

Bureau of Safety and Environmental Enforcement

“Decommissioning of Offshore Platforms”

Speakers:

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Director,
Bureau of Environmental Enforcement**

**Arie Kaller,
Office of the Environment
Bureau of Ocean Energy Management**

**TJ Broussard,
Bureau of Safety and Environmental Enforcement**

**Kim McGlaughlin,
U.S. Army Corps of Engineers**

**Rusty Wright,
U.S. Coast Guard**

**Tom Bigford,
National Oceanic and Atmospheric Administration**

**Ann Campbell,
Ocean and Coastal Protection Unit,
Environmental Protection Agency**

**Dave Shively,
Program Leader,
Texas Artificial Reef Coordinator,
Texas Parks and Wildlife Department**

Welcome:

**David Smith,
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Bureau of Safety and Environmental Enforcement**

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>>DAVID SMITH: I'm David Smith. I'm with the Bureau of Safety and Environmental Enforcement. I want to welcome everybody today. I really appreciate you guys all coming out to help us with this very important issue. I think it's on the minds of a lot of people – a lot of different concerns, a lot of different sides of the concerns, and we've been hearing from a lot of you lately back in D.C. And you know, one of the frustrations that we hear a lot is that there're a number of agencies who are involved in the issue of decommissioning and Rigs-to-Reefs, creating artificial reefs out of oil and gas platforms and that sort of thing. And we don't want you guys, you know, to always hear that another agency deals with that.

So we want to bring everybody together and have a conversation today. And the purpose of today is sort of reset the discussion and lay out the facts and talk about the process, the requirements and that sort of thing, so that we all get on the same page and then begin a dialogue to move forward on ways to address your concerns, to make the process a little bit easier, and perhaps find other areas that we can improve. So we appreciate you coming very much.

A couple of administrative-type announcements first. I'd ask that if you have cell phones on, go ahead and silence those so we don't have them ringing during the presentation. Also, please note that we are recording the event today, so we have a couple of video cameras. Different organizations, I think we have a couple of media reporters here – [inaudible, background noise]. We're going to be recording from the BSEE's standpoint and hopefully posting the video online following the presentation today, so that folks who weren't able to attend will be able to see it. And I'll make sure that you have the website information at the end as well.

But what we're going to do this afternoon is we're going to have a presentation first from the six federal agencies that are involved in Rigs-to-Reefs policy and process, and then we're also going to hear from the state of Texas about their offshore reefing plan. And at that point we're going to open it up for questions. And we're then going to follow up this meeting with a workshop later, possibly in January, if we can get everything set up, where we actually all sit down together having all this information and talk about your concerns and talk about things that we can do to make the process better.

So I want to introduce our working group. First, our interagency working group that we put together dealing with the Rigs-to-Reefs issue. We have Arie Kaller from the Bureau of Ocean Energy Management on the far end; next to her is TJ Broussard, from my agency, the Bureau of Safety and Environmental Enforcement; Kim McGlaughlin, from the U.S. Army Corps of Engineers; Rusty Wright with U.S. Coast Guard; Tom Bigford, from National Oceanic and Atmospheric Administration; and Ann Campbell from the Environmental Protection Agency; and then Mr. Dale Shively, from the state of Texas, is with us as well.

As I mentioned, when we do the Q-and-A after the panel discussion, we do have some microphones here in the aisles. We'll ask that when you're ready to ask a question that you step up to the microphone. We'll just do first come, first served. Don't knock each other over.

We've got a small crowd, so you'll get your turn. But that way everybody can hear it and that way we also capture both the question and the response for our recording when all this is over.

First, I want to introduce the director of the Bureau of Safety and Environmental Enforcement, Retired Admiral James Watson. He was with the Coast Guard for about 30 years and had a very distinguished career with them, was the federal on-scene coordinator during the Deepwater Horizon disaster in the Gulf of Mexico and has been with the Bureau of Safety and Environmental Enforcement for just about a year now. And we're very pleased to have him, and he's been sort of leading this effort for our bureau on the Rigs-to-Reefs issue. And so wanted to give you guys a few remarks to start with, and then we'll turn it over to the panel after that.

