

Mass job losses unfold in global oil industry

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Baker Hughes and Schlumberger, two of the largest oil service companies in the world, announced this month that they would lay off 7,000 and 9,000 workers respectively as segments of their companies become unprofitable. The cuts are just a fraction of a larger wave of job losses throughout the United States and internationally due to the oil price decline.

West Texas Intermediate (WTI) crude oil, the US oil index, has dropped by more than 60 percent since its previous peak in July of 2014. WTI is currently trading at \$44.83 a barrel after hovering around \$110 in the summer of 2014. The extreme drop in price has led to a depression of the current shale boom in the United States as well as the tar sands industry in Canada. Shale oil has been the first type of production to be hit by the price drop because it is significantly more expensive than conventional oil production.

The Dallas Federal Reserve estimates that in Texas alone 128,000 jobs will be lost by this summer if prices remain around \$50 a barrel. The CEO of MBI Energy Services, Jim Arthaud, told CNN that 20,000 jobs would be lost by June simply in the region around Williams County, North Dakota, the site of a major shale boom.

Baker Hughes is in the process of being acquired by Halliburton, which recently made a job cut of 1,000 workers. Baker Hughes will lay off a whopping 11 percent of its workforce, or 7,000 people. Schlumberger's cut of 9,000 workers represents 7 percent of its global workforce. Paal Kibsgaard, CEO of Schlumberger, warned in a statement that job cuts in the oil industry were not over.

Many smaller oil companies are going through even more significant cutbacks, as they are less able to weather the financial difficulties produced by the price drop. Laredo Petroleum, an exploration and development company located in Tulsa, Oklahoma, will fire 20 percent of its workforce and close its office

in Dallas, Texas. In 2012, the company employed 340 people. Apache Corporation, a multinational oil company with about 5,299 employees in 2012, will fire 5 percent of its global workforce. Suncor Energy announced it would lay off 1,000 workers, Ensign Energy Services 700 workers, Hercules Offshore 324 workers and Civeo 200 workers, all due to the oil price drop.

US Steel, which already announced the firing of 756 workers, will now bring the total to about 1,300 workers after the announcement that it would idle its East Chicago Tin Mill, laying off 369 workers. The most profitable segment of US Steel's operations is so-called Oil Country Tubular Goods for pipelines and oil rigs. ArcelorMittal also announced that 304 jobs would be eliminated when it shuts down its electric arc furnace at its nearby Indiana Harbor Long Carbon facility on March 1.

A survey of oil and gas managers by Rigzone shows that 44 percent of surveyed companies plan over the next six months to hire fewer workers, many of whom work on a contract basis. Of those surveyed, 29 percent said there would be no change in hiring. New drilling has dramatically slowed, with the current oil rig count at a five-year low and falling.

The oil layoffs are having devastating effects on workers, their families, and those in communities that rely on these workers for their own jobs in retail, restaurants and other service industries.

CNN spoke to John Roberts, an oil crew truck driver in North Dakota, who like many oil workers was housed in company dormitories. Roberts told CNN he was given 24 hours to leave his house when Schlumberger laid him off. Roberts is now sleeping on a friend's couch. Aaron Neiffer, an oil rig worker, told the news agency he was worried and that "They've already started laying people off." Aaron and Roberts are both married and have several children.

Chris Gabriel, the owner of a restaurant in Hominy, Oklahoma, told the local KOTV news station, “My thought is, if you’re not in oil and gas, you’re still affected by it. Every one of us are affected, especially in this area.” Gabriel, who had begun giving free meals once a week to all workers and families in the area, told KOTV the oil industry was “the oxygen and the blood for this area.”

An oil worker at Gabriel’s restaurant told KOTV, “We’re all worried about it.” Continuing, he said, “Imagine if your salary got cut in half and then somebody says, ‘Well you’re paying a dollar less for a gallon of fuel, aren’t you excited?’ No, I’m not excited about it.”

Anthony Rodriguez told KSAT news in Texas, “Everybody is cutting back and it’s a scary time.” Rodriguez, who works at an oil field supply company, said the price drop “keeps you on your toes, worried about your job every day.” KSAT also spoke to TJ Patel, a motel owner in Tilden, Texas, who said, “Companies used to stay and everybody had their own room. Now if they live within a 30-minute or hour drive they would rather go back home.”

Internationally oil cuts have also accelerating. In Mexico, over 10,000 contract service workers at the Mexican petroleum company have lost their jobs. Sir Ian Wood, the head of an oil engineering firm situated in the North Sea’s petroleum producing region, warned in a public statement that 40,000 jobs are at risk in the area this year.



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