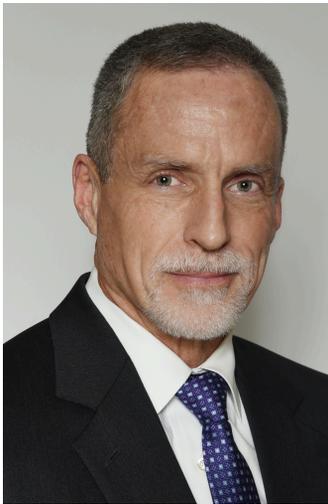


# **The Next Chapter: From Employee to Independent Contractor in the Energy Industry**

# AUTHOR PAGE:

## Hal Miller

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Hal is Chairman of the Board of Subsurface Consultants & Associates, LLC. He has over 40 years of experience in the upstream oil and gas industry, having launched the first half of his career with ConocoPhillips before joining SCA in 2004.

*"As the industry transitions rapidly toward new business models and the next generation of geoscientists and engineers, highly experienced professionals in consulting roles will provide companies with the flexibility to obtain critical skills on an as-needed basis."*

- Hal Miller

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# CHAPTER 1:

## Why Become a Consultant?

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**Is your career in transition?**

**Are you looking for a new challenge?**



**A career in consulting can lead to:**

- Greater flexibility**
- Diverse project opportunities**
- Attractive compensation**



"...consultants with critical skills...are in a strong position when it comes to exploring potential consulting engagements."

### **Consulting offers seasoned professionals:**

- The opportunity to select from diverse project opportunities.
- Short duration engagements. You have options to work a contract as short as a few weeks up to six months or more, and then take a break before choosing your next project.
- Opportunities to mentor junior and mid-level professionals, and pass your knowledge on to the next generation.
- Attractive compensation.
- Domestic and international assignment opportunities.
- Remote work opportunities.
- Partial work-weeks or alternate schedules.

Consulting is a great choice for those who seek more balance between their professional and personal lives.

# What sorts of assignments are available?

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## Typical consulting scenarios may consist of one of the following:

- ✓ Filling a skills gap on an existing team within a client's office.
- ✓ Handling a "one-off" or specialized assignment in a client's office, either working remotely or on location.
- ✓ Being part of an outsourced project team, either working remotely or from a consulting company's office.
- ✓ Specialized consulting projects, such as petrophysical analysis, technical advisory services, data room analysis.

### Some recent SCA examples include:

- Evaluation of petroleum exploration potential of a large exploration block located in SE Asia for an investor with emphasis on resource estimation and assessment of the geologic chance of success ( $P_g$ ). SCA provided a geologist and geophysicist with knowledge of the basin to visit a physical and virtual data room, research publicly available data, and provide their expert opinion on the opportunity.
- A senior SCA geoscientist conducted an ongoing evaluation of the drilling activity in a new exploration play, including monitoring news releases, quarterly earnings reports, and analyst calls to identify the implications of drilling results. The consultant advised in discussions with the management teams of the operating company.
- Provided a team of experts to advise on the global exploration and production asset portfolio of a super-major. They offered recent knowledge of industry activity in the various regions and guidance on rationalizing the portfolio.
- Technical review of an emerging unconventional reservoir play to identify the play fairway, evaluate the key risks and performance drivers, and estimate potential resources and asset values for a primary operator. A report was generated that included key technical observations and questions for the operator management team.

# CHAPTER 2:

## Self-Management

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Becoming a consultant is similar to starting a small business. Success lies in your ability to manage time, maintain workflows, and bring entire projects to completion with no outside supervision or guidance. You will also be responsible for maintaining and expanding your skill sets to keep pace with an evolving professional landscape.

### **Points to consider when self-managing your career as a consultant:**

- ✓ Organize and document your tasks, including a timesheet for invoicing your hours.
- ✓ Develop and maintain a strong network of trusted colleagues and advisors.
- ✓ Build a strong working relationship with your clients. Demonstrate your commitment to their success and encourage their collaboration toward achieving the project objectives.
- ✓ Maintain regular communication through in-person meetings and scheduled phone calls or teleconferences.
- ✓ Commit a certain percentage of your time and budget to continuing education, whether in project management, technical subjects, or software.
- ✓ Clarify with the client the expected final deliverables, and stay on track with client expectations for reporting and delivery.
- ✓ Set a consistent schedule and plan an agenda for your day, even if working remotely.

## If you are consulting within a client office:

- ✓ Be sensitive to the client's company culture.
- ✓ Understand how their expectations of you as a consultant may be different from those of a typical employee.
- ✓ Clarify and understand client expectations around participation in or allotting time to projects outside of the initial work scope.
- ✓ Be aware of the client's expectations regarding mentoring and technology transfer.



