Gulf Coast set for Bakken-like boom with liquefied natural gas

By Joshua Rhett Miller
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The energy boom that has North Dakota boasting the country's lowest unemployment rate — and skyrocketing real estate prices — could soon do the same for the Gulf Coast.

Dozens of facilities are set to sprout up along the Louisiana and Texas coasts to liquefy natural gas from shale formations as far away as Pennsylvania and Ohio for export around the world. The energy boom, which is turning the U.S. into a net exporter, could drive liquefaction capacity to an eight-fold increase in the next five years alone, experts say. That could mean hundreds of thousands of new jobs along the Gulf Coast, by some estimates.

"From an economic development standpoint, it is going to be huge," said Ragan Dickens, spokesman for the Louisiana Oil and Gas Association. "It is incredibly exciting to know the region will see this influx of new jobs."

More than 110 liquefied natural gas (LNG) facilities now operate in the U.S., some exporting the super-cooled liquid, while others turn natural gas into an energy form that occupies up to 600 times less space than natural gas for vehicle fuel or industrial use. Worldwide, LNG trade is expected to more than double by 2040, according to the Energy Information Administration.

Up to a dozen long-term deals, each worth billions of dollars, have been signed by American natural gas producers with companies in China, Japan, Taiwan, Spain, France and Chile, according to Reuters. The federal Energy Department has authorized companies to export up to 8.5 billion cubic feet per day of liquefied natural gas, about 13 percent of current daily production. Given the entrenched oil and gas industry, access to shipping and regional resources, the Gulf Coast is set to become the epicenter of the coming liquefaction boom.

One market research firm, Industrial Info Resources, predicts $64 billion will be spent to build at least seven LNG facilities on the Gulf Coast in coming years. The massive-scale construction could even strain the skilled labor force, according to IIR Executive Vice President Michael Bergen.

But other experts said demand for skilled workers to fill high-paying jobs is a problem the region can handle — happily.

“A lot can (and will) happen in five years,” Michael Quinn, managing principal at the Analysis Group, told FoxNews.com in an email. “That’s plenty of time both for workers with various skillsets to be trained or to relocate to where the jobs are. It’s also plenty of time for market conditions regarding the sale of LNG to change such that eight-fold growth wouldn’t be economic.”

Another estimate predicts that the region between Brownsville, Texas, and Pascagoula, Mississippi, could see labor demand surge from 86.1 million required man-hours in 2013 to 134.3 million in 2015, or an increase of more than 55 percent.

In just two years, the number of pipe fitters, welders, electricians and other skilled workers in the Gulf Coast will grow from roughly 62,000 to more than 103,000, driven in part by receipt and export terminals now under development by companies like Sempra Energy in Louisiana and Freeport LNG in Texas.

Labor leaders say the region could face a "dramatic shortage" of skilled hands, especially in the Gulf Coast. To combat that, Eric Dean, general secretary of Iron Workers International, said the 120,000-member union is ramping up its training regimen.

"We have 150 training facilities with a maximum capacity to train over 50,000 highly skilled ironworkers," Dean told FoxNews.com in an email. "Our training consists of 3-4 year apprenticeship programs which lead to a safe, highly skilled, trades person. We have increased staffing of these facilities as well as recruitment efforts targeting skilled and semiskilled workers that we can train and, where necessary, upgrade their skills."

Increasing the pool of certified welders — currently numbering more than 10,000 within the trade association — has been an ongoing challenge for the union, due in part to a large number of retiring workers and the economic downturn, Dean said.

But the prospect of a jobs bonanza is not enough to quell the misgivings of some environmental groups and advocates who believe the region could be rushing too fast into the LNG boom.

Tim Riley, an attorney who produced and directed "The Risks and Danger of LNG," told FoxNews.com that LNG facilities will ultimately lead to increased risk of danger to nearby communities, send domestic gas prices surging nationwide and vastly increase the amount of methane in the atmosphere.

“The main gripe is that proponents of LNG boast that it is clean natural gas," Riley told FoxNews.com. "However, it's processed natural gas that by the time it goes through it complete cycle of extraction to liquefaction to transport to gasification to piping … that whole industrial process uses more energy than it would to just burn natural gas."

Chip Knappenberger, assistant director of the Center for the Study of Science at Cato Institute, said there’s no question that the pending projects will be a boost for jobs in the region. One challenge will be making sure strain on the labor pool doesn't slow down the boom.

“My gut feeling is that in an economy where people are looking for jobs, with the availability of new jobs coming on, regardless of the technical aspect, you’re going to find someone to eagerly fulfill them to the best of their abilities,” Knappenberger told FoxNews.com. “Will it slow down the initial burst of liquefied natural gas facilities? Maybe, but I think people are working hard to make sure that’s not the case.”

In fact, labor-related costs and environmental opposition to the projects, could prove to be more of a challenge than finding skilled laborers to build LNG facilities, Knappenberger said.

“If that resource is there, I can’t imagine that it’s going to go unfulfilled,” he said. “As long as they permitting these things, they’re going to keep building them out.”

As North Dakota has learned, a dizzying economic boom like the Gulf Coast faces with liquefaction can bring headaches. Real estate in the Peace Garden State, which now produces more oil than any state other than Texas, has exploded. A 700-square-foot, one-bedroom apartment in Williston, N.D., can easily cost more than $2,000 per month, while a three-bedroom place could fetch as much as $4,500, according to ApartmentGuide.com.

“You’ve got places up there with the most expensive rates in the country, so people are flocking there,” Knappenberger said. “Job seekers are coming, it’s just stressing the infrastructure. That might happen down in the Gulf Coast, maybe it won’t. But I think you’ll have droves of people looking for jobs if they’re available. Where did all the people in the Bakken region come from? They weren’t local folks.”