

The Committee on Natural Resources
Subcommittee on Mineral Resources
“America’s Offshore Energy Resources:
Creating Jobs, Securing America, Lowering Prices”

March 5, 2013

Good morning Chairman Lamborn and Ranking Member Holt, and to all of the committee members. My name is Cory Kief, and I am a Director of Business Development for Crosby Tugs, LLC located along the Gulf Coast in Galliano, Louisiana. Crosby Tugs owns and operates 143 tug boats and barges operating on various navigable waters of the United States, the Gulf of Mexico and International Waters. We also own and operate two shipyards and a mechanic shop that perform repair and maintenance on our fleet of vessels. Collectively, we employ 673 people consisting of mariners, office staff, support crews, mechanics, welders, sand blasters, painters and roustabouts.

Crosby Tugs provides marine towing and transportation services for a variety of different markets domestically and internationally. However, I would like to explain how important offshore drilling, exploration, and production are to this company, and how it supports our operations.

Offshore drilling, without mention, requires drilling rigs to be working in the Gulf. There are rigs that work in deep water and rigs that work in shallow water. Crosby’s primary focus is on the shallow water rigs, working in 500’ of water or less, and are commonly referred to as “jack up” rigs. These rigs will leave from one location, as it completes a well, and move onto a new location to begin another well or drilling project. These rigs require marine towing contractors to move them from one location to the other. So, naturally, the more rigs that are working, the better it is for us and our industry.

Drilling is just the beginning. Following drilling, infrastructure, such as pipelines and platforms, must be developed to support production. The fabrication of these items are constructed in fabrication yards, throughout the country, and then loaded onto barges that are towed to the drilling locations to be installed. These

installations require services to support their task once they have been completed.

As with any industrial company, we buy numerous supplies and services from around the country to support our activities. Similarly, while these rigs are working, they require other services to support their task such as supply vessels, aircraft, and a variety of human resources. The machinery, equipment, parts and materials associated with all these operations come from all over the country, as well as the people. For instance, Caterpillar parts fabricated in Illinois, air conditioner units manufactured in New York, work boots made in Wisconsin, or computer software made in California, engineers and geotechnical professionals from Oklahoma and Maine are a small example of goods and resources used in this industry, and support the national economy.

Unfortunately, and for a variety of reasons, the population of rigs drilling in shallow water has steadily decreased over the years. Now all eyes are focused on the Central Gulf of Mexico Lease Sale. The Lease Sale is always a good measuring stick to determine a forecast for activity in the Gulf, specifically to drilling, and all of the cascading activity that drilling produces. Companies, like ours, support these activities and depend on them for our vitality. Needless to say, a robust lease sale would definitely be encouraging for our stability and potential growth.

On behalf of the 673 employees of Crosby Tugs, thank you for the opportunity to spend some time with you today to explain how important offshore drilling is to our industry, our economy, and our nation. Our industry is ready to help make this country more energy independent. Exploration, development, and production of our own resources are essential to achieve that objective and are vital to our economy.

This completes my testimony, and I would be happy to respond to any questions that Members of the Committee may.