November 3rd, 2020

2020 Membership Letter

Dear Member Representatives,

There is no doubt that 2020 has been one of the most challenging years for our country and definitely for our industry. The COVID-19 Pandemic has reshaped the way we live our lives, engage with each other and safely produce offshore energy for our country. The Offshore Operators Committee (OOC) continues to act on its primary duty to represent the offshore energy leaseholders in a manner that promotes the ability to safely explore and produce energy in an efficient manner.

COVID-19 rapidly became a significant challenge for everyone impacting everything from how we live to the way that we work. Accurate information and best practices have been evolving on an almost weekly basis. On March 11, OOC proactively stepped up and began efforts to promote collaboration across industry which was quickly embraced and supported. Daily calls between staff and BSEE leadership enabled the rapid acceptance of status reporting methods. Cross industry web meetings initiating on March 18th allowed for rapid sharing of best practices and mitigation options. OOC published its first COVID-19 mitigations document on March 14th, well in advance of many other peer industries. The result in these collective efforts resulted in the ability to safely continue our important work as an industry and enabled the regulator to continue its critical role of inspection oversight as well.

While OOC remains the central hub of information flow between the industry, its trades and the government, this critical activity introduced an additional demand for time from our limited four-person staff already facilitating more than 50 critical offshore energy related initiatives. At the end of 2019 the decision was made to reduce our staff by one, 20%, in an effort to manage the budget of the organization. This was the last step of a five-year effort to control costs as our organization’s income stream from membership dues has been adversely affected by market conditions and ongoing consolidation within the industry.

Starting in 2015, OOC’s staff began adapting to the increased call for activities while reducing our reliance on contracted services to complete them. This resulted in a 20% to 30% increase in efficiency of OOC’s operations with reduced cost of execution while expanding our reach to all OCS regions and establishing increased engagement at the headquarters levels in DC. For the last 5-years, OOC staff have been able to learn and adopt multiple third-party tools that cut our costs for the website, meetings, collaboration tools, etc. OOC’s staff was able to secure a changed administration fee with DeepStar that will provide adequate income to continue as the home for our industry’s leading research program. In 2019, OOC staff partnered with the Group for Organizational Effectiveness on a safety culture project and was awarded funding from the Gulf Research Program that will provide income to OOC from 2020 thru 2022. We remain vigilant in continuing to look for productive ways to enhance income to OOC that can offset the dues burden on our membership wherever appropriate.

Since 2015, OOC’s operator/lease holder membership numbers have dropped from about 65 to just over 30, which generally is aligned with the state of Industry and consolidations of companies operating on the OCS. In spite of the 50% reduction in membership, OOC’s membership continues to represent more than 90% of all energy production in U.S. federal waters. Because our dues structure places a higher
percentage of the cost burden on the board (executive subcommittee) member companies, we have been able to make income adjustments by increasing dues at only the board level. Approved starting in 2021, OOC board (executive subcommittee) member dues will be on a sliding scale tied to the oil price, ranging from $40,000 to $50,000. While OOC has stretched and cut costs in an effort to refrain from any regular member dues increases, we have reached the point where regular member and associate member dues will need to be adjusted. With the changes to the board level dues and other income sources being secured, dues increase at other levels do not need to be on the order of the membership loss. Administration of the DeepStar research program and our award of project funds by the Gulf Research Program enabled a lower dues increase to maintain a total budget, still less than our peer trades (NOIA, LMOGA, IADC, COS), of around $1.2million. OOC fully recognizes the burden all expenses placed on our members, therefore our board has approved the ability for members to pay dues in two installments to allow for greater flexibility in payment.

Looking ahead to the next five years, OOC is positioned to remain a highly active, adaptable and capable organization well positioned to represent our industry. We remain committed to the foundational goal of providing value to each and every member. The OOC staff thanks you for your unwavering support, your commitment to providing subject matter experts and volunteers to support OOC efforts, and your continued efforts to ensuring that the US OCS remains recognized as a basin for production of reliable energy developed in a safe and environmentally sound manner to fuel our nation.

With regards,

Evan H. Zimmerman  
Executive Director  
Offshore Operators Committee