

Committee on Resources

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Testimony

Before the Committee on Resources

United States House of Representatives

Domestic Energy Production through

Offshore Exploration and Equitable Treatment of State Holdings Act of 2006 June 13, 2006

Testimon

Chairman Pombo, it is indeed a privilege to appear before your Committee today. The last time I saw you was when you visited Port Fourchon and witnessed first hand the important work being conducted for this country there. You also saw the tragedy of land loss and coastal erosion. As you would imagine, Katrina and Rita have changed the landscape you saw and tremendously impacted the oil and gas industry.

Ladies and gentlemen of the committee, I am certain that Congressmen Jindal and Melancon have either escorted you through our state or at least made you aware of our plight.

Lafourche has been supporting and encouraging the exploration for oil and gas for over 60 years. The economy of Lafourche Parish and other coastal parishes has been and continues to be dependent on oil and gas revenues. A majority of the top taxpayers in the parish are involved in the petrochemical industry, both directly and in service-related businesses. Oil royalties from onshore operations comprise five to ten percent of our revenues and provide funding for capital improvement projects - roads, bridges, and drainage projects.

These revenues allow us to maintain the infrastructure of our communities and supplement basic operations such as the detention center, our court system and the district attorney's office. The funds are also used to partner with the state and federal governments to stabilize and protect Louisiana Highway 1 - the only link to Grand Isle and Port Fourchon.

Lafourche Parish starts nearly 90 miles to our north, in the sugar cane fields along our namesake Bayou Lafourche. The economic engines providing for our citizens include agriculture, seafood, shipbuilding and the oil and gas industry. Thus our motto "Feeding and Fueling America".

The energy industry does not only support our residents and Lafourche companies. Workers from throughout the region, the state and many other states travel here for shift work, bringing home better pay checks than they could have earned where they live. And perhaps finding a good-paying job here when none were available back home. They also leave behind precious sales taxes which pay for our schools and police department. The parking lots at Port Fourchon and at the offices of the boat companies contain many vehicles with out-of-state license plates.

The trucking companies which traverse our highways bring products from many different parts of the United States, providing jobs int the very important support industry.

Pipelines buried deep under sugar cane fields and cattle pastures far north of here in Lafourche provide the

property taxes for recreation centers .

Lafourche Parish was built by the force of the Mississippi River. That force took the soils from 41% of the United States and reassembled that sediment into a natural platform for 2,000,000 people to live in south Louisiana. Plainly stated, the Mississippi River system has built a platform of ridges, swamps, marshes, estuaries, rivers and bayous which serve the nation through navigation, gas and oil supply, and fisheries production.

The need for navigation and flood control has caused the natural cycle of building land to change so that wetlands, beaches and ridges are now being lost at 25 to 35 square miles a year. The continued degradation of one of the most important environmental and monetarily valuable deltas in the world should be addressed seriously on the federal level.

There is no other place in the United States that has provided the function of this delta.

The Federal government has finally recognized that damage in South Louisiana was in the pursuit of national interest. And because of national interest, we insist that the damage be mitigated.

Louisiana has 30% of the nation's coastal wetlands. Of the nation's total wetlands' loss, Louisiana is experiencing an astonishing 90% of that loss. We are also losing elevation in the range of one foot in 20 to 30 years in an area where most of the dry land is no more than seven feet above sea level.

These land loss factors not only threaten an important environmental area, it places 2,000,000 people at greater risk from hurricane storm surge. Major pipelines and other infrastructure for oil and gas are now exposed to more extreme hazards. This oilfield infrastructure was constructed in protected waters of coastal Louisiana. Much of the area is transitioning into an open water marine environment. This directly affects the working condition of this infrastructure to contain the oil and to deliver it to its markets nationwide.

Surface water used for industry and drinking has been contaminated on several occasions by increased salinity at the raw water intake 45 miles inland. This has made the water source unusable for thousands of people and several industrial plants during these events. We tasted salt in our drinking water; people with high blood pressure were advised to boil their water. This system we use serves 300,000 people. Sen. Mary Landrieu stepped in with emergency funds to build a structure that would help alleviate this problem. We're investigating building another.

