

**Bureau of Safety and Environmental Enforcement (BSEE)**

**Workshop Part 3 on “Rigs-to-Reefs” program**

**Moderator:  
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MS. : (In progress) – afternoon session of the Rigs-to-Reefs public meeting. And we're so glad all of you returned after lunch because we have an exciting session. It'll be as exciting as you make it, in terms of you sharing your perspectives, your ideas. We want to move forward with strategy. So this is where it really will be important for you to meet people at your table; you might want to talk about some of those issues.

And if we decide to do that, I'll give you some time to do that and have one person talk about those ideas that were shared. But I will take my signal from Dave here because we have four questions that we'd like to ask you. And there's time for deep deliberation around each question. BSEE has said that they want to look at collaborating – federal agencies, collaborating with state and collaborating with industry and all the stakeholder groups in the room.

And as you know, that requires independent thinkers. And I think we have this in the room. It requires listening skills. And from this morning, we also have this in the room. And it requires people who are able and willing to share their unique perspectives so that we can build on those ideas and come to some solutions moving forward in a very complex decision-making process.

So I will turn this over to Dave. I will keep the mic. The structure of this session, and if you have – I want to refer you back to those sheets of paper – colored paper on the table. Has – is anybody here who wasn't here this morning? OK, no. So we all know the process in terms of questions of clarity for these pink sheets. If you have one, I will acknowledge you.

And then we'll – green sheets if – what you really liked if you heard and you want to share it. I've moved it – I'm moved it – (inaudible). What you really liked, the yellow sheet is caution. There's some issues that I'm not really sure about, I think we need to discuss. And I will tell you why. We need to hear the why, not just I don't like it won't work, but we need to hear why you think it won't work.

And then I think we'll get to blue today in this afternoon session in terms of your recommendations on specific issues that you believe will help this whole collaborative process moving forward. So I will be having the mic because I know some of you in the back – we had some mics up front, but I can move to the back. So if you have some questions and we're at that appropriate time, I can move to you. We want to move this really quickly. We do have breaks as well in the afternoon.

So I'll turn this now over to Dave of BSEE.

MR. : All right. And one inappropriate use of the paper would be wadding it up and throwing it at the speaker, although that would be funny. (Laughs.) We're not going to do it, though. All right, so I kind of previewed this session right before lunch. And this is your opportunity to provide some input. And again, we're looking for constructive dialogue here on how we move forward and what you need.

And so there are a couple of questions that I came up with that I just wanted to throw out for general discussion and then, as we wrap up the afternoon session, we'll get more into those informational needs because I think that will help guide us on where to go from here, what other kind of meetings do we need to have, what other kind of action needs to happen quickly, those types of things.

So for the first question, I'm just going to throw it out and raise your hand to speak or come to a microphone. Are there alternatives to reefing obsolete oil and gas platforms that would mitigate the impact to habitat when those platforms are decommissioned and ultimately removed? So this is not a Rigs-to-Reef scenario. This is when a platform has to actually be removed. What alternatives are there out there to mitigate the impact of that if, for all the different reasons, that platform has to come out?

If yes, identify those. If no, are there other structures that can be reefed in place of a platform? Can you build something out there? Can you sink a ship? What kind of alternatives are there out there and how would that be identified and who would be responsible for sort of making that happen? Is that a state function or collaborative efforts that the different user groups could come up with to do that? What functions exist for that? So are there alternatives to reefing oil and gas platforms that can mitigate the impact when the platforms have to be removed?

MS. : If you want to speak, use the blue – use the blue card. We want to hear your suggestions, recommendations on alternatives.

MR. : And I'd also like it, anybody on the federal panel, because of the artificial reefing program is certainly not anything that I'm familiar enough with to make suggestions. So anybody on the federal panel who has ideas about sort of the artificial reefing in general and how that works and how other things might be identified to help with this.

MS. : (Off mic) –after lunch slump.

MS. : (Off mic.)

MR. : OK. Many of you probably know John Hoffman, Black Elk Energy. Yes, I know – (inaudible) – incident – the explosion and some people was killed. But Mr. Hoffman is a strong – (inaudible) – of trying to keep the platforms in place. And on his website, he's got a part of his website that's called Save the Blue. And he came up with some, I think, maybe reasonable proposals to do this. And right now, Congress has two acts – one in the Senate and one in Congress – to address this. And it seems like all those acts was more or less came off of his proposals, which are – and this is on his website, Save the Blue –

MS. : And his – these are recommendations?

MR. : These are his recommendations – this is Mr. Hoffman’s recommendation. First thing you do is identify whether the platform is an ecosystem worth saving. So that would mean probably an environmental impact statement.

An operator would plug the wells, remit the pipelines, remove the upper deck to minimize hurricane pollution risk. In other words, take the upper part, just leave – you take the jacket, the living quarters or whatever, take them off, remove them. And this only leave maybe 10 to 30 feet above that with pipe where you can install your fog horn, your lights, your – and other systems.

So what this does is that the decommission people doesn’t lose the whole prize. They still maintain some of the work, just not as much. The scrap yard still gets some work and recycling with some of the parts maybe able to recycle such as the diesel engines and things like that on the platform – the generators, things like that. So that takes care of your navigation problem to some extent. The operator would have to maintain the electronic system to maintain the platform.

So this – what this does is it maintains work – constant work for the crew board operators and workmans to go out there, do routine maintenance on the platform, the people that sell batteries, the – (inaudible) – the horns – all this is maintained because once that platform is removed, all that work goes with it. So this kind of keeps the economy rolling and keeps these crew boat off-shore operators working to some extent – a great deal or extent.

And then, of course, where’s the money going to go? Well, we see what happened in Louisiana. And we talked about the proposal from the government that said the state’s going to control import from government and from us as citizens. OK, but you know, if you do that, you’ve got to have some kind of protection with that money.

