

DRILLING MORATORIUM

Shipyards nervously waiting for news

By **DAN MURTAUGH**

Staff Reporter

Uncertainty over the future of deepwater drilling in the Gulf of Mexico is weighing heavily on shipyards in Alabama and Mississippi that rely on the oil industry for business.

The federal government at the end of May instituted a six-month ban on drilling in areas more than 500 feet deep while it reviews the safety of such drilling in the wake of the Deepwater Horizon oil spill.

The moratorium halted 33 deepwater exploratory rigs in operation in the Gulf, plus stopped all new deep-sea drilling permits. Platforms that were already producing oil and rigs in shallow waters are allowed to remain in operation.

Environmental groups supported the moratorium, saying it would provide the government time to fix a flawed regulatory system. But industry members and lawmakers from Alabama, Mississippi and Louisiana have called for President Barack Obama to end the moratorium, saying it is a knee-jerk reaction that is putting people out of work.

Right now more of the impact is being felt in Louisiana, home base for most of the deepwater production, said Steve Russell of Offshore Alabama, an industry group aligned by the Mobile Area Chamber of Commerce that tries to persuade oil firms to use Mobile as a base for their offshore work.

Eventually, though, the pain could spread to shipyards in Alabama and Mississippi, he said. A Mobile Area Chamber of Commerce survey last year found that the oil and gas industry already supports more than 1,000 Alabama jobs with an average sala-

ry of about \$57,000.

Atlantic Marine's Mobile shipyard is doing work on a drilling ship right now, Russell said. Pascagoula-based VT Halter Marine is currently building several offshore supply vessels.

Mobile-based Signal International employs about 350 people in a Pascagoula shipyard that has heavily invested in oil rig repair and overhaul.

"If a lot of rigs leave for Brazil or Africa, that will have a big effect on every shipyard in the Gulf that works on drilling rigs," said Dick Marler, the company's president.

In addition, Russell said, any drilling changes that affect the price of oil will ripple through every business involved manufacturing and shipping due to fuel costs.

Local officials were excited about the prospects of new drilling less than a month before the April 20 explosion that killed 11 workers and started the spill.

On March 31, President Obama announced that he was opening new sections of the Gulf off the coast of Florida to drilling.

Local business leaders had been promoting Mobile as the logical supply base for exploration in that area.

Now, Russell said, he is more focused on seeing the leak get plugged. But still, he said, as long as oil companies follow all regulations and environmental safeguards, they should be allowed to resume drilling.

"While all Alabamians are concerned by this tragic oil spill in the Gulf, we will need to use oil for decades to come," Russell said. "Oil is not going away."

(The Associated Press contributed to this report.)

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