>>BSEE DIRECTOR JAMES WATSON: I want to thank Dean Bullard for his hospitality here at the university, and what a great facility this is. And also what great colleagues he has here that we met, and hope to have a longstanding relationship with the University in the future.

I want to – I want to thank our six federal agency reps. This was great, getting six federal agencies together with the stakeholder community on a particular subject in an area that I think it has particular interest. So I'm really excited about this.

And then, Dale, thank you very much. Dale and I have had a relationship relative to this issue going back months now. And just a few days ago we were down in Corpus Christi at an advisory committee, at one of the Fish and Wildlife Service advisory committees, talking about this subject and I think it was a very provocative engagement we had there. So I'm very encouraged that we can continue, and to expand on that as we make our way through today's agenda.

You know, many organizations have approached us with their input on the subject. And I think it's an interesting subject as well as an important subject because of the diversity of interests that are at stake in the Outer Continental Shelf. We are just – the Bureau of Safety and Environmental Agency is just one of the entities and yet we're, I think, a critical one because of the expectations the American public has on us for the regulatory oversight of the oil and gas industry in the offshore.

Today, I think we will want to see as many new ideas about this subject as you can bring to bear. I'm very much looking forward to what each of the federal representatives has to bring forward with, and I'll commit to you that BSEE will continue to work this issue even beyond today's event. We will hopefully have future events, and we'll continue to be as responsive as we possibly can to all of the interests and comments that we receive.

Thank you very much. [Applause.]

>>ARIE KALLER: My name is Arie Kaller, and I'm with the Bureau of Ocean Energy Management in the Gulf of Mexico region, and I work out of the Office of the Environment. And I'm going to go over briefly what BOEM's role is in decommissioning and Rigs-to-Reefs.

Until the reorganization, we all had different aspects that we dealt with, with decommissioning and Rigs-to-Reefs. However, since the reorganization most of those responsibilities have fallen to BSEE. BOEM basically prepares the environmental assessments for these decommissioning activities, as well as funds studies looking at platforms as possible habitats.

So the first slide, we're going to be talking about our environmental assessment. Basically after the Office of Structure and Technical Support sends the permit application to both BSEE and BOEM; we review it and create a site-specific environmental assessment or SEA. At this time, the subject matter experts or SMEs – and these would include protected species biologists, marine archaeologists, as well as the ecologists – would review the application and the EA and figure out ways to decrease potentially negative impacts to marine protected species such as whales and sea turtles, archeological resources like shipwrecks, and then benthic habitats, which could include reefs and banks.

At that point, mitigations could be added to the SEA, and this would include things like employment of marine mammal observers, avoidance of targets on side-scan sonars as well as implementation of no-activity zones with buffers around biological features found on the sea floor. This process can generally take a couple of weeks, but that is dependent on the area, the activity, as well as status of the permit; that is, how much information is given and whether or not any additional information is needed for the analysis. If there are plans to reef the platform, then additional information would be given to us by the state, and this would include the location and description of the reef site and we'd analyze that as well. If it is planned to be reefed in place, then the additional information would be about that activity. At this point we would complete the SEA and send it over to BSEE, so they can continue their process.

So moving on to the studies. This is just a fraction of studies that have been funded regarding platforms as habitat. And actually, a lot of this interest started back in the 1980s, when the Gulf of Mexico region initiated efforts to develop a database that would increase the knowledge of how much oil and gas platforms were used as recreation. That then led to a cooperative initiative that recognized the possible reefing benefits of oil and gas platforms, prepared the Rigs-to-Reefs plans, identified research needs, as well as examined how reefing could be done in a timely fashion as well as if there was any legal restrictions that would prevent obsolete platforms to become artificial reefs.

