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Oil's descent hammers hiring

Advertisements seeking engineers are off sharply, and two makers of equipment announce job cuts
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The need for petroleum engineers that had companies prowling campuses last year is dwindling — another sign of how lower oil prices are pummeling the energy industry.

Advertisements in Houston seeking the engineering talent fell by 43 percent in January compared to the same month in 2014, according to new data from a clearinghouse for those job listings.

Much of the drop occurred since September, according to engineerjobs.com, and closely tracked the fall of oil prices from September to January.

International benchmark Brent crude traded for about $53 at the end of January and $95 at the end of September, a drop of 44 percent. U.S. benchmark West Texas Intermediate fell 47 percent during the same period.

On Wednesday, Brent fell $2 to $60.53, and WTI dropped $1.39 to $52.14.

The drop in ads for oil industry professionals suggests that companies are reducing hiring even if they're not among the many that already have laid off tens of thousands of workers around the world in the face of the oil price downturn.

Two European equipment makers with their main U.S. offices in Houston — Technip and Akers Solutions — added to that tally Wednesday, announcing job cuts totaling 2,100, mostly in Europe.

And Houston-based producer Marathon Oil Corp. said Wednesday it will chop another $1 billion from its 2015 drilling budget, after announcing a cut of almost $1.5 billion in December.

It did not say how the cuts will affect jobs. At the end of 2013, Marathon employed about 1,300 workers in Houston and 3,400 worldwide, according to a Houston Chronicle survey.

Marathon reported a $93 million operating loss for the fourth quarter, excluding a one-time $932 million gain from the sale of its Norway business. Company officials are scheduled to discuss the financial report with analysts in a conference call Thursday morning.

EOG's profit down

Houston-based EOG Resources, a big player in areas including Texas' Eagle Ford Shale and Permian Basin, said Wednesday that its quarterly profit fell 23.4 percent, to $444.6 million from $580.2 million in the fourth quarter of 2013. The company said it will cut its capital budget by 40 percent to about $5 billion this year.

Falling oil prices also hit another Houston independent producer Wednesday, as Moody's Investors Service changed ConocoPhillips' debt rating outlook to negative, citing the expectation that the company will take on more debt over the next two years.

ConocoPhillips, the nation's largest independent oil company, still has a strong debt rating given its global scale and diversity. Moody's estimated, however, that dividend payments and capital spending would bring the company's debt to about $7 billion in 2015.

Like several other large companies, ConocoPhillips has vowed to maintain the quarterly dividend it pays shareholders. But it has announced it will cut its capital spending to $11.5 billion, down about a third from 2014, and has told its employees to expect a pay freeze and layoffs.

Pain in several states

The drop in engineering openings tracked in the engineerjobs.com survey probably will hit hardest in Texas and four other states —Oklahoma, Colorado, California and Pennsylvania — that combined accounted for 80 percent of advertised jobs.

As recently as July, leaders of engineering schools told the Houston Chronicle that they were struggling to hire and retain professors in petroleum engineering because higher salaries were luring experienced and even freshly graduated engineers to industry.

Houston still leads the nation in hiring petroleum engineers, listing more than a fourth of the advertised jobs, engineerjobs.com said.

But the area's 43 percent decline exceeded the nationwide average that showed a 32.4 percent drop in petroleum engineering job listings from January 2014 to January 2015.

Petroleum engineers use elements of civil, chemical and mechanical engineering, along with other disciplines including geology, to evaluate reservoirs and recover oil and gas.

The downturn in petroleum engineering hiring contrasted with a 9 percent overall rise in engineer jobs advertised from January 2014 to January 2015.

A bright spot

And an engineering-construction company with a major presence in the energy industry on Wednesday offered a rare bright spot among fourth-quarter financial reports.

Irving-based Fluor Corp., which develops projects for energy and other industries, banked a profit of $214.5 million, or $1.39 a share, in the October-December period, compared with $166.8 million, or $1.03 a share, in the same period the year before.

Revenue declined from $6.3 billion to $5.5 billion year over year, but Fluor's backlog of contracted construction work grew from $34.9 billion to $42.5 billion.

"There's still a lot of work in the United States and Canada, the Middle East and Asia," Fluor CEO David Seaton told investors during a conference call.

What sets Fluor apart, Seaton said, is that its focus on **petrochemical and refining projects insulates it from some effects of low oil prices**.

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