

THIRTEEN POINTS ON HOW TO SURVIVE AN OIL INDUSTRY DOWNTURN
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1) GET USED TO IT

This is my 6th cycle in the 42 years I've been in the industry. Oil & gas are commodities, just like wheat, corn, soybeans and copper, and all commodities have their cycles and they tend to swing to the extremes on both ends.

2) WHEN EVERYONE IS SAYING THE SAME THING, GO THE OPPOSITE DIRECTION

Don't follow the crowd. When oil is at \$100/bbl and everyone is saying it's going to \$150-200/bbl, you better start backing up and looking behind you and get ready, because the next bust has just started. By the same token, when oil is at \$40/bbl and everyone is saying it's going to \$20, you're seeing the beginnings of the next boom.

3) DON'T LOAD UP ON DEBT

Both personal or corporate. Debt can be a killer in a downturn. It's easy to get caught up in the frenzy of a boom thinking this is a rocket ship to the moon that will keep going. It doesn't. If you can't service your debt during a downturn, you're toast. I tell my rig hands that now is the time to be buying those King Ranch Ford trucks, 4 wheelers, bass boats, etc. There are some great buys on some slightly used ones right now from people that couldn't keep up with their bank notes.

4) SET GOALS, BUT BE FLEXIBLE

Things change. It's great to have goals and work towards them, but when things that you have no control over change, you need to be flexible enough to adjust, adapt & improvise. You can either reach your goal from a different direction, or you can reach it later when circumstances change again. I've come to the conclusion that there are only 3 things in our life that we have absolute control over; 1) our integrity, 2) our attitude, and 3) our faith. Everything else.....you're just along for the ride.

5) LOOK AT FAILURES AS LEARNING EXPERIENCES

You will have failures in your life, both personal and professional. It's a fact of life. Too many people look at their failures as just that, a failure, and either consider themselves a failure, or just throw in the towel. I like to look at my failures as learning experiences, and boy do I have a lot of them. Babe Ruth was the king of home runs for many decades, having hit 714 of them. What most people don't know, or remember, is that he was also the strike out king for 39 years with 1330, almost twice the number of his home runs. It didn't bother Babe one bit to strike out, because he knew that the only way he could hit a home run was to step up to the plate and swing for the fences.

6) LEARN TO HANDLE STRESS

Stress can be a killer, literally. You need to learn to handle stress. One of my bankers asked me recently “what keeps you awake at night?” I told him, “not a damn thing!” I’m not sure that’s the answer he was looking for, but I learned a long time ago to handle stress and I don’t let it get the best of me.

7) KEEP THINGS IN PERSPECTIVE

This is not a life or death situation. It’s an oil industry cycle, a change in market conditions, nothing more. There are far more important things in life to get really worked up over.

8) THINGS HAPPEN FOR A REASON

And they are usually for the best, even though you don’t know it, or can’t see it at the time. Sometimes it takes years to be able to look back and say that getting laid off, or run off, from a job was the best thing that ever happened to me. Remember the old adage, when one door closes, another one opens. Just be sure and don’t focus too long on the door that closed. I try to keep the attitude that there is something better down the road for me because of this, and I look forward with great anticipation to seeing what that is.

9) TAKE A JOB BENEATH YOU

Don’t be afraid to take a lower paying job, or one that you think is beneath your talents or education level. You might have to put on a pair of gloves and go back out in the field, and if you do, you’ll get some great work experience. Do what needs to be done to keep your head above water financially and pay your bills.

10) STAY IN THE INDUSTRY

I saw a lot of people leave the industry during my first downturn in the mid ‘80s. Some came back later, but others never did. If you stay in the industry you will still be making contacts, gaining experience, and seeing opportunities. You won’t see these opportunities if you’re selling real estate or insurance.

11) YOU WILL GAIN CONFIDENCE

Making it through a downturn will give you added confidence in your survival capabilities. After the big downturn of the ‘80s, I told myself, if I can make it through this, I can make it through anything. And I’ve been through several subsequent ones since then.

12) YOU DON’T HAVE TO BE THE SMARTEST PERSON IN THE ROOM

I’m living proof of that. The guys running Enron thought they were the smartest people in the room and we all know how that went down, and a couple of those really smart people are now in prison. I put much more stock in the quality of persistence than I do on intellect. I’ll put my money any day on the

person that has average intellect, but has a boatload of persistence. My wife asked me a few years ago what I thought my 3 best personality traits were. After thinking about it I told her, “persistence, determination & tenacity.” Being the literature major that she is, she said, “aren’t those all the same thing?” I sheepishly said, “well....yes.....but it makes it sound like I have a lot more good traits than I really do when I say it that way.”

13) POWER OF PRAYER

I’m a firm believer in the power of prayer. He has pulled me back from the edge of the abyss too many times, both personally and professionally. I have walked away from 4 planes crashes without a scratch, two in Alaska and two in TX/OK. But I also believe in the saying that God helps those that help themselves. Namely, you can pray all you want, but then you can’t just sit on the couch watching TV and wait for the phone to ring with that job offer. You have to get up off your butt and go pound the pavement and help make things happen.

To close, I’d like to read you a passage from Scripture, from The Man that knows the future, and will rule over all of us in the future. This is from Matthew 6:25-34 from Christ’s Sermon on the Mount where he is talking to his disciples about “worrying”. I like to read it occasionally to help keep me on track.

Therefore I tell you, do not worry about your life, what you will eat or drink; or about your body, what you will wear. Is not life more important than food, and the body more important than clothes? Look at the birds of the air; they do not sow or reap or store away in barns, and yet your heavenly Father feeds them. Are you not much more valuable than they? **Who of you by worrying can add a single hour to his life?**

And why do you worry about clothes? See how the lilies of the field grow. They do not labor or spin. Yet I tell you that not even Solomon in all his splendor was dressed like one of these. If that is how God clothes the grass of the field, which is here today and tomorrow is thrown into the fire, will he not much more clothe you, O you of little faith?

So do not worry saying, what shall we eat? Or what shall we drink? Or what shall we wear? For the pagans run after all these things, and your heavenly Father knows that you need them. But seek first His kingdom and His righteousness, and all these things will be given to you as well.

Therefore, do not worry about tomorrow, for tomorrow will worry about itself. Each day has enough trouble of its own.

I wish all of you nothing but the best.
This too shall pass.

Trent Latshaw