So going back to the slide, there are about 12 studies from the 1990s to the early 2000s that began to examine fish communities and their uses of platforms. There are currently six ongoing studies we have founded – funded that are looking at similar things but asking more in-depth questions such as what's the site fidelity, how – [inaudible] – staging using it, as well as what is their recruitment?

There's also some studies looking at coral distributions that are found on these platforms. There's a literature synthesis study out there, and it's about to be completed, that collected biological information for decommissioning. And we just recently granted an award for a study to look at fish communities at nearshore platforms. These studies help the subject matter experts gather information so they can continue analyzing activities and create the best practices to

ensure the least amount of adverse impacts to the different resources with decommissioning in other activities. These studies also will help in management decisions by giving to the decision-maker the best available information for that decision.

These studies and many more can be found – and this is the left side at the bottom – at our Environmental Studies Program Information System. That is ESPIS; E-S-P-I-S. It's a query site where you can put in keyword, a region, a year and other parameters and collect – and download the different studies and the last results that come from the completed studies. And it's easily found if you just search BOEM and ESPIS on the internet. And that is basically BOEM's role in decommissioning and Rigs-to-Reefs. Thank you.

>>TJ BROUSSARD: Good afternoon. My name is TJ Broussard. As Dave mentioned, I'm within the Bureau of Safety and Environmental Enforcement, the Gulf of Mexico region. I'm the regional environmental officer for the Gulf of Mexico. I'm also the chief of the Environmental Enforcement branch in the Gulf. And my – one of my staff is the Rigs-to-Reefs coordinator for BSEE. This person is a counterpart that works with the BOEM counterparts, with EPA, works with the state agencies, like Dale, and Doug Peters with the state of Louisiana. And we kind of help oversee the back end of the decommissioning process which, again, as the director mentioned.

We are deeply involved in every aspect of this platform in the OCS, from the installation all the way to the decommissioning element. And on the decommissioning side, it's one of the points we try – some of the issues coming up lately is that decommissioning is something new. I mean, that regulations which are part of the OCS Lands Act regulations haven't really changed in about 20 years.

The decommissioning requirements are not only part of the regulatory requirements – Section 22 of the lease agreement for every operator basically says when you're done with your operations, you remove the structure and return the lease to pre-lease conditions, so that it doesn't impede other uses of the OCS. We want to make sure that the other OCS is taken care of so that we can have a clear bottom for other users, and if there is a potential, to have the Rigs-to-Reef program take into consideration some of those – [inaudible].

The lease term requirements are binding. And the only option out, really, is the Rigs-to-Reefs Program, which we've always encouraged. And as Arie mentioned, we were kind of instrumental – you know, former agencies like MMS – in developing Rigs-to-Reefs. Villere Reggio was, you know, working from the beginning. And we always encourage strong and robust Rigs-to-Reefs programs.

One of the things that has kind of crept in lately is the discussion of Idle Iron, which, again, is not a new issue. We kind of were put in a situation after Hurricanes Katrina and Rita, where we had so many toppled facilities – I believe, somewhere near 111, 115 of those two storms, and another 60 with Hurricanes Ike and Gustav. And a lot of the facilities that were toppled were basically inactive facilities that did not have any more use on the federal OCS. And one of the issues that comes up is that to remove a facility is a multi-million dollar

operation. To remove a facility once it's laying on the seabed is an even much, much more expensive operation.

So they had a – the AICR, Alternative Internal Control Review, that was conducted to try to look at how can we maybe prevent this in future storm systems? The AICR looked over the current regulations, looked at the way that we were handling the program and developed this Idle Iron approach that we as a federal agency could be more proactive in working with industry in removing the facilities that didn't need to be on the federal OCS any longer. They worked it to basically defining some of the components that are already – were already in our regulations. What is a useful facility? What is no longer useful?

