

With oil field services giant cutting 1,400 jobs, more industry layoffs could jolt local economy

By Sergio Chapa
STAFF WRITER

The troubled U.S. shale industry is not out of the woods — signaling potential trouble ahead for Houston's economy.

Schlumberger, the largest oil field services company, said Friday it lost \$10.1 billion in 2019, laid off

1,400 workers in the fourth quarter, closed facilities, pulled hydraulic fracturing fleets from the field and plans to sell assets.

Experts say Schlumberger's showing sets low expectations for other energy companies preparing to report year-end results and signals that they haven't adapted to oil prices in the range of \$50 to \$60

a barrel — too low for many to break even.

For the Houston region, which is home to the Paris company's principal offices, further industry layoffs and spending cuts could put a damper on the local economy. The energy industry's struggles have already led the Federal Reserve Bank of Dallas to dramatically revise the region's job growth in the second quarter of 2019 from a robust 4 percent to just a half-percent. More downward re-



Le Peuch

visions are likely.

For Schlumberger, the ongoing shale slump resulted in a 10 percent decline in North American revenue in 2019, even as the company saw 8 per-

cent growth internationally. "These macro-conditions will continue," Schlumberger CEO Olivier Le Peuch said during a Friday morning call with investors.

Schlumberger is not alone in feeling the pain as the slowdown in the U.S. shale fields continues. Other oil field service companies are responding by idling equipment and laying off employees. Its Houston competitors Halliburton, National Oilwell Varco and Pumpco Energy Services and the Houston oil field equipment-maker Stewart and Stevenson laid off more than 1,000 employees in November and December.

Oil continues on A9

More people challenge convictions in cases handled by ex-HPD officer

Accusers say Goines' misconduct, lies led to their prison terms

By St. John BARNED-SMITH
STAFF WRITER

One defendant accused former Houston police Officer Gerald Goines of lying about a drug buy. Another, of linking him to a phone he didn't own. A third said he was falsely accused of possessing drugs.

As the fallout from the Harding

Street drug-raid scandal continues, prosecutors have begun receiving legal challenges known as post-conviction writs from a growing number of people who accuse Goines and his former partner Steven Bryant of misconduct in the cases that led to their convictions.

The officers are accused of lying about a fatal Jan. 28, 2019, drug investigation and raid that left two people dead and five police officers injured. Goines faces murder charges in state court and additional crimes in federal court. Bryant faces tampering charges in

state and federal court. The case sparked investigations by the Houston Police Department, the FBI and the district attorney's office and prompted prosecutors to mail notices to defendants in cases handled by Goines and Bryant informing them of the investigations into the two officers.

District Attorney Kim Ogg announced Wednesday that two grand juries would be investigating other Squad 15 officers, as well as the shooting that claimed the lives of Rhogena Nicholas and

Goines continues on A10



Elizabeth Conley / Staff file photo

"I've been robbed of time," Gene Walker said. "I couldn't even get the last moments with my mother before she passed."

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FROM THE COVER

TRUMP

From page A1

Senate's Republican majority, though a weeklong spectacle laying out allegations about his conduct toward Ukraine could be an embarrassing ordeal for the president.

Starr, 73, became a national figure in 1994 when he was named independent counsel to lead the investigation of the Whitewater scandal. That probe eventually focused on Clinton's affair with Monica Lewinsky and produced a hefty report that described their encounters in lurid detail. By the time the House impeached Clinton in December 1998, Starr had become a lightning rod and a symbol of what Clinton supporters viewed as the puritanical mania of Republicans bent on driving the president from office.

Trump sees the presence of Starr, a former solicitor general who was once considered for a nomination to the Supreme Court, as a way to shore up his credibility during the Senate trial. He repeatedly tweeted praise for Starr's friendly commentary during the House impeachment proceedings.

The president's attitude was quite different in 1999.

To MSNBC, Trump said: "I think Ken Starr is a lunatic. I really think that Ken Starr is a disaster. ... I really think that Ken Starr was terrible."

After returning to private practice in 1999, Starr became the dean of Pepperdine University's law school and then the president of Baylor University in Waco in 2010.

In 2016, he was ousted from Baylor amid an unfolding scandal over the school's handling of sexual assault allegations involving members of the football team. An investigation found that Baylor had "failed to consistently support" victims of sexual assault and "failed to take action to identify and eliminate a potentially hostile environment, prevent its recurrence, or address its effects."



