STUDY TITLE: Collaborative Investigation of Baseline and Scenario Information for Environmental Impact Statements.

REPORT TITLE: Fact Book: Offshore Oil and Gas Industry Support Sectors.

CONTRACT NUMBER: 1435-01-99-CA-30951-85248(M07AC12508).

SPONSORING OCS REGION: Gulf of Mexico.

APPLICABLE PLANNING AREA: Western, Central, Eastern.

FISCAL YEAR(S) OF PROJECT FUNDING: 2003, 2004, 2005, 2006, 2007, 2008, & 2009.

COMPLETION DATE OF REPORT: December 2010.

COST(S): FY 2003: $58,008.67; FY 2004: $24,571.52; FY 2005: $60,324.85; FY 2006: $43,271.87; FY 2007: $63,328.27; FY 2008: $132,949.22; FY 2009: $7,700.60 CUMULATIVE PROJECT COST: $390,155.00.

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KEY WORDS: Gulf of Mexico; offshore structures; drilling mud; drilling; dredging; production; exploration; geophysical services; transportation; catering; environmental services; and environmental impact study.

BACKGROUND: Understanding the environmental impact that offshore activities have on coastal communities is an important charge for the Department of the Interior, Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE). In order to cover the wide range of potential impacts that could result from a change in offshore activities, a significant amount of information must be accessed, reviewed, and analyzed. The goal of this project was to facilitate research specialization – project team members conducted the primary research and data collection for BOEMRE, who in turn, was able to commit their valuable time to the analysis and inquiry of important environmental impact issues associated with offshore activities.

OBJECTIVES: The purpose of this project was to provide BOEMRE with primary and secondary source information about current industry activities and future trends that can be used for baseline and scenario analyses for the agency's EIS investigations.

DESCRIPTION: A collaborative method was used to collect primary source information. This collaborative effort teamed industry, government, and academic researchers and analysts. Separate groups were designated by major offshore activity category with data collection, analysis, and commentary directed by the project principal investigators. Information secured during this process was provided to BOEMRE for use in its ongoing Environmental Impact Study (EIS) analyses.

SIGNIFICANT CONCLUSIONS: Some of the conclusions reached by this project include the following:

Major challenges facing U.S. GOM drilling contractors today are short-term contracts, unstable natural gas prices, increased insurance premiums and fleet risk associated with hurricane season.

Compared with the GOM's well-to-well drilling programs and softening dayrates, other markets around the world are offering three to five year contracts with a much higher dayrate structure.

With robust prices, a stable rig count and further exploration into deepwater, it is expected that underwater contractors are hoping that their activity levels will continue to increase.

To meet the demands of deepwater (travel further and faster, carry more personnel, all-weather capabilities, and the need for lower operating costs), the offshore helicopter industry is purchasing new helicopters.

As a result of the current high prices for oil and gas, aircraft companies have experienced an increase in their fleet utilization, and expect this trend to continue. In addition, as operators increasingly pursue prospects in deepwater and push further offshore, demand for medium and large helicopters will be further stimulated.

The migration from shallow water (under 650-feet of water) to deepwater (over 650-feet of water) drilling is expected to continue, which means more specialized vessels with longer range and capacity are being designed and built. Some 180 of the 335 OSVs are conventional 180 foot vessels that primarily operate in the shallow Continental Shelf.

The future for dredging companies appears to be secure. The newest generation of cargo ships is much larger than ever, forcing most U.S. ports to upgrade and deepen port facilities, which includes significant dredging. This holds true for offshore oil and gas supply ports as deepwater drilling requires larger support ships. This is especially true along the GOM.

As deepwater exploration and production expands, and new supply bases are built in and around ports with deepwater capabilities, the provisions and catering industry will expand as well.

STUDY RESULTS: This research examined the nature and trends associated with a wide range of industries and activities that support offshore oil and gas exploration, development, and production. The sectors and activities examined include: drilling contractors; underwater contractors (diving); mud, drilling, and lubricants; air transport; water transport; geophysical services; dredging; catering; workover services and environmental consulting and mitigation.

A number of issues and aspects were examined for each of these sectors that includes a basic description of the industry and the types of services provided, typical industry characteristics that includes an examination of the typical types of facilities, the geographical distribution of the firms and their location along the Gulf of Mexico (GOM), a description of each sectors' labor force, and identification of typical or leading firms in those particular sectors.

STUDY PRODUCTS: Dismukes, D.E. 2010. Fact Book: Offshore Oil and Gas Industry Support Sectors. U.S. Dept. of the Interior, Bureau of Ocean Energy Management, Regulation and Enforcement, Gulf of Mexico OCS Region, New Orleans, LA. OCS Study BOEMRE 2010-042. 138 pp.

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