# CHAPTER 3:

## Understanding Independent Contractor Status

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### Independent Contractor

#### What this means:

You are self-employed. You enjoy the benefit of maximum flexibility, limited-time or longer-term engagements, and your choice of diverse project opportunities. You will be hired for your expertise and will be expected to work independently. You have creative control and the ability to dictate your hours and working location.

You are responsible for your own health insurance, employment taxes, liability coverage, etc. These expenses should be factored in when considering your hourly rate.

You can also work for multiple clients simultaneously over the course of a year, subject to any exclusivity agreements and your ability to meet the contractual obligations and objectives of individual projects. It's important to consider potential conflicts of interest when working for multiple clients.

**If you are contracting directly with the client, you will likely be responsible for contract negotiations, invoicing, and collection of payment for services rendered.**

**Alternatively, if you decide to contract through a consulting firm such as SCA, many of these responsibilities will be managed on your behalf.**

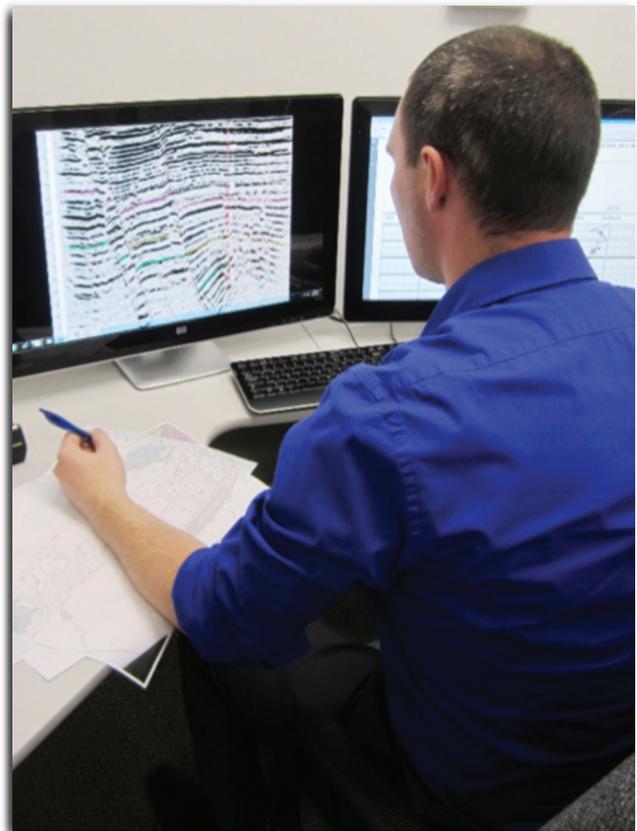


### **What computer equipment or software will you be expected to maintain?**

Depending on your contract, you may need to invest in computer equipment and software for a home office.

Alternatively, consulting assignments obtained through a consulting firm may include workspace and technical tools for your use during the contract.

Assignments at client offices will likely include access to company work stations and software.



# CHAPTER 4:

## Financial Planning, Taxes and Legal Considerations

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If you have always been an employee of a company, there are many financial and legal implications to becoming an independent contractor that you should consider.

Before launching your consulting venture, it would be wise to consult with a tax accountant and a legal advisor. We at SCA also encourage you to consult some of the outside resources named in this chapter.

## Start-up capital and access to credit

Depending on the terms of your contract, it may be 60-120 days before you see your first check after starting a consulting project with another firm. You will want to ensure you have funds available to stay afloat during this period.

Below are potential timeline scenarios for a new consultant beginning an assignment, issuing an invoice, and receiving payment. Timelines vary depending on whether you contract with the client directly or with a consulting company. Reputable consulting companies such as SCA commit to paying the consultant's invoice prior to receiving payment from the client as depicted in Scenario A below.

