

December 2003

Louisiana Energy Topic

Department of Natural Resources

Technology Assessment Division

A Supplement to LOUISIANA ENERGY FACTS on Subjects of Special Interest

AMERICA'S WETLANDS: ENERGY CORRIDOR TO THE NATION

The Louisiana Oil Spill Coordinator's Office (LOSCO):
A Responsible Steward of Wetland Resources

Part 4 of 7

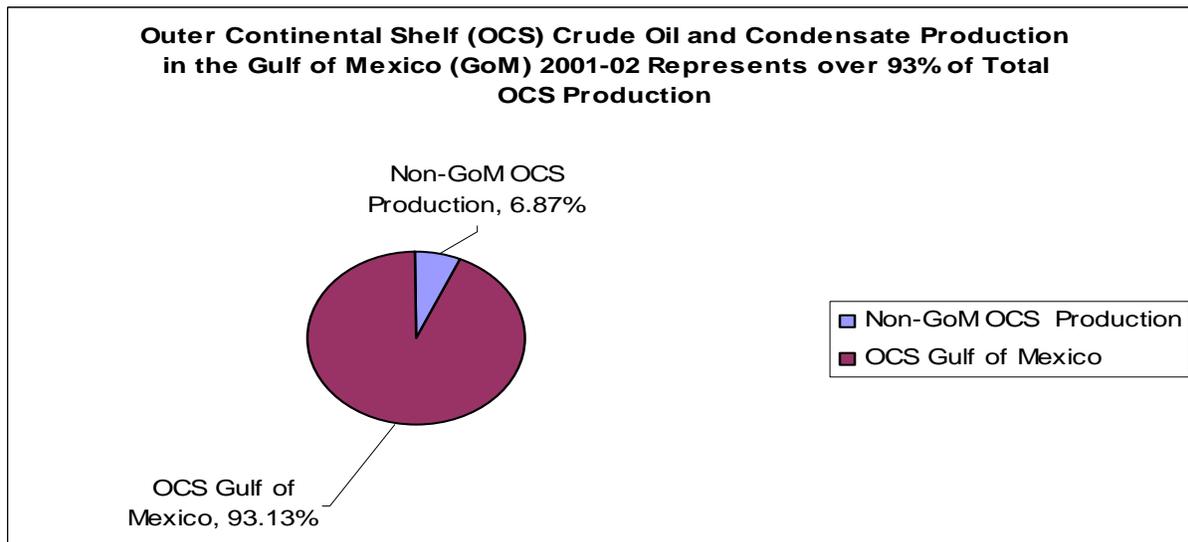
by

Bob Sprehe, Energy Economist

Federal Oil Pollution Act of 1990

The year 1989 was a year filled with international events of global impact, the Exxon Valdez oil spill off the Alaskan coast was one such event. The spill triggered passage of the Federal Oil Pollution Act of 1990 (OPA) (33 USC 2701 *et seq*) which incorporated into OPA the requirement for a national contingency plan for cleanup of oil spills and discharges. The Act includes provisions relating to the responsibilities of state agencies designated as natural resources trustees.

Production of oil and condensate in the Gulf of Mexico Outer Continental Shelf (OCS), off of the Louisiana Coast, exceeds 93% of total OCS production in years 2001-2002



Louisiana Recognizes it's Environmental and Energy Challenges and Responsibilities

In working with the energy industry, Louisiana has learned that it is possible to live in harmony with the twin goals of environmental protection, and energy exploration and production.

