

BOEM ENVIRONMENTAL STUDIES PROGRAM: ONGOING STUDIES

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

Title: Structural Shifts and Concentration of Regional Economic Activity Supporting GOM Offshore Oil and Gas Activities (GM-92-42-135)

Planning Area: Central and Western

Total Cost: \$74,644

Period of Performance: FY 2007 - 2012

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

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

Description:

Background: Consolidation of the energy business has been a painful fact for many communities in producing basins in North America for nearly two decades. Its economic impacts are two fold. First, consolidation quite often results in lower employment levels and overall wage payments as duplicative efforts, tasks, and activities are eliminated. Second, some communities can see decreases in employment as remaining jobs are concentrated in particular area. The concentration of oil and gas activities in Houston over the past two decades is a clear example of this trend.

The effects of consolidation on local communities are complicated. After a sustained period of consolidation and contraction in the industry, higher prices over the past six years as resulted in a resurgence of oil and gas related activity. The employment benefits of this activity, however, have been uneven. For instance, over the past two decades there appears to be a relative shift of oil and gas related activity away from New Orleans, LA and towards Lafayette, LA and Houma, LA. While part of this shift may be attributable to overall consolidation trends, another possible justification may be based on overall employment trends in industry over the past decade.

Objectives: The purpose of this research is to conduct a comprehensive examination of the concentration and industry-related changes in oil and gas related employment in Louisiana with a special emphasis in the relative regional changes between various Louisiana municipal areas.

Methods: Research is divided into a of steps:

1. Compilation of employment, income, and wage data from the Louisiana Department of Labor and the Bureau of Labor Statistics on major metropolitan

- area basis.
2. Reconciliation of historic economic series between NAICS codes and SIC codes to make longer term comparisons.
 3. Collection of general industry statistics as controlling factors (rigs, production, prices)
 4. Empirical analysis of relative changes in absolute and percentage terms. Analysis at total and sub-category level (production, drilling, services)
 5. Empirical analysis/estimation of relative changes in labor productivity between the two areas and shifts in relative wages.
 6. Development of locational quotients for concentration factors.
 7. Potential regression/model analysis of changes in locational quotients and other industry factors. Development employment elasticity factors.

Products: A comprehensive report and a collection of worksheets, figures, and tables to support BOEM analyses in Environmental Assessments, Environmental Impact Statements (EIS) and other documents.

Importance to BOEM: Many of the consequences of OCS activities that are of most importance to states and communities are generated by changes within the industry itself. The research completed during the course of this project will identify and prioritize important changes and challenges and will be instrumental in understanding impacts in future EIS analyses.

Current Status: The project is nearly complete and an initial draft report will be submitted for BOEM review in early 2012. The results of this study and GM-92-42-139, Understanding Current and Projected Gulf OCS Labor and Port Infrastructure Needs, are going to be reported as a unified research project.

Final Report Due: August 2012

Publications: None

Affiliated WWW Sites: None

Revised date: January 2012

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