



[Offshore drilling moratorium affects everyone](#)

Study outlines how the Obama administration's offshore moratorium will negatively impact industries nationwide.

7/19/10

E&P Magazine

By Rebecca Torrellas

The presidential [offshore](#) drilling moratorium will cost approximately US \$2.1 billion in economic loss to the states along the [Gulf of Mexico](#) (GoM) in first six months, according to a recently released paper.

“The Economic Cost of a Moratorium on the [Offshore](#) Oil and Gas Exploration to the Gulf Region” was written by Dr. Joseph R. Mason, Louisiana State University endowed chair of banking and renowned economist. Mason said he estimates the moratorium will see a loss of 8,000 jobs and \$500 million in lost wages in the Gulf Coast in the first six months.

“The moratorium will cost the Gulf Coast region jobs, money, and economic development,” he said. “In fact, the moratorium could be more costly than the oil spill itself.”

Decrease in Earnings from the Six Month Moratorium on Deepwater Drilling

| State | \$ Millions |
|--------------------------|---------------|
| Texas | -\$153 |
| Alabama | -\$29 |
| Mississippi | -\$25 |
| Louisiana | -\$280 |
| Total GOM | -\$487 |
| United States | -\$707 |
| Spillover Effects | -\$219 |

Source: Regional Input-Output Modeling System (RIMS II), Regional Product Division, Bureau of Economic Analysis, U.S. Commerce Department; Production estimates from Table 2; Navigant Economics Calculations.

The analysis addresses the negative impact the six-month [offshore](#) drilling moratorium will have on the US, both directly and indirectly. It estimates 12,046 full-time jobs will be lost nationwide, not only on oil rigs, but also in associated industries.

The study, sponsored by Save US Energy Jobs – a project of the American Energy Alliance – also focuses on the spillover effect the moratorium will have on other job sectors such as mining, transportation, warehousing, wholesale and retail trade, health care,

entertainment, education, and waste management. Texas will see a decrease of approximately 2,492 jobs, and Louisiana will see a decrease of approximately 4,719 jobs.

The moratorium also will cause a loss in wages. According to the study, analysts are predicting loss of wages from \$65 million to \$135 million/month, negatively affecting an already distressed work force.

State and local tax revenues also will be affected. Texas will decrease by \$22.8 million, Alabama will decrease by \$7.2 million, Mississippi will decrease by \$8.4 million, and Louisiana will decrease by \$59.3 million, according to the analysis.

“The region is already struggling from devastating losses from Hurricane Katrina, Hurricane Gustav, and the nation’s depressed economy,” Mason said. “By stifling one of the area’s primary economic engines, the administration is crippling the local economy and risking long-term consequences.”

The report also warns against a permanent moratorium on [offshore](#) drilling in the GoM. As a “worst-case scenario,” it would cost more than 400,000 jobs and \$95 billion nationwide.

Tom Pyle, president and CEO of the American Energy Alliance, said, “We need to find ways to save US energy jobs, not cut them.”

He said the Gulf Coast would be devastated, and the jobs of families nationwide would be affected.

“For the good of the families throughout the Gulf region and our nation’s energy security, the Obama administration must lift the moratorium and get the Gulf back to work,” Pyle said.

###

House Natural Resources Committee Republican Press Office

Contact: [Jill Strait](#) or [Spencer Pederson](#)

202-226-2311

<http://republicans.resourcescommittee.house.gov>

[Facebook](#) | [YouTube](#) | [Twitter](#)