

PORT REVIEW

a publication of the Greater Lafourche Port Commission



**HURRICANE IMPACT
ON THE OIL INDUSTRY**

• **PAGE 6**

HURRICANE EDITION

**HOW DID THE RECENT STORMS
AFFECT PORT FOURCHON**



**PORT FEATURED IN
FX DOCUDRAMA**

• **PAGE 6**



The Greater Lafourche Port Commission



THE GULF'S ENERGY CONNECTION

The Greater Lafourche Port Commission, a political subdivision of the state of Louisiana, facilitates the economic growth of the communities in which it operates by maximizing the flow of trade and commerce. We do this to grow our economy and preserve our environment and heritage.

The Greater Lafourche Port Commission was established by the state of Louisiana in 1960 and exercises jurisdiction over the Tenth Ward of Lafourche Parish, south of the Intracoastal Waterway, including Port Fourchon and the South Lafourche Leonard Miller, Jr. Airport.

The Commission has targeted Port Fourchon for growth and development of port facilities because of its ideal geographical location on the Gulf Coast. Fourchon's primary service market is the domestic deepwater oil and gas exploration, drilling and production in the Gulf of Mexico. Fourchon is comprised of 600 developed acres that house state of the art service facilities and is in the midst of its 700-acre Northern Expansion, which will double the port's size and will further accommodate the industry's growing needs.

In addition to developing Fourchon, the Commission had expanded the services of the South Lafourche Leonard Miller, Jr. Airport since acquiring it in November 2001. This general aviation airport sits on 359 acres in Galliano, Louisiana and is surrounded by the commission's 1,200 acres of property, South Lafourche Industrial Park, slated for industrial development. Its close proximity to Fourchon makes it the airport of choice for both business and recreational travel to South Louisiana. The airport is under aggressive expansion as well, with plans for a 6,500- ft.runway with full parallel taxiway to accommodate large jet aircraft.



Donald Vizier
President



Jimmy "T-Jim" Lafont
Vice President



Harry Cheramie
Secretary



John Melancon, Sr.
Treasurer



Ervin "Win" Bruce
Commissioner Seat I



Wilbert Collins
Commissioner Seat E



Harris "Chuckie" Cheramie
Commissioner Seat A



Larry Griffin
Commissioner Seat F



Jimmie "Beau" Martin
Commissioner Seat M



Ted Falgout
Executive Director

Life After the Storms

How the Oil Industry was Affected

For Hurricane Katrina, Port Fourchon sustained an estimated \$30M in damages (20M in private facilities, plus 10M in public), but the cost to fix the offshore oil-and-gas rigs, pipelines, and other industry equipment damaged by Katrina totals billions of dollars. LA Highway 1, the main highway into Port Fourchon, took a serious beating from the flooding as well.

Immediately following Hurricane Katrina, the Port mobilized to clear LA Highway 1 to the port for vehicular traffic which was achieved the day after the storm. Within 2 days, the port had removed sunken vessels from the center of the channel and marine traffic was reinstated. Huge amounts of debris were cleared from port roads and facility entrances and the majority of companies in Port Fourchon were operating at 50% capacity on generator power within days of the storm. Electricity in the Port was restored two weeks after Katrina.

After the recent Louisiana hurricanes, Port Fourchon's importance to the nation's energy supply has further elevated above the already extremely significant position of supporting 16-18% of the entire country's oil supply. "Due to Hurricane Katrina knocking out oil service ports east of Fourchon and Hurricane Rita destroying facilities in the southwestern part of the state, the role now being demanded of the port in restoring the production in the gulf, is almost beyond imagination," said Ted Falgout, Port Director. Falgout adds, "Who knows what the price of gasoline would have gone to if we would have not aggressively opened up the port to expedite the recovery."

“ Who knows what the price of gasoline would have gone to if we would have not aggressively opened up the port to expedite the recovery. ”
- Ted Falgout

MMS Updates Production Shut- In Figures

The Minerals Management Service reports U.S. Gulf shut-in oil production is just over 1 million b/d of oil, equivalent to 68.15 percent of daily oil production. Shut-in gas production is 5.6 Bcf/d, equivalent to 55.6 percent of daily gas production in the U.S. Gulf.