You can’t allow the governor of a state because he’s short on money to pull that money out because what we’re not – we’re not going to put those reef balls in Lake Pontchartrain this year or we’re not going to take that – (inaudible) – reef rubble from – (inaudible) – or Katrina, we’re not going to make that a reef.

So he’s got – those are realistic proposals and, you know, we’d like you to think about them. Thank you.

MS. : OK. Would you want to summarize because you did a lot of rationale, you know, as to why and who would impacted? So the crux of your recommendation is?

MR. : Crux of the recommendations is, one, before you pull that decommissioned platform scheduled for removal, do an impact statement on it. I mean, there’s all kind of environmental laws out there.

MS. : OK.

MR. : When you put a – when you build a – (inaudible) – they do an impact statement. But if there's a snail on there, you can't build that there or you can't build that road. We got to go around the mole hole because of that snail endangered – (inaudible) –

MS. : OK, though, so the alternative is to do an environmental impact statement, is that it, yes?

MR. : And I wanted to mention too, Black Elk Energy came in and spoke to the Gulf of Mexico region and made the same exact presentation. So instead of Chuck (sp) writing all the components on the table, we can just say use the information already provided to BSEE and BOEM if that's OK. I just meant so we wouldn't run out of ink.

MR. : Let's do this, the program that they're looking at – was it Save the Blue, is that what it was called? So let's write, Save the Blue, up here. And the crux of that is where you actually leave the majority of the facility in place, right?

MR. : (Off mic) – It's like I tell – (inaudible) – to seek a moratorium on taking platforms out so we – so we can allow the Gulf Council to come up with their recommendation, which hopefully are similar to this. We don't know what they are.

MS. : Great. Thank you.

MR. : OK. Now, the question though that I posed was, aside from having a platform remaining, or have a platform be reefed, are there other structures, other materials that can be brought in to build up reefs so that if a platform does have to come out –

MR. : Well, in Florida they do it all the time. They use – (off mic) – Alabama. And they – (off mic) – and they weld them together and they send them out there – (off mic) – artificial reefs. (Off mic.) But in Alabama and Georgia, they do a lot of creative things. (Off mic.)

MR. : Well, is that going to work for Louisiana and Texas?

MR. : (Off mic.)

MR. : Will that – will that work for Louisiana and Texas? Is anybody else – go ahead.

MR. : David, if I – if I might, NOAA published the National Artificial Reef Plan – it was recently – in 2007, that covers all of those things that they're doing off of Florida. They actually build reef components. They actually take ships that have been cleaned and they sink the ships. There seems to be no limit what the material might be, except it's got to be heavy enough to stay there and it can't be toxic. This process is already in place. I don't think we need to reinvent that wheel.

MR. : Well, I'm not asking to reinvent it, but is it – is it a robust process off of Texas and Louisiana, where we've been hearing a lot of the concerns about deep platform removal?

Are there other options as far as bringing in more materials to create artificial reefs off of Texas and Louisiana? Is that already happening to any extent? And are they – how are they doing, if it is happening?

MR. : In the Louisiana program we have a tug boat and we have 40 APCs instead of just the Rigs-to-Reefs. We – armored personnel carrier, I'm sorry. So we did participate in that program when they were available. I think there's a few states that are still using those. They are very durable materials, low profile however. And they're very expensive to clean up.

So the thing that Texas and Louisiana have been doing is utilizing the platforms that are out there because they're available and it's an economically viable win-win for the companies donating and the program. Yes, I think there are certain materials that are available and could be used to maybe mitigate some of these near-shore structures coming out, but we have to be careful with that and you have to look at the economics of that because it's – you know, hauling stuff offshore is not an inexpensive endeavor.

So, yes, I think there are states like Florida, some of the northeastern states that use very good materials. And like I said earlier, there's some materials that I would not agree with. So I – and one of the things that we have in Louisiana/Texas is they have a lot of pipelines, a lot of infrastructure.

So we need to make sure, whatever we put down there stays put because we don't – our idea is develop habitat and do no harm. So we can't be running into another structure or another pipeline, or vice versa, and creating an environmental issue. So I do think that's a viable, you know, alternative, but you know, we've been lucky enough that we have enough structure already in existence.

MS. : OK. Thank you. We have another question – I mean, a recommendation – from the gentleman at the mic.

MR. : The discussion is going in a direction – and it seems like we're assuming that we have to mitigate – I heard the word mitigate – mitigate usually means, you know, you're going to lose something, so you have to replace it with the same or equal. Where is the science? Do we have any science to show that these fish are not just going to simply swim either to the next platform or to the next structure, like they did before there was structures out there? I haven't seen any of that.

I don't see any – you know, because what I'm hearing is we're just replacing one structure with another structure, and the people I represent are losing trawlable bottom, which we had agreed upon – I'm going to go back to this again. There's areas – I wish you had a map of the Louisiana artificial reef area that we have assigned to us. It covers from one end of the state to the other. I mean, there's adequate place there to make reefs according to the existing plan. And I would like to – I would like to hear from you what leads you to believe that we – and do we have any science to prove that we have to mitigate?

MR. : Good question – (inaudible) – science agencies to answer that one.

MS. : There has been a lot of studies going on, and we have been seeing – the fish are using the platforms as habitat. However, there is still that big question, if it's an attraction or a recruitment situation. And really, until that is answered, I don't feel like we can address that question either. And well, I guess – I'm sorry. Like I said, it's ongoing, as all research is. And especially with the environment changing, and even with the – or the platforms leaving and Rigs-to-Reef coming about, that's changing the kind of playing field of the research. So it's trying to catch up to that.

MR. : You know, just as a follow-up, if you could prove that the only reproductive habitat for – (off mic). You know, it's just not meaningful – it's not reasonable to think that that's the only thing we have – (off mic).

MS. : So the alternatives you're identifying are –

MR. : The alternative is clean the bottom, use the areas that you have in place – specifically have in place for Rigs-to-Reefs.