Al Drago / Bloomberg

Marine One, carrying President Donald Trump, departs the White House on Friday after he added high-profile lawyers Kenneth Starr and Alan Dershowitz to his defense team in his impeachment trial.

Starr has claimed he did not know about the allegations, telling NPR in 2018: "Unfortunately — and this is going to sound like an apology, but it is the absolute truth — never was it brought to my attention that there were these issues."

In the mid-2000s, Starr and Dershowitz were part of Epstein's legal team when she was underage. Dershowitz issued a torrent of denials, calling her a "certified, complete, total liar" who invented the accusation to sell her story. Gluffe is suing him for defamation, and Dershowitz has countersued her for defamation.

The legal drama surrounding Dershowitz's involvement with Epstein has, at times, overshadowed the 81-year-old's legacy as one of America's best-known courtroom stars. He was a constant presence in American living rooms as part of the defense team during Simpson's trial, which was

televised live. But by then, he was already a household name, immortalized in the film "Reversal of Fortune," which documented his successful appeal of socialite Claus von Bulow's conviction for the attempted murder of his wealthy wife.

He opposed Trump in the 2016 campaign and has described himself as a "loyal liberal" who has supported



Tribune News Service file photo

Kenneth Starr was the independent counsel who investigated President Bill Clinton in the 1990s.

Democratic presidential candidates since the 1950s. But when Trump's legal problems were mounting, Dershowitz proved to be a headline-grabbing advocate for the embattled president. On television, he made his position clear: "A sitting president cannot be charged with a crime." In 2018, he published a book titled "The Case Against Im-

peaching Trump."

Dershowitz said Friday that he would present arguments at the Senate trial that obstruction of Congress and abuse of power do not meet the constitutional standard to impeach a president for high crimes and misdemeanors.

Dershowitz said he was participating on Trump's legal team "to defend the integrity of the Constitution and to prevent the creation of a dangerous constitutional precedent."

"The president asked me to present my independent constitutional arguments in my books and my articles to the Senate. My argument is going to be directed at the constitutional criteria and why they haven't been met in this case," he said.

Rudy Giuliani, one of Trump's personal attorneys, called Dershowitz a "great choice" for the defense team. Giuliani said he was kept out of the group because of his involvement in the Ukraine saga as a "potential witness."

Trump has been accused of withholding military aid and an Oval Office meeting with the president of Ukraine to pressure the country's leaders into investigating the Biden family and a debunked theory about the 2016 election.

The trial is set to begin in earnest on Tuesday, though it is possible that Trump's lawyers won't speak at length until early the following week after the Democratic impeachment managers from the House present their case. Cipollone is expected to be the lead speaker for the team and to avoid the media, while Dershowitz and Starr may do TV appearances, according to a White House official.

Trump is also expected to enlist several House members, including Reps. Jim Jordan, R-Ohio, and John Ratcliffe, R-Texas, to help advise the legal team, but they are unlikely to speak on the Senate floor, according to a senior administration official.

OIL

From page A1

Leaked emails in early January revealed that Houston oil company Occidental Petroleum plans to implement "broad layoffs" in response to its \$38 billion acquisition of Anadarko Petroleum. Days later, Houston oil company Apache Corp., oil field services company Enterprise Offshore Drilling and oil equipment-maker Valerus Field Solutions reported that they were cutting a combined 600 jobs.

Schlumberger's 2019 loss follows a \$2.2 billion profit in 2018. In the fourth quarter alone, the company's profit dipped 33 percent, falling to



Jon Shapley / Staff file photo

Further layoffs and spending cuts in the oil and gas industry could put a damper on the local economy.

Peuch said. "While our strategic decision will result in revenue reduction greater than the decline of the market, they will contribute incremental earnings and

to the volatile spot market for hydraulic fracturing services.

"Our intention is not to cold stack, warm stack and bring back," Le Peuch said



\$333 million from \$498 million in the previous year while revenue remained steady at \$8.2 billion.

On top of weaker demand for hydraulic fracturing services, Schlumberger's year-end earnings were hampered by a \$1.4 billion third-quarter loss mostly attributed to writing down the value of two past acquisitions.

With shale industry conditions not expected to improve in 2020, the company isn't sitting idle.

