



**SENATE COMMITTEE ON  
SMALL BUSINESS AND ENTREPRENEURSHIP  
Senator Mary L. Landrieu, Chair**

Opening Statement for  
Hearing entitled: *“The Deepwater Drilling Moratorium: A Second  
Economic Disaster for Small Businesses”*  
July 27, 2010 at 10:00 a.m.  
Room 106 of the Dirksen Senate Office Building

*(As prepared for delivery)*

Tomorrow will be the 100th day since 11 men perished on the Deepwater Horizon drilling rig. First, the explosion that took the lives of those workers sent millions of barrels of oil spewing into the Gulf, onto our shores, and into our marshes. Although this is not the subject of today’s hearing, determining an official calculation of the amount of oil spilled will be extremely important to assess the billions of dollars of penalties that will be levied upon BP.

Second, the uninformed and heavy hand of the federal government reacted to this tragedy by halting all drilling activities in the Gulf for more than 30 days and canceled the scheduled Western Gulf leases that would be open for bid in August. While some very limited shallow water drilling has been allowed to move forward, all deepwater drilling has been brought to a complete standstill for an indefinite period of time. In fact, we checked this morning and not one new shallow water permit, I believe, has been issued since this action was taken even though it is not official under a moratorium.

This decision to halt all new energy exploration in the Gulf of Mexico appears to have been made in an uninformed manner, and in my view, borders on reckless. As a result, thousands of Gulf Coast businesses are confronting a second economic disaster that not only threatens jobs and businesses – including oil and gas field service, transportation, and machinery companies – but also a way of life, just as surely as the massive BP oil slick does, and perhaps even more. The Administration’s decision to halt drilling activity did more than threaten the livelihoods of thousands of rig workers and oil service crews; it drastically reduced the total amount of economic activity taking place in the Gulf Coast states of Louisiana, Texas, Mississippi, and Alabama.

While we are here today to talk about the moratorium’s economic impact on small business and the economy, we cannot ignore its consequences on our environment internationally and national security. The Administration seems to be ignoring the fact that this action has actually increased environmental risk, and I will explain. The fact remains that America consumes 20 million barrels of oil a day. That is what our economy needs to function. So by stopping new drilling here at home, the U.S. will tragically increase exports from other countries that have less environmental standards,

countries like Egypt, Nigeria, Angola and Venezuela. These countries, I might say, have less pressure to keep our oceans clean and beautiful. So this begs the question: by stopping drilling in the Gulf, are we helping the environment or harming it? I believe we're actually harming it.

The impacts of the moratorium on national security are even starker. Obviously, a barrel not produced here is a barrel of oil that is vulnerable to geopolitical decisions outside of U.S. control. Most of us in this room are old enough to remember the OPEC embargo. That's not something I think Americans would care to repeat. Increasing our dependence on foreign oil has direct ramifications on our national security. Consider this: when oil prices spiked in 2008, Americans transferred nearly \$700 billion overseas to pay our fuel bill during the price spike. That's about \$400 billion that went to OPEC countries. That transfer of U.S. dollars occurred in just one year – and that's when the Gulf was producing. We must get the Gulf of Mexico back to producing for national security, for the environment, and for small businesses, which is the subject of this hearing.

So today, our hearing is intended to address the economic impacts of this moratorium on Gulf Coast small businesses. To be clear, my concern here is not for major oil companies like Exxon or Shell or BP. That will be the subject of many other hearings. We want to focus on the impacts of this moratorium on small business. If Big Oil companies are prevented from producing oil here, they will transfer their capital to other countries, as I mentioned before. But workers that used to be based in America, many of them hired and employed by small businesses along the Gulf, will be devastated.

I think it is noteworthy that the Administration was forced to revise its ban earlier this month after a Federal court decision ruled that the Administration's basis was not solid. As one of the first Senators to call for a full investigation into the accident and demand more effective regulations, I share the Administration's goal of a safer oil and gas industry, but not its method to achieve that. Louisiana's coastline is a working coast bringing the country an abundance of seafood, energy, navigation assets and much more through the mighty Mississippi River and the delta that it created. As residents of this working coast, no one wants drilling to be safer than we do. No one wants the water to be cleaner than we do. We have conducted these industries in balance for literally more than four decades, and we intend to continue that good balance into the future.

But we also know that our ability to recover from this oil spill and any hope for a prosperous future depends on a robust plan to continue exploring and developing the abundant oil and gas reserves off our coast. We know full well what a prolonged suspension of deepwater drilling until November 30th – or longer – will mean for hundreds of oil service companies and other businesses. It will mean economic disaster. While the Administration has left open the possibility to resume drilling operations sooner, they don't seem to be happening in the shallow water today and there is no date certain for deepwater drilling to begin again in the future.