MS. : OK. Thank you. Any other recommendation? From someone who hasn't spoken yet?

Oh, you're just stretching. OK.

Do you have a recommendation or to answer the question that there are any alternatives?

MR. : Yes.

MS. : OK. You can use this mic right here.

MR. : I'm deaf, so I talk pretty loud. I can't hear myself; I'm sorry if I'm a bother. But alternatives – I can't speak for Louisiana, Mississippi and Alabama, even northern Texas, but down in south Texas where I come from, the misrepresentation – we have down there are big structures. Our platforms were enormous. And some of the alternatives that we have – myself personally – we have been putting out for the past eight, nine years, and it never got anywhere. But we went as far as going to the private sector. I'm in the dive industry, and fishing charters.

You know, to tax – to keep a foghorn and the lights on a platform. And our theory was, leave the structure in place; it's been there 40 and 50 years. It's anchored. You know – take it off from the boat landing up. That way, it's a win-win situation for the oil companies. It's been on the maps for 40 and 50 years. If you don't know where it's at, then you don't really need to be running out the Gulf. So with a horn and the catholics and the lighting, let the private sector take it. But for some reason, we couldn't even get that off the – we couldn't even get it past the planning board. Nobody wanted to hear that.

The alternatives – Harte Institute, which I have worked with, we have put data collection – we have had reefs out from Port Aransas – I dived on one this past July the 8<sup>th</sup> – volunteering

my time doing this study. And we were tracking to see if fish actually – red snapper, particularly – if they migrate from one reef to another. Well, most of the studies show that they pretty well stay in their geographical location from where they're born at.

The problem with removable platforms the way they're taking place today, when you use high explosives, there ain't no fish to migrate anywhere else. So that was our biggest concern. Right now, there's an alternative that Texas Ports and Wildlife off the Packery Channel out of Port Aransas – they're going to build 160-acre concrete reef. That all sounds fine and good, but it's going to be a continuous reef of 160 acres – because, like I said earlier, the way our bottom is structured down there, there's not that much natural reef.

We've had our pipelines removed; we've had the platforms removed so we have very little natural reefs. So when you go in and you make this one continuous reef, some of us think that everybody's going to go to it. It'll never have time to develop. Instead of taking it and breaking it up – this is my suggestion – breaking it up – instead of having one big long continuous reef, have 10 acres here, 10 acres here, 10 acres there. And I know some of the people here today, they don't like that, because it messes up that nice slick bottom.

But everybody's got to learn to get along one way or another. And like I said earlier, the way that the National Marine Fisheries is running things now, we're down to a 27-day snapper season. Nobody's going to come do that. Right now, I'm out of a dive center. You know, we run dive charters. We don't have that anymore.

But my last question, there was something said, that Florida got the last ship to be reefed for an artificial reef. Is that true, or is there still a ways and means to acquire a ship for reefing – such as the Oriskany, you know, and the other ships up in the northern Gulf, in Pensacola and all – that we could bring down to our part of the country and put us back on the map? Thank you for your time.

MR. : Well, we don't have Dale (sp) here, but Dale could receive – I mean, they have done liberty ships, as Doug mentioned, in the past, way before he ever got there. But that's Navy surplus – you know, Navy decommissioned vessels. Again, they would have to – it's kind of why the EPA wrote all these standards, because you've got to remove all the Romex PCB issues; you've got to do a lot of deck prep like they did with the Oriskany. But if the state of Texas wanted to put it into their program, again, we would hope that they would coordinate with us and not place it on a location where you have a leasee, but they can do it.

MR. : I'm not talking – all right, let me clarify, then. A Liberty ship, they're small. Let give you an example. Since the lease of the platforms down in south Texas, we have a Liberty ship reef 17 miles off of Port Aransas. Well, opening day of snapper season, there was 300 boaters on that reef. That's why I was going back to 160 acres continuously. I mean, damn, if you have everybody there it's cleaned out. So the thing about the ship – the Liberty – they're too small. Is it still – is it still being granted? You know, we can acquire, say, a carrier or a destroyer that could be put out, say, to the 270-foot depth – you know – (off mic) – you know what I'm saying – to make it where it'd be reasonable to take people out to it, you know, charter



for hire, take them out for fishing and for dive – (off mic) – and also create an ecosystem that would be big enough to sustain – you know, a big – (off mic).

MR. : Anne (ph), do you have anything to talk about from EPA's perspective on ships and reefs?

MS. : Well, I mean I think – (off mic) – kind of pointed out that that's really the purview of the Navy whether they have those vessels that are available to sink, whether they have the resources and are willing to clean the ships to make them available for reefing. EPA is working with the Navy on those issues all the time and has put out the guidance to ensure that the ships are cleaned in a manner consistent with being able to create the fish habitat and the reefing habitat that's necessary.

So from EPA's perspective, it's an available option. It's just whether the vessels – the vessels are available from Navy and whether they're willing to do the cleanup necessary of those vessels in order to create that habitat.

MS. : All right. Any other ideas on alternatives? Yes, sir.

MR. : (Off mic.)

MR. : Wait for the mic, please.

MR. : Oh, I'm not loud enough?

MR. : No. (Laughter.)

MR. : I just wanted to make a suggestion that – I'm sure that if some of the private organizations – the dive organizations and fishermen would be – would like to pay for the oil operators – if you guys helped them pay for the abandonment of the jacket, I'm sure they'd be more than happy to put it any reef site that you wanted in, as well with the ships. This comes up with the ships – this costs money.

Whether it be CCA or the dive organizations or whatever, rally, save your money, buy a ship, get it clean like it needs to be cleaned – get your permit and reef it. It just seems like everything is – everybody's wanting something for free. We all need to work together here because I only see one group that's putting the money out. So my suggestion is, everybody throw some money in here and let's see where we get.

MR. : That was one of the questions I was going to ask, and – sorry about that. I think we can – unless there's other – sorry, go ahead, Russ (sp).