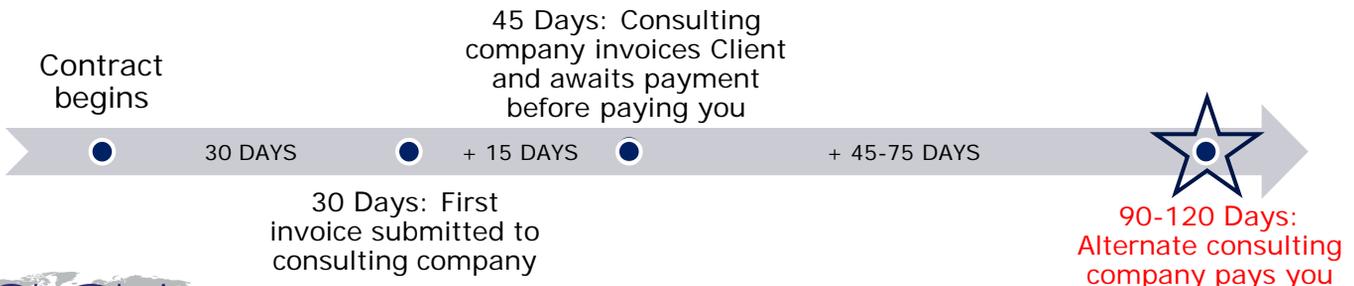
### Scenario A: Consulting through SCA or other reputable company



### Scenario B: Contracting directly with the Client



### Scenario C: Consulting with Alternate Consulting Company



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## Taxes

As a self-employed Independent Contractor, you will need to take the same approach as any small-business owner when it comes to tracking and reporting your business income and expenses, and paying applicable taxes.

### Federal Employer Tax ID (EIN)

SCA encourages you to obtain a EIN number connected with your business entity (even if you are the sole employee). It is a simple process that can be conducted online. See this [link](#) to the IRS website to start the process.

### Quarterly tax payments

If you are self-employed, you are required to make quarterly tax payments to the IRS based on your estimated income. Failure to pay on schedule can result in a substantial tax payment on April 15<sup>th</sup>, as well as fines for underpayment.

### Tracking and itemizing deductions

Remember to document and retain receipts for your business expenses such as travel costs and professional association dues, as well as any costs associated with purchasing your own health insurance.

### Self employment tax

As both employee and employer, you are responsible for [self-employment tax](#). This is separate from income taxes and consists of the Social Security and Medicare taxes which are typically withheld from your pay by your employer.

### Tax advisor specializing in Independent Contractors

You may find peace of mind engaging with a tax advisor who has knowledge of the issues facing independent contractors, and who will be able to recommend sound strategies for navigating those issues.

### Accounting and tax preparation software

Alternatively, should you elect to do this yourself, there are many software packages tailored to small businesses that will help you with accounting and tax preparation.

### Helpful Links:

[IRS Small Business and Self-Employed Tax Center](#)

[Small Business Administration \(SBA\)](#)

# Legal Considerations

## Establishing a DBA, LLC, or other entity

We recommend that you establish a name for your business that is separate from your own name. This is known as a DBA or “Doing Business As” name, and the name you choose must not be the same as another existing business. DBAs should be registered with your county clerk or state government, depending on your state of residence.

Some consultants may choose to establish a Limited Liability Company, or LLC. This is similar to a DBA, but offers increased protection from personal liability related to decisions or actions taken while conducting business under the LLC. It also requires submittal of an application to your state (rules vary by location). The State of Texas LLC formation information and application form is available [here](#).

Single-member LLCs file taxes in the same way as a typical sole proprietor. [See the IRS website for information specific to LLCs.](#)

## General Liability Insurance

Many contracts require proof of general liability. If you are operating under your own name or a sole-proprietorship/DBA, a personal general liability policy will suffice. However, if you have established a LLC, you may wish to investigate purchasing a general liability policy to cover this separate legal/business entity.

# Legal Considerations (cont.)

## Intellectual Property

Any work, discoveries, or other products that are the result of work performed under a contract become the property of the client. If you wish to protect your intellectual property it is important to document these items when establishing the contractual relationship.

## Confidentiality

Any non-public knowledge you acquire during the course of your contract, including but not limited to trade secrets, data, reports, knowledge of specific leases, discoveries, proprietary tools, technology, or techniques, or future plans, must remain confidential. The specific terms of that confidentiality will depend on the contract.

## Conflict of Interest

Specific guidance around conflicts will vary from organization to organization, but in general you can avoid conflicts or the appearance thereof by:

- ✓ Not accepting employment with a direct competitor of the client
- ✓ Not accepting gifts or offers of value from the client or a client's representative which may appear to influence the outcome of your work.
- ✓ Not accepting items of value from people or entities seeking to do business with your Client.
- ✓ Not extending promises of items of value (outside of the work performed) in connection with any transaction of business between yourself, your consulting company, or the Client.

# CHAPTER 5: Navigating the Path to Consulting

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Securing a prime consulting engagement depends on many factors, but marketing yourself well is at the top of the list. You will quickly discover that landing your first and subsequent consulting assignments can be a full-time job in itself.