Executives have rolled out a plan to respond to the shale downturn. The company plans to sell its coil tubing business in North America and is shopping its rod lift business. It already has idled nearly one-third of its hydraulic fracturing fleet, closed a fourth of its North American locations and laid off 1,400 employees in the fourth quarter.

Describing the activities as "right-sizing" the company's footprint, Le Peuch said the cuts will save the company more than \$300 million per year. Going forward, Schlumberger plans to emphasize higher-margin digital technologies and focus on key customers in the three top U.S. shale basins.

"Our ambition for North America land in 2020 has been clearly set for margin expansion despite the unfavorable activity outlook," Le

Peuch said.

Schlumberger's plans for reversing its fortunes in 2020 are getting nods of approval from investors. James West, research director for the New York investment banking advisory firm Evercore ISI, said playing up digital technology and capturing growth in offshore and international markets is a "back to the basics" move for the oil field services giant.

Looking at the company's shale playbook, West said Schlumberger's wider deployment of the company's "fit-for-basin" strategy will allow the company to franchise technology and digital services to local partners.

"Schlumberger is molding itself to work 'smarter' and not 'harder,' in our view," West said.

In a research note, Bill Herbert with Houston investment bank Simmons Energy wrote that when added to previous cuts, Schlumberger's decision to pull more frac fleets from the field represents cutting its available hydraulic fracturing capacity by half.

The good news on that, Herbert wrote, is that 80 percent of the fleets that remain will be dedicated to regular customers — reducing the company's exposure

about the issue during the investors call. "Our intention is to right-size the capacity, which we need; restructure the organization, which we are doing; and refocus on where we believe that we have the best alignment with our customers and where we have the best leverage for our technology. We don't intend to bring back capacity going forward."

Looking at the business models and financial performance of 70 oil field service companies around the world, analysts with global consulting firm Deloitte have released a recent report that companies in the sector need to dump non-core business lines, improve margins on core products and services and embrace digital technology among the ways to improve earnings.

"This is not expected to be an easy lift," wrote report co-author Duane Dickson. "Many oil field service companies rely on the same business models that worked for \$100 plus per barrel of oil, which are stifling innovation and efficiency today."

Shares of Schlumberger rallied Friday morning but settled at \$38.37, down 1.6 percent on the day.

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OPINION

HOUSTON CHRONICLE • PAGE A11 ★★

EDITORIAL

Thumbs up, down

Oil and gas industry serious about climate; Woodlands NIMBYism ejects esports team.

We took our Chevy Volt on a joy ride when we heard the Texas Oil and Gas Association president acknowledge that man-made climate change is real and the industry is committed to doing something about it. Todd Staples, a former Republican agriculture commissioner and senator, told reporters in a conference call that "I think Texas is at risk if we don't have a very real, factual-based conversation about our climate, about our environment and about the progress that needs to be made." Bravo! And only 40 years after Exxon discovered the harm of carbon emissions and began spending millions to hide it. But Staples took the wind out of our turbines when he backtracked a tad on the Texas Standard, saying reporters took "literary license" with his words and that the term climate change has been "hijacked" to foment "climate hysteria and climate confusion." Ain't nothing literary about a direct quote easily verified on tape. He stayed true to his words that industry is serious about climate progress, including technologies that capture carbon and detect leaks. Hey, this is Texas. We take progress where we can get it.

Turns out that residents of The Woodlands don't cotton to a certain professional team training in the neighborhood. We're not talking about an NBA or NFL team. We're talking professional video game players. The Houston Outlaws, an Overwatch League e-sports team, was effectively kicked out of the home they'd rented in the tony West Isle subdivision. The Outlaws, one of 20 international squads that compete in the team-based multiplayer first-person shooter video game "Overwatch," planned to live and train for the upcoming season inside a home in The Woodlands. Neighbors were not happy, telling KPRC they were concerned with traffic, noise and property values. Even if you are still wondering what "e-sports" is, you likely have heard of NIMBYism. In since-deleted tweets, Outlaws general manager Matt "Flame" Rodriguez summed up the situation as "Boomers: 1, Outlaws: 0." The team has since secured other accommodations and is working with the town to find office space, Rodriguez wrote. No offense to the Outlaws, but if they can't take on The Woodlands neighbors how do they expect to beat the Shanghai Dragons?

