

Testimony of Cory Kief – President of Offshore Towing, Inc.

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U.S. House of Representatives

Committee on Natural Resources

Testimony on:

“One Year after President Obama’s Gulf of Mexico 6-Month Moratorium Officially Lifted: Examining the Lingering Impacts on Jobs, Energy Production and Local Economies”

October 12, 2011

Good morning Chairman Hasting, Ranking Member Markey and all committee members. Thank you for the opportunity to testify on behalf of Offshore Towing, and how we have been impacted in the Gulf of Mexico as the result of the drilling moratorium, and related issues. Offshore Towing is a partnership of three smaller marine towing companies who collectively operate a fleet of sea going tug boats in the Gulf of Mexico, providing services in the Oil and Gas sector, primarily towing drilling rigs to and from various locations in shallower water. We are located along the Gulf Coast in Larose, Louisiana, and collectively employ approximately 110 people.

Although the moratorium has been lifted, substantial negative economic impacts have been felt, and economic conditions continue to deteriorate. Challenges with issuance of drilling permits from the BOEM to operators are still prevalent, causing delays in drilling programs. As we understand, at times, the BOEM claims that Operators are submitting incomplete or flawed Drilling Plans and other data, and the Operators claim that the BOEM is dragging their feet approving drilling plans and permits. Either way, or a combination of both, Drilling Contractors are leaving the gulf to go to work in other countries that have the ability to obtain steady financial commitments. These drilling contractors have already demonstrated that they will not stay in the U.S. waiting for the government and the Operators to “get their act

together” and iron out the wrinkles in this new regulatory environment. Service companies, such as ours, who depend on this system, are now facing severe economic decline due to this lack of efficiency. Every day we are seeing more and more equipment being taken out of service, which sends more people home, jobless!

Which leads to my remarks on the proposed “Jobs Bill” that is receiving so much attention these days? As I understand, one of the elements of the Jobs Bill would grant payroll tax relief to an employer, if an employer would hire someone who has been jobless for 6 months or more. For my company, this does not create new jobs, it is a hiring incentive and that is all! There are no jobs to offer. I would not be inclined to hire people simply to get payroll tax relief when we don’t have enough work for them to do as it stands now. Further, there is no relief to hire people who were just discharged two months ago. I would prefer to hire back the people that were discharged a couple of months ago, who are adequately trained to do their jobs, without having to re-train new people who don’t know what they doing, at my expense. I don’t think that you folks realize how much time, energy and resources are put into training people to effectively work in this industry. The six month issue is hard to understand.

On another note, there is no relief or benefits for companies, like ours, who have had minimal layoffs, because we don’t want to lose our trained workers. Instead, we have reduced wages, used our capital, lines of credit, and blends of these resources to retain our workers.....trained workers. We’re fighting to survive, and keep our employees because economically and morally it is the right thing to do. In all of this discussion of underfunded infrastructure spending, or tax breaks or tax hikes, Illegal Immigrants in the work place, I do not hear any talk of economic benefits of the federal government being more efficient, or being an advocate for job creation with what they have to work with now. From my company’s perspective, an increased rate of

federal permitting in the Gulf of Mexico will bring my employees back to a level of security to earn a good living, and produce an economic environment with the potential to train and hire more workers. THAT is economic stimulus.

IHS Global Insight and IHS CERA recently conducted a study that described that a return to regular permitting would result in:

- 230,000 new or retained American jobs
- \$44+ billion in US Gross Domestic Product
- About \$12 billion in tax and royalty revenue
- A reduction of \$15 billion in America's bill for imported oil in 2012 alone

One third of these jobs created would be outside of the Gulf region, in states like California, Illinois and New York. These results prove that the Gulf of Mexico's energy activity is a national economic generator!

This country is more interwoven than what it is being given credit for. Americans all over this country depend on each other for a variety of different resources. Our leaders need to focus on that. This administration, government, and the media need to stop separating the American people by creating political boundaries to satisfy political agendas. As one business man speaking to his Country's leaders, there are more jobs, and additional and state revenues to be realized in the offshore energy sector of the Gulf of Mexico. It is your duty, as stewards of the people, to address this.

Thank you again for the opportunity to speak before you today.