MR. : Yeah, just one thing. I thought I recalled – and I was looking it up as we were talking here, that MARAD has essentially – the Maritime Administration – has implemented, in September of this year – or of '12 – a policy essentially ending the ships to reefs donations that they made to it. So I think the answer to the question is, can they be accepted into the programs?

Yes. Is MARAD – and I’m not sure if it extends to the Navy or not – going to be providing any ships? No. And so you may have to find ships on your own if you’re interested in bringing your ship into the program.

MS. : OK, we have a recommendation here.

MR. : Sure. One recommendation for mitigation would be for platforms which are located in prime shrimp trawling habitat; we now have defined that with over 10 years of data – the mitigation – removal of platform from that habitat is a pretty mitigating step for one fishery. In addition, though, as we’ve looked at trawling habitat, even embedded in the mosaic of really heavily-fished areas are areas that are not fished. So working together with what this gentleman said, I’m sure we could come up with a mosaic of sites that would be perfectly acceptable to put a whole string of reefs across the Gulf of Mexico that you could work with the shrimp industry – that there would be no major conflict if it were done on that basis.

MS. : Thank you. So we want to get this recommendation down. How would you shorten it to say – so we hold that thought?

MR. : Put reefs where shrimping isn’t.

MS. : Does anyone else have a recommendation?

MR. : And, Chuck, you can – I’m sorry. You can put a note on there that Dr. Gallaway has given us a presentation where he has the data loggers for the shrimpers that BSEE and BOEM both have this information, and I think it could be updated. So we have the information from Dr. Gallaway on that.

MS. : I just wanted to answer the question about the red snapper moving. I know where I fish out of Grand Isle – I fish about 10 to 13 miles offshore, and I’m sure it’s shrimper territory. There is not that many rigs there; there is a lot of red snapper there. And it gets a lot of fishing, because people with bay boats and boats under 24 feet can go that far.

The next group of rigs is like 20 miles out, and it’s a little bit too deep – you know, too far for us to go. So I don’t know if you got rid of those rigs where the snapper would go because I’ve never fished in open water for the snapper.

MR. : If I can just make one more clarification about the MARAD policy. So – I’m just looking a little more – so it’s any ship built prior to 1985 is not eligible. And in their so-called nonretention fleet of MARAD, there was only – there’s 125 ships, only one of which was built after 1985. So it is not a formal prohibition, but it’s a change in policy which – obviously they limits you to 1/125<sup>th</sup> of what was available before.

MR. : That’s what I was asking, because I heard something that – what was the reasoning behind that, do you think? (Off mic) – is that – is it electrical? Is it the paint? Or – I don’t – (off mic) – on that.

MS. : Anybody have anything on – (off mic)? (Off mic) – recommendations?

MR. : (Off mic) – that hadn't seen any research, I believe, that the platforms are an essential marine habitat. Well, these pages I have in my hand all came from the BOEM website two years ago. They changed the format and divided it up. And you can't no longer get these pages. Plus, many studies I was able to pull up all indicated that the platforms are basically essentially fish habitat – marine habitat. This one says (reef ?) diving and part of it says – I had it. (Chuckles.)

Another one said “platform communities,” and basically says, as seen here, platforms provide habitat for thousands of fish. One Coastal Marine Institute, CMI, study funded by the – (inaudible) – determined that a typical eight-legged structure provided a home for 12 (thousand) to 14,000 fish. Here's another one called “Artificial Reefs: Oases for Marine Life in the Gulf.” Each of these –

MR. : If I could jump in on that, what you're talking about there is part of a campaign that the Minerals Management Service did right when – right before I got there, about five and a half years ago. And it was an educational campaign to talk about life under the platforms.

And if you go back and you look at the history of the Rigs-to-Reefs programs, MMS was one of the driving factors in that. At the time, there was a call for everything to be removed. And we had a lot of studies off California, we had a lot of studies in the Gulf of Mexico – and they're all highlighted there – that showed the tremendous impact that some of these structures being converted into artificial reefs could have for the environment.

And so that's all absolutely correct, but that does not designate an essential fish habitat, and that does not, in any way, state that all platforms have to stay where they are. It was an educational campaign to try to show people on one side of this argument that everything has to be taken out that there are alternatives to that. And that one of the things that we used to help us push the Rigs-to-Reefs program, even in California where the state law said everything has to come out.

So what I'd like to do is try to get to closure on the first question that I asked, if you don't mind, and – you know, looking at the alternatives to –

MR. : Thanks for shutting me off.

MR. : Well, I'm not trying to shut you off. I'm just to clarify that that was –

MR. : That was – that was shutting me off.

MR. : Well, I apologize –

MR. : Well, I think what he wants to – we need to clarify probably too, that the MMS is us. I mean, we were split. I don't know if you were aware of that. MMS is BOEM and BSEE now. So all that – we have that data. That's – you can't find it on websites because all of the

reorganization, when you split MMS – we can't find it on our website. So if you get it, let us know where it's at.

MR. : I have it. I can get it to you.

MR. : Yeah, we have that data.

MR. : Hold on a second. What I'd like to do, if there are any other – the question I posed maybe was too narrow but about all alternatives, if you have to pull the platform out. Where I think we're going with this, or at least what I'm hearing, is creating artificial reef using other materials is not – may not have the same type of growth potential, may not have the same type of opportunities that the structures do just because of the size of them and the space they take up in the water column.

So you know, one of the things that we're going to be looking at too and one of the reasons we started this whole process is how do you encourage more reefing? And so we'll get to that in just a second. But that's another recommendation in the back.

MR. : Yeah, I know this question involves the rigs being pulled out, but I think what they should do or what we should do, because I think it's proven that these oil rigs or oil platforms are biologically diverse, they're ecosystems they develop quickly. I don't think the – not every one of them should be saved, but I think we should make an assessment on which ones are potential essential reef habitats and save those.