The NTL that came out, which some folks call the Idle Iron NTL, was actually decommissioning NTL its very purposes for decommissioning, for how to conduct them. It discusses Rigs-to-Reefs aspect. It also kind of defines out what the Idle Iron program is. And that's managed in our gulf of Mexico region with our district support operations.

For Rigs-to-Reefs, we have been a part of the process since the early '80s and have supported it as a strong supporter of it. We do recognize that this is an incredible habitat for fisheries, and that's why Arie had mentioned a lot of the studies that were done were done either as the former MMS or under BOEMRE. And the current studies we have now are going to be worked together. BSEE and BOEM put together these studies packages. We have always tried to keep it up front and an options for operators, and so far I think based on a number of facilities that have been removed, we're looking at somewhere between 10 and 12 percent total Rigs-to-Reefs programs.

The one thing that did come up, I believe the 2009 amendment was something like Idle Iron after the heels of the Isaac and Gustav, Katrina and Rita issues, was the toppling of facilities; there were some concerns there. But MMS and then BOEMRE and now BSEE – pardon me – we have put in place into the regulations the allowance for the Rigs-to-Reefs program. It comes under the reefing criteria out of the regulations. The structure must go to the state. Under Dale's program, Doug Peters's program, in Mississippi, Alabama, they are the recognized programs now. The state takes the liability basically from the operator.

The responsible states have to work with the other federal partners here, the Corps of Engineers, with – [inaudible] – Section 10 of the Rivers and Harbors that I don't know nothing about, but – and also with the Coast Guard minimum requirements to have the reef placed on the federal OCS. We work with EPA minimum guidelines. It's another thing that we worked out of Hurricanes Katrina Rita is what makes a good artificial reef. We want to make sure that as we're encouraging people to fish in these locations, we also want to make sure that fish can't be contaminated or bioaccumulation through the – to the species.

There is a somewhat of a disjointed process that some people have thought – we think is actually pretty streamlined ourselves. But you're dealing with multiple agencies. The state has to deal with the Corps of Engineers. We have to work with BOEM, as Arie mentioned, to get the environmental assessment prepared for our group. And this can be done in a fairly short amount of time. Sometimes, depending the complexity or the amount of information that we receive

from the operators, it can take a little bit more extended time, but it's something that we have pushed to streamline and we will be working further in the future. One of the issues that may be in the next workshop is to talk about some options.

>>KIM MCGLAUGHLIN: I'm Kim McGlaughlin. I'm with the U.S. Army Corps of Engineers. I'm the permit evaluation section chief, actually, here in the Galveston District. So this is a pretty good audience and I see these permits come through often.

I just wanted to give you a brief sort of overview of our regulatory program. I'm sure a lot of you are probably aware of the program. But generally, for these types of projects we have limited jurisdiction on the Outer Continental Shelf. We have jurisdiction under Section 10 of the Rivers and Harbors Act, and we're generally concerned with navigation and national security. That's pretty much the limit of our jurisdiction. If the rig is to be placed in state waters, which I know is not the topic of this discussion, but then if there's any fill involved, Section 404 of the Clean Water Act would be invoked as well.

So just a brief rundown of the process. We would receive an application after it's been through these folks and gone on to the state. Generally, the state is the applicant. We'll receive an application from the state to put the rig into the— [Inaudible'] artificial reef. It's a 15 to 30-day public notice, depending on which one of the jurisdictions are triggered. If it's a Section 10 only, it would probably be a 15-day notification. It's our version of the NEPA process. We go out on public notice. We receive comments, we solicit comments that go in different – whatever. We have to consider – thoroughly consider early considering comments that we receive. And ultimately at the end of the process we make the permit decision, which would be to issue, deny, or issue with conditions.

One thing about the Corps of Engineers' role in this program is we are neither a proponent nor an opponent of any project. Obviously, if we can do something good to help rather than scrapping rigs, that's good for the environment in our eyes, but we don't promote it per se. I'm not sure if that makes sense, but we are simply a regulatory agency in the process. It generally takes 120 days to receive the Corps of Engineers permit. Sometimes it takes longer – again, depending on where it's located and what resource agencies who comment on the project have to say – but usually we try to get our permits out in 120 days or less.