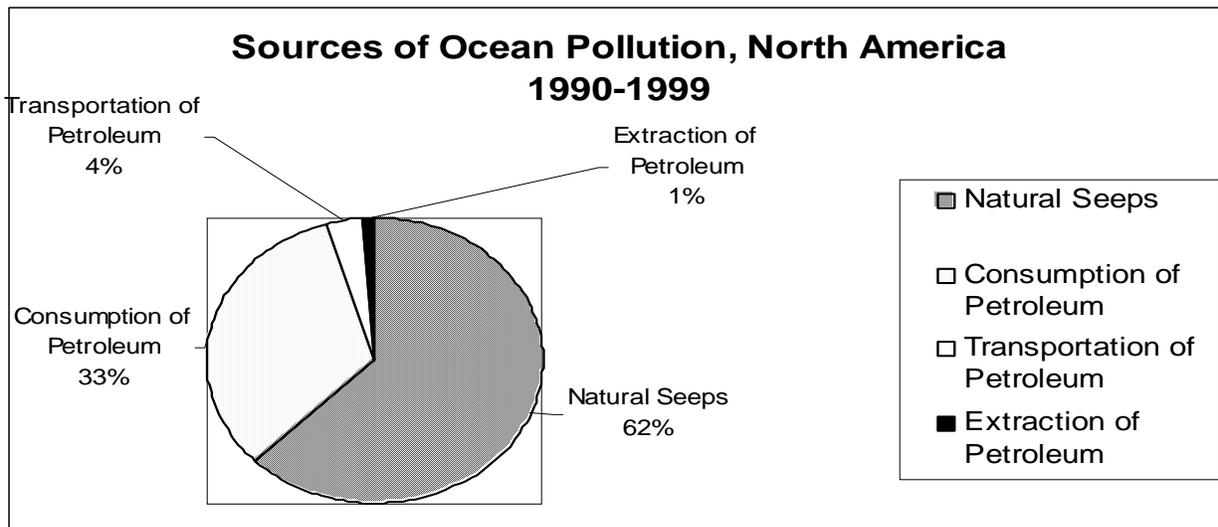
The National Academies Ocean Studies Board Report “Oil in the Seas III”, Copyright 2002, noted “...improved production technology and safety training of personnel have dramatically reduced both blowouts and daily operational spills. Today, accidental spills from platforms represent about one percent of petroleum inputs in North American waters and about three percent worldwide.”

Petroleum Released to the Marine Waters by Source, 1990-1999 in Thousands of Tonnes

	Best Estimates		Best Estimates	
	<u>North America</u>	%	<u>Worldwide</u>	
Natural Seeps	160	62.5%	600	47.3%
Consumption of Petroleum	84	32.8%	480	37.9%
Transportation of Petroleum	9.1	3.6%	150	11.8%
Extraction of Petroleum	3	1.2%	38	3.0%
Total	253.1		1230	

Source: National Academies Oceans Studies Board Report "Oil in the Seas III" Copyright 2002

Drilling for and production of Oil and Natural Gas are responsible for only 1% of ocean pollution in North America



Over the years, and at the direction of the legislature, Louisiana regulatory agencies responsible for oil and natural gas exploration and production (notably the Department of Natural Resources, Office of Conservation, with assistance from the state’s universities) have cooperated with, and assisted, the oil and natural gas sectors in the development of techniques and best practices and in implementation of new technologies in order to achieve the significant capability of co-existing safely. Much of the know-how developed here in Louisiana has been transferred around the world as offshore oil and natural gas exploration has proliferated globally.

State Oil Spill Prevention and Response Act of 1991

The Louisiana legislature passed the Louisiana Oil Spill Prevention and Response Act of 1991 (OSPRA), La. Rev. Stat. 30:2451 *et seq.*, in response to the state’s exposure to a major oil spill. The legislature found that, "This exposure, coupled with the limited adequate highway access to the coast ...for rapid transportation of oil spill equipment... creates great potential for a major oil spill and its consequences in a state which has 26% of the nation’s commercial fisheries, has the nation’s highest marine recreational fishery catches, leads the nation in fur production and the world in alligator production, and has more over-wintering waterfowl than any other state.”

The Louisiana legislature declared its intent "...to support and complement the Oil Pollution Act of 1990 (33 USC 2701 *et seq.*) and other federal laws, specifically those provisions relating to the national contingency plan for clean up of oil spills and discharges, including provisions relating to the responsibilities of state agencies designated as natural resources trustees."

One role for the national trustees "...is to restore natural resources held in public trust which have been injured by the release, or threat of release, of oil, thereby, compensating the public for the lost resources and/or services resulting from the incident...."

Protecting the Nation's Energy Corridor

With passage of OSPRA, the Louisiana legislature continued to accept accountability for its national environmental protection and energy production responsibilities by creating the Louisiana Oil Spill Coordinator's Office (LOSCO) within the Office of the Governor. LOSCO was made part of the Governor's Office so that it could serve as the single point of contact for all programs related to oil spills in Louisiana. LOSCO is funded by a two-cent per barrel tax on all oil transported to or from vessels at Louisiana marine terminals. Currently, the legislatively mandated cap on this fund is \$7,000,000.

