

**For Immediate Release**  
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## **Gulf Economic Survival Team Forms in Response to Six-Month Drilling Moratorium**

Chambers of Commerce, business organizations and local elected officials in coastal Louisiana have teamed up to urge President Barack Obama and U.S. Secretary of the Interior Ken Salazar to take swift and appropriate action on federal drilling regulations and end the drilling moratorium quickly in an effort to save over 20,000 jobs in the region.

The Gulf Economic Survival Team (GEST) was formed this past week under the leadership of Louisiana Lieutenant Governor Scott Angelle, at the request of Governor Bobby Jindal. The team's message is simple: The Administration's May 28 order, suspending all existing offshore drilling in depths greater than 500 feet for a minimum of six months, will cause significant harm to Louisiana's energy service industry and hurt coastal communities already suffering tremendously from the environmental and economic impacts of the BP oil spill. GEST has launched a website - [www.GEST.la.gov](http://www.GEST.la.gov) -- to spread this message and serve as a resource to residents, businesses, local governments and organizations who want to join our effort.

Through letters, resolutions and personal appeals, the task force is requesting that President Obama and Secretary Salazar move quickly to make sure that all deepwater drilling is in proper federal compliance, in an effort to greatly reduce job losses and negative economic impact on the Gulf region while ensuring a safer industry. Upon reviewing the Department of Interior's *Increased Safety Measures for Energy Development on the Outer Continental Shelf* of May 27, 2010 ("Safety Report"), GEST believes it is far more productive to demonstrate how a specific case can be evaluated for approval rather than developing a process that is applicable to a comprehensive set of circumstances. Therefore, GEST is recommending an alternative expedited approach in which safety inspections by a team of technical experts be allowed to proceed on a well-by-well basis and allowed provisional authority for floating drilling operations that can be demonstrated to have minimal risk.

GEST recommends that Minerals Management Service inspectors maintain a full-time presence on all ongoing deepwater drilling locations, and all MMS inspection reports should be reviewed by the U.S. Coast Guard. GEST recommends strict compliance with American Petroleum Institute (API) standards on all equipment used in well construction. GEST believes that several of the prescriptive safety recommendations as set forth in the DOI safety report can be implemented immediately within 30 days and agrees with the International Association of Drilling Contractors alternative approach including:

- Re-certify all BOP equipment used in floating drilling operations and ensure their suitability for the rig and well design.
- Ensure rig personnel are trained to industry- and government-accepted standards for well-control procedures;
- Review operator well plans, with particular emphasis on casing and cementing designs to ensure sufficient pressure barriers and that designs are fit for purpose;

- After confirming the correctness and preparedness of each rig and well design, these deepwater rigs should be permitted to resume work, and the DOI should resume issuing permits for new deepwater work. Meanwhile, industry and government can work through additional recommendations outlined in DOI's Safety Report.

GEST believes that other longer-term performance-based safety measures set forth in the DOI Safety Report, such as those requiring emergency rule making as well as the National Commission on the BP Deepwater Horizon Spill and Offshore Drilling investigation can be conducted simultaneously with the continued operations of offshore deepwater drilling.

Louisiana Lieutenant Governor Scott Angelle said, "We have zero tolerance for the mistakes that caused the BP oil spill and resulted in an ecological, environmental and economic tragedy. We fully support efforts to make the industry as safe as possible. However, we also believe that the most critical safety components can be addressed swiftly without putting our people out of work for months. This is not about the stockholders of energy companies, but about the men, women and families in our coastal communities who are fighting for economic survival." Angelle further noted, "This moratorium, while well intended, will negatively impact the entire economy of coastal Louisiana including the traditional energy support workers and everyone from retail store owners to store clerks, from auto dealers to auto mechanics, from restaurant owners to restaurant workers, the housing and financial markets; and tax collections for our school boards and local governments."

State Senator Norby Chabert, who represents Lafourche and Terrebonne Parishes, knows the moratorium will hit his district hard. "Safety is unequivocally our priority. But this is America, where we can do two things at once – protect the environment and at the same time provide the energy that keeps the nation's lights on and cars moving. It is critical that we do both."

According to State Representative Gordon Dove of Houma, the moratorium is unprecedented in American history. Representative Dove has filed (HCR 214) requesting Secretary of the Interior Ken Salazar reexamine the length of the moratorium in the hopes that it can be shortened as additional safety measures are implemented. "The cascading impacts to the Gulf Coast will be devastating, not just for the next 180 days, but for many years to come," he says.