I also think it'd be worth the money to put new platforms in just for fish attractions and to develop fisheries. I think it'd be worth the money not even related to oil production, just put them out there above the – you know, up to the surface, 10 feet, because the top 60 feet is the most productive on these oil rigs.

MR. : Well, BSEE and BOEM do have a program called the alternative use program that it isn't limited to the oil and gas industry if you are – your group would want to buy a jack and assembly and go and commission it. You might have to talk to the folks in the middle how much that costs, but that would be considered an alternative use and – but again, you or whoever would – whoever would request a permit to have it out there would be the liable party, and now you would be under the same structural guidelines as the oil and gas industry.

You would have to maintain methodic protection, doing inspections annually. But there is an avenue for that. I think we were asked about that in the Texas, Houston meeting, about alternative use, that it's in, I believe, came out of the 2005 Energy Policy Act, the alternative use program. We haven't had a candidate yet. Maybe y'all can be the first one. But –

MR. : The price is right. (Laughter.)

MS. : Do we want – (off mic)? We're talking to a specific question that was posed on the floor. Do you have a question? New question?

MR. : No. If you had to pull the platform out, all their alternative structures you could use for artificial reefing to help mitigate – if there's an impact from pulling that platform out, is there something else you can do to help mitigate that? And so we were looking for, you know, questions about whether or not ships could be used as reefs, bridge structures, things like that. And what I'm hearing is that it's not – it's not going to do the same thing. But so what I want to do is move on to the next question, and if we can –

MS. : Do you have a specific –

MR. : Yeah, some specific to that. OK. All right.

So why don't I just move on to the next thing. It's already been brought up a couple of times on the costs. I know it's economically advantageous in many cases to reface structure for a company, as opposed to taking everything out and bringing it back to the shoreline. But I also have been told that there are cases where it is not, or that sometimes if you have to tow it a certain number of miles to a reefing area, that it's not as advantageous.

Are there any mechanism, grant programs or legislation or anything out there that could help provide a financial incentive through the state or through the reefing program for a company to move a platform or to reef a platform if it itself was not economically viable? Anything like that already exist?

And here's kind of what I was thinking about with that question. So you have the – you have the oil spill in 2010, and there are a number of activities that have resulted from that, from the conservation and preservation of the marine environment related to Deepwater Horizon. Are there – were there funds set up in that, or are there things that can come out of that where funds could be used to help creating these artificial reefs, helping reefing platforms or that sort of thing as the preservation goal of those – (inaudible). Anybody aware of anything like that?

MR. : (Off mic.)

MR. : Can everybody hear him?

MR. : My name is Scott Porter. I'm a marine biologist and – for oil companies, oyster fishermen and the state. We've got a grant through MMS a couple of years back to study an invasive coral that we found on a platform out here. And thank you very much, MMS, Bureau of Ocean Energy finally picking that up. We've been trying to show the value of the offshore reefs and proving that they are essential fish habitat.

And back just before Katrina hit, we were proposing that we take offshore royalties from the Louisiana offshore oil royalties and kick that back to the Gulf States. These oil royalties are earmarked for our national parks anyway, and there was talk then about kicking it back. Well, that – it got put into the energy bill, and in 2006 it went through. It eventually got widdled out. I think Louisiana ended up with 500 million (dollars) out of it, which is what I was just told.

But there are avenues such as that. I think before Katrina we were paying 4.6 billion (dollars) a year from the – Louisiana’s offshore oil royalties. I think now it’s like 8.9. It’s over 8 billion (dollars) a year. And Louisiana, we have the largest – we have the longest continental shelf in the union, and we’ve got the shortest amount that we’re claiming offshore, like a couple of miles, two or three miles. And so I think there’s – there is room to grow there.

And we were talking about the cost of these offshore structure. There was a structure in South Carolina that just went out to the highest bidder, a Coast Guard offshore platform. And they went for \$13,000, and they’re looking at other alternative uses for it right now. I think our biggest obstacle, if you don’t mind me saying, I’m a consultant for the oil companies, so it behooves me to speak up even though I’m an environmental agent, I’m still – I’m supposed to speak up.

So right now, the major oil companies are what’s standing in our way . We’ve been trying to push this through. We got the alternative use permit pushed through. We got Senator Vitter and Mary Landrieu on the same project and pushed the alternative use permit through. We’d had application in for the alternative use now for a couple of years, and you know, it’s along – I mean, we’re the first. We’re trying to get there first. So that’s a hard – you know, hard one to go to.

I think our biggest obstacle is the major oil companies. I hate to say it. Shell Oil Company, you guys have been standing in our way for a long time. You won’t even let us under your platform to study the reefs. I have coral here the size of my head, collect thousands of these. The government tried to prevent us from harvesting them, saying that they were protected by the Endangered Species Act. Then they came out and said they were protected by the Magnuson-Stevens Act – which they are. They’re protected by the Magnuson-Stevens Act under the Magnus-Stevens Act definition of protection and endangered habitat. That’s where it is.

So I think there is room, if we look to the offshore oil royalties and try to get that money diverted – some of that money diverted back to our state. Louisiana’s got 3,400 of the 4,000 rigs in the Gulf of Mexico. So – I’m sorry.

MS. : (Off mic.)

MR. : You’re speaking about the LWCF, the Land and Water Conservation Fund monies that comes out of the royalties, which is something, when I was a coastal soil management person for MMS, was one of the concerns that the majority of the money came from the coast of Louisiana, but it goes for a dog park in Cleveland, Ohio. I mean, that’s – he’s right. I mean, the monies – but again, the monies as sanction through Congress is delved out amongst all the states, not necessarily the Gulf States where the resources acre actually being extracted.

But if you have any additional information on that rig – the alternative use, if you can get with us on that, we can – you know, we can talk through it. I know we’ve participated in a couple of discussions about mari-culture, aqua-culture. We haven’t seen a hard permit yet from

– at least from environment enforcements end, but maybe we can talk about that and see where it's at, if there's anything we can do on that end for it. Thank you.