And the one thing that – and I'm not sure this is the correct audience, but we're trying to track these rigs as well. At one point in the process, they had a permit from the Corps to go out and actually use the rig to drill. And so we really want to be able to track that permit back to when it is then decommissioned and put back out as a reef. That's kind of a challenge, because a lot of times, by the time it gets all through that process, through decommissioning, through the – gone over to the state, the original permit number is long gone but it's something that we really need to try to track down the original permit. It helps us in our review – so – and I will also say that we piggyback onto any environmental work that's already been done. We don't want to duplicate the efforts, but it's helpful if when we receive an application that we receive a copy of any work that was already done. And so that when we go through our process, again, we're not – we're not duplicating efforts.

>>RUSTY WRIGHT: Good afternoon. I'm Rusty Wright with the Coast Guard, the district down in New Orleans. I work in the waterways branch of the district. My actual job is energy projects program manager. I've been given this task to come and tell you about our regulations a little bit for Rigs-to-Reefs, because I've got some experience in Rigs-to-Reefs.

I'm not going to read the slides to you. You can read them when you get to download them. The most important bit of information I can give you is the location, location, location. It depends on where it is on the surface of the water. It depends on where it is on the bottom of the ocean. It depends on where it is in relationship to other operations, navigation channels.

The LOOP facility is another facility that we regulate. That sort of information is important for us to evaluate the permit that we get from the Corps to make sure that's safe. There has been a rule of thumb of 85 feet, is generally a good number that at one time was a policy – [inaudible] – but is no longer a policy. We look at each individual permit individually. We actually have rigs in 12 feet of water today that was six foot of clearance room. So the general policy that we had in the past is no longer in effect. We look at each one individually.

There's a lot of – the list I've got here is a lot of criteria of what we look at, of course. I encourage the operators of the states to contact us early and often, either by phone or email. And finally, there's some contact information for Commander Wendt, Mr. Vawters, and myself. And we'll be glad to answer any questions that you have.

>>TOM BIGFORD: Good afternoon. I'm going to talk about NOAA's role in Rigs-to-Reefs. The first slide focuses on the mandates, and you'll see a clear emphasis on the living marine resources. The fish for the first one, Magnuson-Stevens Act is basically the fisheries management law that governs what the National Marine Fisheries Service does. And it comes into play during platform installation or also comes into play with platforms that are going to be used in some ways such as rig.

The second law that's important is the Endangered Species Act. This focuses on those species that have been listed as either threatened or endangered. So there's very few out there, but they are very important because the species are so imperiled and their habitat usually is imperiled, too. Sea turtles and gulf sturgeon are two examples.

The final one listed there is the Marine Mammal Protection Act that relates to whales and dolphins. Again, they're not very common either, but they're – they have special protection, so they get special consideration during any federal actions, including the ones that we're talking about here.

There are other ones. These are the primary ones, primary mandates for NOAA. But one additional one that's probably worth noting is the one that has to do with national marine sanctuaries, because there is a platform in the Flower Garden Banks National Marine Sanctuary, and I understand it is in the process of potentially being decommissioned. So some of this – some of this discussion could relate to a national marine sanctuary.

NOAA has several roles because of those laws. The decommissioning does trigger the essential fish habitat aspect of the fish law, the endangered species consultation component of that law, and also special consideration because marine mammals.

So all three of those mandates on the previous slide can be triggered by decommissioning. It can be triggered and handled in a programmatic way or an individual way. So you know, individual handling, of course, is a lot more time consuming. So programmatic type applications are used whenever they can. And that's with the – all of these are with the federal agencies. So we work – [inaudible] – in response to a state application. Once the EPA or the Corps or some part of the Department Interior is contemplating action, that federal action triggers these consultations.

