

# OIL, GAS, AND RENEWABLE ENERGY

# JOBS

## RAPIDLY RETURNING TO TEXAS



By Alan Lamme

**E**ver since the price of oil and natural gas fell off a cliff in mid-2014, there's no doubt that employees in virtually every sector of the energy industry in the Lone Star State have had a rough ride as job losses via downsizing and energy company closures proliferated. However, as West Texas Intermediate (WTI) oil prices have muscled back into the mid-to-upper \$50s/barrel oil in recent months, energy market jobs are starting to return at a fairly rapid pace. It's not just the petroleum industry that's hiring—Texas-based renewable energy companies are now flourishing more than ever.

Throughout the course of 2017, Texas oil and gas companies hired in

excess of 30,000 workers in the Houston area alone, an impressive turnaround after laying off a third of the industry's statewide workforce during the oil bust that began in late 2014.

The number of Texas oil and gas workers reached more than 222,000 in September, which was up around 16 percent from about 192,000 around the same time in 2016. At the peak of the oil boom in 2014, Texas had over 300,000 oil company jobs and hundreds of thousands more either directly or indirectly related to the U. S. oil and gas industry.

Thanks to a combination of modest increases in upstream activity as well as stabilizing oil prices, the petroleum

industry boosted job growth throughout Texas by leaps and bounds, and this trend is expected to continue into 2018 and 2019. Furthermore, demand for oil, natural gas, and other Texas petroleum products are showing signs of impressive recovery. Foreign oil suppliers led by OPEC also appear to be committed to maintaining production cuts in order to keep prices bolstered.

### THE ENERGY CAPITAL SHAKES OFF THE HURRICANE HARVEY OIL BUST

Looking ahead, the Houston economy, shaking off the oil bust and rebounding from the historic Hurricane Harvey floods, could create as many 70,000 jobs next year. This

would be a return to a normal pace of employment growth after the worst energy downturn in decades. Many tens of thousands of jobs are also projected to emerge in other Texas cities over the next 12 to 24 months.

With that said, Houston's returning energy job market will still largely depend on whether drilling rigs can keep working in Texas oil fields well into 2018, providing sales and orders for production companies, manufacturers, and energy service firms that employ multitudes of workers across the region. Crude prices look like they may remain in a \$50 to \$65 per barrel market going into 2018, which drastically improves the chances that a sustained economic rebound may only get better.

With U. S. crude inventories declining amid strong demand growth

and OPEC poised to extend production cuts well into 2018, unless there's a major correction in the overall equity and commodity markets next year, it appears unlikely that crude prices will crash again anytime soon. In addition,

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increasing investments in overseas projects will require more petroleum engineers and other white-collar workers in Houston, Dallas, and Midland.

**2018 PROJECTED OIL AND GAS JOB  
GROWTH TO EQUAL 25-YEAR AVERAGE**

Just in Houston alone, if the local energy job growth projects come to fruition in 2018, it would translate into an annual growth rate of about two percent, matching the average of the past 25 years. However, if the oil market stumbles and drilling activity declines over the next several months, Houston could add only a little over 40,000 jobs. That is still not shabby compared to the negative job growth in recent years.

As energy prices are rising and inventories of petroleum products falling, energy companies are reporting solid profits after years of losses.

Even though large oil field service companies like Schlumberger and Halliburton have reported increased profits so far in 2017, the vast

majority of the Texas oil field service sector is still grappling with a surplus of equipment. For mid- and small-sized energy services companies to see a strong recovery, U. S. crude prices will have to rise and remain above \$60 a barrel for an extended period of time.

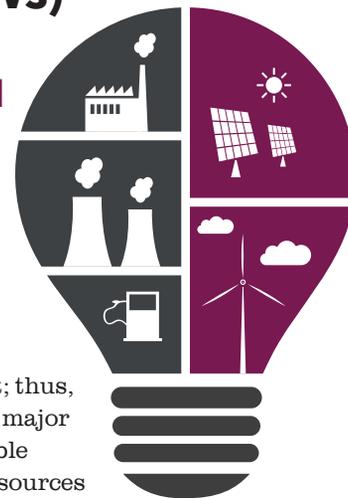
Interestingly, the Texas oil and gas industry isn't the only niche of energy that is seeing a rebound. Recently released data from the U. S. Bureau of Labor shows that jobs in solar and wind are projected to grow the fastest over the coming decade. In fact, employment for solar installers and wind turbine technicians in Texas is expected to roughly double over the next two to three years.

### THE JOB BOOM IN TEXAS RENEWABLE ENERGY

While Texas has become the undisputed leader in the installation

## THE LONE STAR STATE WILL HAVE A LITTLE OVER 20 GIGAWATTS (GWs) OF COAL CAPACITY IN EARLY 2018, COMPARED WITH 24.4 GWs OF WIND.

of wind power turbines in recent years, new, large-scale solar projects are coming fast to the Lone Star State. Such projects are expected to create many thousands of jobs at the local and state economic levels next year and beyond. In fact, because wind and solar technologies complement each other, the developing trend of growth in the renewable energy industry is projected to blossom tremendously in months and years to come. While solar generation peaks in the daytime, wind power generation tends to be stronger



at night; thus, the two major renewable energy sources are able to create

power nearly around the clock. This translates to more jobs for Texans who work in this industry to develop and maintain the systems.

In fact, in Texas, wind energy capacity is set to outpace coal as early as next year, as unprofitable coal-fired power plants get retired. The Lone Star State will have a little over 20 gigawatts (GWs) of coal capacity in early 2018, compared with 24.4 GWs of wind. One area of the renewable energy niche that is also providing new jobs is residential solar systems and small-scale business solar systems that are installed on the roofs of homes and businesses. State governments, as well as manufacturers, have been able to create incentives for the installation of home renewable-energy systems through grants or tax credits.

While the Texas economy has endured a tough economic time in the last few years, it appears that the pendulum has already started to swing in a more positive direction that will bring added wealth to the state and its residents. **N**

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