



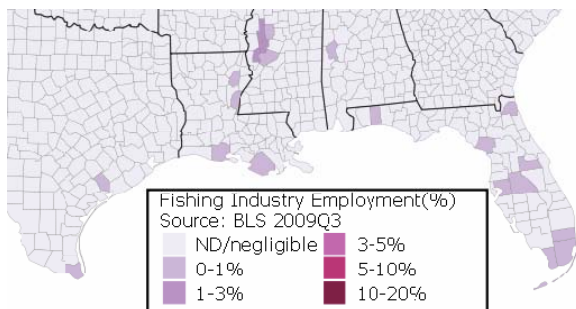
DIVER Analysis:

Gulf Oil Spill – Analysis of Affected Areas

As the BP/Deepwater Horizon accident continues to spill oil into the Gulf of Mexico, here is increased focus on the impact to those areas in the gulf with a high level of reliance on the waterfront. In an effort to respond to the demand for quantitative analysis, we are providing DIVER users with this research and commentary to help manage your risk and response to this unprecedented disaster.

For our analysis, we have used information from the Bureau of Labor Statistics (BLS) on employment in different industries. As a caveat, we have not included county data where there are so few employers disclosing employment and wage information to allow for meaningful market intelligence (ND). We consider counties with not disclosed data to have zero employment in an industry for purposes of this analysis. Additionally, we are taking a fairly narrow view on industries directly impacted. For example, we have not included the restaurant industry which tends to be supported by local residents and may very well experience an off-setting impact of reduced revenues from tourism with increased patronage from the inflow of temporary workers to support the clean-up. Also, for clarity we have removed data from non-gulf states – Georgia and South Carolina in the images.

First, we look at an industry that is likely to be severely impacted by the Gulf oil spill but is a relatively small employer: the fishing and aquaculture industry.

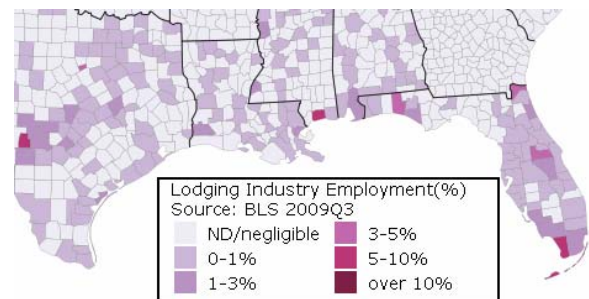


While a major part of the culture, the fishing industry does not appear to be a meaningful employer throughout the Gulf. In fact, the gulf-state county with the highest concentration of professionals in fishing/aquaculture is actually far from the Gulf: Humpreys County, MS, the

self-described “Farm-Raised Catfish Capital of the World”, had about 2% of its jobs in fishing and aquaculture in 2009. Remarkably, no county on the Gulf had more than 1% of its employment tied to fishing.

Another industry projected to feel a negative impact is tourism. Officials in Florida have been sounding an alarm, noting that 21% of all tax revenue in the state comes from the \$60 billion tourism industryⁱ. However, given a large percentage of the tourism industry is concentrated inland and on the east coast, it is unclear how much of this industry will actually be impacted by the spill. June 23, 2010

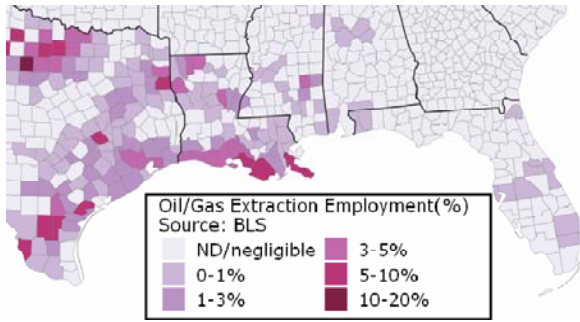
Using BLS data, we calculated the percentage of employment in the lodging industry in the Gulf States. This includes hotels, bed & breakfasts, RV parks and campgrounds and rooming and boarding houses.



Here we see that the concentration of employment in lodging is much higher on the eastern part of the Gulf. While Florida’s tourism industry is spread throughout the state, it appears at this point in time that the areas most likely to be impacted are generally far from the site of the spill. With the exception of the Panama City area, which could conceivably take a major hit, the impact of the spill on the rest of the state should be economically manageable. It is quite conceivable that tourism dependant areas further south, like the Keys, will experience some slowdown due to continual bad press.

Finally, we look at the potential impact of the drilling moratorium (if it is reinstated following the June 22 court ruling or, as some predict, regulators seek to stop drilling by focusing on deep-water drillers and their compliance with safety and other regulations) by using the BLS data to find employment in Oil and Gas

Extraction and related industries such as Oil and Gas Field Machinery Manufacturing and Pipeline services.



In this analysis we see higher risk to Texas, though it is difficult to determine the split between onshore and offshore drilling.

To the right we provide a list of the 20 most impacted counties by combined industry employment. Again, labor numbers not disclosed are counted as zero. We only look at counties near the Gulf - far inland counties with high concentrations of workers in the oil industry have been excluded.

County	Fishing	Drilling	Lodging	Total
Jim Wells, TX	0.0%	7.8%	0.3%	8.1%
Duval, TX	0.0%	7.8%	0.0%	7.8%
St. Mary, LA	0.0%	7.1%	0.5%	7.6%
Terrebonne, LA	0.1%	7.1%	0.0%	7.3%
Plaquemines, LA	0.0%	5.6%	0.4%	6.0%
Monroe, FL	0.2%	0.0%	5.5%	5.7%
Refugio, TX	0.0%	5.6%	0.0%	5.6%
Harrison, MS	0.0%	0.0%	5.5%	5.5%
Lafayette, LA	0.0%	4.9%	0.4%	5.2%
Iberia, LA	0.0%	4.0%	0.2%	4.3%
Vermilion, LA	0.1%	4.0%	0.0%	4.1%
Live Oak, TX	0.0%	4.1%	0.0%	4.1%
Aransas, TX	0.0%	1.9%	2.2%	4.1%
Walton, FL	0.0%	0.0%	4.0%	4.0%
Jasper, MS	0.0%	3.9%	0.0%	3.9%
Cameron, LA	0.0%	3.8%	0.0%	3.8%
Calcasieu, LA	0.0%	1.2%	2.5%	3.7%
Orleans, LA	0.0%	0.6%	3.0%	3.6%
Harris, TX	0.0%	3.1%	0.4%	3.5%
Adams, MS	0.0%	1.7%	1.7%	3.4%

ⁱ Time, *Florida Hopes for Best but Braces for Oil Spill*, 5/20/2010 accessed online

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