## Customizing your CV and Navigating the Online Application Process

The job application process has changed dramatically with the advent of online job listings and applications. Recruiters employ automated screening methods to manage incoming resumes and search for candidates or consultants. Regardless of your years of experience and specialized knowledge, if your CV is not optimized to the latest recruiting and candidate screening methods, it may get lost in the shuffle. See an article on the following page by SCA's Senior Recruiter, Mark Connor, for specific advice on resume content.

# Resume Content – What Recruiters Want to See

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*by Mark Connor, Sr. Recruiter*

Resumes have evolved significantly over the past 20 years, due in large part to the arrival of the Computer Age and, more recently, the social media revolution. Gone are the days when a resume would be printed on parchment quality paper and “snail mailed” to a prospective employer. In today’s job market, a resume is a digital document, formatted as a Word or PDF file and attached to a “cover letter” email. In all probability, the resume itself will soon be a thing of the past as companies begin to explore the potential of profile pages offered by LinkedIn and other professional websites, and even video resumes, giving applicants a chance to sell themselves and their backgrounds in a short video clip.

But, for the time being, the resume still has its place in the hiring process and the information it contains needs to be more concise and accessible than ever before. As discussed previously, it is important to keep in mind that your resume is likely to be screened by several people before any interview is arranged. So, what information should a resume include?

Traditionally, a resume can contain information that is unnecessary and even detrimental to your chances of being selected for interview. Information such as marital status, names and ages of your children, religious or political groups, your hobbies or even the current status of your health are facts that you may feel proud to disclose, but are of little interest to a Recruiter trying to determine your technical abilities. Personal statements can also be a minefield – your own opinion regarding your work ethic, mentioning the fact you always give 110% and that you are “equally capable of working alone or as part of a team” does little to separate you from other applicants making the same claims. For consulting positions in the Geoscience and Petroleum Engineering community, there are three key pieces of information that Recruiters are looking for:

- What are your areas of specialization with your technical discipline?
- What areas of the world have you worked?
- What software are you capable of operating?

When companies request a consultant, they typically have a specific problem that needs to be resolved. It is likely to be project-specific and have defined technical deliverables with the tasks performed on whichever software that company uses. No learning curves, no training - Hiring Managers need a fully qualified and uniquely experienced expert to “hit the ground running”. Managers approach specialist consulting companies to identify the right person because they know that the Consultant will be screened, vetted, interviewed, and referenced before a resume even reaches the hiring managers desk.

A good resume containing the right information will allow a Recruiter (and, later, a Hiring Manager) to identify your suitability for a specific assignment almost immediately, so focus as much of your resume as you can on the three key areas above. Keep it factual, objective and detailed enough to supply sufficient evidence that you can provide the solution to the companies problem. Recruiters want to place consultants just as much as consultants want to be placed, so make sure the information is easy to access and Recruiters and Hiring Managers will be able to match you to your next consulting assignment time and time again.

While your LinkedIn profile does not need to include as much detail as your resume, it should be consistent with regards to dates and job titles. Linked In is also provides a repository for your technical publications, licenses & certifications, honors & awards, and volunteering that may enhance your credibility as a consultant.

### Networking and Professional Societies

As you embark on your consulting career, it is important to maintain relationships with your former colleagues and utilize networking opportunities provided by professional societies such as the AAPG, SIPES, SPE, and SEG. Your professional networks are good avenues to market your skills and become aware of potential consulting opportunities.



Partnering with a consulting company is an efficient way to get placed on the inside track to attractive assignments. Reputable consulting companies will have established relationships with key hiring managers and other decision-makers who rely on their services to provide well-qualified candidates. It can be especially effective to allow the consulting company to make the initial contact and then encourage the hiring manager to seek a recommendation from references in your personal network.

### Interviewing with the client

Once you have been offered an interview, ensure that you are well-prepared to assess the opportunity and give the best possible impression. Important tips:

1. Research the company beforehand. Visit the company website and look for recent news about the company in the oil and gas industry press. Understand their general position within the marketplace, any recent developments of note, or sensitive topics to avoid (i.e. lawsuits or negative press). Seek information about the company through your personal network.
2. Gain an understanding of the position and how your qualifications are a good potential match. Have in mind appropriate examples of past work history. In a behavioral based interview, be prepared to recount examples using the STAR method: Situation, Task, Action, Result.
3. Arrive on time and dress appropriately for the occasion. With few exceptions, this means a suit (men) or equivalent business formal attire (women). Your first interview may be a screening interview conducted remotely with video. Dress professionally, and ensure that you have a quiet location to conduct the video call with a non-distracting background.
4. Bring extra copies of your CV to the interview and be prepared to address your previous experience as well as any employment gaps.
5. Be prepared with intelligent questions about the position.
6. Listen more than talk. Answer questions in detail, but resist the temptation to provide more information than the interviewer is seeking.
7. When describing your suitability for the position, relate your achievements to the opportunity and the potential benefit to the client.
8. Avoid negative remarks about past employers or other organizations.
9. Have a good answer to questions like, "What was your biggest failure and how did you handle it?"
10. Avoid discussions around salary expectations until you have an offer in hand. If the client asks for your salary range, a good response is, "I'm very interested in the position and I'm happy to consider your best offer."
11. Be positive and enthusiastic about the opportunity. If interested, say so.
12. Thank the people you interview with, and follow with a prompt thank you email or hand-written note.