Speaking of video games, all that practice eating the world

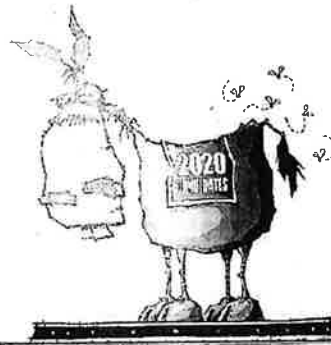


John Davenport / Staff file photo
Vultures at the San Antonio Zoo sit on a fence. Roughly 300 of the birds have taken over a Border Patrol radio tower.

recently. Dia Lathora, 20, was playing and voice chatting online with 17-year-old Aidan Jackson, who was 5,000 miles away in England, when the teen had a seizure. Faster than you can say Sonic the Hedgehog, Lathora sprang into action. "When he didn't respond I instantly started to look up the emergency number for the EU," she told the Liverpool Echo. She knew her friend's address but not his home number (Gen Z, right?), so Jackson's parents didn't find out what was happening to their son until rescue personnel knocked on their door. "We are extremely thankful for what Dia did," Caroline Jackson told the BBC. "I've spoken to her and expressed our thanks." Kudos to this virtual hero turned real-life savior.

Drug running? Illegal border crossings? You can argue what is the No. 1 problem facing U.S. Customs and Border Protection in Texas, but for agents in Kingsville, about 45 miles southwest of Corpus Christi, the biggest problem is No. 2. About 300 vultures are roosting and nesting in a 320-foot fixed radio tower, and they've... ah... how do we put this delicately? Taken to defecating and vomiting onto the buildings below and have covered the tower in their excretions. Not only is there no Glade plug-in that can mask the aftermath of feasting on carrion cuisine, but vulture vomit is corrosive and is slowly eating away at the metal. The government has put out a call for help against these feathered feces factories and is seeking information on a vulture deterrence netting system. Before you go asking why the armed agents haven't taken a more "direct" approach against these party poopers, note that the scavengers are an important part of the ecosystem and are protected by the Migratory Bird Treaty Act of 1918.

The Chronicle



AS THE HOPEFULS CONTINUE TO FADE AWAY
THE REAL CHOICES BECOME MORE RECOGNIZABLE

LETTERS

Surgeon's pioneering life

Sensationalist description

Regarding: "Biography explores life of cardiovascular pioneer DeBakey," (G7, Dec. 29): Ruth SoRelle fails in reviewing this biography. While declaring the 610-page book a "milestone" achievement, she focuses on one chapter.

SoRelle's sensationalist description of Dr. Denton Cooley as Dr. Michael DeBakey's "nemesis," or adversary, is inappropriate. During the months of Baylor College of Medicine's investigation of Cooley in 1969, then-BCM President DeBakey could not communicate directly with him. Following Cooley's resignation and for all the decades of their estrangement, DeBakey never spoke of him unfavorably. His attitude is clear in his thoughtful Sept. 11, 1969, letter accepting Cooley's resignation: "It is regrettable that you find it impossible to comply with the requirements for human research and medical ethics recommended by the faculty of Baylor College of Medicine and accepted by all similar creditable institutions."

SoRelle says biographer Miller "comes down firmly on DeBakey's side in the controversy" regarding the spring 1969 episode that led to Cooley's resignation. The facts of his misjudgment and the resulting censure by his peers are indisputable. Admitted to by Cooley in later interviews, they are confirmed in the 2011 history of the college by BCM Chancellor Dr. William Butler. It is stunning that SoRelle should imply a half-century later that the episode remains "controversial."

SoRelle's chief oversight, however, is DeBakey's 1968-1969 critical role in making BCM independent, thus enabling the college to become the primary engine of growth and development for our Texas Medical Center.

Dennis A. DeBakey, Houston

Conversion therapy

Regarding "State must prohibit so-called gay conversion therapy," (A11, Jan. 15): The writers might have helpfully offered the Trevor Project, an LGBTQ+ teen suicide crisis helpline, 1-866-488-7386.