MR. : All right. So any other ideas on financial incentives?

All right. We're going to move on to the next one, then. Just kind of peeking here.

MS. : Are there any other recommendations – (off mic). (Off mic.) I am going to hold the mic. (Laughter.)

MR. : OK. A couple of things that we've been talking about at our table. And we want a win-win for everybody. We want to make habitat. We have a great avenue to make habitat in jacket. Jacket's the best habitat building thing you can make, OK? So in order to make it more feasible, eliminate the donation. But in eliminating the donation, make sure that every platform is moved, every jacket is moved to a nontrawlable area. You don't hurt the fishermen, trawlers, you make habitat, and it's – and it's a profitable deal for the oil and gas company. But you find something that does not hurt any user group. And you benefit every user. Huh?

MR. : (Off mic.)

MR. : I leave that to the science of Dr. Gallaway. He's been tracking it for 10 years. Let the scientists figure it out. Let the trawling organizations figure it out. But move the structures – and put them strategically. Put them close in, put them far out, put them in different water depths, as long as there's no hazard to navigation. Leave fairways clear. Allow for cruise ships, for tankers to come in and out for future use. You know, make it where it doesn't negatively impact anybody and grab the use of this great structure that we have to build a habitat. That's my suggestion.

(Off-mic conversation.)

MR. : To add onto – to add onto the no donation deal – (inaudible) – if we have to pick up a jacket right now and move it, nine out of 10 times I'm going to pick it up, I'm going to put it on a boat and I'm going to get \$225 a ton for it on the beach rather than pay a donation to the state. That's simple math. So the incentive is not – if I have to pick it up and move it, I'm going to put it somewhere. So – and apparently, the state of Louisiana has taken the money that we're donating anyway. So I think that kind of speaks for itself. That's simple math and common sense.

MS. : Another comment on that particular – is there another comment on this particular one?

MS. : I just wanted to add –

MS. : Stand up so everyone can hear you.

MS. : I just wanted to – I just wanted to kind of add to this – talk to this idea. The state – the great thing about the artificial reef program currently is the oil and gas industry transfers liability to the state. So what is the state's incentive, then? If you're not donating, what is their incentive to continue to take that liability?

MS. : OK.

MR. : (Off mic.) (Laughter.)

MS. : What is that?

MR. : She knows me, I guess. It is the creation of habitat. And this whole program has been built under the basis that we're creating habitat. Fishermen want it. The ecosystem needs it. It's all about habitat. If it's about dollars, then we all need to go home. If it's about building habitat, then we have an answer.

MR. : And we had a question – I think for clarity – in the back of the room here.

MS. : Yeah, it's a – it's a question of clarify, actually, for Mr. Porter (sp). So for a point of clarification – I'm Nora Sheller. I'm a public affairs representative for Exxon Mobile. So I'm representing industry. And I just have a question. And I'm going to admit, I'm still learning about the entire Rigs-to-Reef program, and I'm actually here to get information. But you made a comment that at least I have to at least ask. You said that the industry was blocking you with regard to the alternative use program, and I was just wondering, could you please explain that?

MR. : (Off mic.)

MR. : I can't hear you. You need to go to the microphone.

MR. : We're looking at – we're looking at coral reefs like this. And we've asked permission from all of the major oil companies in the Gulf through this MMS grant that we've got if we can go to their platform and look for this invasive coral that we've found. And it's been spreading since 2006. We contacted Shell, we contacted Exxon Mobil, because I'd like to look at their platform called Lena, 288. And they said no. But three years in a row, they've told us no, and they asked us – didn't you ask us last year? And don't ask again next year. So that's the cooperation that we've gotten from Exxon. That's cooperation we've gotten from Shell.

Do you know what Apache told us? Sure. Any time you want to study under our platform, no problem. Just let us know and we'll make arrangements for it. So it's not all of the oil companies. And we want to the decommissioning conference in Houston in 2010, the beginning of 2010, and most of the majors, in theory, were willing to leave these platforms if we could do something about the liability. Anything that we can do about the liability and straighten that issue out, then they're willing to leave the platforms and they're willing to go the extra mile.



I realize, sir, that it's about dollars. But when you get the call from overhead that it's not about dollars this time, because we'll write it off, then they start – they're willing to do it. So realize it's about dollars, but they're at least still willing to look at, you know, what we're asking, to leave some of these platforms as hope spots, the ones that are, you know – they need to be removed, they're not structurally – their structural integrity is not sound anymore.

They'll have to be removed – some of those removed completely, some of those can be shipped to a different area, because when you remove a platform, the first 60, 80 feet, that's your most productive. There is three times more fish around a coral reef – I'm sorry, on a platform than there are on an acre and a half of Flower Garden Banks. So that was the issue.

We've been working – oh, sure, please. Please, because, you know, we realize that they're worried about – they're worried about liability. That's their biggest issue.

MS. : We've got some dialogue here – (off mic) – OK.

MR. : Well, from the – from the BSEE BOEM side, I think too, we can't – it is about money, it is about ecosystem, but it's also about sharing the area. So we can't also forget that we have other uses of the OCS, which is why we kind of like – and I'm either going to be throwing Doug (sp) under the bus again, or kudos – it's why the state program should be the focal point, because they can coordinate with all the user groups.

And from what we hear at the Louisiana program, it's going to be much more incentivized to have an all-knowing, all-knowledgeable panel up there that can speak from all different sides of the angle. Let the states' programs kind of take over this role, and see where can we put it where the most people are going to be happy and we can do the best for the ecosystem. And we're willing to work with the states whenever possible on that.

And Kirwin (sp) too, because Kirwin (sp), I've seen him walk in, Mississippi is actually here as well. So Mississippi has representation from their artificial reef group. Sorry, Kerwin (sp).

MR. : (Off mic.)

MR. : Yeah – OK – yeah –

MS. : (Off mic) – could we have another –

MR. : See –

MS. : – leg of the dialogue?

