

August 8, 2008

## **Impact on State & Federal Production from Tropical Storm Edouard**

On August 3, Edouard, the fifth tropical storm of the 2008 Atlantic hurricane season, was formed, becoming the second storm to threaten oil operations in the Gulf of Mexico this year after Hurricane Dolly hit the southern Texas coast on July 23. Edouard skirted the Louisiana coast on its way to Texas, raising tides and pushing water into bayous and yards. Residents of low-lying areas south of the Inter-coastal Waterway in Cameron were ordered to evacuate Monday, August 4, but were able to return on the following day. It forced many companies to shut down their offshore rigs along the Gulf of Mexico, and inbound shipping activities in the area were curtailed. Luckily, the shutdowns were only temporary. Edouard did not cause any significant damage to oil and gas structures or the shipping industry.

The Federal Minerals Management Service reported the following on August 5, 2008, when Edouard reached its peak strength:

154 production platforms' personnel were evacuated, or 21.5 % of the 717 manned platforms, and 9 rigs' personnel were evacuated, or 7.2 % of the 125 rigs currently operating in the Gulf of Mexico. Of the evacuated oil and gas structures, 108 production platforms and 5 rigs were next to Louisiana's boundary.

77,819 barrels of oil per day, or approximately 6.0 % of the oil production in the Gulf was shut-in out of a total Gulf production of 1.3 million barrels of oil per day; and 946 million cubic feet per day, or approximately 12.3 % of the natural gas production in the Gulf was shut-in out of the 7.7 billion cubic feet of gas per day estimated natural gas production in the Gulf of Mexico as of January 2008. Of the shut-in production 83.3% of oil and 73.1% of gas were next to Louisiana's boundary.

The Department of Energy also reported on August 5, 2008:

The Louisiana Offshore Oil Port on August 4, 2008 temporarily suspended the offloading tankers in the Gulf, but said customers weren't affected because of pipeline deliveries. It drew supplies for the pipelines from storage and resumed marine operations on August 5.

On August 4, eight offshore natural gas gathering pipelines in the Gulf of Mexico declared force majeure or reported temporary impacts due to Edouard resulting in complete shut-in or decreasing supply available on the following pipeline systems: Stingray Pipeline Company, High Island Offshore System, Enbridge Offshore Pipeline (UTOS), Transcontinental Gas Pipe Line, ANR Pipeline, Tennessee Gas Pipeline, Trunkline Gas Pipeline and Sea Robin Pipeline.

Due to the mandatory evacuation order in Cameron Parish, five natural gas processing plants were shut down and temporarily unavailable for natural gas deliveries. All personnel were evacuated from the Grand Chenier, Sabine, Cameron Meadows, Stingray and Barracuda gas processing plants, all located in Cameron Parish.

No impact to refineries in the path of the storm was reported, with exception of Marathon's Texas City refinery which shut down on August 4, 2008.

The U.S. Coast Guard reported, August 5, 2008, the Houston Ship Channel, the Port of Houston and the Port of Galveston/Texas City were closed. The Ship Pilots' Associations reported that Freeport and Sabine Ship Channels had suspended operations.

- As of August 7, 2008, all oil and gas producing fields within Louisiana boundaries were working normally and did not appear to have suffered any damage from Hurricane Edouard. DNR Office of Mineral Resources is not aware of any damage to oil and gas infrastructure on State lands and water bottoms, but reports of damage, if any, will not be in for a month. DNR Office of Conservation has no information on any damage in the affected areas, but official production reports will not be in for 60 days.

The Louisiana Offshore Oil Port (LOOP) has resumed full marine operations; all ship channels are open and in operation; all platforms and rigs evacuees have returned to work; pipelines are operating normally; gas plants have resumed operations; all federal oil and gas production next to Louisiana boundaries have returned to prior Hurricane Edouard levels; and Marathon's refinery has restarted.

The Minerals Management Service issued their final update report on Edouard on August 7, stating that 1517 barrels, or 0.12% of oil production, and 22 million cubic feet of gas per day, or 0.29% of gas production in the Gulf (off of Texas' coast) was still shut-in.

MLL & TMF  
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