

STUDY TITLE: A Socioeconomic and Environmental Issues Analysis of Oil and Gas Activity in the Outer Continental Shelf of the Western Gulf of Mexico

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BACKGROUND: This is one of three “stakeholder issues” studies funded in response to recommendations of a MMS GOMR socioeconomic workshop held in New Orleans in 1992. This study addresses the Texas coast (the Western Planning Area). The others addressed the Central and Eastern Planning areas. The three studies were separately funded separately and used different research methodologies. This study is organized around five topical areas that grew from the semi-structured discussions: community dependency on industry, perceived benefits to the community from oil and gas activities, general public perceptions of the industry, and the appropriate role of the federal government. The report emphasizes the variation of responses and provides numerous verbatim quotations.

OBJECTIVE(S): To identify the issues and concerns of stakeholder groups in the coastal region (a five-county study area). To understand the relationships among various issues and groups.

DESCRIPTION: The research focused on the perceptions individuals held on a number of issues and on their perspectives about the relationship between the oil and gas industry and Texas coast communities. An open-ended discussion format

was used to allow elaboration on issues; unanticipated results were pursued. The approach is not easily applied to generalizing to the larger population. A form of “snowball” sampling was used. Coastal counties were the primary sampling unit. Using census and state data, five counties were selected based on their specific experience and varied levels of involvement with the oil and gas industry. Counties were chosen for their focus on coastal tourism and recreation, investment in downstream industry activities, and involvement in exploration activities. Major and smaller communities were included. Community leaders in three sectors were targeted: business, government, and environmental organizations. Knowledgeable individuals were identified in each sector. As typical in snowball sampling, these were used to identify other stakeholders. Discussions progressed until responses became redundant. A total of 39 semi-structured discussions were conducted, generally lasting 45 min. to an hour.

SIGNIFICANT CONCLUSIONS: In spite of the 1980s oil price bust, Texas coastal communities continue to be dependent on the oil industry. Given this level of dependency, one could easily oversimplify the social and economic issues salient to the people in coastal communities. In actuality, the relationships between the oil and gas industry and the communities that host its various activities is complex, perhaps best viewed as a series of balances between competing interests, needs, values, and goals. The primary lesson of the 1980s is that oil and gas is volatile. One solution is to create a local context in which the industry can thrive as exemplified by tax abatement agreements. Another solution is to encourage other industries (e.g., tourism or Houston’s high-tech) or government projects (e.g., Jefferson’s prisons). These are rational strategies but have not, to date, erased the basic dependency. Another area of competing interests is environmental protection. Here, again, there are no clear divisions. The stereotypical notion of “no-growth environmentalists” vs. “uncaring industry” is far too black-and-white to accurately describe the relationship between these two groups in Texas coastal communities. In fact, after years of interaction, the trend in many communities is toward increased dialogue, more effective communication, and even the development of consensus-building activities involving these two interest groups. The biggest area of concern is environmental degradation—oil spills and beach tar and trash in tourist areas, air and water pollution in other areas. Even here there are no absolute divisions among interests. People near the industry see more of its problems; people further away more of its benefits. This has led to active Environmental Justice movements in Corpus Christi and Jefferson County.

STUDY RESULTS: Community dependency: All Texas coast communities are dependent to some degree on offshore oil. Many individuals compared current levels with dependency before and during the 1980s bust. Type and degree of involvement varied across the region. Most heavily invested communities were involved in downstream refining and petrochemicals. Communities invested in tourism also remained heavily dependent on oil. Even in highly involved areas, dependency and job opportunities have markedly declined since the 1980s. Diversification has been most successful in Houston’s large economy. In Jefferson County, the construction

of prisons has decreased dependency. The vast majority of port activity is oil related, related particularly to the increasing downstream activities. Benefits: Benefits come primarily from employment opportunities. Cities hosting refineries and petrochemical companies are particularly dependent on this form of employment. Such jobs are higher paying with better benefits than most in the communities. The industry created employment opportunities throughout the communities. Even areas dependent on tourism and “bedroom communities” were viable because of the industry. Taxes from refineries and petrochemical plants were also seen as a major benefit. Concerns: Small spills occur “with some frequency” but “the big one” is the worry. Of particular concern are possible effects on tourism. Air, water and soil pollution are seen as a problem, particularly with oil refining and petrochemicals. The situation is viewed as much improved from the past, but needing to improve more. The perception of “environmental racism” is a problem in Corpus Christi and, to a lesser degree, Jefferson County. Concerns surrounding drilling and production activities were fewer. There is concern that on- or near-shore drilling might affect birding. Downsizing, and its effects on local employment, is a non-environmental concern. On the Texas coast, refineries are the focus of most concerns. Residents near refineries do not receive most of the benefits-which created resentment both of industry and of other residents. Community/industry relationships. Observations in this category are limited by the sample. Leaders were asked for their impressions of the attitudes of the general public. The study finds no consistent attitude and great variation from positive and trusting to outright distrust. There is no single relationship between oil and gas and the communities in which they do business. A multitude of situations, interests, and experiences have led to a variety of perspectives in this area. There was a positive trend toward less “us vs. them” and more cooperation. Perceptions of Federal involvement: MMS and its role is not familiar even among government and business leaders. Most respondents believe the area had benefited significantly from federal involvement, particularly in environmental areas. Some felt more power should be given to states. Others supported a strong federal role. Conflicting views were not about the past, rather they were about how much additional regulation should occur.

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