Oil Industry: Thousands Of Jobs At Stake

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NEW ORLEANS (AP) — With a six-month moratorium ordered for deepwater drilling in the Gulf of Mexico, oilfield companies and analysts are warning of job losses and production delays.

In addition, drilling companies could send idled rigs to foreign markets, and new regulation could make producing some fields unprofitable, they said.

"This administration is playing Russian roulette with the economy of the Gulf Coast," said Ken Wells, president of the Offshore Marine Service Association, which represents 105 oilfield service companies.

Allan Pulsipher, a Gulf oil industry analyst at Louisiana State University, said drilling companies will go where the business is.

"Those rigs are mobile and if they can get several hundred thousand dollars a day, they'll move," he said.

Companies that operate service vessels and helicopters, cater meals and provide specialized services like undersea robots could be forced to lay off workers if new drilling stops.

In Texas, state figures show there were 86,900 jobs in oil and natural gas extraction in April and another 107,800 in support industries. Louisiana registered 9,000 extraction jobs and 36,700 support jobs.

Interior Secretary Ken Salazar's report to President Barack Obama recommending the six-month moratorium noted "offshore operations provide direct employment estimated at 150,000 jobs." The report didn't mention of possible job losses.

A recent analysis by the Louisiana Mid-Continent Oil and Gas Association, a trade group, said a moratorium would defer 80,000 barrels of daily production in 2011, or about 4 percent of projected deepwater production for the year.

The Gulf produces about 30 percent of the oil and 11 percent of the natural gas for the United States.

"It appears that less draconian and potentially less harmful solutions such as increased inspection and recertification of equipment would be an acceptable compromise," said Burt Adams, chairman of the Washington-based National Ocean Industries Association.

The LMOGA analysis said each of the 33 deepwater drilling rigs idled by the president's order employs 180 to 280 workers with an average weekly wage of

$1,804. State labor officials said the average weekly manufacturing wage in Louisiana was just under $1,000.

If the Gulf is off limits, rigs could be moved, perhaps to the rapidly expanding Brazil market. Long-term contracts would make them unavailable for years after the moratorium is lifted, Adams said.

Wells said a survey of his group showed vessel operators are "getting notices that they're getting cut loose and the companies are having to decide whether they can survive this or whether they will have to lay off crews." Wells estimated as many as 100 vessels could be tied up soon.

Houston-based Baker Hughes Inc., a technical support company with about 2,000 employees in the Gulf, said it would shift some to other projects and transfer others to foreign sites. The company also said it would reduce hiring during the moratorium.