

**BOEM ENVIRONMENTAL STUDIES PROGRAM: ONGOING STUDIES**

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

**Title:** Understanding Current and Projected Gulf OCS Labor and Port Infrastructure Needs (GM-92-42-139)

**Planning Area:** Gulfwide

**Total Cost:** \$321,250

**Period of Performance:** FY 2007-2012

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

**BOEM Contact:** [Sindey F. Chaky](#)

**Description:**

Background: The last several years have seen considerable change in most all aspects of the energy industry. While many of these changes can be dated back to the beginning of the decade, it has been the last two to three years which have been exceptionally fast-paced. From 2004 to 2008, the industry was faced with strong domestic and global economic growth, exceptionally strong domestic energy demand, unprecedented growth in global energy demand, and significant shocks associated with tropical activity in the Gulf and geopolitical tension and unrest in Russia, Iran, Nigeria, Venezuela, Iraq. The economic downturn since the end of 2008 has further complicated the challenges facing the oil and gas industry.

The rapidly paced growth of energy demand, and the need for new energy supplies, has placed increasing stress on existing production and supply capacity all over the world over a relatively short period of time. One of the most evident challenges facing the energy industry in the current run up of energy production activity has been in filling the significant needs for labor of all types: unskilled; skilled; technical; and professional. Shortages in everything from welders to pipe fitters, to skilled supervisors, to boat captains, to divers, and even engineers, are still common complaints in today's industry.

Ports and supply bases have also seen considerable change over the past several years in response to two important changes. The first has been the rapid increase in deepwater oil and gas activity following the Deepwater Royalty Relief Act of 1992. The second was the tropical season of 2005. While "ports" are commonly recognized as providing a very important linkage from onshore communities to offshore OCS-related activities, port organization tends to be a diffuse set of affiliated relationships and general support for a variety of offshore or marine-related business and activities. While the majority of these activities are clearly offshore related, there are also a large number of other marine-oriented activities that occur at the various ports along the Gulf of Mexico (GOM). The combination of a diffuse set of port activities and lease holders, combined with an ever increasing set of business activities creates challenges in understanding the role these ports are playing in supporting offshore oil and gas activities, and the magnitude of these offshore oil and gas activities relative to overall port operations.

Objectives: Study objectives are to:

- Highlight and quantify important socio-economic impacts resulting from potential structural shifts in oil and gas labor markets;
- Understand short- and longer term economic implications of potential structural shifts in labor of value in determining the impact of production, drilling and support activities from future OCS lease sales;
- Understand the nature and challenges of infrastructure development;
- Determine actual movement into and out of ports of personnel, crew boats, supply vessels, and helicopters supporting OCS activities;
- Examine ports serving OCS activities and infrastructure needs;
- Identify important changes and challengers in regional labor markets over the past several years and how these have impacted offshore activities and communities in the GOM; and,
- Make important distinctions between short and longer-term issues, structural versus cyclical issues, and hurricane-related challengers to the region's offshore labor needs.

Methods: The research couples traditional empirical trends research coupled with a series of different workshops with industry stakeholders. The empirical trends research will analyze available secondary literature and data, the analysis of company (industry) supplied unpublished materials and data. The workshops will explore, scope, and seek input and conclusions on numerous important issues facing the offshore industry in both its labor and port infrastructure needs and requirements.

The labor needs portion of this analysis will be structured to lay an important framework for examining these issues, among others, relative to the labor needs in the GOM region that support offshore activities. The labor needs analysis of this project is composed of two different components: (1) an analysis component which will compile existing and publicly available information on recent labor and employment trends; and (2) a workshop process to bring together various different stakeholder groups to discuss their concerns, impressions, and challenges in meeting labor requirements to support offshore activities.

The port infrastructure needs analysis will explore the real challenges facing ports and supply bases along the GOM from a comprehensive and interactive basis. The research being proposed will combined traditional research with a series of workshops that will bring together several port representatives and port customer to discuss their perceptions of challenges and opportunities over the past several years, and over the next several years.

Products:

- Quarterly reports during project duration that detail progress and findings.
- Proceedings manual on both sets of workshops (labor and ports infrastructure) examining key topics/issues.
- Worksheets, figures, and tables used in report in electronic format for other MMS uses like Environmental Assessments, Environmental Impact Statements and other materials.
- Presentation at MMS Information Transfer Meetings (ITM).
- Scholarly and trade association presentations and publications on project and findings.

Importance to BOEM: The research completed during the course of this project will help highlight and quantify important socio-economic impacts resulting from potential structural shifts in oil and gas labor markets that can be included in future EIS analyses of future lease sales. Understanding the short-term and longer-term economic implications of these potential structural shifts in labor will be important in determining the impact of future production, drilling and support activities have on future lease sales and offshore activities.

The project will also examine other important socio-economic issues related to port infrastructure development and operations. Understanding the nature and challenges of infrastructure development will assist MMS in its EIS analysis of how lease sales will impact certain port facilities, and whether those impacts will be felt differently by each of the facilities along the Louisiana coast.

The research completed during the course of this project will identify and prioritize important changes and challenges in regional labor markets that have occurred over the past several years and how those changes have impacted offshore activities and communities along the GOM. This research will make important distinctions between short term and longer term issues; structural versus cyclical issues; as well as hurricane-related challenges to the region's offshore labor needs.

**Current Status:** The project has been extended until September 2012. The results of this study and GM-92-42-135, Structural Shifts and Concentration of Regional Economic Activity Supporting GOM Offshore Oil and Gas Activities, are going to be reported as a unified research project.

**Final Report Due:** September 2012

**Publications:** None

**Affiliated WWW Sites:** None

**Revised date:**

January 2012

**ESPIS**

[ESPIS](#) - All *completed* ESP Studies:

**Full Text, Online, Right Now!**

**E**nvironmental **S**tudies **P**rogram **I**nformation **S**ystem