MR. : And I'd like to continue that, and I'd like to say the – so Louisiana's program in '86 was very good in bringing all the user groups in; let's continue that. And in fact, let's get a federal guideline that'll spread from Florida to Texas that you will bring all the user groups in,

you will bring this – bring these structures to nonconflicting areas and put them in nonconflicting areas. And we build a habitat and we make it profitable for everybody.

Is there any objection to that?

MR. : I object to the Florida one. (Laughter.)

MR. : Why? Please use the mic, yeah.

MR. : (Off mic) – right now we have a snapper issue, where they harvest more snapper than we can here, I personally – I don't – I mean, I'm not a fisherman, I'm just a biologist. But I hear the fisherman's complaints when I'm out there. And then I'll look at the totals that Florida's able to catch, and I look, and I say, where is the red snapper habitat in Florida? They don't have any; they're coming over here to our platforms.

Now, we've removed a thousand platforms in the last four years and if you look at our ROV footage from the top of the surface all the way down to the bottom, you'll see snapper and amberjack stacking up so thick on these rigs, I'm worried about population issues now. I'm worried about competition, because you've removed so many platforms that now they're stacking up on the ones that you've got left.

And so – but now I haven't – you bring Florida into it, well, Florida – they got together with the Gulf of Mexico Fisheries Council (sic: Gulf of Mexico Fishery Management Council), and they are the ones who get to decide what Texas, Louisiana and Mississippi get to catch. They decide our quotas when they're coming to our waters, catching our fish to take home back to Florida, and – (inaudible) – in Florida.

MR. : So I'm confused. I'm talking about setting up reef sites all through Florida, all through Alabama, all through Mississippi, Louisiana and Texas. And you said you had a problem with me putting reefs in Florida?

MR. : No, no sir, no sir, not putting reefs there –

MR. : OK, well then, that was my question.

MR. : – spending our money here on the Florida reefs.

MR. : We're not spending any money.

MR. : Oh, OK, that's why I –

MR. : All we're doing is setting up a plan that if there's a structure coming out and it would fit well in Florida, we're bringing it to Florida.

MR. : That's a – that's a – (inaudible) –

MR. : If it's – if it fits well in Mississippi, bring it to Mississippi.

MR. : I got you – (inaudible) –

MR. : You know, but it's got to be – it's got to – it's got to be economical for everybody involved. We can't hurt any user groups. So does anybody have a problem with that? OK, we just solved the problem, thank you. (Scattered laughter.)

MR. : (Off mic.)

MS. : Question of clarity.

MR. : (Off mic.)

MS. : OK, we have a question of clarity on this – (inaudible) –

MR. : Yeah, Bo (sp), it's not all about money, but it can be about risk. And one of the things that keeps getting bandied around here I'd like to clarify is about risk. We are the only gas operators; we have the risk of those structures when they're producing all the gas and we're accountable for that. So handling that liability, you know, we have to, at some point, buy a contract with the government.

So the transfer of liability as part of the reef program is crucial in setting up back in the days. I was part of that conversation. It was part of getting Texas set up; it was part of getting California set up. So I think the transfer of liability kind of underpins that, because, you know, somebody's got to handle that. So keep that in mind.

I think the other piece surrounding removing the top portion of the structure – yes, it's the most productive, but it's also the thing that gets run into by ships and things like that. So it's a tradeoff, balancing the risk of impact, collision and the like and keeping some habitat. So just kind of keep risk in mind when you look at these other tradeoffs, because it's all about tradeoffs.

Thanks.

MR. : And at that –

MS. : And then we'll move onto –

(Off mic cross talk)

MR. : Share the mic.

MS. : Get up – stand up – (off mic) –

MR. : Brian Rolly (sp) with Exxon-Mobil. I've heard a lot of talk about funding research and this, this and this. Can BSEE make a repository on their website or land server,

whatever you want to call it, where – we're performing studies right now, biological studies on some of our own platforms, we hire marine biologists in our URC downtown research department. We would be glad to present that to the world when we're done, but we need a place to put it.

MR. : Yeah, we have – on your tables, there's a flyer that's got a couple of URL addresses. We created a – on our exploration and development and production tab on bsee.gov, there's an area where we're trying to look at all the different aspects of exploration, development, production and decommissioning. So we have a decommissioning page; on that page, there's a lot of information about Rigs-to-Reefs. And the frequently-asked questions that the group put together for our first meeting is also there.

We also linked to some other agencies that – and some federal studies on that. And I would have no problem at all linking to your stuff as well.

MR. : Well, that's like a – (off mic) – that nobody else did. They went to three of our sites and we let them look at whatever they wanted to look at.

MR. : (Inaudible.)

MR. : And we went through the proper approvals because it is a liability concern. You know, we have to protect the people that are doing work around our sites.

MR. SMITH (?): Yeah, get one of my cards before you leave so we can connect and get the –

MR. : Are you speaking like the environmental work you guys are doing on your platform, is that the stuff you're preparing in advance of maybe a pipeline permit application of the – (inaudible)?

MR. : Well, we're looking more towards future – (inaudible) – some of our deep water –

MR. : And then that's – as an agency, BOEM and BSEE, that's where we get a lot of our information from, is the studies, surveys and work that's done independently by the oil and gas operators. They're the ones who can afford to have the ROVs on the seabed and conduct all of the surveys, do the biological assessments. We do take a lot of that information that we're reviewing, whether it's upfront at the biological state, environmental – too many acronyms – EP stage, exploration plan stage, or at the end for the decommissioning. We roll that into our system, but it may not be transparent. Most people don't see it. You can see it in the studies we have, which is again, and MMS, BOEMRE or BSEE – BOEM – yeah –

MR. : (Off mic.)

MR. : – whoever we are now – and we want to make sure that that's usable. The idea is also that you do have some requirements under our regulations to try to conduct the biological

assessment when you're doing a removal operation. And we do applaud and hope that more operators do that, come to us with the information so that we can take that into consideration when we're doing the environmental assessment in giving you the final approval so that's all good. We can get it.

