

## Soft Living Amid the Hard Labor Market

Donnie Lewis said he would quit the coldest, dirtiest job he had ever known--drilling in the oil-rich bogs of Canada for Suncor Energy--if it were not for the free private room, maid service and five-course meals.

"I wouldn't do it if I had to share a room with six other fellows, all snoring and making a racket when you're trying to get a few winks," said Lewis, who doubled his wages from his last job. "The oil companies really take care of you and do everything they can to make your time here easy."

Workers like Lewis, widely known, as roughnecks in the trade, have become a precious commodity for energy producers like Suncor, Royal Dutch Shell and ExxonMobil.

Faced with a worldwide shortage of skilled labor, oil companies are reinventing the work camp. The drafty trailers and communal showers of a decade ago are giving way to resort-style housing that includes private rooms with flat-screen televisions.

The posh accommodations are raising costs for companies already squeezed by higher prices for pipe and drilling rigs, said Peter Tertzakian, who manages investments at ARC Financial in Calgary, Alberta.

Suncor, one of the largest producers in the Canadian oil sands region, cited labor costs as one reason for a 48-percent drop in profit in the fourth quarter of last year. Higher prices for crude oil and natural gas are another result, as increased expenses delay projects that could help global energy supplies get ahead of surging demand.

Exploration and production costs are 53 percent higher than two years ago, according to an index developed by Cambridge Energy Research Associates in Cambridge, Massachusetts, to track labor, engineering, steel and equipment prices.

"Oil is getting more and more expensive to find and pump for a whole host of reasons, not the least of which is that you usually only find it in the middle of a desolate wilderness," Tertzakian said. "No one wants to go there, so you have to pay people more. And then it costs substantial sums to take care of them once they're there." Wages for drilling engineers surged 20 percent in the past six months to \$172,000 a year, according to Think Resources, a recruiting firm based in Atlanta.

Pay increases and \$15,000 bonuses are luring new workers to forbidding places like the oil sands around Fort McMurray, Alberta. A work camp for 2,500 people costs about \$120 million, about the same amount as ExxonMobil or Shell spends to drill a new well in the Gulf of Mexico.

Lewis quit his job as a diesel mechanic on Prince Edward Island in November to cross the continent and take a new post operating machinery that vacuums up drilling fluids at Suncor's oil sands development north of Fort McMurray.

Shell recognizes the need to pamper workers enough to take their minds off their bleak surroundings, said Ramzi Fawaz, a vice president in charge of oil sands projects. Shell is building a lodge for 2,500 workers complete with an indoor hockey rink and an oak-paneled pub in the heart of the Canadian tar sands region. Thirty-two kilometers, or 20 miles, away, ExxonMobil, the world's biggest oil company, is planning soccer fields and indoor basketball courts for 1,300 workers at its Kearl oil sands project, where construction is scheduled to begin this year.

For most of the 150-year history of the petroleum industry, living conditions for roughnecks and tool-pushers at remote fields were utilitarian at best, said Mark Little, development manager for Exxon's Kearl project.

Crews hauling drilling rigs, fuel and food to sites along the shore of the Arctic Ocean in the Northwest Territories of Canada in the 1970s and 1980s slept six to a room in old trailers atop sledges hauled across the tundra by bulldozers, said Shane Stampe, president of the work camp and catering business at Horizon North Logistics in Calgary. Meals were served in a mess hall next to the toilets.

Joe Cosgrove, who builds camps for energy, mining and smelting companies as senior project manager for Atco in Calgary, recalls sleeping eight men to a room at a BP camp in Algeria.

"I've stayed in some of those camps, and let me tell you, you don't want to stick around any longer than it takes to get the job done," Cosgrove said.

Now, demand for upscale accommodation is growing so fast that the PTI unit of Oil States International budgeted \$58.2 million this year to expand two Canadian oil camps and build a third to house 1,257 more welders and engineers.

Dean Aiken, executive chef at PTI's Beaver River lodge, 50 kilometers north of Fort McMurray, hired a pastry chef from Quebec to make tarte au sucre, a dessert adored by engineers and geologists from francophone Canada.

Oil-field workers--mostly men, but not quite all--will not tolerate mediocre cuisine, said Stampe. Roughnecks drilling wells above the Arctic Circle typically eat 7,000 calories a day, almost three times the normal human intake, because they spend most of their 12-hour shifts doing heavy labor outdoors in a region where temperatures of minus 45 degrees Celsius (minus 49 Fahrenheit) are not uncommon in winter. Between omelets and baked goods, they consume an average of seven eggs each per day, Stampe said.

The trend toward fancier lodgings extends from the Canadian Arctic region to the Gulf of Mexico, Norway, Nigeria, Algeria and Russia. In Nigeria, Shell built a golf course and tennis

courts for the camp at a liquefied natural gas plant on Bonny Island off the southeast coast of the country.

Chevron is building a production platform for the Tahiti field in the Gulf of Mexico that includes private bedrooms, an Internet cafe and a movie theater. The structure is being built in two pieces in shipyards in Finland and Texas and will be assembled in the water in July.

"We need a good camp to attract the skilled workers we need for ongoing projects and to keep them on board for future projects 20 or 25 years from now," Fawaz of Shell said.

But Lewis, who gets five days' leave for every 24 days worked, said he still got bored after a while. Despite the good food and his getting his bed made, laundry done and room vacuumed every day, he said, he longs for a chair at the table in his kitchen back home.

Flying home takes almost 24 hours, counting layovers in Toronto and in Halifax, Nova Scotia. The tab is covered by his employer, Eveready Industrial Services of Edmonton, Alberta, a contractor working for Suncor.

"No one's really living here," said Lewis, whose crew drills holes to evaluate the depth of the oil-bearing sands from which Suncor extracts heavy crude. "You can see it in people's faces that they don't want to be here, that they'd rather be at home with their families. But it's a money hunt."

by Joe Carroll Bloomberg News - International Herald Tribune - Monday, February 26, 2007

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