

EDITORIALS

From the Chairman

AT LAST: A SOUND US ENERGY PLAN

HIGH OIL AND GAS prices and the electricity crunch in California quickly focused the **Bush Administration's** attention on developing a national energy policy. IADC has joined the Alliance for Energy and Economic Growth, along with other industry organizations, to support the plan released in May by Vice President **Dick Cheney's** task force—a plan urging adoption of a “market-based” energy policy that also protects the environment.

In my years in the upstream oil and gas business, I have



Thomas P Richards, Chairman

not seen an effective US energy policy, nor have we benefited from government actions. The reverse often is true, with regulations and permitting processes creating a stranglehold on the development of the nation's oil and gas resources. The current administration hopes to remove some of those restrictions.

One of the most important aspects of the policy document released by Cheney's group last month is its emphasis on advances in drilling technology over the past 30 years that have made “oil and natural gas exploration both more efficient and more environmentally sound.”

“Better technology means fewer rigs, more accurate drilling, greater resource recovery, and environmentally friendly exploration,” the report notes. Detailing the advances in 3D seismic, hydraulic fracturing, mud handling and directional drilling, the energy plan also asserts that “the current regulatory structure fails to take sufficient account of these extraordinary advances, excessively restricting the environmentally safe production of energy from many known sources.”

A substantial portion of US natural gas and oil targets lies under the 30% of the nation's lands owned by the federal government. Many of these areas are off limits or restricted to drilling under weighty stipulations. Among the task force's recommendations for enhancing domestic energy supplies is a review of the status of public lands and impediments to leasing. It also recommends that OCS leasing and approval of exploration plans continue on predictable schedules, which has not been the case.

Further recommendations call for economic incentives to continue to improve exploration technology, to promote enhanced oil and gas recovery from existing wells, and to

promote offshore oil and gas development through expanded deepwater royalty relief.

Perhaps the most controversial aspect of the blueprint—and the point that has garnered the most media attention—is the recommendation that Congress authorize exploration in a small section of the Alaska National Wildlife Refuge. With the new Democratic majority in the Senate, this is the most visible block to an omnibus bill encompassing the Bush plan.

With energy prices and availability dominating the public conscience, it is likely that Congress will consider some narrower legislative proposals to enhance energy supplies. The Administration has demonstrated through its proposals that it is prepared to argue our case. ■

From the President

CERTAIN PEOPLE

EVERYWHERE YOU GO today you hear the same thing: People! We need people! Listen closely enough at industry conferences and you will hear us berating ourselves for creating this situation. Cycles in oil and gas prices drive operators to cut back drilling programs or to work only short-term contracts. In turn, this encourages contractors to lay off crews when rigs lay idle. A stacked rig with a full crew is an expensive proposition—on the bottom line is generally unable to withstand.

Today's generation of entry-level employees bring different values and expectations to the workplace. The prospect of relocating a family several times in the course of a few short years; the likelihood of being laid off, then rehired; furloughed, then reactivated; outsourced, only to be resourced as a consultant; contract cancelled, then finally packaged to retirement is not a future with many attractions. No one argues that we don't have a recruitment problem.



Lee Hunt, President

For some who have weathered several cycles—expansion and contraction, centralization and decentralization, boom and bust—the prospect of finding steady work outside the oil patch is an appealing option. Retention of experienced and trained people, we all agree, is an even bigger issue.

25 years ago certain people were attracted to our industry by a sense of adventure, the mystique of being an oilman, and the special status accorded those who toiled on rigs in terms of respect and pay: powerful rewards! It takes a certain type of person to undertake the tough, challenging and adventurous world of exploration and drilling.

It is time to consider carefully what steps we must take to restore respect and pride to the people who work the rigs, drill the wells and produce the energy needed to keep the modern world, well, modern! ■