To solve these challenges from the Gulf, we must enhance our natural protection such as barrier islands and marshes, and protect our increasingly threatened communities. For our communities it is necessary to build tidal and hurricane levees, and increase the elevation of the levees in communities which already have protection.

Although we have retreated from the most threatened communities, we can justify protection for the remaining areas. These communities support people and businesses which work to provide 25% of the nation's oil and gas, supply five (5) of the top 15 ports in the country, and produce 30% of the fisheries of the lower 48 states. To abandon these communities is to abandon over \$100 billion in public infrastructure. Studies indicated that for \$10 billion to \$15 billion, this environmentally and economically productive area, and its communities, could have been maintained pre-Katrina and Rita. Today, the price tag is probably doubled because we must mitigate damage that could have been lessened with proper protection.

Re-introduction of Mississippi River water and sediments will allow us to maintain, and possibly regain thousands of acres of wetlands.

Re-nourishment of our uninhabited barrier islands with quality offshore sand through pipeline sediment delivery would re-establish much of the tidal protection which has been lost. It will reduce the tidal prism which has increasingly invaded marshes, 30 miles from the coast. A comprehensive plan of lateral barriers would protect us in the near term, while we implement the long--term sediment recovery processes.

These projects would, in effect, keep the wetlands wet and the dry lands dry. The marriage of structural flood protection for the communities and re establishment of the environment functions of our barrier islands and marshes is what we term Comprehensive Hurricane Protection.

To some degree the erosion problems of South Louisiana are attributed to international trade, and domestic onshore and offshore oil development. When one realizes that \$5 billion of royalties and lease payments go

to the federal treasury only through the support of coastal Louisiana and the infrastructure it provides, it is obvious that this source of money should fund the repairs of the impacts its production causes. Louisiana has virtually no direct share of those revenues, according to agreements with the Federal government. Other states, which are impacted by oil and gas development on Federal government lands and waters, receive 50 to 90 percent share of the revenues from that development. No American argues the fairness of that sharing to the states that accept this burden. The Federal government is receiving this revenue through the support of coastal Louisiana and the fragile platform on which it sits. We ask that the Federal government reinvest the revenue necessary to protect the communities which work to produce the energy. It should reinvest the revenue necessary to maintain the most biologically productive ecosystem in the lower 48 states. If the Federal government takes care of protecting its interest, Louisiana will not need funding since protection of the Federal interest protects our unique corner of America. We do not ask for money from other states.

Only reinvest in the place which is producing this revenue.

As this is written, we monitor another tropical system. This is hurricane season.

For a very long time, members of our Congressional delegation have been petitioning our government for assistance. True success will be achieved when the nation's leaders fully recognize the value of coastal Louisiana and fully fund the projects necessary to protect us.

We are indeed grateful for the allocations provided in the recently enacted Energy Bill and the Transportation Bill of 2005. These funds provide for opportunities to reinforce our existing levee systems as well as to construct a major highway to the very significant Port Fourchon. It's a good start and we thank you for these funds. Louisiana's Governor Kathleen Blanco said it best when she noted that we are not asking for more money out of greed but for need. A guaranteed annual source of revenue will allow us to plan for the future, which at this point is very, very difficult.

I had the privilege of participating in a trip to the Netherlands earlier this year, where we learned much from that country's recovery from devastating storms. Perhaps the most important lesson learned was an old one - where there is a will, there is a way.

What is our future? Do we plan for retreat or do we continue to fight.

Of course we will fight for Lafourche and south Louisiana. We have formed an organization with the acronym PACE - Parishes Against Coastal Erosion, comprised of parish presidents from 19 coastal parishes.

Together we represent one half of the population of Louisiana. The National Association of Counties has participated in one of our meetings and recommended that the federal government recognize the concerns erosion is causing. The Breaux Act has funded numerous projects on our coast. We have allies in our fight, including other states which share our plight.

But the most important relationship must be with the federal government. Our parish and our state cannot fund the needed projects. We have taxed ourselves to begin a levee system and have borrowed money to construct a new highway to Port Fourchon, which will be repaid with tolls.

We must use Outer Continental Shelf Royalty funds derived from our coast to win this battle and keep us viable.