Cumulative shut-in oil production between August 26 and October 27 is 70.5 million barrels, equivalent to 13 percent of the yearly production of oil in the Gulf of Mexico. Cumulative shut-in gas production between August 26 and October 27 is 359.1 Bcf, equivalent to 10 percent of the yearly production of gas in the U.S. Gulf.

In this two month period, nearly \$10 Billion worth of oil and natural gas has been unavailable to the U.S. market.

** Figures taken from the Gulf of Mexico Newsletter - October 31, 2005*

Hurricanes Affect Port Fourchon



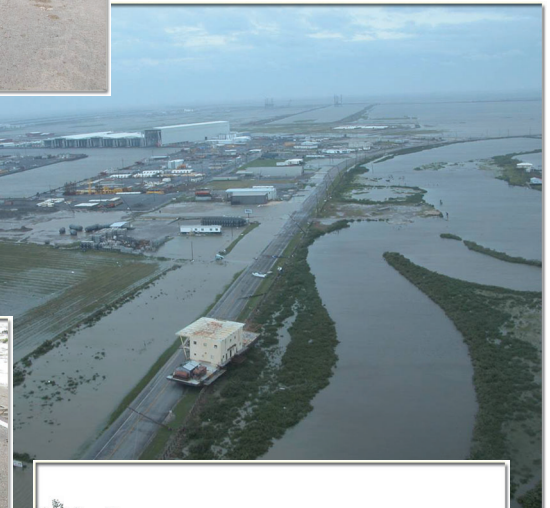
ABOVE: Levee Bridge After Katrina



*ABOVE: LA 1 during Rita taken from Golden Meadow flood gate
LEFT: Debris in Port After Katrina
BELOW: Aerial Shot of Port Fourchon after Katrina*



*ABOVE: Doerle Food Services donates food after Katrina
RIGHT: Buckle in LA 1 after Rita*



RIGHT: Sunken Vessels in Bayou Lafourche After Katrina



*ABOVE: Aerial of C-Port 2 after Katrina
RIGHT: Houseboat on LA 1 after Rita*



LA 1 Coalition's Message Delivered to President Bush and Congress

by: Henri Boulet, LA1 Coalition Executive Director



Proposed LA1

The LA 1 Highway Improvement Project has received much needed national attention since Hurricane Katrina came ashore August 29th. In discussions with United States President George Bush, Lafourche Parish President Charlotte Randolph spoke of her concern for funding the improved highway system. President Bush's reply to President Randolph was reassuring: "You should not have to borrow money to build a highway." The president seemed fully aware of the role LA 1 plays as a national energy corridor.

Besides the president being aware of the need to rebuild LA 1, Louisiana Department of Transportation and Development Secretary Johnnnny Bradberry brought the message to the U.S. House of Representatives Committee on Transportation and Infrastructure on October 27th stating "Almost 20 percent of the nation's energy supply is serviced by this two lane road, making it a national economic asset. Imagine what will happen to gasoline prices if our ability to fully utilize this strategic infrastructure is compromised because we delayed rebuilding a substandard road." LA 1 Coalition officials have also received commitments from both US Senator's Offices that they are continuously pressing for funding of this critical highway improvement.

Bids are set to be received by the DOTD in December and January for Phase 1 of the project which includes approaches to a new fixed span bridge at Leeville, crosspans over Bayou Lafourche, and 6 miles of a 2 lane elevated highway from Leeville to Port Fourchon. LA 1 officials have requested funding for Phase 1 and Phase 2 (Golden Meadow to Leeville) at this time. Both of these areas had to remain closed after flood water from both Hurricane Katrina and Hurricane Rita covered the highway. Debris removal and some repairs required additional down time of Highway 1. DOTD Project Engineer David Miller noted that additional scouring occurred at the base of the Leeville Bridge. According to Miller, the bridge remains in stable condition.

Port Commission Helps Terrebonne Parish Levee District Repair Levees

The Greater Lafourche Port Commission assisted Terrebonne Parish Levee District by allowing them to use our excavator for emergency repairs to levees in Terrebonne Parish.

"I am extremely grateful to the Port Commission for allowing us to use their equipment to fix the breach in the levee in Montegut," said Reggie Dupre, Louisiana State Senator for District 20, "It was a lifesaver." Southeast winds that came in caused water to top the levee that had already been sandbagged in Montegut. "Repair the repair", said Senator Dupre.