Another point that was raised earlier is the National Artificial Reef Plan. This is a role that NOAA has working with the states, working with the interstate fisheries commissions. So Artificial – the National Artificial Reef Plan was reviewed last in 2007 and gets reviewed regularly, but obviously that helps here in setting the stage, clarifying the language, expectations, all of the details associated with artificial reefs of any kind, including those related to decommissioned oil and gas platforms.

My last slide goes into a little bit more detail on essential fish habitat. And because that's been mentioned several times as a key part of these discussions, I want to clarify what it is and what it isn't. If you look at the definition, the definition is clearly based on ecology. It's based on life history. So it's – essential habitat is basically a layer of information on the decision making made by any of the agencies here. Which fish are there? Commercially and recreationally important fish is what we're focused on here. Which ones, which life stages, which time of year, at which depth, over which habitats, that sort of thing, and how are they affected by whatever activities are proposed?

So NOAA has the responsibility of providing conservation recommendations to action agencies to try to minimize the effects there. It doesn't – if something that's designated as EFH, it doesn't convey any sort of regulatory protections at all. It's just information to be considered by the regulatory decision makers. So that's really important. So designating as EFH does not mean that – designating a platform as EFH does not mean it cannot be removed. It doesn't mean that it is protected forever, either. It just – it gets factored in.

So if anyone has any questions about the essential fish habitat, we can address that later. It's very complicated and it's the subject of specific regulations under the Magnuson-Stevens Act. And so I think I'll stop with just a general introduction and just answer questions later if there are any. Thank you.

>>ANN CAMPBELL: Good afternoon. My name is Ann Campbell. I'm with EPA Washington, D.C., with the Ocean and Coastal Protection program. U.S. EPA's involvement in Rigs-to-Reefs will vary depending on the type of project, the material of the reefs, the location of it and then the preparation and cleanup prior to reefing.

Our main focus is on pollution prevention. As indicated previously, many of the states have created their own artificial reefing programs and EPA will work with the states to help provide expertise on the guidelines and guidance on developing artificial reef sites, and in particular with the preparation of the materials prior to reefing.

Our experience has mainly been where transportation vehicles have been involved, military vessels and the like. And the guidance document that appears on the slide behind me is the Best Management Practices for Preparing Vessels Intended to Create Artificial Reefs. This can provide some assistance in preparing rigs for reefs. Most of the narrative there talks mostly of course about vessels, but it can help maximize the opportunities available for preparing rigs to be reefed and to enhance the marine environment.

EPA also has a role, along with Kim and her staff, at the Galveston District, and across the U.S. Army Corps of Engineers, in the Section 404 regulatory program in providing comment and advice to the Corps as they're going through their permitting program. As Kim had indicated, that – that's a limited role tier, but it's important – [inaudible] – just to note that EPA plays a very significant role in that program as well.

>>DALE SHIVELY: Good afternoon, everyone. I'm Dale Shively, the program leader for the Texas Artificial Reef Program. And I was asked to give a kind of an overview, what we do in Texas. And I'm going to first start off with a little bit about the program in general and then roll into Rigs-to-Reefs.

The program, as we know it today, originally –originated in 1989 through some legislature through the 71st legislature in Texas. And that set the guidelines for what we were to do in the Artificial Reef Program. There was a concern at that time that we were losing a lot of habitat and that we needed to do some things in order to try to save and enhance as much the marine habitat as possible.

So in our program, we have a number of objectives.

The first one is to manage and conserve natural resources to have a healthy and sustainable ecosystem. The second one is to develop private and public partnerships to maintain and enhance and restore ecosystems. And then, the last one is to restore aquatic habitat where feasible.

To do this, we have several programs. The first one is our Rigs-to-Reefs Programs, which takes obsolete oil platforms and converts them into marine habitat. The second component is ships-to-reefs, where we take obsolete vessels and use those as marine habitat. And then we have a public reefing program where we take materials of opportunity, which are materials that come in our way, they could be concrete covered bridge material, concrete rubble, even fabricated type reefs, we've used recently here like reef balls and pyramid structures.