For Louisiana alone, that puts some 330,000 people who earn a living in the oil and gas industry at risk. Our federal government has a responsibility, particularly in these difficult times, to make sure that their paychecks will not turn into pink slips. With our nation hopefully on the verge of an economic recovery, the last thing we need to do is to throw a wrench into the recovery that is under way in the Gulf Coast.

I note for the Record that on July 21, 2010, I invited Dr. Christina Romer, Chair of the President's Council of Economic Advisers to testify before this committee to provide the Administration's perspective and its own economic analysis in support of the moratorium. Unfortunately, the Administration was unwilling to provide a witness for today's hearing. Yesterday, I spoke to Dr. Romer personally and she indicated the Administration does not currently have the economic impact data, which is very disappointing to learn. It is my understanding that such a review has been initiated, however, which is encouraging. With that in mind, I sent a letter to President Obama yesterday announcing my intention to hold another hearing no later than September 16th, where the Administration will submit its analysis and will provide testimony to this committee regarding the moratorium. It is my sincere hope that this moratorium will be lifted by that time. If not, I and the people I represent look forward to that testimony.

Consider what we know today: idling the deepwater rigs that were permitted to drill in the deepwater Gulf will immediately impact employment for as many as 46,000 crewmen, deck hands, engineers, welders, ROV operators, caterers, helicopter pilots, and others who operate these service vessels. As I have said in speech after speech to try to paint this picture as clearly as I can to Americans, it would be like laying off every firefighter and every police officer in Alabama, Mississippi, and Louisiana.

Dun & Bradstreet researchers, who will testify at today's hearing, have prepared a preliminary analysis that shows 2,828 Louisiana businesses will be affected by the moratorium. And it will not be just businesses in coastal communities. In fact, Dun & Bradstreet found that nearly 700 of these businesses are located in central and north Louisiana. And that's just the impact to Louisiana. Neighboring states will also be impacted, particularly Texas. For example, the International Association of Drilling Contractors has found that the 46,000 jobs are at immediate risk in 296 Congressional Districts. That is 68 percent of all Congressional districts will be negatively impacted by this near-reckless decision.

In addition, according to the Gulf Economic Survival Team, led by Louisiana Lt. Gov. Scott Angelle, long-term job loss in Louisiana could reach 120,000 by 2014. While Gulf waters may be clouded by oil in some places, the data against the moratorium is crystal clear: we cannot close down the offshore oil and gas sector without devastating economic impacts to our region.

These are businesses like Laborde Marine, a family-owned business headquartered in New Orleans. In the 1950s, Laborde pioneered innovations that would revolutionize the offshore service vessel industry. Today, the company owns and operates 21 vessels – all built in U.S. shipyards – and employs more than 300 people with a \$14 million annual payroll. They invested over \$150 million to build or acquire this fleet. The moratorium is essentially telling them to ‘park’ their vessels for six months. For this company to move internationally, it would have to compete with vessels built in foreign ship yards at a much lower cost and often subsidized by foreign governments. This is grossly unfair.

This moratorium will also affect many small businesses that have indirect relationships to the oil and gas industry, like Young’s Grocery Store in Intracoastal City, Louisiana, can testify. Owner Scott Young says that his store has been supplying boats and production rigs with food for 12 years. Of the moratorium, Scott says, ‘It will be a disaster. I cannot prepare for it.’

I would also note that it isn’t just Louisiana’s economy and jobs at stake. These oil service companies employ people all along the Gulf Coast and throughout our nation. Consider Broadpoint, a 27-year-old company with a 100 employees based throughout the Gulf Coast with their headquarters in Houston. Their operations are 99 percent directly related to providing telecommunication services in the Gulf through satellites. Reliable communications is essential for the health and safety of individuals in the Gulf, but Broadpoint will be struggling to keep their employees on board if the moratorium lasts much longer.

Our hearing today is to learn more about how small businesses are being devastated by this moratorium. Our hearing today is to get testimony into the record about the ill-conceived and heavy-handed action of the federal government that does not meet our environmental needs, our national security needs, and it most certainly doesn’t meet our economic needs. It fails on every test. I believe this Congress needs to hear the stories of these small businesses impacted throughout this nation that will be decimated if this moratorium continues. I’m committed, along with Members of the Gulf Coast, to get this message out so that some relief can be put into place. If the Gulf Coast is going to recover from this nightmare, it will be because of the health and production of coastal Main Street small businesses that support the production of the energy that fuels our nation. We cannot continue to support a policy that will put them out of business.”.