



Move Forward Now

Coalition Platform

June 17, 2010

Introduction

This coalition of businesses and concerned community organizations has come together to ask the President and Congress to take swift and significant action on three major initiatives, actions that are important and necessary for us to save our economy and our state's coastal communities. The President and Congress have the responsibility to authorize these actions without delay.

The clean up effort continues to be hindered by slow and cumbersome bureaucratic procedures and the lack of a cohesive and centralized decision-making authority. This situation must be remedied immediately in order for real and reasonable protection and recovery of sensitive coastal areas.

The moratorium on deepwater exploration will significantly damage the economy of Louisiana and Gulf Coast communities; unchanged, *it will turn an ecological catastrophe into an economic calamity*. It is imperative that solutions are found that ensure the safety of drilling, and protect the environment, while allowing exploration to continue as soon as possible. Multiple experts asked to make recommendations about future drilling have stated that "a blanket moratorium is not the answer. It will not measurably reduce risk further and it will have a lasting impact on the nation's economy which may be greater than that of the oil spill." (*in a recent memo to Governor Jindal from Ken Arnold, PE, NAE*)

At the same time, opportunities exist relative to bringing forward Phase II of the Gulf of Mexico Energy Security Act, which could generate millions of dollars in revenue for the critical restoration of our coast.

It is past time for swift and powerful action. We are at war and we must attack on all fronts. We ask the President and Congress to authorize the following actions; we ask them to act now, without delay, to:

1. Expedite decision making
2. Mitigate the impact of the moratorium and
3. Accelerate oil revenue sharing for Louisiana

Finally, one painful aftermath of Katrina was the long and arduous task of changing perceptions about the viability of New Orleans and Louisiana's coastal areas as tourism destinations. It has taken five long years to regain the trust of the traveling public. Now, the oil disaster is threatening to re-create the same nightmare scenario. It is critical that a far-reaching and sustained marketing campaign be launched to address this situation and let the public know the facts. We, as a business coalition, support the Mayor of New Orleans in demanding that BP finance a hospitality marketing campaign that will prevent the further erosion of tourism to South Louisiana.

Expedite Decision Making

This coalition calls for immediate and significant enhancement in the decision making process. An urgent, rapid response is required to solve the problems at hand.

While there have been some improvements in the process in recent days, there is no more time to spare. We are 59 days since the beginning of the tragic oil spill. Lives and livelihoods hang in the balance. It is time for speed and a sense of urgency, which has not been seen to this point.

There must be a clear chain of authority and single point accountability for the power to take immediate action on any given problem related to oil removal from the Gulf and protecting our shoreline. Bureaucratic delays must not be tolerated.

This is an emergency which is in its 59th day. This is an environmental tsunami of epic proportions; there is no excuse for delay. There is no excuse for the lack of cohesive strategy and real coordination.

All national and international resources must be deployed immediately. Ideas and innovations for cleanup must be acted upon without delay. The coalition calls for allowing all credible parties to evaluate and prove their innovations in the field, not in the conference room. Encourage new solutions; don't create barriers to them.

Louisiana's leaders know what to do. They deserve the ability to move forward without the obstacle of indecision and lack of authority. Permits must be granted quickly.

The President *must* put an end to the disparity between what the government is saying and what the local leaders are experiencing. It is imperative that the White House step in and exert leadership and control, eliminating the continued red tape. BP must pay for innovative solutions approved by the command and control process.

It is past time for swift and powerful action. We are at war and we must attack on all fronts. We must act now and we must have the authorization to act now.

Mitigate the Impact of the Moratorium

The economic impact of the moratorium will be devastating if not addressed.

The following is a conservative summary of the economic impact of the moratorium, based on best available data, from multiple public and private sources: (LMOGA, Morgan Stanley, MMS, IEM Analysis, GNO, Inc. Analysis, et al.

| | <u>Best Case (18 mo.)</u> | <u>Worst Case (48 mo.)</u> |
|-----------------------------------|----------------------------------|-----------------------------------|
| Lost Louisiana Jobs | 12,500 | 21,900 |
| Lost Tax Revenue (State + Parish) | \$151,659,000 | \$702,821,000 |
| Lost MMS Royalties | \$11,891,000 | \$40,028,000 |
| Lost Toll Collection (Hwy 1) | <u>\$8,208,000</u> | <u>\$39,398,000</u> |
| Total Dollar Value of Loss | \$171,158,000 | \$782,247,000 |

