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Testimony
Before the Subcommittee on Energy and Minerals
United States House Committee on Resources

Hearing on the Benefits of Offshore Oil and Natural Gas Development

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My name is Mark Davis and I am the executive director of the Coalition to Restore Coastal Louisiana. The Coalition is a non-profit, non-partisan environmental education and advocacy organization formed in the mid 1980s by conservationists, local governments, business, environmentalists, civic and religious organizations who shared a concern about the fate of the greatest coastal wetland and estuarine complex in the 48 contiguous United States and a commitment to the responsible stewardship of those natural treasures.

On behalf of the Coalition to Restore Coastal Louisiana I would like to thank the subcommittee for inviting us to be a part of this field hearing on Outer Continental Shelf Oil and Gas issues. Clearly, energy issues are getting heightened attention at this time. Decisions about how we define and meet our energy needs will affect the people, environment and economy of this country for years to come. And if past is prelude, they will affect the Gulf of Mexico region--particularly coastal Louisiana and coastal Texas--more than anyplace else. To the extent our experience can help inform those decisions we are pleased to offer it to you.

Let me begin by stating that we appreciate the attention the committee and the Congress have given to the needs of coastal Louisiana in the recently enacted Energy Bill. The four year provision that shares $1 billion with states that host OCS activity is an important recognition that those state, Louisiana in particular, incur special burdens as a result of those off shore activities that must be acknowledged and addressed. We also recognize that we have a solemn responsibility to make the best use of those funds to address the problems facing our coast. This is particularly true because we believe that the energy policies of this nation need to be rooted in both meeting the nation's energy production and in recognizing and dealing with the full range of costs and impacts that energy production entails.

Simply put, it is our experience that the development of offshore mineral resources has dramatic impacts--environmental, societal, and economic--that need to be considered before our nation decides if and how to expand OCS activity. Clearly, those impacts will be a mixed bag--some good, some not. It is also clear that in many parts of this country concerns about the negative impacts are a significant constraint on the willingness of states and communities to support the expansion of OCS activity. A look at coastal Louisiana will tell anyone that those concerns are not unfounded. Indeed, when one considers the landside impacts associated with supporting the exploration, production and transport of OCS resources (impacts that are in the main under mitigated) the inescapable conclusion one reaches is that if this is how our nation treats the friends of OCS activity, is it any wonder that it doesn't have more? I will go farther and say that the issue is not just what the limits on OCS expansion are, but what are the limits of those states that currently support OCS work to accept and support more activity?

That said, it is clear that our nation needs to develop new energy resources. Our ability to keep pace with our energy demands will be driven by the desire to benefit from continued growth. It will also be challenged by a combination of scarcity, technology, costs and societal constraints. This is really nothing new but that doesn't make matters any easier.

In thinking about what useful role we could play for the subcommittee I recalled that several years ago we were asked to provide advice to the subcommittee on some of the things that constrain OCS development. In reviewing our earlier testimony it seemed that most of what we offered then is still valid today and that it might be useful to revisit that discussion.

Environmental Constraints

We know that there has been much discussion recently about whether oil and gas activity puts a significant stress on

the environment and about whether the current state of the art is such that new activity--particularly OCS activity can be done without significant impacts. From the perspective of coastal Louisiana, we believe the record is clear that the environmental and safety record of the industry has improved greatly since the early days of offshore development. It is also clear that oil and gas activity has had significant negative environmental impacts and that future activity will likely have adverse effects. We make this statement not to cast blame but make the simple--we believe indisputable--point that environmental damage is not a question of "if" but of "where, when, and how much".

Coastal Louisiana bears witness to those facts. Our coast is laced with evidence of oil and gas activity. Wells, production facilities, supply bases, access canals, pipeline canals, fabrication yards, waste pits, refineries, and other footprints are regular features of the landscape. While there is debate about how much of Louisiana's crisis-level land loss has been due to oil and gas activity, there is no debate over whether it has been a material contributor. Most recently, a study done here at the University of New Orleans with the assistance of the U.S. Army Corps of Engineers and the U. S. Geological Survey concluded that oil and gas activity was responsible for 36% of the land loss in Mississippi River deltaic plain between 1932 and 1990. That is 249,152 acres of land that is now gone.

I do not mean to suggest that all of that land loss is due to OCS activity or that such dramatic impacts are necessarily indicative of what other coastal areas should expect. But it is clear that OCS does contribute, directly and indirectly, to the environmental degradation of this area and that no one should assume that it will not continue in the future or that others would be spared their own version of our experience if they do not plan for those impacts up front.

To confirm this, one need look no further than the Environmental Impact Statements prepared by the Minerals Management Service for lease sales in the Gulf of Mexico. For example, according to the EIS for Lease Sale 181 in the Eastern Planning Area, up to seven new pipelines were projected to transport oil and gas to shore. Even with today's best practices, more than 6,000 acres of wetlands in Southeast Louisiana were expected to be impacted. That is not insignificant. That lease sale was also projected to create the need for three new municipal landfills in coastal areas to accommodate the waste and debris generated by the offshore industry and at least one new waste facility for "nonhazardous oil-field waste. I would like to point out that in the latter case such waste is deemed "nonhazardous" by Congressional fiat rather than by its actual nature, a fact that has not made such facilities popular additions to local landscapes nor has it boosted confidence in the Federal Government's ability to fairly balance benefits and burdens when it comes to energy policy.

