

Compensation in the Oil and Gas Industry

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ABSTRACT

Compensation can be divided into three elements: base salary, annual incentives and long-term incentives. While all three are combined to determine total compensation levels, it is long-term incentives that typically get the most attention and are the least understood. Long-term incentives are typically stock options but may include phantom stock or phantom stock option plans as well as cash-based performance plans. The presentation will attempt to demystify long-term incentives.

The presentation will also review the purpose of each compensation element as well as address how these elements have been changing. Factors influencing change in compensation to be discussed include continued industry rationalization, cross-border merger and acquisition activity, proliferation of income trusts, and the impact of heightened scrutiny on corporate governance.