The Port Commission's excavator was used for a few weeks for other emergency repairs to the levees in Terrebonne parish. Lafourche Levee District and the Lafourche Basin Levee District also loaned their equipment to Terrebonne Parish to help repair levees.



Port Featured in 'Oil Storm'

Docudrama Highlighting Port Fourchon Aired on FX

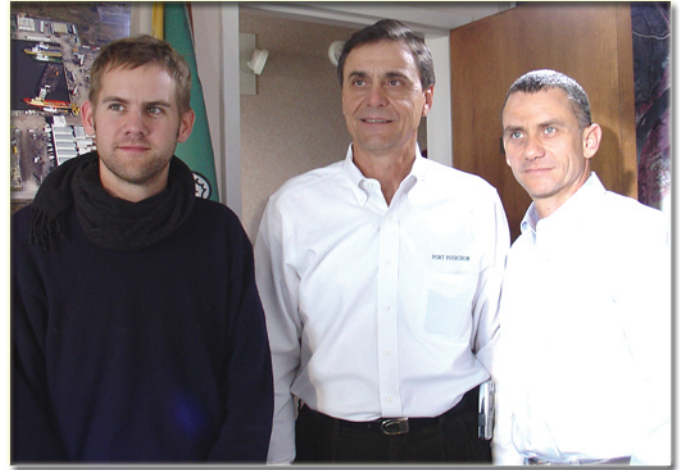
Oil Storm, a dramatized documentary featuring Port Fourchon's critical role in the oil supply of our nation, was featured on FX on June 5, 2005.

Camera crews and cast set up shop for a day at the Port Fourchon Operations Center, filming in and around the Port. The docudrama is set in the near future and combines real interviews with experts and dramatized segments presenting a scenario that has not yet occurred while emphasizing the severity of the likely impacts.

The action begins when a hurricane hits the coast of Louisiana and takes out some of the oil industry and infrastructure in the region, forcing people to evacuate. It's the hurricane that local officials have been warning about for years; it was only a matter of time before the vulnerable coastline took a direct hit. The resulting oil shortage at the key import hub of Port Fourchon is compounded by a ship collision in the Port of Houston, which forces closure of the port. Further geopolitical complications exacerbate the situation, ensuring a more widespread impact. The program follows the story of how the U.S. copes with the situation of a short term oil shortage on all levels of government and society.

In addition to looking at America's oil infrastructure, Oil Storm presents various critical issues including coastal wetland erosion, alternative energy, emergency preparedness, and green living.

Production crews from Wall to Wall, the London based company filming the feature, shot in and around Port Fourchon, New Orleans, San Antonio, and Boston.



James Erskine, director; Ted Falgout, port director; and Mark Krasnow, actor; during the filming of *Oil Storm*.

It Almost Happened

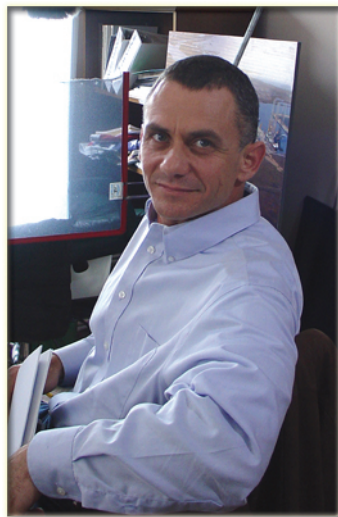
by Ted Falgout, Port Director

When the docudrama "Oil Storm" aired this past June, many felt it was a bit farfetched to have Port Fourchon inoperable and the Houston Ship Channel blocked at the same time. Some viewers could not fathom the gasoline lines and unheard of prices depicted in the story.

"If each of these storms would have gone just a little farther west, those in doubt would have been calling the producer a 'prophet'."
- Ted Falgout

If Hurricanes Katrina and Rita would have gone just a little farther west, those in doubt would have been calling the producer a "prophet".

Hopefully the "Silver Lining" of Hurricanes Katrina and Rita are that the relationship of this area to the nation's energy supply is better understood, and that the money allocated to Louisiana for recovery is spent on coastal restoration and infrastructure improvements that set the stage for long term protection and sustained economic development for Louisiana.