MR. SMITH (?): OK, here in front, blue card.

MR. : Tom Hughes (sp), I'm decommissioning groups.

One question about your website – I mean, I'm just on there right now, and you show only 23 platforms removed in 2012. That – (inaudible) –

MR. SMITH (?): No, that must be updated. It's quite a bit more than that.

MR. : That was – when that – when that website went live, that's how many – let me get it straight – removal reports were received and approved in the TIM system, Technical Information Management System, that we have. It's being updated now. At – 2012, there were 260 – 65 structures removed.

MR. : Thank you.

MR. : Thank you. Yes. We don't have a – we don't have a live feed to it. I imagine before this is over with, we – public affairs –

MR. SMITH (?): Well, you know, that's one of the things we're working on as part of the reorganization is modernizing our IT infrastructure. TIMS was a system that we set up to manage a lot of the OCS data that BSEE deals with, and BOEM now. But it does not play well with content management systems for a website. So everything – all the data that you see on our website has to be manually done. And so it's – sometimes we're lagging a little bit, but we do have a contract out to figure out how to fix that so that we can actually start automating some of these things. So information is put into the data system and automatically be posted on the site.

MS. : We've been on this subject for a while. I see one, two, three questions of clarity and another recommendation. Let's – I said questions of clarity would have priority and I'm going to adhere to that. Is there a question on clarity that you have? OK, wait, I want to get the questions of clarity first.

Go ahead.

MR. : (Off mic) – you said 265 platforms were removed last year. I think most – you said 265 platforms were removed last year. I think a lot of the people in this room may not quite be aware of what we're talking about when we say a platform was removed. How many of that was what you would consider a complex structure that these divers and fishermen are interested in, and how many of them were small, single-well caissons, little tiny four-piles and 30 feet of water, that sort of thing?

MR. : Correct, yeah and I don't know – I'd have to get my 12-year-old to show me how I can do this on my iPod, but if I could query it, I am going to guess – again, because I ran the numbers not too long ago, probably half of those were caissons or minimal, well-protected structures, maybe a caisson with a brace – maybe what we call a tripod or something.

The other third would probably be minor four-piles with very few six-pile and above. That's just the normal breakdown for the Gulf of Mexico facilities. It's kind of a third, a third, a third, because very few last year came out with major facilities, of that 265 total. But it's something we can put out on the website as well, caisson versus well-protected versus multi-laid platform. It's additional information our system tracks.

MS. : We have another recommendation here. I saw a blue card, OK, sir.

MR. : In order to make reefing of a more favorable option, perhaps we could give mitigation credits to companies that donate platform – (inaudible) –

MR. : Do you mean if – so if they – if they donate a rig site, we'll let them put an anchor – (inaudible)?

MR. : No. (Scattered laughter.)

MR. : Oh.

MR. : Should mitigation be required at some point?

MR. : Oh, well, again in other programs, when you deal with like the core of engineers or other groups, this mitigation banking aspect takes place when you damage a natural resource – you're encouraged or required, I think, in some cases – to replace it some ways. Again, we're still working under the concept that these are temporary facilities that are manmade. And there is a mitigation banking program for it. It could be something that's discussed, maybe put out there as an option.

MS. : There's a question of clarity that wasn't really brought to the floor, but the question was, you know, what is – can we talk a little bit about mitigation credits and mitigation banking, because everybody may not understand that particular term and what that means?

MR. : Sorry about that. I mean, mitigation banking is a program that we have within our regulatory program, predominantly when we're talking about impacts to jurisdictional wetlands. We have private industry come in, they will go into areas that were previously wetland areas, so maybe had been a farm for 100 years, or what have you. They will re-establish the ecosystem in those areas, whether it been pine, savanna – (inaudible) – hardwood, cypress, swamp, whatever it might be, OK?

When they go in and go that work, they are provided a certain number of credits per acre that are restored. Those credits can then be sold to folks who are impacting that same type of jurisdictional wetland as their compensatory mitigation efforts will replace the wetlands that they

impact. And the program is deeper than that, but on a nutshell, it's simply creating wetland credits to offset impacted wetlands.

MS. : There are any follow-up questions about that, because I want to make sure everybody is at the same level of information in terms of clarity? OK.

MR. SMITH (?): So the recommendation then is that there be a process for why this – such that this banking could occur for reefing?

MR. : Right, but you know, we're talking about existing platforms –

MR. SMITH (?): Grab the mic, please.

MR. : Oh – we're talking about existing platforms, and certainly, those are private and you're correct, we shouldn't perhaps not get – generate a credit until it becomes public. But that would be the incentive for an oil and gas company to put a rig-to-reef, because they could then, when they make it public, there is definitely a benefit, a public benefit, that will go one for perpetuity, and they should get a credit for that. And because it's no longer theirs, it's the public's.

MS. : OK, thank you. Question of clarity about this – yes, sir.

MR. : It's a – I guess – when you – when the – is there a way that we could have the oil companies be able to put a platform that's scheduled for removal, that they are currently paying the fine on, can they donate that to the – to the Rigs-to-Reef program and then have their fines cease at that point? Or if they've got a platform that's coming up that's scheduled for removal, and they can't get out there in a timely fashion to remove it, if they donate that to the program, does their fine stop? That's one way – I know they're paying fines – they've got, what, I know we've removed 1,000 the last four years, five years. I know we've got another thousand slated for removal. And many of those, they're paying fines on because they're past due for pulling them out. So I was curious, is there any way that – yeah, I mean, is there a mechanism for them to do that?

MR. : I'm not sure I – (off mic) –

MR. : Yeah, you mean like a civil penalty for being past their termination date and the regulatory requirements? I'm not sure if we have any right now to – we're – again, we're coming at it from two different fronts, we're trying –

(END)