



**Post #55: Survey Results: Oil & Gas Companies Contemplating Workforce and Compensation Strategies**

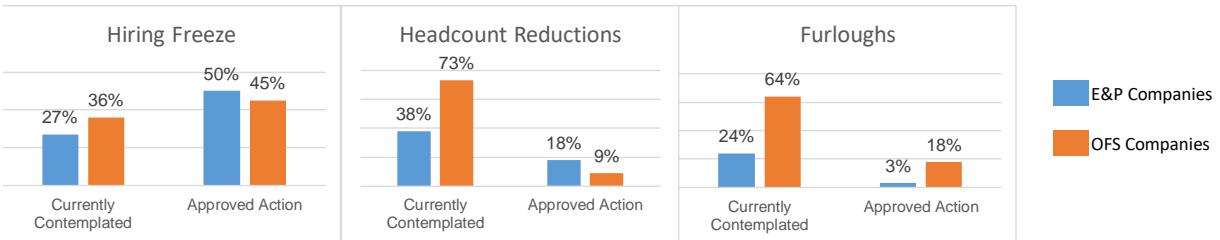
**From Tracy Glassel, Lead Consultant, The Woodlands, Texas**

Over the past couple weeks, energy companies have publicly announced actions to lower capital spending and reduce G&A costs in response to the COVID-19 pandemic and the Saudi/Russia price war. Over the last two weeks Meridian surveyed 45 companies in the E&P and Oilfield Service sectors to gauge the potential impact of these historic events on companies' workforce and 2020 compensation programs.

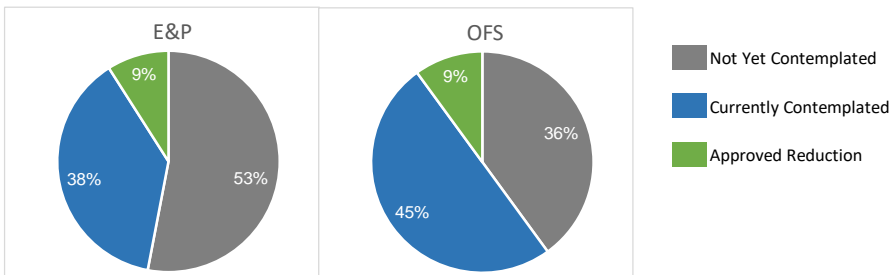
**Key Takeaways**

At this early stage, the overwhelming majority of companies appear to be focused on emergency business actions and less on compensation considerations. Although companies identified a number of potential workforce and compensation strategies, a limited number of final decisions have been made at this point in time.

- Companies reported implementing hiring freezes and contemplating workforce reductions and furloughs



- Many companies are contemplating reductions in executive salaries, particularly in the OFS sector.



- While companies are considering the current environment's impact on the 2020 bonus program, the majority of companies have yet to take any mitigating action. Some options being considered include:

| Considerations           | Prevalence |     |
|--------------------------|------------|-----|
|                          | E&P        | OFS |
| Pay Zero or Set Hard Cap | 15%        | 27% |
| Reset Goals              | 44%        | 27% |
| Change Metrics           | 26%        | 27% |
| Greater Discretion       | 21%        | 18% |

- About 75% of participants awarded their annual equity grants prior to the significant downturn; however, these awards are worth significantly less today. For companies yet to make grants, substantially lower stock prices have prompted these companies to consider alternative approaches to manage share usage, including reducing eligibility and/or using cash for a portion of the award.
- Approximately 25-35% of participants are considering reducing and/or eliminating company match to employees' 401(k)/profit sharing program

There are a lot of alternatives currently being contemplated in response to these unprecedented times. These stats will likely look quite different over the next two to three weeks. We plan to keep asking these questions and sharing what we learn with our readers.

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