Actor Mark Krasnow played Port Director at Port Fourchon in *Oil Storm*.

Survey Indicates Port Tenants Satisfied with the Port Commission's Efforts After Hurricane Katrina

As part of the Port Commission's review process on improving the ability to assist in re-establishing operations in Port Fourchon after a storm, port tenants were asked for their comments in an anonymous survey about Hurricane Katrina. The Port Commission staff plays a direct role in recovery, but also acts to coordinate services provided by other agencies such as Department of Transportation, FEMA, utilities, etc.

The survey asked tenants to rank their satisfaction (1 being most satisfied and 5 being least satisfied) with the following topics: timely accessibility to Port Fourchon after Hurricane Katrina, debris removal, timeliness of utilities restored, Port Commission's staff's helpfulness, communications with the Port Commission, Port Fourchon Public Information Line and overall satisfaction of re-establishing services in the Port after Katrina.

16% of the Port Tenants responded to the survey. The tenants gave the Port Commission at least an 80% satisfaction rate on all topics. When asked to rank the overall satisfaction of the Port Commission and their coordinating efforts after Hurricane Katrina, 75% of the tenants ranked the efforts of the Port Commission as excellent.

"Our role in disaster recovery has grown along with our Port; every storm is different and brings along with it a different set of circumstances we must deal with. Hearing from our tenants is a great way to improve our response capabilities", said Ted Falgout, Port Director.

Port Tenants were asked for comments on the efforts of the Port Commission after Katrina. An anonymous tenant wrote, "I really don't have any suggestions, but I would really like to take the opportunity to comment on how impressed I am on the rapid recovery of this area. Everyone involved to make it happen went above and truly beyond the call of duty to get everything back on line, and my thanks goes out to all who have spent their time to make sure we get back to our jobs, but in a safe and timely fashion. And again, thank you."

Hurricane Katrina Survey Results

Tenants were asked to rank their satisfaction with the following topics - 1 being most satisfied and 5 being least satisfied.

- 1. Timely Accessibility to Port Fourchon after Hurricane Katrina**
88% ranked satisfactory
75% ranked as excellent
- 2. Debris Removal**
84% ranked satisfactory
63% ranked as excellent
- 3. Timeliness of utilities restored**
83% ranked satisfactory
50% ranked as excellent
- 4. Port Commission's staff's helpfulness**
91% ranked satisfactory
81% ranked as excellent
- 5. Communications with the Port Commission**
88% ranked satisfactory
63% ranked as excellent
- 6. Did you know about the Public Information Line? Was it helpful?**
81% reported that they did know about the public information line and that it was helpful.
- 7. Please rank your overall satisfaction of the Port Commission and their coordinating efforts after Hurricane Katrina.**
94% ranked the overall efforts of the Port Commission as satisfactory
75% ranked as excellent

*Satisfactory responses were those who ranked the questions with a 1, 2, or 3. Excellent responses were those who ranked the question with a 1.

Current Weather Conditions at Port Fourchon Available Online

The Port Commission's website now includes access to current weather conditions in Port Fourchon including temperature, humidity, and wind speed. There is also a weather page on our website that includes up to date information about the status of Port Fourchon during a storm. All weather conditions are accessible from our home page at www.portfourchon.com.



Greater Lafourche Port Commission

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Port Commission Public Information Line Helpful During Storm

The Greater Lafourche Port Commission's Public Information Line was established in May 2005 to get port tenants and the public up to date information on what is happening in Port Fourchon during a storm.

“When calling the Public Information Line, a caller can get storm coordinates, road and waterway closure status, and any other information pertinent to our tenants in Port Fourchon.”
-Jon Callais

A total of 1544 calls were made to the public information line from August 26 through September 26 concerning the status of Port Fourchon during and after Hurricanes Katrina and Rita. “We update the line every few hours during the days leading up to, during, and after a storm that affects Port Fourchon” said Jon Callais, Homeland Security and Communications Specialist. “When calling the Public Information Line, a caller can get storm coordinates, road and waterway closure status, and any other information pertinent to our tenants in Port Fourchon,” said Callais.

81% of port tenants reported knowing about the Public Information Line. All of those that knew of the line reported the line being helpful during the recent hurricanes.

THE PORT COMMISSION PUBLIC INFORMATION LINE IS (985) 798 - 5335.