

Apache Seeing Drilling-ban Impacts

By: Kathrine Schmidt, *The Courier*

The fallout from the BP oil spill and deepwater drilling ban have come at a cost for one of the Gulf's largest independent oil-and-gas companies, an executive told business leaders in Houma Tuesday.

While new rules from the U.S. Interior Department for exploration and drilling still threaten to slow down the permitting process, companies are learning and adapting to the new regulations, Apache Corp. Executive Vice President Jon Jeppesen told a packed audience at a monthly trade group meeting.

"This is going to cause a lot of consternation in the whole Gulf of Mexico region," Jeppesen told members of the South Central Industrial Association, a regional business group, over a meatloaf lunch at the Quality Hotel in Houma. "We're going to drill fewer wells than we normally would."

Jeppesen's remarks are part of a chorus of industry opposition to the Obama administration's ban on exploratory drilling in the deepwater Gulf that was first imposed May 27. The Interior Department put the pause in place to reform safety and environmental rules in the wake of the April 20 explosion of the Deepwater Horizon rig, which killed 11 people and caused the nation's worst oil spill.

A battle over the ban's legality is still under way in federal courts and is supported by environmental groups. But the uncertainty has meant companies' work in the Gulf is stalled until they know what rules they must comply with.

Jeppesen spoke as several locals testified at a field hearing in Lafayette against the moratorium, including Terrebonne Council Chairwoman Arlanda Williams and SCIA member Lori Davis, owner of the Rig-Chem offshore chemicals company.

According to her testimony, Davis said the firm would be able to pay its employees and benefits until December, but could be forced to cut back and make layoffs if drilling doesn't resume by then.

"This catastrophic event is a hurricane with no end in sight," Davis said, according to her testimony. "It may very well mean leaving an industry, leaving a state, leaving this country."

The Houston-based Apache is a Fortune 500 Company



that brought in \$8.6 billion in revenue in 2009. Vested in deepwater, shallow-water and inland drilling, it owns more than 140,000 acres of mineral leases in Terrebonne and 42,000 in Lafourche.

Jeppesen was not optimistic that the lucrative and job-intensive deepwater projects, which he called an important area for future exploration, will be resuming any time soon.

"I don't expect to see a rig drilling in deepwater well into next year," he said.

In addition, shallow-water projects have been coping with new requirements for drilling in waters less than 500 feet deep, creating bureaucratic delays that have slowed the issuing of permits to a trickle. Virtually none got through until a few weeks ago, and three have now been issued. Others are still awaiting a response.

Apache had five operations that were stalled by those rules, at a cost to the company of \$5.9 million, and will likely see its drilling plan scaled back.

"We're going to drill fewer wells than we normally would," he said.

A regulation to improve safety for blowout preventers is now clearly understood, Jeppesen said, but a regulation to estimate the worst-case scenario for the well and response plan is still being worked through. The result is more time and more paperwork, but he also alluded to new forethought in place.


"Everybody in this business has got to plan their business a lot better," he said.

Service companies in attendance projected a mixed outlook.

Hank Danos, president and CEO of the Larose-based Danos & Curole Marine Contractors, said the company mainly works on the production side of the business rather than with exploratory drilling. That's meant a few personnel transfers, he said, but otherwise business is holding up.

"We are going to pay a price," Danos said. "The longer we wait, the higher the cost."

SCIA President Tony Alford, of training and safety firm Falck Alford, said business was still holding up despite the moratorium. But the company has also found ample business training oil spill cleanup workers, and the fate of the oilfield side of the business is still undetermined.

"There's still a lot of things up in the air," Alford said. "It hasn't affected us a lot. It could help or hurt us." 

A MESSAGE FROM OUR PRESIDENT...



On August 17 we had our monthly luncheon, and our Guest speaker was Executive Vice President of Apache, Jon Jeppesen. The turnout was phenomenal - the largest we ever had. I think the speech was very informative yet at the same time scary in relation to the current state of the industry. Now is the time for each and every one of our voices to be heard. It is your right and duty to cast your vote so Washington can hear your displeasure for the moratorium and permitting process that will affect our entire area. I ask you all to "Please Go Vote".

At our September 21st meeting, Lee Hunt, President of the International Association of Drilling Contractors will be our Guest Speaker. Please mark your calendars and plan to join us.

I would also like to recognize, SCIA Board Member, Lori Davis. She made national news on August 27th; she was interviewed by Neil Cavuto of Fox Business News. Lori discussed the effects of the moratorium on South Louisiana. "Thank you Lori, you made us proud!"

Also, the Governor was in Houma on Thursday, September 2 at the Quality Hotel at 4 pm. He discussed this year's legislative session and the future of the state during and after the oil spill. As long as this moratorium looms over this area we will all need to "get involved and share our concerns."

Lastly - Thanks to the hard work of the Golf Committee - the tournament is already SOLD OUT. However, sponsorships are still available but going quickly. Let us know ASAP if you are interested. See you all on September 21st.

