



### The Oil and Gas Industry includes:

- Extraction of crude petroleum and natural gas
- Service activities incidental to oil and gas extraction excluding surveying

The UK Oil and Gas extraction industry, also referred to as Upstream, covers the exploration, extraction and initial processing of North Sea oil and gas (hydrocarbons) from around the UK, both onshore and offshore. The centre of activity for the oil and gas extraction is off the coast of Aberdeen, Scotland. Hydrocarbons are produced in other areas of the UK such as the southern North Sea, from around offshore Humberside to Norfolk and Suffolk, and offshore Liverpool and Morecambe Bays.

The majority of these offshore sites have landfall sites around the coast to where the hydrocarbons are piped for further distribution or processing. Some off-load from the offshore facility to small tankers which transport the cargo to various onshore terminals for onward transmission. The principal onshore production area is in Poole, Dorset where the reservoir of hydrocarbons is literally under Poole Harbour but produced onshore in an environmentally sound method. There are other lesser known onshore fields, too many to mention here but as an example, Surrey, South of London.

The UK Continental Shelf (UKCS) is facing significant challenges as the province matures. In future its ability to compete will depend critically on rapid and continual improvement in performance. This, in turn, will depend on greater collaboration to ensure this performance can be delivered with the resources available. The UK still has substantial recoverable reserves of oil and gas potentially exceeding the amount already produced. However many existing large producing fields are declining and discoveries are becoming fewer and smaller.

## Economic picture of the Oil and Gas Sector<sup>1</sup>

Industry	Turnover	GVA <sup>2</sup>	GVA per employee
<b>Totals</b>	<b>£35.17bn</b>	<b>£21.73bn</b>	<b>Average £725,667</b>

## Industry details<sup>3</sup>

The UK is ranked **11th globally** for crude oil production

Total offshore crude oil production in the UK is **70.07 million tonnes**

The UK consumes **2 million barrels of oil per day**

Total UK natural gas production equals **84.18 bn m<sup>3</sup>**

The UK oil and gas industry contributed **13%** of UK (GVA) of all production and manufacturing industries.

Oil and gas together met **75%** of UK primary energy demand in 2005.

<sup>1</sup>Annual Business Inquiry 2005 – data released November 2006, available through the Office of National Statistics

<sup>2</sup>GVA is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production

<sup>3</sup>Oil and Gas UK <http://www.oilandgas.org.uk/index.cfm>

## The Oil and Gas Industry Workforce<sup>4</sup>

### Workforce Distribution

Number of Employers <sup>5</sup>	500
Number of Employees <sup>5</sup>	290,000 (direct supply chain)*
Age of workforce	
– 16-24	5%
– 25-34	22%
– 35-44	25%
– 45-54	30%
– 55+	18%
Ethnicity	
– White	99%
– Non-white	1%
Gender	
– Female	21%
– Male	79%

### Occupation Distribution

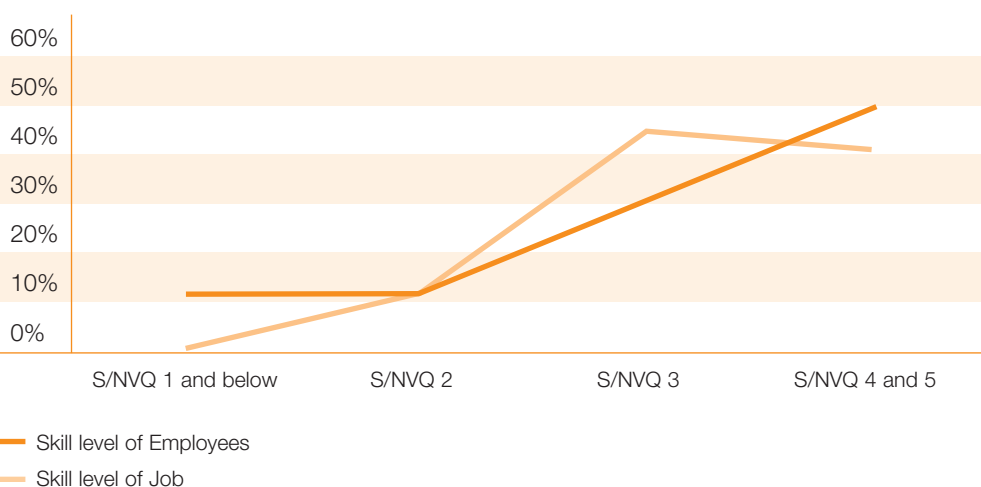
Managers and Senior Officials	16%
Professional Occupations	24%
Associate Professional and Technical	19%
Administrative and Secretarial	13%
Skilled Trades Occupations	13%
Sales and Customer Service Occupations	1%
Process, Plant and Machine Operatives	11%
Elementary Occupations	1%

\* Remaining 2% Personal Service Occupations

\* Industry estimates can exceed ABI employee data due to contractor workforce and SIC limitations

## The Skills Gap<sup>5</sup>

### Skills Gap in the Oil and Gas Industry



There is an over supply of people qualified at S/NVQ level 1 and below compared to the number of jobs at that level in the Oil and Gas Industry.

Elementary occupations only account for 1% of the overall workforce.

**There is a 12% SURPLUS of people qualified at S/NVQ level 1 and below.**

There is an under supply of people qualified to S/NVQ level 2 and 3 compared to the proportion of jobs at those levels in the Oil and Gas Industry.

Level 2 and level 3 occupations account for 57% of the Oil and Gas Industry.

**There is a 17% DEFICIT of people qualified at S/NVQ levels 2 and 3.**

## Standard Industrial Classification (SIC) Listing<sup>6</sup>

The Cogent Oil and Gas Industry by SIC code: 11.10 11.20

<sup>4</sup>Labour Force Survey January 2006 - December 2006

<sup>5</sup>Oil and Gas UK Figures 2006

<sup>6</sup>Office of National Statistics - Standard Industrial Classification (SIC) 2003

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