada. One outfit reports receiving phone calls and resumes from as far away as Georgia. One other contractor follows news reports, recruiting in areas that are experiencing industry slow-downs.

All of the contractors interviewed state that they support ongoing training for their employees. Much of this support is due to the fact that safety certification has to be renewed on a regular basis.

While some oilfield contractors are busier in the winter, most of those surveyed for this report are busy year-round. Beyond a core crew, employees tend to be hired on a per project basis. Right now most employees are working steadily year-round but this is subject to fluctuations in the price of oil and many other economic and regulatory factors.

The contractors surveyed report employee turnover rates from very low to "too high". Turnover seems to be particularly high at the entry level. As one contractor points out, the job market is a "worker's market" now. Workers know that they can leave one job in the morning if they want and have another one before the day is out.

Those contractors who can comment on the matter say that the trades with the best chances for work in both the construction and operational phases of oil and gas projects are pipefitters and instrumentation technologists, along with electricians, plumbers and heavy duty mechanics.

Implications for Training

Safety training will remain popular for some time. In addition though, employers want workers with the right attitude, who are eager to learn and to work. Hands-on experience is also a crucial consideration for oilfield service contractors.

One contractor stresses the importance of economic cycles in predicting the future of the oil and gas industry. At the moment we are riding the crest of an upswing. Three years from now we will likely hit the down side of the cycle which will at least slow down any growth in the industry. In addition, many projects are now in, or are soon to enter, their construction phases. Once construction is complete, the number of employees needed will drop. As a result, the most valuable training for those hoping to work in this field will be that which gives them a wide range of skills and a good chance of making the transition from construction to operational work.

Sources

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