The list of other environmental concerns goes on to include brine and produced water discharges, contamination and the introduction of exotic species from ballast water, flaring and airborne releases, and the destruction of coastal environments by the building or expansion of the transportation and support facilities needed to conduct offshore work. And, of course there is the issue of oil spills. It is important to up front and honest about spills. They will happen. Whether due to natural catastrophe, mechanical failure, human error, or other causes spills will occur and our ability to clean them up and remediate their harm is limited at best.

Societal Constraints

In coastal areas, there is a close relationship between the environment and our local cultures and quality of life. Coastal areas have traditionally supported and been defined by local activities such as commercial and sport fishing, hunting and trapping, and beach oriented tourism. In recent years, however, there has been an explosive growth in coastal areas as retirees, "second-home vacationers", casinos and mass-market tourism have taken hold. A desire for a better quality of life and a desire for a "sun and sea" lifestyle often spur these developments. These trends have redefined the economies and cultures of many coastal areas and have taxed the ability of local governments, sanitary and transportation infrastructure, and the natural environment to support this growth. All of this presents a problem for OCS development.

First, as I just mentioned, many coastal areas are expanding so fast that their ability to accommodate the offshore industry may be problematic. Waste handling facilities are already being stretched, transportation arteries are beyond their capacity and areas that were once industrial are now being shifted to other uses. The Gulf coasts of Alabama and Mississippi are prime examples of these trends. There are limits to what these areas can support and offshore development may be constrained by those limits.

Second, and perhaps more importantly, community values and economic development plans for many coastal areas are just not compatible with oil and gas activity. Whether these positions are based on hard science, perceptions, or just rooted in self-serving NIMBYism (not in my backyard) is frankly beside the point. When people feel that their property values, their quality of life, and the environment are about to be diminished it matters, as I am sure all of the Subcommittee members are well aware. There are reasons most of our OCS areas are presently off limits to energy development and those reasons are as much a part of the marketplace of values and costs as are pump prices and our monthly utility bills. I won't pretend to substitute my judgment or values for anyone else's but I will tell you that the belief that OCS development is incompatible

with environmental stewardship and the best interests of communities is widespread and it runs deep. That is, and will remain, a constraint. And I would caution that though those objections often find their voice through such Federal laws as the National Environmental Policy Act, Coastal Zone Management Act, the Clean Water Act and the Endangered Species Act it would be a mistake to believe that those laws are the source of societal constraint.

Economic Constraints

The final constraint I will touch on is economic. When OCS energy development is discussed in this country, the proponents usually point to our economy's need for dependable, affordable oil and gas. The economic issue that often goes undiscussed, however, is the cost that states and local governments incur in supporting that industry. Costs that often far exceed any economic benefits produced locally by that activity. I know I don't need to belabor that point for the members of Louisiana's delegation who have recognized that inequity and worked tirelessly to address it as evidenced by the coastal impact assistance provision in the Energy Bill. For the benefit of the other members of the Subcommittee, however, let me put it bluntly--though OCS development may be good economically for the country, it can be a bad deal for the states and communities that serve as its logistical support base. Again, the MMS Environmental Impact Statements can be instructive.

According to the most recent EIS, virtually all waste generated off shore must be disposed of in municipal landfills on shore. Managing those sites and creating new waste sites is left to the locals to deal with. When crew boats erode waterways the problems are left to the locals to live with or fix. When truck traffic from oil-field service ports cause roadways to clog and crumble, it is the state and local governments' problem to deal with. When transient oil-field workers occasionally run afoul of the law it is local jails that pick up the tab. And when a pipeline or spill damages or destroys a wetland it is the local fishery and tax-base that take the hit. In return for this, the state and local communities, until the recent Energy Bill, did not get a dime from the lease or royalty revenues that flow into the Federal treasury.

Until those economic costs and inequities are understood and addressed in a meaningful and ongoing basis they will to continue to constrain the further development of OCS areas.

Conclusion

We are pleased to have had this opportunity to meet with the subcommittee. We hope your visit here will deepen your appreciation of the extent to which Louisiana and places like Port Fourchon are vital to our nation’s well being. We hope you will also understand and appreciate the vital role that wetlands, waters and barrier shorelines play in protecting our nation’s energy supply and its natural heritage. In many ways the revenue sharing provisions of the Energy Bill and the proposed multi-billion dollar coastal restoration effort that is currently pending in Congress are efforts to deal with the cost of waiting too long to see the connections between the activities we engage in as nation (and the manner in which we do them) and their consequences. Louisiana has many lessons to teach about how to find, extract and transport energy resources in ways that can only be called inspiring. Louisiana also teaches many lessons about the direct and indirect costs and impacts that all too often have seen us subsidizing our nation’s prosperity at the expense of the viability of our natural resources and communities. Learning and applying these lessons should be at the heart of OCS policy.