LOSCO's primary function is to ensure effective coordination and representation of the state's interests in all matters related to spill response and prevention. **LOSCO's principal goals are to: (1) minimize unauthorized discharges of oil; (2) provide for an effective spill response; (3) compensate the public for damages to the state's natural resources; and (4) assist the public through education, service, and public outreach.**

Minimize Unauthorized Discharges

Louisiana's natural resources are susceptible to oil spill injury from a variety of sources. The primary objective of LOSCO's Prevention Program is to prevent the occurrence of unauthorized discharges of oil that impact Louisiana's resources. In the past several years, a large component of LOSCO's Prevention Program has focused on identifying potential oil spill locations and assessing the risks associated with these sites. To directly enhance prevention and eliminate the threat of unauthorized discharges, LOSCO has also initiated the Abandoned Barge and Abandoned Facilities Programs.

An inventory of the abandoned vessels/barges in the state's coastal waters was finalized in 1996 and identified approximately 800 abandoned vessels/barges of which roughly 200 were characterized as posing a potential pollution problem. Several barges have been removed through a cooperative federal/state partnership and many owners have removed vessels on a voluntary basis.

A total of, approximately, 25,000 abandoned facilities, pits, sumps, or reservoirs in the Louisiana coastal area have been inventoried and evaluated. The majority of the abandoned sites consisted of wells (60%), facilities (15%), and tank batteries (8%). The remaining sites were classified as manifold headers, metering stations, docks, rigs, and pits. LOSCO established a partnership with the Louisiana Department of Natural Resources/Office of Conservation to plug abandoned wells that pose a high risk for unauthorized discharge of oil, and eliminate the threat of a potential discharge from these sites. This joint venture, funded by industry, has resulted in the plugging and abandonment of numerous wells to date.

Spill Response

LOSCO coordinates the state agencies that are involved in cleanups. A LOSCO staff member is on call 24-hours a day as the State On-Scene Coordinator (SOSC) should the need arise. The response program has one goal – to insure that the state is ready to respond quickly and efficiently to any oil spill emergency and makes every effort to minimize adverse impacts from oil spills. LOSCO and its partners in state government operate under a State Contingency Plan that describes how Louisiana agencies will respond during oil spills. LOSCO and the oil sector operators regularly participate in oil spill drills.

LOSCO has compiled an Environmental Baseline Inventory as the basis for the State Oil Spill Contingency Plan. The statewide inventory incorporates data such as protected areas, sensitive environments, transportation systems, potential oil spill locations, ocean currents, historical hurricane tracks, remedial action facilities, spill locations, and many other features needed for oil spill response and contingency planning.

Public Compensation

When oil spills injure natural resources such as waterways, vegetation, or wildlife, LOSCO and its Trustee partners seek compensation for the public from the responsible party. To guide their efforts they use a process called a Natural Resource Damage Assessment (NRDA).

To assist the natural resource trustees in carrying out their NRDA responsibilities for discharges or substantial threats of discharges of oil, Louisiana trustees have developed a statewide Louisiana Regional Restoration Planning Program (RRP). The goals of this statewide program are to: (1) expedite and reduce the cost of the NRDA process; (2) provide for consistency and predictability; and (3) increase restoration of lost natural resources and services. Attainment of these goals serves to make the NRDA process, as a whole, more efficient in Louisiana.

Research

Cutting edge oil spill research helps to protect Louisiana's uplands, coast, and every habitat in between. Since 1993, the Louisiana Applied and Educational Oil Spill Research and Development Program (OSRADP), LOSCO's research office located at Louisiana State University, has funded 119 subcontracts/letter agreements in support of 85 projects – 34 were funded for two years. These projects have examined response techniques, created new teaching tools, and developed more comprehensive data about spill risks.

Through these accomplishments of LOSCO and its state partners, the Department of Natural Resources, Office of Conservation, and the state's universities, it is possible to understand why the state of Louisiana leads the world in building sound and constructive working relationships with the oil and natural gas exploration, production, transportation, refining and processing sectors, for the ultimate economic benefit of America's consumers—and has been instrumental in transferring this “best practices” safety, and environmentally responsible knowledge, know how, and technology around the globe.

NOTE: The Department of Natural Resources wishes to thank Dr. Karolien Debusschere, Deputy Coordinator of the Louisiana Oil Spill Coordinator's Office, for her critique of, and contributions to, this article. For a much more expansive insight into the programs, services, activities, responsibilities, and capabilities of LOSCO please visit their web site at www.losco.state.la.us.