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COVER

Nabors Industries' Rig 60 is drilling for Anadarko Petroleum near Hinton, Alberta, Canada. A preview of the 2004 IADC Annual Meeting plus the association's various initiatives begins on page 10. A review of innovative drilling equipment begins on page 33 and features on underbalance drilling operations start on page 53.

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CAPITAL WIRELINES

Key Energy's Stamato testifies on aging work force before Congress

Brian T Petty, Senior Vice President-Government Affairs

US Oilfield Labor Shortages (Washington)—Key Energy Services VP-Communications **Anthony Stamato** testified this summer before the US House of Representatives Resources Committee's Subcommittee on Energy and Mineral Resources on behalf of IADC in a hearing entitled "Aging of the Energy and Minerals Workforce; A Crisis in the Making?" Mr. Stamato pointed out that the subject is a growing concern for his company, and for the entire onshore U.S. drilling and well-servicing industries. And though not yet a crisis, he testified that it will soon be a crisis if corrective action isn't taken by industry and the federal government.

He added: "Clearly, we are now in an era of insecure and expensive oil and gas imports. Expanding domestic oil and gas supplies is critical to our economy and our energy security - it remains a high priority for the country. We also recognize that there is a growing consensus among policy makers that we can only enhance our energy security if we move forward on regulatory reform, gain greater access to public lands, and implement common sense environmental standards. These are all important components of our national energy security strategy. However, there is another important element in solving the problem; and I commend the Committee for identifying the workforce issue as a critical component in our energy security strategy. Even if we achieve all the required reforms to improve access to the U.S. resource base, service companies like Key Energy still may not have a sufficient number of adequately trained crews to staff the rigs required to keep the oil and gas flowing. Today, we are experiencing crew shortages in several of our operations in the U.S.; and the prospects for improvement are not great. Over the years, our business has been viewed as labor intensive and not very innovative. This is changing; and, as a result, putting additional pressure on us to attract and to retain employees with broader skills.

"In addition, we are facing the 'graying of our industry', which is particularly true of our mid and senior level managers who have faced and survived the 'ups and downs' of the business. Over the next ten years, we are going to lose to retirement many of our experienced managers beginning with yard supervisors all the way up to division and regional managers.

"While the problem is difficult, there have been a number of positive steps taken. In this regard, we would like to commend the US Department of Labor, which through its workforce grant program, has begun a unique public/private partnership for training oilfield workers. Programs are now underway at San Juan Community College in New Mexico, Midland Community College in Texas, and High Plains Technology Center in Woodward, Oklahoma. At each of these schools, DOL provided grant funds, ranging from \$1-3 million each and local businesses have contributed equipment and funds."

Mr. Stamato proposed expanding the nature and scope of the DOL program, because few institutions have taken advantage of it, establishing the DOL program on an "evergreen" basis enabling the participating training centers to build a stable staff, and strengthening the recruiting efforts of the DOL's one-step system to attract more students for training.