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Local Gulf Business Leaders Testify on Lingering Economic and Energy Effects One Year After President's Moratorium Lifted

WASHINGTON, D.C. – The House Natural Resources Committee today held an oversight hearing 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."* A year after the official moratorium was lifted in the Gulf, permitting, energy production and economic activities still have not returned to pre-moratorium levels.

"While I recognize that some permits indeed are being issued, there are facts and data that demonstrate recovery is moving at a pace that continues to hamper job creation and the economy," **said Natural Resources Committee Chairman Doc Hastings.** *"Permitting activity in the Gulf has dramatically declined under the Obama Administration and has operated at lows that equate to hurricane-induced slowdowns…The livelihood of communities and businesses throughout the Gulf depend on safe and responsible offshore energy production. It's been a year and a half since the Deepwater Horizon incident, and a year since the President's moratorium was officially lifted. It's time to get people back to work and get the Gulf's economy growing again."*

Witnesses from a variety of Gulf businesses and economic sectors testified about the lingering economic impacts since the offshore moratorium was lifted a year ago.

Albert L. Reese Jr., CFO and Treasurer of ATP Oil and Gas Corporation said that, *"Although the second moratorium was lifted on October 12, 2010, ATP has been and continues to be negatively impacted by the drilling moratorium and subsequent related regulatory delays and uncertainties."* Reese mentioned the 11 rigs that have left to Gulf which, *"translates to approximately 60 wells lost, based on the original contract terms of these rigs. The loss of these rigs amounts to lost spending of $6.3 billion, and annual lost direct employment of 11,500 jobs over two years."*

Sean Shafer, Manager of Consulting for Quest Offshore Resources, testified that, *"From a permitting, rig, and drilling activity perspective the industry is at best flat compared to where it was before the drilling moratorium,"* and that *"drilling activity is not expected to return to pre-moratorium levels before 2014 due to low permitting rates and operators not relocating rigs back to the Gulf of Mexico."* Shafer said the worst maybe yet to come as, *"the most pronounced effects of the moratorium and continued regulatory issues may not be seen until later years, due to the long time frame associated with developing offshore oil and gas* *projects."*

Chris Auer, **Principal of Crevalle Management Services** spoke about the lengthy permitting process that can, *"take as long as 510 days to reach the approved status with the average processing time post Macondo being 129 days as compared to a pre-Macondo average of 42 days."* Auer made the connection between lengthy permitting and lost jobs noting that, *"these delays in turn idle vessels and render crew and supporting crew unemployed."* Finally, Auer made the point that the people of the Gulf, *"aren't asking for a hand out from the government they're asking for the handcuffs to be removed so that they can do their part in keeping the United Sates rolling."*

Bruce Craul, **COO for Legendary Hospitality and Chairman Elect of Florida Restaurant and Lodging Association** brought the perspective of the tourism industry to the panel. Craul made the connection between the energy industry and tourism, *"we are still affected by lasting effects of the Deepwater Horizon incident, including the offshore moratorium…many of our tourists, visitors, and convention and conference attendees are from energy related businesses."* Craul testified that because of the lengthy permitting process, *"it will be a long time before we see the economic benefits of returning vessels and rigs to Louisiana which ultimately benefits Northwest Florida and overall Florida tourism."*

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