

New Offshore Energy Production Coastal Businesses and Workers May be the Winners



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After a 27 year ban, Congress has opened the door for additional offshore oil and gas exploration. There is not complete agreement on that and some in Congress are threatening to attach restrictions next year, but at this moment, about 85 percent of the lower 48 states are potentially open for drilling. Except for a portion on the Eastern side, the entire Gulf of Mexico is open. The focus of this commentary will be on the benefits that this expansion of offshore activity will have on local port communities, their businesses and their workers.

A lot has been said about what this does for the country - making us less reliant on foreign sources of energy, providing a stable source of oil and gas for many years to come and bringing new revenue from royalties and taxes into Federal coffers. What have not gotten a lot of attention are the jobs and benefits this will provide for local communities in states that open drilling. It is worth talking about, because these are local dollars that will flow to local businesses and local workers. The members of the Offshore Marine Service Association who operate workboats will be responsible for a large share of the new business in local ports. The exploration and production of hydrocarbons is a multi-phase process and workboats are critical to every step. The Minerals Management Service is starting the planning process to auction offshore lease sites for exploration. Offshore boats will do the initial survey work that will help identify the specific areas where the oil and gas deposits are likely to be located and in what quantities. Workboats will carry supplies and personnel to drilling rigs. They will help construct the production platforms and supply their needs through the life of the oil and gas well. Finally, they will do the work to remove the platform and restore the seabed to a pristine state.

All of this is done through local ports and with the help of local companies and their employees. The dollar value of that work will be substantial. OMSA surveyed its members to find out the local impact of their activities and we found that the average U.S. -flag workboat spends about \$325,000 a year on supplies, maintenance and shipyard repairs. With a fleet of about 1200 vessels, that means that our industry is spending nearly \$400 million a year with local businesses. Shipyards represent some of the biggest beneficiaries of that spending, but workboats will also need the help of local electronics firms, diesel maintenance companies and a host of other maritime-related services. Even grocery stores see benefits from offshore activity. In some parts of Louisiana, boat companies are among the grocery stores' biggest customers.

That does not count the direct employment of sailors on offshore workboats. Offshore mariners are well-paid professionals. According to our survey, the total payroll for the entire crew of an average workboat can be up to a million dollars a year. Our mariners come from all over the country, but a substantial percentage of them gravitate to areas where the work is being done. Again, that is another example of offshore work providing dollars to local communities. These are American jobs that benefit its citizens and businesses. Our association is made up of U.S. flag vessels, owned by Americans and crewed by Americans. We strongly support the view that the revenue that flows from offshore energy production should benefit Americans in their local communities.

Strong arguments have been made for America's need to become energy independent. The U.S. industry's record shows that it produces oil and gas in an environmentally responsible and safe manner. We think it is very important that states that may be looking at the potential for offshore exploration also understand the tremendous benefits for local ports that support offshore exploration. To put it another way, the real winners of the new focus on offshore energy may be the local ports that service that activity.