

Testimony of

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Before the

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Offshore Drilling: Environmental and Commercial Perspectives

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Good morning Mr. Chairman. My name is Jeff Angers, and I am the President of the Center for Coastal Conservation, a native Louisianian and a recreational fisherman. I would like to thank the Chairman for this opportunity to address the Committee as it begins its consideration of the measures to facilitate offshore energy development.

The Center is a coalition of the leading advocates for marine recreational fishing and boating. It is dedicated to promoting sound conservation and use of ocean resources. Our mission is to promote good stewardship of America's marine resources.

I was asked to discuss the compatibility of offshore energy development with recreational fishing in coastal areas. Not only do the two industries co-exist in Louisiana, but they both thrive.

Coastal Louisiana is the portal for 27 percent of America's oil and gas. It is home to the largest port complex in the country. Coastal Louisiana produces over half of America's shrimp and is the leading producer of oysters. It also supports a recreational fishing industry for 1.2 million American anglers which pump \$2.9 billion into Louisiana's economy.

Oil and Gas: Big Business

Although I am not an energy expert, a couple facts and figures about oil and gas in the "Sportsmen's Paradise" should be set forth at the outset: Including current Outer Continental Shelf production, Louisiana ranks 1st in crude oil and 2nd in natural gas production. Excluding OCS production, Louisiana ranks 4th in crude oil and 5th in natural gas production.

According to Mid-Continent Oil and Gas, the total direct and indirect economic impact of the oil and gas industry on Louisiana is approximately \$65 billion. The direct impact comes from the taxes, royalties, fees, salaries, and other money spent in Louisiana by the oil and gas industry.

The indirect impact results from the salaries and wages earned by oil and gas employees being spent in the state as well as service companies.

The offshore industry operating in the Gulf of Mexico just outside the state's territorial boundaries has a huge impact on the state. A study conducted by Applied Technology Research Inc. shows that the offshore industry has a direct impact of \$3 billion on the state. The offshore industry pays more than \$500 million in salaries and wages to people working in the Gulf of Mexico. Another \$2.5 billion is spent with companies operating in Louisiana and doing business with the offshore industry. It is important to remember that everything used on an offshore platform has to come from somewhere onshore.

Recreational Fishing: A Companion Big Business

Just last month, the National Oceanic and Atmospheric Administration reported Louisiana was one of the top five states in economic impact of saltwater angling: \$2.9 billion pumped into the state's economy. Nationally, saltwater anglers are estimated to have spent \$5.8 billion on trip-based expenses, such as ice, bait, and fuel, and another \$25.6 billion on fishing equipment and durable goods like fishing rods, fishing tackle, and boats.

The top five coastal recreational fishing states were Florida (\$16.7 billion), Texas (\$3.2 billion), California (\$3.0 billion), Louisiana (\$2.9 billion), and North Carolina (\$2.0 billion). In addition to quantifying angler expenditures, this study examines how these expenditures circulated through each state's economy and the national economy using a regional assessment. The \$31.4 billion in total U.S. expenditures in 2006 contributed \$82.3 billion in total sales, \$39.1 billion to gross national product, \$24 billion in personal income, and supported nearly 534,000 jobs.)

Commercial Fishing: Another Big Business

Louisiana's commercial fishing industry generated \$2.1 billion in sales (mostly menhaden, shrimp and oysters), \$1.1 billion in income and supported 46,000 jobs.

The fishing and oil and gas industries in Louisiana are strong economic engines.

Structure and Infrastructure

Ninety percent of the more than 4,500 oil and gas-related structures in the Gulf of Mexico are in Louisiana waters or adjacent waters. Since the first offshore platform was built in the 1940s, these structures themselves have been very important to America:

- 1) They have in recent years supplied our nation with 25% of its oil and gas requirements, and
- 2) They have served as hard structures in an otherwise soft-bottom environment for reef species to grow (including barnacles, corals, and all sorts of other reef animals). This species growth, in conjunction with the cover provided, makes the structures an ideal habitat for all sorts of commercial and recreational fish, especially snapper, grouper, cobia, amberjack and various mackerels.

The presence of these fish gives them economic importance, since fishing is big business. When large numbers of scuba divers who frequent the rigs and nearby commercial fisheries are included, the result is the creation and maintenance of many jobs and a large tax base.

Thanks in large part to the leadership of former Senator John Breaux, who sponsored the National Fishing Enhancement Act of 1984, coastal states began to establish artificial reef programs converting many of these rigs into permanent artificial reefs. The rigs-to-reefs program has been nothing but an overwhelming success in the Gulf of Mexico.

Beyond the structure offshore which anglers target having the largest aggregations of fish, the onshore infrastructure provided mostly by the oil and gas industries provides access to coastal waters that anglers would otherwise not enjoy.

Wetlands Loss

Louisiana has lost 1,900 square miles of land since the 1930s (an area roughly the size of Delaware). Still the state has 30 percent of the total coastal marsh and accounts for 90 percent of the coastal marsh loss in the lower 48 states. Coastal Louisiana is losing about 10.3 square miles of vegetated wetlands per year (one football field every 90 minutes). The primary culprits:

- Levees have cut off sediment replenishment from the overflow of the river.
- Oil and gas exploration and pipeline canals have allowed salt water intrusion into freshwater areas.
- Navigation channels have also allowed the distribution of salt water into fresh areas.
- Natural sinking of the sediments and natural sea level rise.

Coastal restoration efforts are more important than ever to Louisiana and its estuarine environment. Thanks to OCS revenue sharing legislation championed by Sen. Mary Landrieu and former Rep. Bobby Jindal, Louisiana will see substantial federal revenues to help save its coast.

Compatibility

The fishing and oil and gas industries have co-existed in Louisiana for half a century. And they've worked well together.