Britt D. Davis, Katy

Impeachment



Houston Methodist Hospital
Michael E. DeBakey was a pioneer in the field of cardiovascular surgery.

quest to Sens. John Cornyn and Ted Cruz. In this upcoming impeachment trial of President Donald Trump, I ask the following, since we already know how you will vote. If you show up, please say nothing or at least think before you start one of your pointless diatribes. Or don't show up at all. This will help speed things along to the "McConnell outcome." No one in Texas will notice your absence or even care. It's also quite embarrassing to see you playing on your phone during the proceedings.

Bill Klimko, Spring

Jan. 15 was a day of stark contrast. In one room was positive energy. President Donald Trump is surrounded by Chinese dignitaries, Cabinet members and important business leaders to sign a massive China trade deal that will benefit many Americans and Chinese. In the other was negative energy. There stands Nancy Pelosi, surrounded by people trying to impeach the president, who has worked so diligently and is keeping his promises to the American people.

All the attacks over the last three years have not distracted Trump from his many accomplishments. It's an upside-down world.

Betty Duke, Houston

BIBLE VERSE

For I was hungry and you gave me something to eat, I was thirsty and you gave

and assorted princesses came in handy for a young Texas woman

The vultures have yet to respond to a request for comment.

Regarding "Trump case in Senate's hands," (A1, Jan. 16): Here is an open re-

me something to drink, I was a stranger and you invited me in.

Matthew 25:35

Let's include students in talks on school safety

By Isabel Richards, Jane Skjonsby, Milan Narayan and Paige Hoffer

Everything seemed normal. It was a Tuesday afternoon, and the last period had just dismissed. We watched as kids rushed out of the school, eager to get home. But amid the controlled chaos of the everyday dismissal of students, there was a difference. Something off.

There was a sense of desperation, of fear. Then the situation escalated — administrators were running in and out of the building, and police sirens were wailing. Over the intercom, one of the assistant principals warned everyone in the building to evacuate immediately. There was a tremor in her voice. No one knew what had happened. What was certain was that no one at Bellaire High School expected a member of our student body, Cesar Cortes, to be shot to death inside the JROTC building.

On Thursday, the school was quieter. We waited in line, for about 15 minutes, to be searched. We walked into school over the same ground where one of our classmates had lain dying on the concrete. We sat in our classes thinking about how a student is missing from the third row of his math class. We replayed the image branded in our brain of a high school boy being administered CPR while hundreds of students watched from 20 feet away, shocked. We walked past the sea of kids in black ribbons, the

JROTC students in their uniforms and the shrine in front of the library. Bellaire High School is shaken to its core. Why must we be burdened with this undeniable weight of grief so young?

We didn't want to go back to school when we still didn't know anything about what had happened. We felt like the Houston Independent School District still hadn't told us what happened. After the shooting, they should have been transparent. They should have freely communicated with their community because the last thing we wanted to hear was a rehearsed response. But they also should have done this long ago. In fact, they should have been transparent after a gun was found on campus on Sept. 25, and then again Oct. 3.

If only parents had been reminded of the legal consequences of failing to prevent minors younger than 17 from accessing guns after those incidents, we might not be in need of this article. But the school district did not release information about whether the parents of the last students who brought firearms to school were charged. This information could have been used as a deterrent. It could have been used to encourage secure storage of firearms, which might have prevented Tuesday's shooting.

We know that there have been at least 405 incidents of gunfire on school grounds from 2013 to 2018. We know that in incidents of gun violence on school

grounds, 78 percent of shooters under the age of 18 obtained their guns from their own home, a relative's home or from friends. We also know that one of our peers is dead. But data suggests households that locked up both firearms and ammunition were associated with a 78 percent lower risk of self-inflicted firearm injuries and an 85 percent lower risk of unintentional firearm injuries among children, compared with those that locked up neither. That's why we need the school district to do more to raise awareness about secure firearm storage.

Here's what we want: a seat at the table when the school district talks about these issues. If we're old enough to be the victims of gun violence in our class-

rooms, we're old enough to have opinions about the measures that can be taken to make us safe.

We can't change what happened Tuesday. But we can work together to prevent it from happening again. We're asking the district to give us hope, put students first and make the classroom a safer place. HISD, the ball is in your court.

Richards, Skjonsby, Narayan and Hoffer are volunteers with the Bellaire High School chapter of Students Demand Action for Gun Sense in America, a national movement, created by and for teens and young adults, to channel the energy and passion of high school and college-aged students into the fight against gun violence.

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