



From an Insider: Rig Prices, Rig Depth, and How to Get a Job

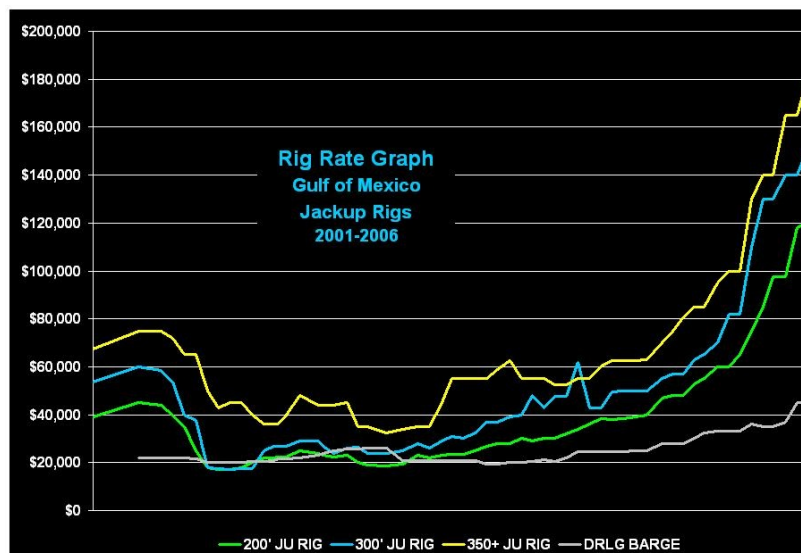
Posted by [Prof. Goose](#) on March 31, 2006 - 1:54am

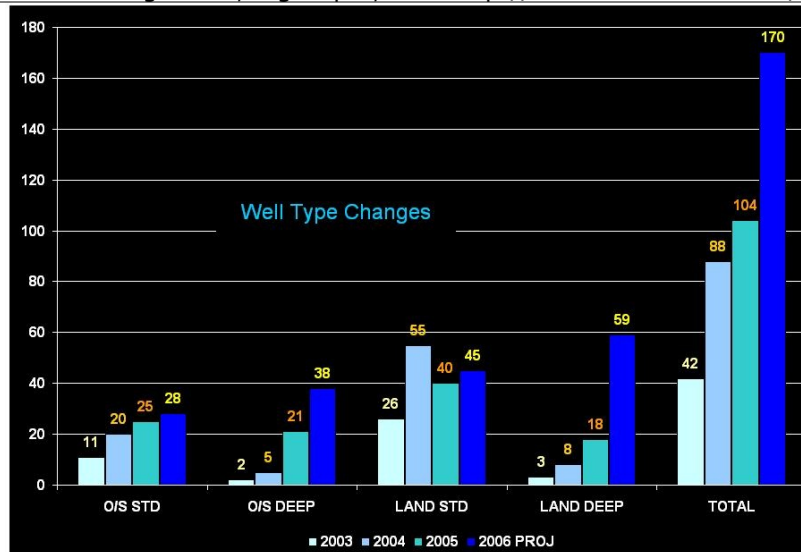
Topic: [Supply/Production](#)

Tags: [deepwater](#), [gulf of mexico](#), [mexico](#), [oil](#), [oil prices](#), [oil rig](#), [oil services](#), [peak oil](#), [pemex](#), [rig](#), [rig count](#), [texas](#) [[list all tags](#)]

One of our oil industry insiders has sent us some interesting data on rig rates, well type/depth changes, and more on the oil situation in the GOM, as well as how the industry in Texas and the GOM is staffing its rigs. Lots of interesting stuff under the fold.

First, here's some combined corporate data (from 2 companies) that our insider has sent us. It shows how we are not only drilling more wells as fast as we can, but they are getting deeper, which in turn means more complicated and expensive. (Click on plots to expand)





Some snippets from my email with our insider (who, you'll have to trust me on this, knows his stuff):

If you don't speak Spanish, it's hard to get work on land rigs in Texas. Drilling contractors have hired absolutely anyone who had rig experience, and literally thousands of Mexican roughnecks and especially drillers have taken jobs at rates well below what an American would cost. Pemex is having trouble staffing their rigs due to the boom here, although this isn't public knowledge.

Someone who works for Pemex has said they have a large backlog of undrilled wells due to a manpower shortage at the rig sites, especially those near Reynosa and along their border with the US.

Pemex is also having trouble securing steel pipe (they used to get it from Korea) due to Chinese demand and their (Chinese) willingness to pay more than double what the Mexicans originally contracted for.

Several large Pemex pipe shipments have been "delayed due to routine plant maintenance", but when they (Pemex buyers) visited the steel rolling plant, there was no evidence of their order in sight. There was, however, an order even bigger than theirs going directly to China, of the same size and specifications. This has apparently happened multiple times in 2005, hampering them in their drilling efforts.

Friends have been told point blank by a rig supervisor (with a Spanish accent) that he could hire two experienced Mexicans for the price of one untrained American. I am sending those friends to offshore contractors now. Offshore, you either speak some form of English (Mississippi stumpjumper or Louisianan or Texan) or you don't work.

I thought it was important to relay what our open borders are doing to Texans and to the oil drilling business on BOTH sides of the border. Again, so many things are rearing their ugly heads around the country it's hard to keep track of them!!



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