

Re:PORT

Port Fourchon - South Lafourche Leonard Miller, Jr. Airport



August 2007

South Lafourche Airport 2006 Airport of the Year



Overview

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. Established by the state of Louisiana in 1960, the Port Commission exercises jurisdiction over an area 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 geographic location on the Gulf Coast. Fourchon's primary service market is domestic deepwater oil and gas exploration, drilling, and production in the Gulf of Mexico. Fourchon is comprised of 1,200 developed acres that house state of the art service facilities and is in the midst of its Northern Expansion project, which will double the port's size and will further accommodate the industry's growing needs.

In addition to developing Fourchon, the Commission has expanded the services of the South Lafourche Leonard Miller, Jr. Airport since acquiring it in 2002. This general aviation airport sits on 359 acres in Galliano, Louisiana and is surrounded by 1,200 acres of commission-owned property slated for industrial development. Its close proximity to Fourchon makes it the airport of choice for both business and recreational travel to South Louisiana.

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Vin Bruce
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Ted Falgout
Executive Director



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Executive Staff

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James Rome	Director of Finance & Admin.
Bryce Autin	Legal Counsel
Jon Callais	Director of Security

Administrative Staff

Lindsey Billiot	Accounting Clerk
Serena Bruce	Legal & Projects Assistant
Chett Chiasson	Economic Development & Grants Administrator
April Danos	IT Administrator
Cindy Dufrene	Human Resource Analyst
Paula Schouest	Public Information Coordinator
Amanda Terrebonne	Receptionist

Operations Staff - Airport

Jason Duet	Airport Manager
Wilson Picou	Maintenance Foreman
Eroy Duet	Drainage System Custodian
Roger Dowdy	Mobile Equipment Operator

Operations Staff - Seaport

Frank Terrebonne	Maintenance Superintendent
Herbert Cheramie	Maintenance Foreman
Michael Rogers	Maintenance Foreman
Robbie Smith	Maintenance Foreman
Johnny Filarise	Mobile Equipment Operator
Carl Martinez	Mobile Equipment Operator

Harbor Police

Larry Terry	Captain
Troy Dufrene	Sergeant
Phyllis Cheramie	Receptionist

OFFICERS:

Scott Bynum	Clark Cheramie
Randy Chiasson	Joseph Colson, III
Brent Constransitch	Anthony Green
Michelle Guilbeau	Mitchell Hohensee
Tait Lafont	Kirk Landry
Paul Picou	Jason Plaisance

LA1 Coalition Breaks Ground on \$141 Million Segment

by Henri Boulet

Champions of the LA1 Project gathered at Port Fourchon this Spring to break ground on construction of a two-lane elevated highway between Leeville and Port Fourchon. The 5.3 mile, 40-foot wide highway will be constructed south of Leeville to LA3090 at Port Fourchon by James Construction Group LLC for \$137,479,548. The existing LA1 is prone to flooding because of subsidence and coastal erosion, but the new road will have an elevation of 22.5 feet and is scheduled to be complete in 2011.

"This is a smart investment for Louisiana in terms of economic development, public safety, and transportation access."

- Governor Blanco

Federal Highway Administrator Rick Capka flew in from Washington, D.C., for the event, telling LA1 supporters "LA1 plays an extremely important role in our nation's oil and gas supply and a sudden loss of this highway would have a significant impact on the country. Thank you for what you do on a daily basis to serve America's energy needs."

Governor Blanco also addressed the groundbreaking crowd of 400 saying "This is a smart investment for Louisiana in terms of economic development, public safety, and transportation access."

Other speakers at the April 4th event included

Congressmen Charlie Melancon, Louisiana DOTD Secretary

Johnny Bradberry, State Senator

Reggie Dupre, State Representative

Loulan Pitre, Greater Lafourche Port Commission Executive Director Ted Falgout, and LA1 Coalition Executive Director Henri Boulet.

The Coalition has now focused its efforts on securing monies for Phase II of the LA1 Project, the 8.3 miles of elevated replacement highway between Golden Meadow and Leeville. The 2007 Louisiana State Legislative Session yielded \$2.5 million for Right-of-Way acquisition funds for this effort. The Coalition will work on securing an estimated \$250 million of

