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Testimony
Before the Committee on Resources
United States House of Representatives

Hearing on the Benefits of Offshore Oil and Natural Gas Development

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Mr. Chairman and members of the Committee, my name is Ted Falgout and I have been Port Director of Port Fourchon for 27 years. On behalf of our Commission I want to welcome you here, to this extremely significant energy port. I could not imagine a site more fitting to hold this hearing and one more bountiful in resources.

This country's richest oil and gas resources by far, are located offshore from Louisiana, and therefore the majority of support infrastructure runs through or is dependent upon coastal Louisiana.

This dominant industry co-exists with many other coastal users. Just 5 minutes from here you can drive down to the beach and see dozens of families crabbing and swimming, others bird watching, sport fishermen catching fish, commercial shrimp boats harvesting nature's bounty, and hundreds of oil and gas production platforms. It doesn't have to be one or the other which is the position of many states.

The economic impact of the oil and gas industry in Louisiana totals nearly 100 billion and nowhere is it more prevalent than in our community. Over the last decade, our region has consistently had some of the lowest unemployment rates in the country. It's not just the direct oil and gas jobs; it's the shipyard workers, hardware, grocery stores and so on. This industry drives our entire economy.

The impact of Port Fourchon on our community has been nothing short of phenomenal. Since the Passage of the Deepwater Royalty Relief Act in 1995, activity of Port Fourchon has virtually exploded. The Port has tripled in size causing an unprecedented boom in construction; our market share of drilling activity has increased from 12% to over 50% since 1995.

This activity has also had very favorable impacts on the tax base of our parish. The sales tax district the Port is in, is only about ¼% of the Parish in size, but generates 58% of the sales tax.

Eight of the top 10 taxpayers are oil and gas related companies that have investments in the Port. The top taxpayer, the Port's largest lessee, Edison Chouest, owns 3 of the top 10 taxpayer companies.

Another example of a not so visible benefit is that our parish enjoys some of the lowest potable water rates in the country, because almost a quarter of our supply is shipped offshore for use. Export water as it is called, brings a premium charge and therefore household rates are subsidized.

The historical boom-bust nature of this industry has had its impacts. The bumper stickers saying "The Last One Out of Morgan City, turn out the lights" are hopefully behind us. The deepwater Gulf of Mexico remains an expanding frontier and deep shelf gas is reviving fields that were thought depleted.

As we convey to the country the benefits of oil and gas development, this country must recognize the dominant role that coastal Louisiana plays now and what is being demanded of it into the foreseeable future.

An astounding 87% of the oil and 80% of the natural gas from federal offshore waters is coming from offshore Louisiana. In addition, LOOP, this nation's only offshore oil port which handles about 15% of this country's foreign oil and is connected to over 30% of the U.S.'s total refining capacity, sits just 18 miles offshore to Fourchon.

Much of the support infrastructure for nearly one third of this country's oil and gas supply is located in the most rapidly deteriorating and vulnerable areas of the Louisiana coast.

The recent Energy Bill included a Coastal Impact Assistance provision which is a start, but fell short of direct Offshore Revenue Sharing with states. Until meaningful sharing of revenues directly with offshore producing states occurs, it is my belief that there will not be enough incentive to attract other states into offshore production.

Even if by some stretch of the imagination, other states begin allowing exploration off their coast, unless something is done to protect coastal Louisiana and its critical oil and gas infrastructure, this country is on a collision course with an unprecedented energy shortage.