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A Gusher for Oil Grads

As Energy Prices Soar, Petroleum Engineers Get Top Dollar

By **RUSSELL GOLD**
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With energy prices soaring and oil-company ranks graying, petroleum-engineering graduates have become a hot commodity.

As a result, students are swelling the ranks of college engineering programs, positioning themselves for energy-industry jobs with salaries that make tenure-track professors envious. Top-ranking petroleum-engineering graduates this year can expect starting pay of \$80,000 to \$110,000, plus signing bonuses and other perks.

It is a sharp reversal from the 1990s, when students mulling career options recoiled from anything oily. Then, the memory was still fresh of the major oil bust in the mid-1980s, when the price of oil sank to \$12 a barrel and tens of thousands of industry professionals lost their jobs. Between 1986 and 2000, the American petroleum industry slashed its work force 60%, according to a report by the Interstate Oil & Gas Compact Commission.



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Now the industry faces another exodus -- what some call "the great crew change" -- as much of the work force approaches retirement. With oil prices booming, closing at a record \$100.74 a barrel yesterday, energy stocks have fattened retirement accounts, tempting engineers and geoscientists to turn off their computers early to head for the golf course. ([See related article](#)².)

Oil companies recognized nearly a decade ago that they were confronting a potential work-force crisis as petroleum-engineering programs deflated across the nation. Enrollment cratered to 1,387 students nationwide in 1990 from a high of 11,014 students in 1983, according to data collected by Lloyd Heinze, a professor of petroleum engineering at Texas Tech University in Lubbock. For the next 14 years, enrollment remained under 2,000.

That led the industry to launch scholarship and training programs to lure students back to the energy fold. But in recent years, as oil-and-gas companies have sought to accommodate the world's rising thirst for oil and prices have soared they have become more desperate.

Nowadays, in the hotly competitive race to secure new engineering graduates, serious courtship begins with summer-internship programs, which identify promising students and pull them in to lucrative

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summer jobs as early as their freshman year.

Oklahoma City's **Devon Energy Corp.**, which posted revenue of \$11.4 billion for 2007, pays its summer interns as much as \$32.50 an hour. And the students are assigned important jobs. One intern designed a \$10 million project to increase production from an oil field in the Permian Basin that was approved and funded last year.

Devon continues to woo the students even after they go back to school, dispatching goody baskets with coffee and sweets during finals, says Frank Rudolph, Devon's senior vice president of human resources. "You go at them early and go at them often," he says.

As companies compete harder for each new graduating class, salary increases have almost matched the heady growth rates of oil prices. Graduates of Texas A&M University's top-ranked petroleum-engineering department received an average starting salary of \$78,000 last year, up 33% in four years. Several students received signing bonuses exceeding \$20,000, according to the university. And salaries have risen more this year. Texas Tech reports its 2008 graduating seniors will receive an average salary of \$110,000, up 66% in four years.

Geologists, the people who study rock formations in search of oil, also have seen their starting salaries rise. According to the American Geologic Institute, the average starting salary for a geologist fresh out of school in the current academic year is \$81,300, up 48% in five years from \$55,000 in 2003.

When University of Texas student Bradley Barnum chose his major in 2004, oil prices had already leapt to the \$40-to-\$50-a-barrel range, ushering in a new era of profitability for oil companies.

"It was a good time to get into the oil industry," says Mr. Barnum, who will graduate in May and has already accepted a job with **Chevron Corp.** as a production engineer in Midland, Texas. He declined to give his specific salary but said normal offers are between \$80,000 and \$90,000.

As petroleum-engineering salaries rise, so does the coolness factor. Students are crowding into lecture halls to learn about oil-reservoir mechanics and well drilling. An online group for students heading into oil-related careers describes itself thus: "We make the world go round, while at the same time making some huge bank."

This academic year, there are 3,710 undergraduates nationwide pursuing petroleum-engineering degrees -- twice as many as four years ago and the highest level since 1986, according to Mr. Heinze's data. Enrollment is growing so fast that universities are facing a faculty shortage, Mr. Heinze says.

Some students say they are drawn to more than just the fat salaries. "There is a problem meeting future energy needs, and the petroleum industry will be a leader in figuring out solutions to our energy problems," says Andy Dewhurst, who is wrapping up his master's in geology before joining **ConocoPhillips** in April. "I'm not saying we are going to save the world, but it's fun to be part of solving real-world problems."

While happy with the turnaround in attitudes, oil companies want to make sure the engineering pipeline stays full. Last year, **Exxon Mobil Corp.** made the biggest philanthropic gift in its history: \$125 million to launch a national initiative to encourage math-and-science education. And oil companies put up \$200,500 to fund a new petroleum-exploration academy starting this fall at a science magnet high school in Houston. Students will receive laptops and be assigned industry mentors.

One advantage for the oil companies: Today's students are too young to remember the bad times. Mr. Barnum, the University of Texas student, was born in 1986, the same year the oil industry entered its

steep downturn.

"I think for my foreseeable career it's going to be good," he says, though he does add, "I guess they say that every boom."

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