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With Drilling Stopped, Losses Could Multiply

By **TOM ZELLER Jr.**

Chett Chiasson, the executive director of [Port Fourchon](#) in Louisiana, has a message for [President Obama](#) — and any Americans who have applauded the administration's decision to halt deep-water drilling in the Gulf of Mexico: You just don't get it.

"I don't know that this country realizes the cascading impacts of this moratorium," said Mr. Chiasson, whose estimates that his port handles 90 percent of the traffic servicing the deep-water [oil](#) and gas industry in the gulf. "It's going to have an impact for years to come."

The [Interior Department's](#) six-month moratorium on deep-water drilling most directly affects 17 oil companies, including multinational giants like [BP](#), [Exxon Mobil](#), Shell and [Chevron](#). The order, issued May 27, forced 33 rigs to shut down operations.

Every one of those rigs is serviced out of Port Fourchon, according to Mr. Chiasson, so the drilling ban could end up slashing the incomes of thousands of other workers — from welders and divers to caterers and drivers — who depend on the industry.

One oil industry group, the [Louisiana Mid-Continent Oil and Gas Association](#), has estimated that each exploration and production job represents four supporting jobs in and around the region. If that is the case, thousands of jobs — and millions of dollars in wages — could be affected by the work stoppage, the group said.

With that in mind, a growing chorus of residents, business owners and local politicians in the gulf region are imploring the Obama administration to reconsider the deep-water drilling ban.

"We need to know what you are prepared to do to prevent catastrophic damage to our battered economy," said [an editorial](#) addressed to the president that appeared in The Times-Picayune of New Orleans on Friday. "It is not clear, Mr. President, why it will take six months to determine what went wrong on Deepwater Horizon and how to remedy safety deficiencies."

In a separate letter Wednesday to Mr. Obama and Interior Secretary [Ken Salazar](#), Gov. [Bobby Jindal](#) of Louisiana said: "During one of the most challenging economic periods in decades, the last thing we need is to enact public policies that will certainly destroy thousands of existing jobs while preventing the creation of thousands more."

During a visit to Louisiana on Friday, Mr. Obama said he is sympathetic to the concerns and has urged his bipartisan commission investigating the spill to take less than six months to make their recommendations, if at all possible. However, the president added, "I'm not going to cut corners on it."

"If we don't do it right, then what you could end up seeing is an even worse impact on the oil industry down here, which is so important to so many jobs," Mr. Obama said.

Under a legislative proposal put forth by the White House, workers who lose their jobs as a result of the moratorium would be eligible for unemployment assistance, and new jobs would be created in cleanup, restoration, renovation and recovery.

But for Mr. Chiasson and the myriad businesses clustered around Port Fourchon, that is likely to be cold comfort.

"I have 37 employees, and I have to look at how I'm going to protect those jobs," Mr. Chiasson said.

When the Deepwater Horizon exploded April 20, releasing a still-continuing torrent of oil into the gulf, representatives from at least 13 different companies were on board. Besides high-level engineers and managers from [Transocean](#), which operated the rig, and BP, which held the lease on it, the workers included cooks, tank washers and laundry workers employed by a medley of subcontracted companies.

A long-term pause in deep-water work could be devastating to local economies already struggling with fishing restrictions, frightened tourists and other effects of the spill.

The biggest concern, said Larry Wall, a spokesman for the regional oil and gas group, is that rig owners and operators will ultimately cancel their contracts and move operations to the coastal areas of Africa, Brazil or other points abroad, rather than let rigs sit idle.

Should that happen en masse, it is unlikely that deep-water work in the gulf would resume quickly even after the moratorium is lifted, given the time and expense involved in relocating rigs.

“The owner of the rig, once he goes overseas, it’s two years minimum before he comes back,” Mr. Wall said. “And there’s a fixed number of those things in the world. If they keep moving, we’re going to have a big problem in the gulf.”

In some instances, oil companies are invoking what is known a “force majeure” clause in their drilling contracts with rig owners. Typically used in the event of [hurricanes](#) or other natural disasters, it allows the operator a way out of its contract when a major, unexpected event occurs.

Anadarko, one of the oil companies affected by the moratorium, said on Thursday that it had notified three of its drilling companies — Noble, Transocean and [Diamond Offshore Drilling](#) — of its plan to invoke the clause.

Diamond said that a different oil company also canceled a contract to use another one of its rigs, the Ocean Monarch.

Larry Dickerson, the president and chief executive of Diamond, said in an e-mail message that the future of that rig was “uncertain, with a move to international waters the most likely outcome.”

Mr. Dickerson said that while his company had not yet reduced staff, if the rig were forced to relocate, it would normally use local workers. “I am sure our roustabouts and floor hands are worried,” he said.

Michael A. Pontiff, the sales manager for Gator Equipment Rental in Houma, La., a company that rents welding machines and air compressors to [offshore drilling](#) companies, said that he was not waiting for the worst, and that he had written letters to state leaders and Mr. Obama.

“I’m a simple person,” Mr. Pontiff said. “I just want to know that our politicians are doing the right thing and that they know a lot of people’s lives and livelihoods depend on it.”

Jackie Calmes, Rob Harris and Robbie Brown contributed reporting.