### Establishing your rate

Following a successful interview, the next steps will include negotiating your contracted rate. Most clients prefer an hourly rate model, although day rates or “turn-key” project rates sometimes apply. Do your own research or work with your consulting company to determine what an industry-acceptable rate is for the skills you will be required to use. Ensure that your rate covers any costs you will be expected to carry, such as health insurance or technical tools.

#### **Additional factors that can impact your rate:**

- Length of assignment.
- The need for specialized expertise or intensive technical work.
- Size of the client.
- Whether travel is involved (domestic, international, high-risk areas).
- Whether you will have the flexibility of working remotely, or are expected to based your activities from the client’s office.
- Whether you will be using your own software. This relieves the client of this financial burden and may be built into your costs.
- Market conditions and the availability of qualified people.

# CHAPTER 6: Strategies for Success on the Job

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## How to Hit the Ground Running

Before starting your new assignment, learn what you can about the company from their website, trade news, and your personal network.

## Soft Skills

As you change assignments, do your best to acclimatize to each company's unique culture. Maintain a professional attitude and communication style.

## Demonstrate Your Value

Consultants are often considered discretionary line-items in corporate budgets. Provide frequent written and verbal communication to document your work in progress.

## Multiple Clients

Over the course of your consulting career, you may encounter potential conflict of interest situations or areas where you possess confidential knowledge that could benefit your current client. In the interest of your professional reputation and that of your clients and consulting partners, be sensitive to legal and ethical obligations.



# CHAPTER 7:

## The Advantages of Working with a Consulting Company

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**As you determine your approach to embarking on a consulting career, consider partnering with a reputable consulting company.**

Below are some other benefits of working with a reputable consulting firm:

- ☑ You hold a single contract with the consulting company, who negotiates directly on your behalf with multiple clients.
- ☑ Your services will be marketed to a global client network. They can help you find your next assignment.
- ☑ You have access to diverse opportunities that may not be public.
- ☑ You have access to a recruiter who should serve as your advocate.
- ☑ You can count on regular paychecks (depending on which consulting firm you work with). See page 14 for an illustration of typical timelines.
- ☑ Many larger companies will not work directly with Independent Contractors due to concerns around co-employment laws. By working with a consulting company you can expand your net of potential employers.

## How to find a firm that will best represent you to potential clients?

### **Seek firms that specialize in your professional discipline.**

Large, general “head-hunting” operations or staffing companies may not have the technical expertise to adequately represent their candidates. They rarely invest the time to screen and fully understand the skill sets of their prospective consultants and are less effective at matching consultants to opportunities.

Alternatively, a firm like SCA is operated by veterans of the energy industry. We understand what our clients need and the roles that they are seeking to fill. We strive to provide our consultants with a positive and rewarding experience, and have built a loyal portfolio of professionals who we are proud to recommend to our client network.



## What you should expect during the application/interview process (And what you get when you work with SCA)

- ☑ Responsiveness. Timely answers to emails and returned phone calls.
- ☑ Knowledge and understanding of your areas of expertise.
- ☑ Clear descriptions of the positions for which you are being considered.
- ☑ Potential assignments are discussed with you prior to your information being submitted to the client.
- ☑ Clearly defined expectations of the finished product.
- ☑ Regular updates on the progress of potential consulting assignments.

## Managing the consulting firm/ recruiter relationship

- ☑ Maintain regular communication.
- ☑ If you're interested, say so.
- ☑ Be clear about your availability, willingness to travel, compensation requirements, potential conflicts, and other competing engagements. This will allow SCA to most effectively represent you to potential clients and avoid any duplication of effort.

Learn more at [www.scacompanies.com](http://www.scacompanies.com).

If you're interested in speaking to an SCA representative about getting started as a consultant, contact us [here](#).

Follow SCA on LinkedIn, Instagram, Facebook, and X for updates on consulting opportunities and industry news.



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