

Charlotte Randolph
President, Lafourche Parish, Louisiana
Testimony before the Oversight and Government Reform Committee
“Offshore Drilling: Will Interior’s Reforms Change Its History of
Failed Oversight?”

Thursday, July 22, 2010

Mr. Chairman, Ranking Member Issa and members of the Committee, thank you for the opportunity to testify today on the impact that decision made by the Department of Interior and the Minerals Management Service have had on my community.

On May 8, oil first appeared on the shores of our parish from the Deepwater Horizon blow out, an event caused by careless, tragic, disastrous decisions made by BP personnel who obviously did not follow established safety guidelines. We have now endured 94 days of relentless effort to protect our valuable wetlands and our wildlife. Birds don't fly. Fish don't swim. And fishermen can't make a living.

Then came the moratorium on deepwater drilling, literally adding insult to injury.

Research conducted by the LSU Center for Energy Studies has revealed that this moratorium, suspension, pause, ban – whatever the term du jour is - will not only impact a few parishes in Louisiana. It will impact some 132 parishes/counties in four states: 43 in Florida, 42 in Texas, Louisiana 32 and Mississippi 7. In the Department of the Interior’s own report, DOI estimated about 120,000 jobs would be lost.

Nine of the top 10 taxpayers in Lafourche Parish are located at Port Fourchon, which services all 33 rigs singled out in the initial moratorium. The spill has decimated the fishing industry, the moratorium will essentially end life as we know it in our parish. No business can survive a 6 month pause and this much uncertainty.

Up to 40% of our property tax base could be lost by 2012 as a result of the drilling ban. Rig owners have stated in testimony to the President’s Commission on the Oil Spill that they intend to leave the Gulf for other opportunities elsewhere in the world. Some service company employees

have been offered transfers to locations in other states. Families are now making decisions as to whether the husband and father or the wife and mother, will live elsewhere, with the rest of the family staying behind to finish schooling. These are the lucky ones; the rest will be terminated. The rest, in Lafourche, could be 10,000.

This ban is sending a mixed message: In April 2010, the unemployment rate in the Lafourche -Terrebonne area was 4.4%, the lowest in the nation. By November 30, the number of unemployed will increase dramatically. In this country, a whole lot of money has been borrowed to create jobs to stimulate the economy. People in Lafourche Parish and those associated with the oil and gas industry and its support services are not expendable Americans. We fuel this country.

On May 28, I had the opportunity to personally ask President Obama to reconsider his decision based on the devastating economic blow we would suffer. He declined. But he did offer to send down an economic team to assess the moratorium's impact on our parish. Again, that was May 28; the team will arrive July 26.

President Obama in early May said: "We've announced that no permits for drilling new wells will go forward until the 30-day safety and environmental review I requested is complete." That was the first intense scrutiny of the industry. Some of those commissioners disagreed with the moratorium decision, yet it was established anyway. The President formed another commission, with its members asked to restudy this for at least 6 months. We will die a slow death.

Statistics indicate that an oil tanker has a four times greater chance of spilling its cargo than an oil well has of blowing out. Tankers from around the world carrying up to 3 million barrels of oil traverse the Gulf all the way to the Port of Houston daily. The moratorium's own language emphasizes the shortage of resources available to respond to another spill in the Gulf as a reason for pause. In order to resume activities, operators must submit evidence demonstrating that they have the ability to respond effectively to a potential oil spill in the gulf, given the unprecedented commitment of available oil spill response resources that are now being dedicated to the BP oil spill.

There are those extreme environmentalists who advocate for an immediate halt to all oil and gas exploration. What is being overlooked in the rationale behind this suspension is, just 18 miles off of our coast, lies the Louisiana Offshore Oil Port, the only oil super-port in this country. Oil tankers from around the world –remember the repeated call for energy independence – offload 1 million barrels of oil each day. That bears repeating: One million barrels of oil 18 miles off of our coast every day. In the preferred measurement of the media, that’s 132 million gallons of oil a day.

Based upon the rationale behind the new moratorium on deepwater drilling issued July 13 by the Secretary of the Interior Ken Salazar, I am today challenging the President, Secretary Salazar and the federal government to protect all Gulf States from another spill as completely as possible.

Stop all oil tanker traffic in the Gulf of Mexico.

Secretary Salazar has stated that there is a clear path to ending this moratorium. I agree.

- The National Association of Counties, comprised of some 3000 US counties, has just overwhelmingly approved a resolution to end the moratorium.
- China has surpassed the US in oil consumption, adding to the potential of higher fuel prices. Reducing the output from US waters will only exacerbate this.
- The placement of MMS inspectors on these rigs will lessen the chances of another blowout. The guidelines are established and clear. Make MMS do its job.
- And finally, House Bill 5626, from the Energy and Commerce Committee sponsored by Chairman Waxman and approved Friday 48-0, the Blowout Prevention Act of 2010, addresses this issue and halts the suspension of deepwater drilling.

Mr. Waxman’s words:

“I introduced this bill with Chairmen Markey and Stupak. Since introduction, we have worked closely with Mr. Barton, Mr. Upton, Mr.

Green, Mr. Melancon, Mr. Scalise, and others to refine the legislation. I thank and commend them for their many valuable suggestions. As a result of their leadership and hard work, we now have a bill that deserves strong bipartisan support in our Committee.

The bill is designed to make sure that the problems that caused BP's Deepwater Horizon blowout in the Gulf can never happen again. This legislation is our response to the Committee's investigations into the oil spill. These investigations were led by Mr. Stupak, the chairman of our Oversight and Investigations Subcommittee, and Mr. Markey, the chairman of our Energy and Environment Subcommittee. They have done tremendous work exposing the causes of the blowout and the inadequacies of BP's response.

This tragedy, which is the greatest environmental catastrophe in American history, can be termed an "accident" in name only.

BP made a series of reckless decisions before the blowout. When drilling the well, BP took one shortcut after another in order to save time and money. BP relied on a blowout preventer that was anything but foolproof. And when the blowout occurred, BP was unprepared to deal with the consequences. Under this legislation, neither BP nor any other company would be able to make these same mistakes again.

We found that the blowout preventer failed to perform its critical function. The bill addresses this by establishing new standards for redundancy, testing, and third-party certification on blowout preventers.

We found that BP made serious well design and cementing mistakes. The bill addresses this by establishing new requirements and third-party certification for safe well design and cementing.

We found that BP failed to use a lock-down device to secure the wellhead. The bill requires a lock-down device.

We also found that there was no CEO involvement in the well operations, despite the serious consequences of a potential loss of control of the well. The bill requires that the company CEO attest to the fact that the company will use a safe well design, have a blowout preventer that actually works, and have an appropriate and effective spill response plan.

In sum, this bill ensures that the Congress is doing everything it can to prevent this from ever happening again.”

Thank you for the opportunity to present this testimony. I would be pleased to answer any additional questions you may have.