Going forward, I would like to recommend to the Committee the inclusion of a process similar to the permitting of offshore Liquefied Natural Gas terminals. The reliance on adjacent state governors for input added a positive dimension to the policy debate around LNG citing and permitting.

TRCP's "CAST" Principles

Continued offshore energy exploration and development is an important augmentation to the nation's plan to become energy independent. Oil, gas, wind and wave power facilities are all

technologically and economically feasible. We must be mindful in the development of any program that the citing and impact of these efforts could be crucial to existing uses of the ocean.

Recently the Theodore Roosevelt Conservation Partnership adopted a set of principles to guide in the development of offshore energy development. The coalition recognized that offshore energy development of all kinds is an important part of our energy security. It also recognized that marine recreational fishing is part of America's heritage and highly dependent on a healthy marine ecosystem. In addition to the fundamental environmental protections needed to protect that ecosystem, the coalition endorsed four concepts, called their "CAST Principles."

Conservation: Conservation concerns must top all others. A network of conservation areas important to recreational fishing and conservation must be established before offshore energy leasing and development should proceed. Those places crucial to the vitality of fish populations, recreational anglers and coastal economies should be restricted. Concurrently, the Minerals Management Service, the agency responsible for overseeing offshore development, should adopt and adhere to a new standard operating procedure that strives to balance the concerns of all ocean users.

Allocation: Allocations of the royalties paid to the federal government by industry for offshore energy development must be used primarily to benefit aquatic resources. A significant portion of any such royalties must be directed to marine research and recreational fisheries conservation. Several vehicles already exist to ably deliver these funds.

Science: Science-based, adaptive management strategies that respond continually to emerging information should be required for all offshore energy development projects. These strategies should begin with species inventory, include population monitoring and analysis, and carry through to any mitigation phase. Where gaps in data exist, they must not be used to justify development. Rather, they must serve to highlight areas where additional study is immediately necessary.

Transparency: Transparency must characterize the management of all public trust resources. Not only does this mean that the decisions affecting our shared aquatic species must be made in a manner that allows public oversight, it also means that public comment must be addressed and integrated during the decision-making process.

These principles represent a responsible way forward as the nation develops its offshore resources. Recreational anglers, like all sportsmen, have always been the first line of defense for coastal and marine environments, and their voice must be heard when considering the future for these special places.

The coalition believes that the development of these offshore resources can be done in an environmentally responsible manner that protects the traditions of recreational anglers. In that regard I would like to point out how oil and gas development have worked together with Louisiana recreational fishermen to provide a healthy resource and additional habitat.

OCS Revenue Sharing

In 2006 while still with the Coastal Conservation Association, I testified on H.R.4761, the Domestic Energy Production through Offshore Exploration and Equitable Treatment of State Holdings Act of 2006, a bill designed to increase offshore energy development while protecting important fisheries habitat. The principal elements of that bill facilitated the recovery of one of Louisiana's most important resources, its coast and coastal habitat.

Most of the fish species harvested in the Gulf of Mexico are estuarine dependant. And coastal habitat loss along the Gulf has a direct correlation to the health of fishery stocks. Louisiana is the Sportsman's Paradise because of the productivity of this habitat, which coexists with oil and gas industry. Improvement of habitat and reversing the degradation of our wetlands provides a multiplicity of benefits, one of which is better stewardship of these nursery grounds.

As we all know, the Gulf of Mexico has successfully been the site of oil and gas extraction for the last 50 years. One of the unintended benefits of that extraction has been the creation of fisheries habitat, particularly for reef fish. The most well-known reef fish in the Gulf is red snapper, a prized recreational fish and the primary target species for a number of charter boat fishermen in the upper Gulf. The members of this Committee are familiar with the ongoing efforts to restore and rebuild the red snapper fishery. What members may not realize is the importance of the habitat created by the offshore oil and gas industry to that rebuilding process.

Red snapper have been commercially harvested in the upper Gulf for over 100 years. As early as the 1880s, there were federal research efforts to find harvestable quantities of red snapper. Today the fishery is rebuilding from being overfished by the directed fishery and particularly by extensive bycatch from the shrimp fishery.

After World War II, three events occurred which impacted red snapper. The first: a dramatic expansion of the shrimp fleet resulting in an incredible bycatch of snapper. Secondly, an influx of people to coastal communities, many of whom were – or were to become – anglers. Both of these events increased the mortality of red snapper. The third event (more of a journey) has helped increase the abundance of red snapper. The structures facilitating extraction of the oil and gas from the Gulf have created habitat. And better and more habitats have created more fish.

Many of the rigs now in place are nearing either the end of their useful life or the end of their license period. When they were put in place, most companies and regulators thought well heads ought to be capped; structures removed; cleaned up, and disposed of on shore. For a number of years, recreational interests have supported the use of oil and gas rigs as artificial reefs. Gulf recreational fishermen continue to be beneficiaries of rigs converted to reefs much closer to shore.

Many scientists have studied the impact of this method of habitat enhancement to determine if it creates more fish or simply aggregates fish from surrounding habitat making them easier to catch. The debate for the most part seems to be endless, but the red snapper example seems to produce the most definitive long-term result. Yes, new habitat creates more fish. Sound fishery management is necessary to address the health of the entire stock, but more fish is still better

than less. Artificial reefs are new habitat or continuing habitat, and we support their use inshore and off.

We would like to work with the Committee to ensure that the fishery management system now in place is included in determinations. State fish and game agencies, regional Fisheries Management Councils and the National Marine Fisheries Service all have responsibilities that will be impacted by the decisions made to allow offshore energy development. All of them have a positive role to play in these decisions.

Mr. Chairman, that concludes my testimony, and I would be happy to take questions.