Anthony (Tony) Alford
SCIA PRESIDENT

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SCIA Communiqué is a monthly publication of the South Central Industrial Association
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More on Deepwater Drilling

WASHINGTON – The Obama administration announced Monday it is requiring environmental reviews for all new deepwater oil drilling. That means an end, at least for now, to the kind of exemptions that allowed BP to drill its blown-out well in the Gulf with little scrutiny. The announcement came in response to a report by the White House Council on Environmental Quality, which found BP got environmental exemptions based on decades-old data.

The Interior Department said the ban on so-called “categorical exclusions” for deepwater drilling would be in place pending full review of how such exemptions are granted. “Our decision-making must be fully informed by an understanding of the potential environmental consequences of federal actions permitting offshore oil and gas development,” Interior Secretary Ken Salazar said in a statement.


For now, new deepwater drilling is under a temporary moratorium in the Gulf. Once that’s lifted, though, Interior’s new policy is likely to make it much more time-consuming for oil companies to move forward with new deepwater projects, since environmental assessments will be required along the way.

Shallow-water drilling will also be subjected to stricter environmental scrutiny under the new policy.

The report by the Council on Environmental Quality sheds new light on the granting of those categorical exclusions. The report says that the exclusions BP operated under were

written in 1981 and 1986. That was long before the boom in deepwater drilling that was propelled by the development of dramatic new technologies for reaching deep into the sea floor.

The report also finds other problems with how the Minerals Management Service applied environmental laws in reviewing the BP project. It notes, for example, that in assessing the likelihood of a major spill, MMS did not consider the example of the disastrous 1979 Ixtoc spill in the Gulf – simply because the spill was not in U.S. waters.

MMS’ successor agency, the Bureau of Ocean Energy Management, Enforcement and Regulation, is agreeing to recommendations to try to improve drilling regulation in future. 

Women of the Storm Video with Bullock and Brees

The Women of the Storm (WOS) created a 90 second star-powered video, touting what the Gulf coast gives America, and in return we ask Americans to SIGN the petition, demanding funding for coastal restoration, and SHARE with friends. Go to <http://www.restorethegulf.com/>. (Take time from your busy schedule, watch the quick video and sign the petition!)



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GEST Becomes Non-Profit Organization

Excerpts from Press Release


The Gulf Economic Survival Team (GEST), a grassroots effort calling for a swift end to the Obama Administration's deepwater drilling moratorium, is now an independent non-profit organization within the offices of the South Louisiana Economic Council at Nicholls State University in Thibodaux, LA. Former Deputy Secretary of the Louisiana Department of Natural Resources Lori LeBlanc has assumed the responsibilities of Executive Director of the organization.

At the request of Governor Bobby Jindal, Lt. Governor Angelle created GEST in the aftermath of the President's May 27 announcement of a six-month moratorium on oil and gas drilling in waters 500 feet or deeper in the Gulf of Mexico. The move to independent non-profit status will now allow GEST to accept private funds to increase governmental and public relations activities aimed at lifting the moratorium, as well as to have a greater presence in Washington, D.C. where decisions affecting both deepwater and shallow water oil and gas activities are being made on a daily basis.

"We will not rest until the moratorium is lifted, our friends and family are back at work fueling America, and our economic survival along America's Energy Coast is secured. By growing to a non-profit, GEST will be able to intensify its efforts to match the intensity of the economic disaster we face each day the moratorium lingers," he concludes.

Over the past two months, GEST has been active on local and national fronts: meeting with Secretary Salazar, organizing rallies in Port Fourchon and Houma, LA and participating in the Rally for Economic Survival at the Lafayette Cajundome. When the National Commission on the BP Oil Spill conducted their first meeting in New Orleans, GEST provided important testimony.

With regard to shallow water drilling, GEST has organized twice-weekly teleconferences with industry and DOI representatives to facilitate expedited implementation of new shallow water safety regulations and a resumption of shallow water drilling permits. Additional testimony and

Information about GEST can be found on the web at: www.GEST.la.gov or by calling Lori Le Blanc at 985-448-4485. A new website for the newly formed non-profit will be announced soon. 

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SLEC's Vic Lafont Receives Award

Vic Lafont of the South Louisiana Economic Council (SLEC) in Thibodaux was honored Aug. 6 by the Arkansas Community Development Institute for his significant contributions to the practice of community and economic development.

Lafont received the 2010 prestigious Bill Miller Award presented at the annual Community Development Institute held at the University of Central Arkansas in Conway, Ark. It is the highest award given by the Arkansas CDI.

"It's an honor to receive an award that recognizes Bill Miller and his accomplishments," Lafont said. "Bill was a man of impeccable professionalism, straightforward honesty and quiet but unshakable demeanor. And, more important, he was my friend."

