

6/4/10

Statement from Louisiana Coastal Parishes Regarding the Obama Administration's
Moratorium On Existing Deepwater Drilling Activity

South Louisiana is America's energy workhorse. Hundreds of thousands of men and women of coastal Louisiana go to work each day to service the oil and gas industry, including painters, electricians, deck hands and mechanics. This is what we do. It is a job that we take very seriously and have performed extremely well for over half a century. The men and women of Louisiana are proud to safely fuel this nation, and most of us do it while working for small businesses whose names never make headlines.

President Obama's May 28 order suspending all existing offshore deepwater drilling for at least six months will cause irreparable harm to our energy service industry and drive a stake through the heart of American communities already suffering tremendously from the environmental and economic impacts of the BP oil spill. Economic impacts will not last just six months, but will last for several years to come and ultimately result in irreversible damage to our local economy, culture and way of life.

It has been estimated that up to 6,000 Louisianans will lose their jobs within three weeks of the rig shutdowns, and up to 10,000 Louisiana jobs will be lost within a few months. Furthermore, idle rigs in the Gulf will likely be contracted overseas for work in foreign countries, not returning to the Gulf for several years after the moratorium, if not at all. Job losses could total more than 20,000 in just 18 months.

Our local economies will be decimated, with anticipations of double-digit unemployment and a housing market collapse in a region that up, until now, was the most economically productive in the nation. And the impact expands beyond businesses most often associated with the energy industry, like tool rental, crew boats and offshore food service. Every sector of our economy, from grocery stores and restaurants to hospitals and schools, will be crippled by the moratorium and may never recover. Washington, D.C. will see Louisiana's coastline communities left barren from a government decision that will destroy a very important part of America.

Residents of coastal Louisiana have zero tolerance for the actions and decisions by individuals that resulted in the BP oil spill. We care about our natural resources, our communities and each other. However, we also know that in America, we can accomplish two things at once: we can protect workers and the environment, while we continue to produce energy and jobs for Americans. It is critical to the entire nation that we do both.

We wholeheartedly support the proposed safety recommendations; however, we believe that many of these safety measures can be expedited and implemented immediately. We urge President Obama to reduce the six-month moratorium on deepwater drilling in the Gulf to no more than 30 days, during which time any additional rig inspections can be conducted by Minerals Management Service officials, greatly reducing the job loss and minimizing the negative economic impacts felt by our region while ensuring a safer industry. In addition, we recommend that MMS inspectors maintain a 24/7 presence on all ongoing deep water drilling locations, with a 7-10 day rotation schedule and strict compliance with API standards shall be maintained on all equipment used in well construction. Without these modifications to the deepwater drilling moratorium, our region faces a very bleak economic future that will have catastrophic consequences from Baton Rouge to Boston, Boulder and beyond.

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Coastal Residents Will Suffer from Deepwater Drilling Moratorium

Talking Points

- South Louisiana is America's energy workhorse. Hundreds of thousands of men and women of coastal Louisiana go to work each day to service the offshore oil and gas industry. This is what we do. It is a job that we take very seriously and have performed exceedingly well for over half a century.
- In the aftermath of the BP Oil Spill, the Obama Administration has ordered a moratorium on existing Gulf of Mexico deepwater drilling, which will result in the immediate suspension of operations at 33 rigs in the Gulf.
- **This moratorium on offshore deepwater drilling will cause irreparable harm to our energy service industry and drive a stake through the heart of American communities already suffering tremendously from the environmental and economic impacts of the BP oil spill. Economic impacts will not last just six months, but will last for several years to come and ultimately result in irreversible damage to our local economy, culture and way of life.**
- It has been estimated that up to 6,000 Louisianans will lose their jobs within three weeks of the rig shutdowns, and up to 10,000 Louisiana jobs will be lost within a few months. Furthermore, idle rigs in the Gulf will likely be contracted overseas for work in foreign countries, not returning to the Gulf for several years after the moratorium, if not at all. Job losses could total more than 20,000 in just 18 months.
- The Deepwater Horizon oil spill has cost the seafood and tourism industry dearly in lost revenue. Thousands of fishermen have been out of work for over a month. It is unconscionable to compound this economic crisis with an energy policy decision that will result in additional catastrophic losses for our hard-working residents, small businesses and coastal communities.
- An estimated 33% of the nation's domestic oil comes from the Gulf of Mexico. Eighty percent of the Gulf's oil and 45% of its natural gas comes from operations in more than 1,000 feet of water- the deepwater.
- Port Fourchon in Lafourche Parish services 90 percent of deepwater operations in the Gulf of Mexico.
- Suspension of deepwater drilling operations will result in at least 33 floating rigs being idled for six months or longer. Idle rigs in the Gulf will likely be contracted overseas for work in other locations, and may not return to the Gulf of Mexico for several years if at all.

- An average of two supply boats work each rig per day with rates of \$15,000 - \$30,000/boat. Suspension of drilling activity will result in a nearly \$1 million loss per day in supply boat rental income.
- Each drilling rig averages 180-280 employees for each two-week shift, and each job on the rig supports four other American jobs.
- The moratorium could lead to a decrease in the future availability of domestic oil, possibly driving prices to levels above \$100/barrel.
- Residents of coastal Louisiana have zero tolerance for the actions and decisions by individuals that resulted in the Deepwater Horizon tragedy. We care about our natural resources, our communities and each other. However, we also know that in America, we can accomplish two things at once: we can protect workers and the environment, while we continue to produce energy and jobs for Americans. It is critical to the entire nation that we do both.
- We urge President Obama to reduce the six-month moratorium on deepwater drilling in the Gulf to no more than 30 days, during which time any additional rig inspections can be conducted by Minerals Management Service officials, greatly reducing the job loss and negative economic impact felt by our region while ensuring a safer industry.
- Furthermore, we recommend that MMS inspectors maintain a 24/7 presence on all ongoing deep water drilling locations, with a 7-10 day rotation schedule and strict compliance with API standards shall be maintained on all equipment used in well construction.