A number of solutions exist to mitigate the impact of the moratorium:

1. All companies to follow safety guidelines, for both deepwater and shallow drilling

All companies should follow the guidelines laid out in the recently issued notice to lessees in NTL No 2010-N05, which mandates increased safety measures for energy development on the Outer Continental Shelf. (http://www.mms.gov/ntls/PDFs/2010-N05_IncreasedSafetyMeasures.pdf)

- Examine well control system equipment to ensure it has been properly maintained and is capable of shutting in the well during emergency situations. Ensure blow out preventers (BOP's) are able to perform and that remote operated vehicle (ROV)hot-stabs are function-tested and capable of activation BOPs
- Review all rig drilling, casing, cementing, well abandonment, completion, and workover practices to ensure that well control is not compromised while the BOP is installed on the wellhead
- Review all emergency shutdown and dynamic positioning procedures that interface with emergency well control operations
- Ensure that all personnel involved in well operations are properly trained and capable of performing their tasks under both normal and emergency operations
- Certify, in writing, that all of the above measures have been performed

2. Allow for drilling to resume up to a safe distance from the oil & gas “payzone.”

Those wells that comply with NTL No 2010-N05 should be allowed to resume drilling up to a safe distance from the oil & gas “payzone.” This will allow for months of required drilling work to continue, with no contact with hydrocarbon deposits. Drilling would then continue once all safety precautions and regulatory processes are met.

3. Deploy federal inspectors to examine all surface and subsea well control equipment currently being used to ensure that it has been properly maintained and is capable of shutting in the well during emergency operations.

Accelerate Oil Revenue Sharing for Louisiana

Acceleration of the 2006 Domenici-Landrieu Gulf of Mexico Energy Security Act (GOMESA), from 2017 to now, can provide critical resources for restoration of the coast.

Accelerate the implementation of GOMESA and invest the resulting millions on high-priority coastal remediation and job-creation projects.

The following is a conservative summary of the economic impact of accelerating the GOMESA, based on best available data, from multiple public and private sources: (GOMESA Legislation, MMS, IEM Analysis, GNO, Inc. Analysis)

| | <u>Low Case</u> | <u>Mid Case</u> | <u>High Case</u> |
|---------------------|-----------------|-----------------|------------------|
| Annual New Revenues | \$39,638,000 | \$79,227,000 | \$158,553,000 |

- New revenues from royalty acceleration driven by increase in eligible geographic area, and should increase over time
- This accelerated revenue stream would allow state and local governments to invest in short- and long-term coastal protections systems – such as barrier islands and restored wetlands – that serve as the first line of defense against hurricanes and disasters like this oil spill

Demand That BP Finance a Hospitality Marketing Campaign

The Coalition of Regional Business Councils stand in support of New Orleans Mayor Mitch Landrieu’s call for BP to contribute \$75 million to the City for tourism, hospitality and related businesses. The travel industry is a perception driven industry—one that has been playing catch-up since 9-11, then further threatened by Hurricane Katrina, and now watchful of the oil spill implications. New Orleans and its surrounding areas were on track to achieve their pre-Katrina tourism levels by 2011; yet now, with the disaster in the Gulf, the City anticipates that there will be another downturn in tourism. As the nation watches the disaster unfold, New Orleans and its surrounding areas no longer become a viable destination.

The money from BP will allow the City to invest in tourism and hospitality related initiatives to counter negative perception caused by the disaster in the Gulf. From marketing campaigns to grants, the BP funds will provide the means for the City to counter negative perceptions while attracting visitors to New Orleans and its neighboring parishes.

The Coalition

Regional business organizations that comprise the coalition include: Business Council of Greater New Orleans and the River Region; Greater New Orleans, Inc.; New Orleans Metropolitan Convention and Visitors Bureau; Jefferson Business Council; Lafayette Economic Development Authority; Louisiana Seafood Promotion Board; Northshore Business Council; Plaquemines Association of Business and Industry; St. Bernard Chamber of Commerce; Black Chamber of Commerce; New Orleans Chamber of Commerce; Asian Chamber of Commerce of Louisiana; Hispanic Chamber of Commerce of Louisiana; West St. Tammany Chamber of Commerce; St. Tammany Parish President Kevin Davis; Baton Rouge Area Chamber of Commerce; Central Louisiana Chamber of Commerce; and Louisiana Restaurant Association.