We mainly reef near shore for fishing purposes using this type of smaller tax material.

Our program has 67 reef sites today. We have several in the works for getting permitted. We just sent one off actually today for a new reef site in the general permit area. If you look at our reef sites, they range from just a few miles offshore in state waters. And in Texas, our state waters run out to nine nautical miles. That's called the three league mile or three league line. And also, that box that's up in the right hand corner is our general permit area, and that's where the concentration of – the heavy concentration of oil platforms is located. And the Flower Gardens is just to the south – is to the tail end of that box called the general permit area.

So you can see the majority of our platforms are farther offshore. And that high island area, that ranges about 70, 80, 90 miles offshore. And if we look at our program in general, that blue line is our state line. And so you can see that in Texas, the majority of our reef sites are farther out – outside of state waters and federal waters, where we are required to have a Army Corps of Engineers permit, in some cases a Coast Guard permit. And we work with these agencies here to get our permits established. Looking at some of our near shore reef sites, the areas that went blue have been permitted and the ones that are in gray are set aside for future planning purposes.

So we have some reef sites in state waters. Those are really designed for fishing because the turbidity is such that is not very good for diving, except down in the Port Isabel area, where the continental shelf comes in closer to shore. The – these are 168 acre reef sites. All the other reef sites that we have are 4 acre reef sites. So when we talk about reef sites in Texas or reefs, we're talking about the entire reef complex, and that's a 40 acre site.

Just quickly on some of our public reefing materials. These are quarry rocks that weigh several tons. The pyramid structures in the bottom have about a 10-foot base and a 8-foot profile, and then in Port Mansfield, we just completed reefing about 6,000 culverts. Our latest Ships-to-Reefs Program was the USTS Texas Clipper that was reefed in November of 2007 off South Padre. It's about 17 miles off the coast. And we work with a number of agencies or organizations to do biological monitoring. We have contracts with A&M University of Galveston, Corpus Christi, and the University of Texas in Brownsville.

But the real heart of our program is considered the Rigs-to-Reefs Program. This is a shot of the High Island 389. It's in the Flower Gardens sanctuary. This is how we get platforms into our program. We either tow them. They can be toppled in place, or we go through a process called partial removal.

In the tow or topple, we have the platform pulled over, actually lifted up. It'll be towed to an existing reef site. In the early days of the program, we actually toppled them in place. And we tried to maintain an 85 feet clearance over those. In today's scenario, we much better prefer to have these things partially removed. And if we partially remove a structure, we basically take the top, cut it off at 85 feet or lower to the bottom as marine habitat. And the base remains standing. This eliminates the use of explosives, in most cases unless they have to pull the conductors up, and we preserve as much marine life as possible without disturbing what's already there.

These platforms, in most cases, have been there for 30 years or more. So from the day that they go in, they become an artificial reef. And the amount of marine life that grows on these structures and there's – there's some attraction. There's production on these platforms. The marine life is tremendous in most cases.

To date we have about 130 platforms that are reefed, but if we add in the components, such as the net guards and we have a couple of decks, some other pieces of platforms, we have legs that came off of motives or mobile offshore drilling actually came out of Louisiana waters. So if we add all this together, then we're somewhere around 140. The concentration of our platforms is mainly in the High Island area. And this says OCS block, that's the Outer Continental Shelf block. This represents a division of the Gulf that the federal agencies use to kind of manage what happens in certain areas of the Gulf.

So off of Texas, we have these different areas, and you can see as we move farther down the coast, down towards South Padre area, we only have four reef sites there presents. There's only 10 platforms that have been reefed and that's – basically tells you there's not a lot of platforms there.

In our program, we have – like I said, we got away from toppling platforms and if we can leave it in place, we prefer to do a partial removal. The majority of our platforms are still towed to existing reef sites. When we create a 40-acre reef site, we're envisioning that we're going to have several platforms in that same site, not just one. So we're trying to make a complex system where we can develop more of a reef community.

