THE STATE OF THE OIL AND GAS INDUSTRY

As anyone who works in the oil patch is well aware, the energy industry is in a constant state of evolution and the cyclical nature of the industry often forces evolutionary changes more quickly that they might otherwise occur. Tudor Pickering Holt believes that we are in the middle of such a period, in which the current downturn in global energy prices has forced the industry to focus on cost cutting, standardization, and a better way grow global energy production. While many offshore upstream players point to inflated services costs as a driver of poor exploration and production growth prospects, it's worth noting that services margins did not improve cycle to cycle (2008/09 – 2014).

As such, the presenter believes there is a better way to execute deep-water developments and he also believe that recent trends in the Oil Field Services and the Engineering, Procurement, Construction, and Installation worlds suggest energy participants also agree. The current down-cycle is no doubt painful, but there is reason to feel confident that the oversupplied market will clean itself up thanks to strong global oil demand and declining domestic oil supply given the nature of North American shale type curves. In time the companies involved in exploration and production, as well as oilfield service providers, will emerge more efficient.

About the Speaker

George O'Leary serves as a Vice President in Oil Service and E&C Research with Tudor Pickering Holt & Co. (TPH) where he also works in the company’s macro research team. His primary focus is on LNG. George joined Tudor Pickering Holt in 2009 and has spent time doing equity research across the hydrocarbon value chain.

Prior to joining TPH, Leary served as an Associate in the business and intangible asset valuation group with Deloitte Financial Advisory Services. Before that, O'Leary was a summer analyst at Morgan Stanley. He holds a BS in Business Administration with a concentration in Finance and a BA in Latin American and Iberian Studies from the University of Richmond.
CLAYS SHOOT - MARCH 5, 2016

This year’s Sporting Clays tournament will be held on Saturday, March 5 at the American Sporting Center. There are still a few afternoon flight team and individual player spots open so, if you are interested in participating, register now. Cost is $900 for a team or $180 for individual shooters. The latter will be grouped into teams. We anticipate that the tournament will sell out.

SPONSORING
Proceeds from the tournament go a long way to fund our scholarship program. Sponsorships range from $250 to $6,500. Higher dollar sponsorships include complimentary team registration and other benefits. All sponsors will be recognized on the MTS Houston website with the sponsor's name, logo and a hyperlink. Your generous support is appreciated.

For more information, please visit the website, or contact Jennifer Williams, Clays Shoot Co-chair at jennifer.williams@boamarine.com.

SOCIAL MEDIA
The MTS Houston Section now has active Facebook and LinkedIn sites. We would like to encourage everyone to CONNECT! These sites provide an easy way of keeping in touch with other members and keeping abreast of Section activities and local happenings.

LinkedIn
To visit the LinkedIn page, go to www.linkedin.com/in/mtshouston

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There are also links on our website.
Watch your email for invitations to connect!

MTS HOUSTON CALENDAR
Advance Calendar subject to change.

January 28, 2016 - Lunch
State of the Industry
George O'Leary, Vice President, Tudor Pickering

Underwater Intervention
New Orleans

February 25, 2016 - Lunch
Shell Malampaya Phase 3
Brian Raine, President Arup in conjunction with Shell
Representative from overseas

March 5, 2016 - Sporting Clays Tournament.
American Shooting Center

March 24, 2016 - Outlook Conference, Half a day Session with Industry Executives

April 28, 2016 - Lunch
Delayed P&A Through Improvements in Oil Cut for Mature Offshore Facilities
Michael Pavia, CTO, Glori Energy

May 26, 2016 - Lunch
Stampede Development Update, Stephen Whitaker, Director, HESS

June 23, 2016 - Lunch
To be announced

July 28, 2016 - Golf Tournament

August 25, 2016 - Luncheon

September 22, 2016 - Luncheon

October 10-12, 2016
Dynamic Positioning Conference

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Chair’s Message
Terry Dahlke

There is an old adage that states: “what you lose on the roundabouts you gain on the swings”. Right now this could be applied to the dismal decline in oil prices – that – at the time of writing - appear to be going into free fall. For car owners, transportation and airlines, lower gas prices are a boom. Nevertheless, airlines, who have been notching up ticket prices steadily for several years due to “the high cost of fuel” are not now in any hurry to cut their fares, even though fuel accounts for around one third of their operating costs. You may be asking yourself, why are they not cutting ticket prices? The answer is simple. Why should they? Planes continue to be packed. Demand is excellent, competition is down, so why not just enjoy higher profits while they last?

Likewise the automobile industry is pretty happy these days. With motorists paying half what they did a few years ago at the pump, driving has become significantly less costly. Why squeeze the family and yourself into a fuel efficient mini-hybrid when you can drive around in a spacious and comfortable SUV or roomy F-150? Car sales for 2015 are at a record high, with customers returning to their old “big car” buying habits, leaving hybrids like the Prius sitting on the lot.

Unfortunately for Texas – and other states with a high dependence on oil exploration and production – the current collapse in oil prices is nothing to celebrate. According to Baker Hughes, the North American rig count has fallen by almost 1,200 since this time last year. Few rigs of course translates into across the board lower demand for offshore (and onshore) field services, and fewer jobs for skilled and unskilled workers. So while we saw a rapid increase in general employment in the oil and gas industry from 2007 to 2013, with the sector far outstripping employment growth in other sectors, this trend has come to a screeching halt. Less drilling means layoffs, cut backs – and ultimately a reduction in consumer spending as pay checks dry up.

So where is all this heading? The media is having a field day with doom and gloom predictions of worldwide economic recession, unemployment and the total collapse of some third world economies with a high dependence on the petroleum industry. But then the media took an equally depressing view when oil prices were hovering around the $100 mark, predicting economic collapse due to energy shortages, $10 a gallon gasoline at the pump and out-of-control retail price increases.

While no one can predict where the industry will be this time next year, there are many savvy experts and analysts who can provide considered, well researched and informative overviews of where things are heading. So please join us on January 28 when one of these professionals, George O’Leary with Tudor, Pickering, Holt, will provide an overview of the State of the Industry.

In the meantime, may I wish all of you a happy and safe holiday season, and a New Year characterized by rising oil prices?
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The MTS Houston Section Announcement is published monthly (11 issues a year) and distributed electronically and in hard copy format to industry professionals. Logo sponsorship ($150 a year) and advertising opportunities are available. Please send articles and news items about upcoming events to the editor. Deadline for submissions is the first Thursday of the month of issue.

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EMAIL DATABASE
The MTS Houston section sends out regular emails regarding upcoming events. If you wish to receive these emails and are not currently in our database, please send an email request to mtsh@mtshouston.org

PLANNING AHEAD
You can now make reservations for future MTS Houston lunches on the website, even if the event is several months ahead. Click on the reservations link under the events column on the opening news page, then complete your reservation with your online payment. You can always cancel a lunch reservation and receive a full refund up to two days prior to the actual luncheon if you plans change and you find that you cannot make it.

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