



## Uncertainty chills decision making

# Salaries Show 5 Percent Increase

In the face of laggardly oil and gas prices over the past year, salaries for petroleum geologists rose 5 percent overall in 2009-10 – about double from the previous year's increase, according to the annual AAPG Salary Survey.

If there were a contest to describe the 2009 upstream oil industry in one word, "uncertainty" would certainly be in the top 10 – and this created hesitancy in the human resource departments, according to Mike Ayling, of MLA Resources of Tulsa.

The uncertainty had a dampening effect on pay raises and hiring plans, said Ayling, who has conducted the annual salary survey for AAPG since 1981.

"There was less job movement, fewer raises and lower bonus expectations as the year progressed," Ayling said. "Most everyone remains very conservative in their staffing decisions."

The survey revealed that 0-2 and 3-5 year experience levels showed little change in salary ranges, but also that those groupings contain relatively few individuals, Ayling said. He also noted geologists with over 25

years experience reported an 8.8 percent salary increase, indicating a desire of the companies to hang on to proven explorationists.

There also have been limited manpower reductions with most trimming coming from the companies' use of consultants, he said.

Ayling also detected the uncertainty is having a chilling effect on the mobility in the work force, with explorationists choosing to stay where they are.

"The seasoned workers are getting some good pay and are hesitant to leave," Ayling said. "Meanwhile the younger workers are in the same boat – plus they are seeing the boss getting older and sensing their upward mobility chances are good without having to change companies to advance."

All the while, companies are content not to make many more hires.

"There is a lot of pressure to get the job done with fewer people as hiring budgets are put on hold," Ayling said.

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.

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 expats are paid U.S.-based salaries, while the national oil companies opt to pay compatriots on a different, lower scale.

As for the near-term, Ayling said, "We have yet to see the impact of several mergers or property sales that will close later this spring."

"I suspect that there will be only a modest fallout," he added, "as companies redeploy workers, and a few senior staff will simply retire with their severance pay."



### 2009 Geological Salary Survey

| YEARS EXPERIENCE | HIGH      | AVERAGE   | LOW       |
|------------------|-----------|-----------|-----------|
| 0-2              | \$ 99,800 | \$ 87,600 | \$ 70,000 |
| 3-5              | 153,900   | 105,600   | 68,000    |
| 6-9              | 147,000   | 121,700   | 91,000    |
| 10-14            | 160,700   | 123,500   | 102,500   |
| 15-19            | 211,500   | 150,000   | 96,000    |
| 20-24            | 270,400   | 180,000   | 96,500    |
| 25+              | 600,000   | 186,800   | 100,000   |

### Average Salary by Degree

| YEARS EXPERIENCE | B.S.      | M.S.      | PH.D.     |
|------------------|-----------|-----------|-----------|
| 0-2              | \$ 76,100 | \$ 93,200 | \$ 99,800 |
| 3-5              | 99,800    | 99,500    | 153,900   |
| 6-9              | 95,300    | 141,800   | 132,400   |
| 10-14            | 110,300   | 127,400   | 112,500   |
| 15-19            | 118,000   | 159,800   | 149,300   |
| 20-24            | 150,000   | 168,300   | 270,000   |
| 25+              | 189,900   | 187,500   | 169,600   |

### Historical Averages

| YEARS EXPERIENCE | 2002      | 2003      | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      |
|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 0-2              | \$ 64,000 | \$ 65,000 | \$ 65,600 | \$ 67,800 | \$ 74,400 | \$ 82,200 | \$ 82,800 | \$ 87,600 |
| 3-5              | 67,500    | 71,200    | 67,700    | 75,600    | 81,300    | 89,600    | 107,800   | 105,600   |
| 6-9              | 74,500    | 78,300    | 75,700    | 77,500    | 95,400    | 98,500    | 121,100   | 121,700   |
| 10-14            | 95,000    | 96,600    | 91,900    | 107,500   | 114,400   | 111,500   | 119,800   | 123,500   |
| 15-19            | 99,400    | 102,500   | 102,500   | 116,000   | 119,600   | 141,000   | 151,600   | 150,800   |
| 20-24            | 111,600   | 113,900   | 118,100   | 112,800   | 139,000   | 155,000   | 167,400   | 180,300   |
| 25+              | 124,000   | 126,900   | 125,100   | 128,300   | 134,100   | 149,900   | 162,800   | 186,800   |