Looking off of Texas – and these numbers move around a little bit, depending on what our source of information is, but there is about a little less than 3,000 platforms that are standing in the Gulf of Mexico to date, from what I understand. And about 330 of these are off Texas in federal waters. This is kind of a scenario of what's happened in the Corpus Christi area. Each one of those yellow dots is a standing platform. And when the Rigs-to-Reefs Addendum came out in 2010 or 2009, the state of Texas and a number of states fell under this obligation of following these guidelines where we can no longer create a reef site in place through partial removal unless we have a pre-approved plan zone. So with the help of our constituents down in the Corpus Christi area, we came up with a couple of ideas that we submitted to the Bureau of Safety and Environmental Enforcement recently.

Those two blocks that are in red have been just approved. The southern block is – well, that's about 414,000 acres. The northern block is over a million acres. But that's the acreage of the entire block. It doesn't mean we're going to use every square inch of that area. There're shipping lanes in there we have to avoid. The northern block has a couple of shrimping zones that we're cutting out for that industry to compensate for trying to use more area. And we've just now submitted our first permit request for the North Padre 42 site, which is in the southern zone. So we hope to get that permitted fairly soon. So we have – we have use for these areas to try to reef as many platforms in places we possibly can.

Some of the statistics we have for Texas. And this number's already changed. The platforms in the Gulf of Mexico now is less than 3,000. What's been removed off of Texas,

going all the way back to 1976, from what we can tell is a little over 600. What remains in Texas federal waters is a little over 300. And we have a little less than 200 that are still standing in Texas state waters.

One of the big issues that we have in reefing platforms is that we have to maintain a certain clearance over the top for navigational purposes. So as we come in to shore, the water is naturally more shallower. And we run into problems of trying to have a 50-foot clearance over a structure that's in 70 feet of water. I mean, there's not a whole lot left of it at that point. And when we accept a platform into the program, we have to look at what the costs to the companies are, the platform owners, because if there's not a cost savings, there may not be a donation in place because it has to work out for both parties involved. Thanks to Apache Corporation – and Drew Hunger's here in the audience – we've been able to accept quite a few platforms and a couple of them at cost and maybe even at a loss to the company itself, but the value of the habitat was such that we were able to work through some of these negotiations.

Issues in Texas. I talked about the BOERME – the Rigs-to-Reefs Addendum in 2009. We've not overcome that entire issue, but we're on our way to working through a number of the issues with the recent approval of some of our proposed planning zones. And this Idle Iron issue that's coming up, it's put a lot of the removals on a kind of a fast track, and we're seeing more decommissionings in a faster period of time.

So one of our issues is that we're not subject to getting all the information we need in a timely fashion. Sometimes these things come out. We get notified that they're moving. We may have talked to companies that, at one point, decided not to reef, and then later would change their mind, but now, we're tied up into Idle Iron exploration things and some other issues. So why do we want these structures to stay in Texas? This is just one report out of many that are out there, but the fish biomass at offshore platforms is in general about 10 times greater than what you see in coral reefs and other artificial reefs.

We understand the majority of platforms are going to be removed by 2020. And the cost to replace an equivalent number of artificial reefs based on the number that are going to be removed could be upwards of \$17 billion. Artificial reefs are not just breeding grounds, but – or they are breeding grounds, but they're not just fish attractors. And that's a debate that's been out there for a number of years.

Benefits to Texas. We maintain the habitat. We enhance the fishing opportunities and diving opportunities and recreational fishing is worth a few dollars. It brings in about \$4.6 billion dollars to Texas, and of that \$1.3 billion is coming out of the salt water.

As far as recreational diving, we have some studies that show that \$1 to \$2 million per year has come back into the local communities just from the Texas Clipper ship reef itself.
[Audio break.]

[END]

