

Testimony submitted by LOOP LLC  
To The U. S. Commission on Ocean Policy  
New Orleans, Louisiana  
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**Introduction**

On behalf of LOOP LLC, we are pleased to submit comments to the U.S. Commission on Ocean Policy as it begins to formulate recommendations for a coordinated and comprehensive national ocean policy.

The Gulf of Mexico is home to LOOP. LOOP is located 20 miles off the coast of Louisiana and is connected by large diameter pipeline to its storage facility 45 miles inland. LOOP's business is to unload crude oil from ships that are too large to sail into U.S. inland ports. Virtually all of the crude oil unloaded from these ships is crude oil being imported from the major producing areas in various parts of the world. LOOP is the only Deepwater Port licensed under the Deepwater Port Act of 1974. LOOP is a modern, state-of-the-art facility that provides a key transportation link between the growing volume of water-borne crude oil and the refiner. In addition to the import oil carried by tanker, LOOP also serves as a storage terminal for a large volume of the newly discovered deepwater domestic crude oil being produced from the Gulf of Mexico. During 2001, LOOP transported 1.4 million barrels of crude oil per day and handled over 300 ships.

The demand for energy in this country continues to grow. The U.S. is currently using about 15 million barrels of crude oil each day. Of this total, about 6 million is domestically produced and 9 million is imported. If we look at where this crude oil enters the U.S. and where the new, substantial domestic producing regions are located, it becomes apparent how important the Gulf of Mexico is to the energy supply of this country. Of the total water-borne imports moving into this country, well over half are moving through the Gulf of Mexico. There have been significant new discoveries of crude oil in the deepwater regions of the Gulf of Mexico that are being developed and future development is forecast to continue well into the future. As U.S. demand grows, activity in the Gulf of Mexico will continue to grow!

The coastal region from Alabama to Texas is very important to the energy supply of this country. It is along this stretch of coastline that the major refining center of this country is located. While other regions of the country certainly have substantial refining capacity, there is probably no other that has as much combined capacity as those located along this stretch of coastline. These refineries are generally large and some of the most modern and sophisticated in the nation. These refineries will continue to supply much of our nation's energy needs into the future simply because the refineries have good access to a wide variety of imported oil and also to the domestic production from the Gulf of Mexico.

From exploration and production to transportation of oil, the Gulf of Mexico is key to keeping this country supplied with energy.

## **Maritime Security**

The Oceans Act of 2000 has as its key purpose, the establishment of a coordinated and comprehensive national ocean policy. This policy should promote, among other things, the protection of life and property against natural and manmade hazards, as well as the enhancement of marine-related commerce and transportation. It should also promote close cooperation between all government agencies and departments and the private sector to insure the availability and appropriate allocation of federal funding, personnel, facilities and equipment.

In the interest of streamlining and coordinating the actions of federal, state and local agencies, attention must be given to the effective allocation of resources for homeland security. Without question, inland waterways and ports must be protected. However, in addition to the nation's only deepwater port, the oil and gas exploration, production and transportation activity in the Gulf of Mexico is significant. Future activity is forecast to grow as resources are developed. These efforts require several thousand individuals housed on platforms and other structures as far as 150 miles from the coast. Many other important maritime commercial interests also operate in the Gulf of Mexico each day. These interests and natural resources in the Gulf of Mexico should be given attention by the agencies when allocating their resources.

Safety of life at sea must be a priority. Maintenance of accurate navigation charts, with clear delineation of designated safety zones is critical. In addition, monitoring of the airspace and vessel traffic to insure adherence to rules of navigation as well as to detect illegal and/or terrorist activity, coupled with appropriate intercept and enforcement authority is necessary to protect maritime personnel and commerce.

In this relatively new security environment, we are learning that security-related activities of different agencies overlap, each without knowledge of the other's mission. Roles and responsibilities of the appropriate regulatory, enforcement and intelligence agencies should be clearly defined and a mechanism for coordination of duties established. This coordination should be conducted by a lead agency staffed with the necessary expertise to efficiently identify and allocate the vast array of tools available to protect Gulf of Mexico resources. Coordination in this area will improve the efficiency and effectiveness of federal efforts and alleviate duplication of effort by already "stretched" resources.

## **Public Infrastructure**

The Commission is charged with reviewing ongoing federal and state efforts to enhance the effectiveness and integration of ocean and coastal activities, and is required to make recommendations to improve access to ocean and coastal resources. Current infrastructure is severely inadequate in many areas to support the existing or anticipated level of maritime commercial activity or the orderly evacuation of individuals in the event of natural disaster. It is recommended that sufficient resources be allocated for the development and improvement of onshore public infrastructure to support the growth of marine-related commerce.

Adequate roads and bridges that connect the coastal and inland regions are essential to both the continued, long-term development of offshore natural resources as well as protection of the increasing number of individuals living and working in the area. Substantial upgrade of the public infrastructure is needed to meet current demand in many areas and should be considered a priority in the allocation of resources.

For example, Louisiana Highway 1, a narrow, two-lane road, is the only means of land access to Port Fourchon, Louisiana. Port Fourchon is a coastal port that serves as a support base for various aspects of maritime commerce in the Gulf of Mexico, including maintenance, repair and staging areas for exploration, production and transportation activities. Port Fourchon provides support to 16% of this nation's domestic oil and gas production. Traffic count on this highway is in excess of 9000 vehicles per day. Highway 1 was recently designated by Congress as one of the 43 High Priority Corridors because of its importance to the energy infrastructure. Substantial upgrade to this highway is needed to support current growth in the area and the continued and future development of resources in the Gulf of Mexico.

### **“One-Window” Permitting and Regulation**

To accomplish the objectives of the Oceans Act on a timely basis, the actions of federal, state and local agencies must be coordinated and resources properly allocated. LOOP operates under federal and state laws and regulations that were specifically enacted to address the development of deepwater ports. During the review of the LOOP application for a license to operate the deepwater port, and during the application for construction and operating permits, the Department of Transportation was charged with coordinating the efforts of all federal agencies and worked with the adjacent coastal states to facilitate the timely and meaningful review of the project. We believe that effort was extremely successful as it resulted in LOOP receiving its license and nearly 100 associated permits in the coordinated manner provided by the Deepwater Port Act.

Today, the process that agencies are required to follow in reviewing applications for permits is generally set out in the law. However, timely decisions are often not made because agencies have not been allocated sufficient resources to accomplish their mission, or because the individuals involved do not fully understand their role or authority. This process may be improved by designating a lead agency to coordinate the review by other interested regulatory agencies to insure that efficient and meaningful evaluation is completed within a given period of time and the objectives of the Oceans Act of 2000 are realized.

### **Conclusion**

In conclusion, the task of the Commission presents an opportunity to develop a comprehensive national ocean policy. However, achievement of the objectives of the Oceans Act requires, among other things, close coordination at all levels of federal, state and local government in the key areas of public infrastructure development, maritime security and streamlined permitting procedures. A national ocean policy that promotes energy security, protection of ocean resources and facilities, and helps to coordinate and enhance development are goals we support.