



U.S. Department of the Interior
Minerals Management Service
Gulf of Mexico OCS Region

October 2000

**Economic Effects of Coastal Alabama and Destin Dome Offshore Natural Gas
Exploration, Development, and Production**

OCS Study MMS 2000-044

The Minerals Management Service (MMS), Gulf of Mexico OCS Region, announces the availability of a new study report, *Economic Effects of Coastal Alabama and Destin Dome Offshore Natural Gas Exploration, Development, and Production*.

In 1979 gas was discovered in Mobile Bay. In the decade that followed, coastal Alabama experienced the emergence of a large offshore gas industry that created thousands of jobs in Mobile County, Alabama, and in Louisiana and Texas. This study developed an input-output model that reflected the unique economics of Alabama's offshore gas industry and used it to estimate that industry's impacts on employment, population, and personal income for Mobile County, the rest of Alabama, and for the combined economies of Louisiana and Texas. The model was also used to project the industry's economic effects through 2020. Possible industry activity in the Destin Dome area was projected separately.

The study found that total industry spending to fully develop existing coastal Alabama fields would total nearly \$4 billion. Expenditures for ongoing operations and maintenance will add over \$3 billion through 2020. The State of Alabama received close to \$1 billion in lease bonus payments from offshore operators in State waters during the 1980's. Coupled to these are ongoing production taxes and royalties, and a share of Federal 8(g) royalties for fields in the OCS. Much of what Alabama receives is invested in a trust fund. By the end of 2020, the State of Alabama and coastal counties will have spent close to \$6 billion from trust fund earnings. Because the fund's principal is not drawn down, it will continue to provide a significant economic stimulus to Alabama long after 2020 and long after the gas reserves have been exhausted.

According to the model's projections, through 2020 coastal Alabama and Destin Dome OCS gas development will support at least 7,000 jobs annually in the Gulf region and, in some years, more than 10,000 jobs. Employment in Louisiana and Texas peaked in the early years of development. Mobile County and Alabama employment grew more slowly as local gas-related businesses developed. However, Alabama's trust fund spending will continue to grow for at least another decade, reaching over \$200 million annually by 2012. Jobs created by this Government spending are an indirect result of gas production, and because of this, employment created by Alabama's gas industry becomes most significant after the year 2000.

For more information about this study or the Environmental Studies Program in general, contact the Environmental Sciences Section (MS 5430), 1201 Elmwood Park Boulevard, New Orleans, Louisiana 70123-2394, telephone (504) 736-2789.

You can obtain copies of the report from the Minerals Management Service, Gulf of Mexico OCS Region, at a charge of \$30.00 by referencing OCS Study MMS 2000-044. You will be able to obtain this report also from the National Technical Information Service in the near future. Here are the addresses. You may also inspect copies at selected Federal Depository Libraries.

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MMS is the Federal agency that manages the Nation's natural gas, oil and other mineral resources on the OCS, and collects, accounts for and disburses about \$4 billion yearly in revenues from offshore Federal mineral leases and from onshore mineral leases on Federal and Indian lands.

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Homepage Address on the Internet: <http://www.mms.gov>

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