

10 Parishes
Jefferson
Orleans
Plaquemines
St. Bernard
St. Charles
St. James
St. John the Baptist
St. Tammany
Tangipahoa
Washington

For Immediate Release: November 24, 2010

Contact Information: Curry W. Smith
Communications and Research Manager
Office: 504.527.6942
HYPERLINK "mailto:csmith@gnoinc.org" csmith@gnoinc.org

GPI – Gulf Permit Index – as of November 23

Meeting called by DOI and BOEMRE provides no new information on progress

NEW ORLEANS – Today, Greater New Orleans, Inc. released the third installment of the Gulf Permit Index (GPI) to the public. When the federal government announced that it would lift the Deep Water Drilling Moratorium on Tuesday, October 12, the Business Council of Greater New Orleans and the River Region, and GNO, Inc. issued the following statement:

"We will be tracking and reporting on shallow- and deep-water permit issuance. Bi-weekly, we will issue a report that will compare the number of permits issued, versus historical rates. If there are delays, we will investigate and report those findings, as well."

Earlier this week, U.S. Secretary of the Interior Ken Salazar and Director of the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE) Michael Bromwich held a meeting in Houma, La., to discuss challenges facing the offshore oil and gas industry.

"This week's announcement from the U.S. Department of the Interior and the Bureau of Ocean Energy Management shed no new light on the stalls in permit issuance," said Gregory Rusovich, Chairman of the Business Council of New Orleans and the River Region. "The lack of action underscores our concerns that the deepwater moratorium is still negatively impacting the entire oil and gas industry in the Gulf of Mexico. Jobs in southeastern Louisiana remain at risk until the federal government opens up the permitting process and takes real steps to stop its assault on our oil and gas industry and employees."

Continuing the commitment to track permit issuance in the Gulf of Mexico, GNO, Inc. updated the index to reflect changes that have occurred in the two weeks since the second installment of the GPI was issued on Wednesday, November 9.

"The stalls in permit issuance since the lift of the moratorium are deeply problematic," said Michael Hecht, President and CEO of GNO, Inc. "In November, we have seen BOEMRE approve only four permits for new wells; the approval process on those four permits has

taken an average of nine weeks. During the same timeframe last year, 11 permits for new wells were approved with an average processing time of two weeks. It is important to note that three of the four new permits were issued for shallow-water wells. Although the federal moratorium never explicitly prohibited those permits, it effectively hindered operations in shallow waters.”

Only one deep-water permit has been issued since the end of the federal moratorium. The deficit from the historical average of 5.8 is 4.8 permits per month, representing an 83% decrease in permit issuance.

Shallow-water permit issuance also lags behind the historical average of 7.1 permits per month. Over the past three months, only 4.0 shallow-water permits have been issued each month. The deficit represents a 44% decrease in permit issuance.

Charts tracking approved new permits for deep- and shallow-water drilling are below. Raw data on number of permits issued each month is taken from the BOEMRE website. Research and analysis is performed by GNO, Inc. staff members.

GNO, Inc. will continue to monitor the number of drilling permits being issued by BOEMRE. The organization will report on its findings every two weeks with updated GPI reports.

The GPI

The Gulf Permit Index: A Report on New Well Permit Issuance from BOEMRE

The GPI is provided by GNO, Inc., and its parish partners¹ in collaboration with the Business Council of New Orleans & the River Region, Jefferson Business Council, and Northshore Business Council

GPI as of November 23, 2010

Deep Water

One new deep-water permit has been issued since the moratorium was lifted, an 83% decrease from historical average

Shallow Water

Only 4.0 shallow-water permits are being issued per month, a 44% decrease from historical average

###

Previous Year Avg. = 7.1/mo.

Three-Month Trailing Avg.
= 4.0 /mo.

One shallow well rig \approx 350 LA jobs.

Oil Spill

Gap = 3.1, -44%

One deep well rig \approx 700 LA jobs.

Oil Spill

Previous Year Avg. = 5.8/mo.

Moratorium Lifted

Gap = 4.8, -83%

Avg. Since End of Moratorium = 1.0/mo.

