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Oilpatch yearns for end to layoffs

By Shaun Polczer, Calgary HeraldSeptember 5, 2009

Oilpatch watchers are hoping the loss of people and jobs is about to stop after Suncor Energy said Thursday it was laying off 1,000 workers.

Canada's largest integrated oil company said this week the staff reductions were needed to trim overlap after the completion of its \$20-billion merger with Petro-Canada earlierthissummer. The cuts capped nearly three-quarters of widespread layoffs across Alberta's energy sector starting at the beginning of the year when commodity price declines took hold.

No sector of the industry has been spared--from producers to drillers and service companies, from field hands to corner office executives.

Nair Bailey, who heads Bailey Professional Search, a job recruitment firm aimed at placing engineers and other skilled oilpatch workers, said he stopped counting the number of job losses when his running total hit 12,000 earlier this spring. Barring Thursday's announcement by Suncor, the number of layoffs has levelled off, but nobody is sure when the situation will change.

"Has it slowed down in terms of bulk layoffs? Yes," he said in an interview. "Have layoffs stopped?No, not at all."

Most of Suncor's job cuts took place within the administrative ranks in Calgary, with few if any cuts to the company's unionized labour force in the Fort McMurray mine and the Edmonton refinery.

Nonetheless, Bailey said there is very little room left for companies to trim heading into the fourth quarter. "The people that were going to be laid off have been laid off. There will still be some sporadic layoffs here and there, but not the big whacks of people we've been seeing."

Meanwhile, Royal Dutch Shell PLC could be planning job cuts of around 15 per cent in its core exploration and production unit which includes Shell Canada, Reuters reported on Friday, citing sources inside the oil major.

An announcement on a restructuring of the unit, which generates most of the company's profit, is due on Monday, Shell protest website Royaldutchshellplc.comsaid. Shell declined to comment. In March, ConocoPhillips laid off 190 people in its Canadian division, as part of a reduction of about 1,300 people worldwide. In April Precision Drilling Trust cut about 14 per cent of its workforce, almost 1,000 people, during spring breakup. Even before its merger with Suncor was announced, Petro-Canada let 200 go from its oilsands division which was followed by another 50 senior executives and managerial posts after the deal was announced.

In May, Europe's largest oil company by market value said it planned to restructure its exploration division and divide it into two units, one focused on the Americas and another focused on the rest of the world.

While producers cut back, the number of service sector jobs is even harder to pin down, due to the seasonal nature of work cycles and the widespread use of temporary contract workers. But Roger Soucy, who heads the Petroleum Services Association of Canada (PSAC) said there's no question that smaller service firms that perform most of the field work are hurting. The association's member companies employ about 60,000 people.

"I don't know the actual number, but it's certainly way down from last summer. When rigs aren't working, those guys don't have jobs," he said. "We're pretty close to the bone. . . it's probably the worst I've seen it since the NEP(National Energy Program) of the early '80s."

But other major companies said they have no plans to cut back, and are in fact taking advantage of the labour surplus to replenish their ranks.

Imperial Oil-- formerly Canada's largest integrated oil producer--has about 91 open positions listed on its website, ranging from process engineers to accountants to land men. While other companies slashed spending, Imperial opened the pocketbook and earlier this summer sanctioned the sprawling Kearl oilsands mine, the largest capital project in its history.

"We continue to hire people to fill critical skills and operational needs, in accordance with our business plan," said company spokesman Pius Rolheiser.

Devon Canada is also looking for new hires to man its Jackfish and Lloydminster heavy oil operations, said spokeswoman Nadine Barber. The company employs about 1,500 people in Canada, a level that has remained consistent despite its traditional focus on natural gas.

With the latest Jackfish expansion, the company is approaching a 50/50 oil weighting, Barber said. "That mix allows us to weather the ups and downs. Between Lloyd(Minster), Jackfish I and Jackfish II, we've been incredibly busy."

Iqbal Ali, president of Calgarybased Petro Staff International placement agency, said he's still seeing plenty of demand for skilled oil workers, both in Calgary and abroad. He predicted Suncor's laid off employees would have no trouble finding new positions.

"If they have what it takes and skills to do the job, they will have no problem," he said.

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