After only a few days since forming the group, GEST participants already include: Acadiana Economic Development Council, Acadiana Regional Alliance, Bayou Industrial Group, City of Crowley, East St. Tammany Chamber of Commerce, Greater Abbeville-Vermilion Chamber of Commerce, Greater Iberia Chamber of Commerce, Greater Lafayette Chamber of Commerce, Greater New Orleans, Inc., Harvey Canal Industrial Association, Houma-Terrebonne Chamber of Commerce, Jefferson Chamber of Commerce, Jefferson Davis Parish Economic Development & Tourist Commission, Lafourche Chamber of Commerce, Louisiana Restaurant Association, Offshore Marine Services Association, Plaquemines Association of Business and Industry, Ports Association of Louisiana, St. Bernard Chamber of Commerce, St. Mary Chamber of Commerce, St. Mary Industrial Group, South Central Industrial Association, South Louisiana Economic Council, Terrebonne Economic Development Authority and Thibodaux Chamber of Commerce.

These organizations represent hundreds of thousands of businesses and residents who work in support of America's offshore drilling industry, from supply boat and fabrication companies, to mechanics, grocery store clerks and car dealers. All of them will be casualties of the President's moratorium and the anticipated movement of those idle rigs to foreign lands, greatly increasing the length of time the impacts of the moratorium will be felt.

"Louisiana is a working coast. The same hard-working people who were slammed by hurricanes Katrina, Rita, Gustav and Ike over the past five years are now having their jobs threatened by the moratorium," says Janet Faulk, CEO of the Greater Iberia Chamber of Commerce, "The federal government's investment made

in this region of the country after the hurricanes will be negated by a six-month drilling suspension. Shutting down America's Energy Corridor shuts down America."

The sentiment is shared by Lori Davis, CEO of Houma-based Rig-Chem, a manufacturer and supplier of specialty chemicals used in wellbore displacement and completion operations. Seventy percent of her business is dependent on supporting deepwater exploration.

"Over the past couple months, we have worried about the oil spill's impact on our coast and the massive amount of cleanup that will be required. Today, I am worrying instead about meeting payroll. Everyone I speak to here is in survival mode now," she explains. "Within days of the moratorium announcement, customers began cancelling orders that had already been placed and jobs that were already scheduled. It gives me hope to hear that our business organizations are coming together to fight for our employees, our businesses and our local economies."

For more information about GEST please see attached document . If you would like to become involved in the effort, visit our website at [www.GEST.la.gov](http://www.GEST.la.gov) or e-mail [gest@crt.state.la.us](mailto:gest@crt.state.la.us)

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## GULF ECONOMIC SURVIVAL TEAM (GEST)

[www.gest.la.gov](http://www.gest.la.gov)

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 very 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 significant harm to Louisiana's energy service industry and hurt coastal communities already suffering tremendously from the environmental and economic impacts of the BP oil spill.

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.

Suspension of deepwater drilling operations will result in at least 33 floating rigs being idled for six months or longer.

Port Fourchon in Lafourche Parish services 90 percent of deepwater operations in the Gulf of Mexico.

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 supports four other jobs in our local communities. The suspension of drilling activity will result in a loss of up to 6,000 jobs in two to three weeks, and more than 20,000 Louisiana jobs over the next 18 months.

Louisiana coastal communities such as Houma, Morgan City and Lafayette are home to businesses that support the offshore oil and gas industry, with 1 in 3 jobs related to the industry.

Louisiana coastal communities will begin experiencing severe and irreversible economic impacts within 30 days of this moratorium.

Idle drilling rigs in the Gulf could be contracted overseas for work in other locations, and may not return to the Gulf of Mexico for several years, greatly extending this economic crisis for our state.

Upon reviewing the Department of Interior's *Increased Safety Measures for Energy Development on the Outer Continental Shelf* of May 27, 2010 ("Safety Report"), we are recommending an alternative expedited approach in which safety inspections by a team of technical experts be allowed to proceed on a well-by-well basis and allowed provisional authority for floating drilling operations that can be demonstrated to have minimal risk.

We recommend that Minerals Management Service inspectors maintain a full-time presence on all ongoing deepwater drilling locations, and all MMS inspection reports be reviewed by the U.S. Coast Guard. We recommend strict compliance with American Petroleum Institute (API) standards on all equipment used in well construction. We believe that several of the prescriptive safety recommendations as set forth in the DOI safety

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While we support efforts to make the offshore industry safer, 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 the above safeguards can be implemented, ensuring a safer industry while greatly reducing the job loss and negative economic impact felt by our region.