

## **BOEM ENVIRONMENTAL STUDIES PROGRAM: ONGOING STUDIES**

**BOEM OCS Region:** [Gulf of Mexico](#)

**Title:** Spatial Restructuring and Fiscal Impacts in the Wake of Disaster: The Case of the Oil and Gas Industry Following Hurricanes Katrina and Rita (GM-92-42-125)

**Planning Area:** Central and Western

**Total Cost:** \$155,000

**Period of Performance:** FY 2006 – 2009

**Conducting Organization:** [Coastal Marine Institute](#), Louisiana State University

**BOEM Contact:** [Dr. Harry Luton](#)

### **Description:**

Background: The oil and gas industry has long been a central part of the economic backbone in the Gulf Coast Region, providing jobs, income, and tax revenue. In the devastating wake of Hurricane Katrina and Hurricane Rita, the ability of the region to recover will depend heavily upon how the oil and gas industry responds and how that impacts local labor markets. This study proposes to gain an understanding of this process by assessing the structure of the oil and gas industry prior to the twin hurricanes, monitoring changes in the structure of the industry in the wake of the storms over the near and long term, and gauging the degree to which the industry provides continuity and stability in the affected region.

On August 29, 2005, Hurricane Katrina made landfall as a category 4 storm along the Gulf Coast near New Orleans, Louisiana. The storm created catastrophic damage along the coasts of Louisiana, Mississippi, and Alabama, including a storm surge that breached the levee system protecting New Orleans and led to widespread flooding of the city. Katrina stands to be the costliest natural disaster in the history of the United States – estimates of economic losses run as high as \$200 billion (Wolk 2005) – and perhaps the greatest humanitarian crisis the nation has experienced since the Great Depression – over 1,000 people were killed (CNN 2005), and millions were affected (Ericson, Tse, and Wilgoren 2005).

Less than one month later, on September 24, 2005, Hurricane Rita made landfall as a category 3 storm along the Gulf Coast near the Louisiana-Texas state border while the region was still reeling from Katrina. Though of a lesser magnitude than Katrina, Rita, nonetheless, caused extensive damage throughout the region, particularly in the coastal parishes of southwestern Louisiana.

In response to the damage from the twin disasters, the Federal Emergency Management Agency (FEMA) designated 433 counties and parishes spanning five states (Alabama, Florida, Louisiana, Mississippi, and Texas) as in need of federal assistance (FEMA

2005). FEMA designated a number of counties and parishes to receive *public assistance* for state and local governments and certain private nonprofit organizations, while a smaller number were designated to receive *individual assistance* for affected individuals and households for housing and assistance with other needs. Critical to the ability of this region to recover will be how industries, and the oil and gas industry in particular, respond in the aftermath of these storms.

Objectives: This study proposes to examine the following research questions:

- What role will the oil and gas industry play in providing employment stability in the region in the aftermath of the storms, and how will this change over time?
- Will a spatial shift of employment occur in response to the storms? If so, which areas stand to benefit and which areas stand to suffer from these changes?
- How will the response of the oil and gas industry compare to other major industrial sectors in terms of its impact on employment and thus the region's recovery?
- What strategies will the oil and gas industry use to recruit new and retain current employees?
- What fiscal effects will the industry have on impacted communities, Gulf States, and the Gulf region?

Methods: This study will combine both quantitative and qualitative research methodologies. Various files of the 2000 U.S. Census will be used to provide baseline information for the proposed project. On the basis of this information, data about post-Katrina/Rita changes will be collected from a variety of sources including: newspaper accounts, guided conversations with Chamber of Commerce representatives, planners, local and state government officials, and industry and labor representatives. Several visits to staging areas along the coast will take place to gather ethnographic information regarding changes in residence and commuting patterns of offshore oil and gas workers. Researchers will attend industry-specific job fairs to collect data about current employment opportunities and any geographic shifts in offshore-related jobs and activities. The end result will be an assessment of the contribution of the oil and gas industry to the stability of employment in the aftermath of a major natural disaster and a description of the fiscal impacts that have occurred as a result of industry changes. Such assessment will also detail a possible spatial restructuring of oil and gas employment among GOMR states and coastal areas.

Preliminary findings on employment stability and relocation in the oil and gas industry will be presented quarterly during the two-year period of the proposed project. The interim reports will provide the most up-to-date findings until the final report is completed.

Products: Annotated bibliographies, interim reports, and a final report.

Importance to BOEM: This study will provide BOEM with the most up-to-date information available concerning hurricane-impacted communities and workforce

availability in the Gulf of Mexico Region and an assessment of the role of the oil and gas industry in the rebuilding and recovery process. This research will provide timely information during the current period, and will inform our expectations and planning for future disasters. Such information will be of use for programmatic planning, upcoming environmental assessments (EAs), and environmental impact statements (EISs).

**Current Status:** The project was delayed to acquire a data base that would help researchers address data suppression problems in the County Business Patterns materials. The final report has been reviewed, is undergoing in-house editing and the study will be closed soon..

**Final Report Due:** September 2009

**Publications:** CNN. 2005. "Katrina's Official Death Toll Tops 1,000." Retrieved on October 10, 2005 from <http://www.cnn.com/2005/US/09/21/katrina.impact/>.

Ericson, Mathew, Archie Tse, and Jodi Wilgoren. 2005. "Katrina's Diaspora." *New York Times*, October 2, 20.

Federal Emergency Management Agency. 2005. "2005 Federal Disaster Declarations." Retrieved on October 6, 2005 from <http://www.fema.gov/news/disasters.fema>.

Wolk, Martin. 2005. "How Hurricane Katrina's Costs are Adding Up." Downloaded on October 10, 2005 from <http://www.msnbc.msn.com/id/9329293/>.

**Affiliated WWW Sites:** None

**Revised date:** January 2012

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