Lafont is a certified economic developer with dual master's degrees. He is president and CEO of the SLEC and director of the Center for Economic Growth and Technology at Nicholls State University. He is past chair of the Southern Economic Development Council and is a founding member of the Community Development Council, which oversees the Professional Community and Economic Developer certification process. He is past chair of the Louisiana Industrial Development Executives Association (LIDEA) and has held several political appointments related to community and economic development, including the Louisiana Senate committee on economic development and the Governor's task force on economic development. He was recently appointed to serve as the Louisiana delegate

to the Southern Growth Policy Board Global Strategies Council.

Lafont credits Entergy Louisiana for providing the scholarship that launched his region's involvement with CDI. This year Louisiana Department of Economic Development (LED) contributed funding for bayou area attendees. 





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SCIA Board Member and Other Locals Testify

U.S. Sen. Mary Landrieu, D-New Orleans, chaired a field hearing in Lafayette on the impact of the federal deepwater drilling moratorium on small businesses. Landrieu hosted the hearing, a follow-up to one she hosted in Washington, D.C., in July, as chairman of the Senate Committee on Small Business and Entrepreneurship. Her focus was to hear from businesses in Louisiana that are being impacted in hopes that the White House will take their stories into account and lift the moratorium.

A representative of the Obama administration attended and incorporated testimony into an economic analysis that Landrieu requested. U.S. Sen. David Vitter, R-Metairie, also is on the Senate Committee on Small Business and Entrepreneurship served as the ranking member in the absence of U.S. Sen. Olympia Snowe, R-Maine.


Witnesses included small business owners and operators, as well as elected officials. They included Charles Goodson, owner/operator of Charley G's restaurant in Lafayette; Dewitt Davis of Van Eaton and Romero real estate; Troy Cloutier of MidSouth Bank; and Lori Davis of Rig-Chem in Houma. Elected officials slated testifying included Lt. Gov. Scott Angelle; state Sen. Norby Chabert, D-Houma; state Rep. Simone Champagne, R-Jeanerette; Arlanda Williams, Terrebonne Parish Council chair; and Morgan City Mayor Tim Matte.

The hearing was held at the Louisiana Immersive Technologies Enterprise Center (LITE) in Lafayette, Louisiana and was open to the public. 


F.L.A.G. UPDATE Future Leaders of America's Gulf

By: Jane Arnette

Last month I added a sentence to Vinny Cannata's article **L**at the very beginning, expressing how impressive the group is. Unfortunately, it appeared that Vinny had written that statement. It was!! Yes! I am still impressed with the group! They seem to be everywhere I am! They were featured on HTV, met with Senator Landrieu, attended the Economic Survival Rally in Lafayette, had a private meeting with US Secretary of Navy Ray Mabus and most recently taped the SCIA meeting featuring Jon Jeppesen with Apache for their website. These young students are staying focused and getting a tremendous amount of experience. Good Luck to them as they continue their quest.

To view the August 17, 2010 GM meeting with Apache Corporation, go to www.laflag.org. 

LA Speaks Recognizes Locals

Jane Arnette and Henri Boulet with LA. 1 Coalition were recognized in Baton Rouge by Boo Thomas with the Center for Planning Excellence as Champions for LA Speaks. La Speaks was organized after Hurricane Katrina to develop an expansive planning program for each region of the state. 



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LA 1 Has New Toll Rules

From Several Reports

Effective immediately, all Grand Isle residents are exempt from paying tolls on the Tomey J. Doucet Bridge if they purchase a special sticker pass for \$12.50. The change comes courtesy of Act 826, which was introduced by Rep. Jerry Gisclair, D-Raceland, in the spring, later passed by Legislature and then endorsed by Gov. Bobby Jindal earlier this summer. The new law also grants free passage to vehicles involved with Grand Isle's emergency operations, medical transport system, official town business, levee district work and port commission. For more information regarding qualifications, call into the La. 1 Customer Service Center at [866] 662-8987 and fax proof of residency to [504] 376-8189, or go in person to present proof of residency at the office located in Golden Meadow on 1821 La. 3235, also known as the Back Road. 

Card Check Update – Not Good News

President Obama addressed the AFL-CIO's Executive Council this week, making it clear that if card check legislation cannot be passed in Congress, his Administration will use federal agencies to implement the changes labor bosses seek. The President reiterated support for the job-killing Employee Free Choice Act (EFCA), stating: "Getting EFCA through the Senate is going to be tough, but we're going to keep on pushing." The President also stated that he has nominated individuals to federal labor boards to implement sweeping changes to labor law and has signed numerous pro-union executive orders. For more on these remarks, visit the NAM's Labor Policy Institute at lpi.nam.org. Details: Keith Smith, (202) 637-3045. 

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SCIA Website – www.sciaonline.net

The Apache Corporation presentation by EVP Jon Jeppesen from the August 17, 2010 meeting is on our website. Also on the website is a video with Past SCIA Presidents Chet Morrison and Kenny Smith regarding Rigid Boom Deployment. Finally, we will be upgrading our website so please be patient as we make the transition. 

September 21, 2010 Meeting

Speaker: Lee Hunt, President of International Association of Drilling Contractors



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