

Manpower: 'A shortage across the board'

Geologist Pay Reflects Demand

It has become a familiar story that began three years ago: Manpower needs in the upstream industry coupled with the need to find more resources are causing big rises in salaries for petroleum geologists. Hold that thought. You'll probably be hearing that again for a while. The 2008 AAPG EXPLORER salary survey showed a weighted average increase of 9.45 percent in pay for geoscientists. Last year's survey showed a 9.1 percent increase, following a 16 percent boost in 2005-06. A 35 percent rise in salaries over three years is memorable – and it doesn't look like there's anything in the near future to slow the upward salary projectory. The EXPLORER survey, conducted annually since 1981 by Mike Ayling of MLA Resources in Tulsa, showed the 6-9-year experience category charting the largest increase, with an 18.6 percent rise in salaries. Closely behind with 17.7 percent in salary growth was the 3-5-year experienced geologist category, which showed an average annual salary of \$107,800. Ayling noted the large increases reflect the shortage of young professionals in those experience categories. Ah, the magic of supply and demand works again. It also indicates the industry's focus on reloading vacancies being created by retirements, and on retaining new and recent hires.

The almost negligible increase in salaries of new hires "is possibly skewed low by a few bachelor of science-degreed

geologists employed by very small companies," Ayling said. Also, cash bonuses are not calculated in the salary survey. A master's degree for entry-level geologists has been the norm. But again, the demand is overwhelming the supply. Is there a shortage of graduates available for new hires?

"There's a shortage across the board – in all categories," Ayling said, noting that the students who signed up due to the rising energy prices that took off in late 2004 are still matriculating through the educational system and are not yet having a major impact on the market.

Meanwhile, the demand for geoscientists continues to grow.

Part of the Picture The annual salary survey is based on employed, salaried geoscientists and is based on salaries alone. It does not include bonuses, employee benefits, autos or other perquisites. It does not attempt to include anyone whose compensation is in the form of consulting fees, retainers or overrides, which Ayling said are on the increase as well. The purpose of the survey is to provide a yardstick for those interested in assessing their compensation, and Ayling strongly feels that compensation is often a secondary consideration when evaluating overall job satisfaction. The survey also is based on U.S. salaries only, considered the "gold standard" for the industry. The measurement for international salaries for

explorationists is virtually on a country-by-country, case-by-case basis, Ayling said, which makes statistical averaging non-productive beyond the boundaries of any specific country. Ayling added that many ex-pats are paid U.S.-based salaries, while the national oil companies opt to pay compatriots on a different, lower scale. Again in the 2008 survey, Ayling said over half of the salaries noted in the survey represent individuals with over 20 years of experience – the largest category of the working geologists. Those geologists entered the profession in the 1970s when prices caused a whopping growth spurt in numbers, followed by almost two decades of alternating layoffs and inconsistent hiring policies.

Many experienced people are seeing very attractive retention bonuses, participations and other incentives, Ayling said. This has mitigated a lot of job-hopping, with the "golden handcuffs" keeping performers from answering the lures of suitors. At least for a while. Those incentives are usually time-bound, and Ayling noted that once those time obligations are met, the shackles are off. Then, watch out, unless the workplace becomes "unleavable" due to professional satisfaction. Ayling also said the salary figures are feeling more upward pressure this spring "as many smaller companies try to staff up to capitalize on \$100-plus oil."

2008 Geological Salary Survey

YEARS EXPERIENCE	HIGH	AVERAGE	LOW
0-2	\$ 95,000	\$ 82,800	\$ 58,000
3-5	145,000	107,800	80,000
6-9	153,000	121,100	99,000
10-14	155,000	119,800	100,000
15-19	185,000	151,600	101,000
20-24	260,000	167,400	134,000
25+	200,000	162,800	130,000

Average Salary by Degree

YEARS EXPERIENCE	B.S.	M.S.	PH.D.
0-2	\$ 72,300	\$ 86,600	\$ 95,000
3-5	91,000	97,500	145,000
6-9	99,000	134,500	105,200
10-14	102,000	120,000	155,000
15-19	101,700	172,500	134,900
20-24	157,000	159,000	202,500
25+	164,500	159,800	176,700

Historical Averages

YEARS EXPERIENCE	2001	2002	2003	2004	2005	2006	2007	2008
0-2	\$ 59,700	\$ 64,000	\$ 65,000	\$ 65,600	\$ 67,800	\$ 74,400	\$ 82,200	\$ 82,800
3-5	66,000	67,500	71,200	67,700	75,600	81,300	89,600	107,800
6-9	74,200	74,500	78,300	75,700	77,500	95,400	98,500	121,100
10-14	89,400	95,000	96,600	91,900	107,500	114,400	111,500	119,800
15-19	100,600	99,400	102,500	102,500	116,000	119,600	141,000	151,600
20-24	11,700	111,600	113,900	118,100	112,800	139,000	155,000	167,400
25+	117,300	124,000	126,900	125,100	128,300	134,100	149,900	162,800