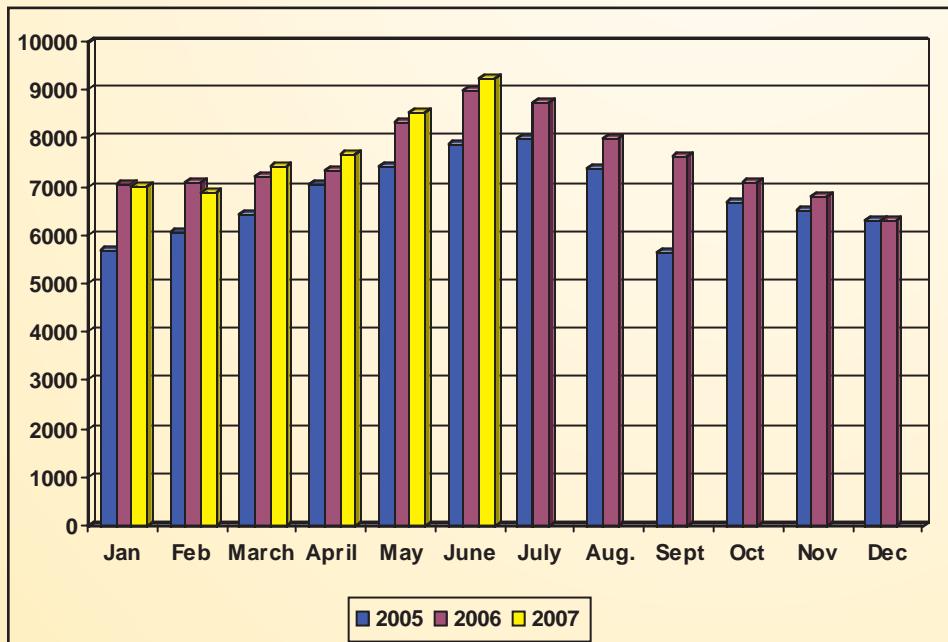


Pictured is an artist's rendition of the new elevated highway as it intersects LA1 and LA3090 at Port Fourchon. The 5.3 mile segment from Leeville to Port Fourchon is scheduled for completion in 2011.

construction funds from federal resources.

The LA1 Coalition continues to promote the need for the highway project in Washington and throughout the nation. Recent articles in Congressional Quarterly Magazine and national newswire articles by Reuters and Dow Jones Newswires help educate the U.S. Congress and the American public on the importance of the project to the nation's energy supply.

LA1 Traffic Counts



Increased traffic counts continue to show growth in activity occurring at Port Fourchon. The June 2007 count was 2% higher than that of the same month in 2006, 17% higher than 2005 (pre-Katrina), and 23% higher than 2004. As can be seen, there was a sharp increase in traffic from September 2005 compared with September 2006. This can be attributed to the large role LA1 played in the recovery of the offshore energy industry. It was anticipated that a reduction in traffic would occur after 2006, but it appears growth in the Port has more than offset any loss of traffic resulting from hurricane recovery.

South Lafourche Airport Expected to Become Gulf of Mexico's Airport of Choice

The South Lafourche Leonard Miller Jr. Airport which was acquired by the Port Commission in 2002 is a major support facility for nearby Port Fourchon, which has dramatically expanded in recent years to serve the booming energy industry of the Gulf Coast.

Companies in Fourchon have identified the need for adequate air services in close proximity to Fourchon to transport specialized equipment in just-in-time fashion. The enhanced airfield capabilities will also help the public sector in times of natural disasters or national crisis. This local airport continues to support the existing Fourchon and Galliano clients.

Airport Renovations

The South Lafourche Airport has recently completed major renovations to its runway. The runway has been lengthened from 3,800 feet to 6,500 feet, and the entire runway has undergone a strengthening overlay project to accommodate aircrafts weighing up to 75,000 pounds.

"The airport improvements will now allow the airport to be more competitive and provide better service to the aviation community"

- Jason Duet

The runway was extended in two phases. The first extension, completed in April 2006, lengthened the runway from its original 3,800 feet to 5,000 feet with a widening of 100 feet included. The cost of Phase I was \$3.5 million, funded by the Port Commission, Louisiana Department of Transportation and Development (DOTD) and Federal Aviation Administration (FAA). The second extension, completed in September 2006, lengthened the runway to 6,500 feet was primarily funded by the Port Commission at a cost of \$1.9 million.

The runway improvements were not finished until the strengthening project was completed in May 2007. At a cost of \$3 million, the runway can now accommodate large aircrafts weighing up to 75,000 pounds.



Pictured is an aerial shot of the South Lafourche Airport's new improved runway. The runway is 6,500 feet long and can accommodate larger aircrafts weighing up to 75,000 pounds.

New and updated runway lighting was installed in June 2007 at a cost of \$700,000 and funded by FAA and Louisiana DOTD. Approach lighting for the runway is expected to be in place in the near future on the south end of the airfield.

Jason Duet, Airport Manager said, "The airport improvements will now allow the airport to be more competitive and provide better service to the aviation community."

South Lafourche Airport Receives Airport of the Year

Due to the commission's commitment to the future of the airport, the South Lafourche Airport received the Louisiana Airport of the Year Award for 2006 given by the FAA in recognition of the outstanding contribution to the enhancement of aviation in Louisiana.

Ted Falgout, Executive Director said, "This award is a testament to the hard work and commitment of this Commission to expanding and developing the airport. It is because of this Commission's willingness to commit local funding at a greater percentage than required, that we can account for the rapid expansion we are experiencing."

Future Improvement Plans

Future improvements to the airport include preparation of the area next to the runway for a parallel taxiway and widening of the safety area on both sides of the runway by the end of 2007. Construction of a parallel taxiway should be constructed in 2008. The Port Commission is anticipating money from the FAA and DOTD to fund this construction.

Upcoming plans include installation of an Instrument Landing System which is one of the most precise landing systems available for airports. The first part of the instrument landing system is putting in a localizer which should be installed in 2008 and funded by DOTD. The South Lafourche Airport has a GPS approach to the runway from the north which pilots are currently using.

Operations at Airport

Even with construction causing the closure of the runway for periods of time, there are approximately 800 takeoffs and landings at the airport each month. Three aviation companies are now located there as well. Of the 800 per month, Rotorcraft, one of the aviation companies operating out of the airport, has about 115 takeoffs and landings a week.

New Airport Manager



In May of 2007, the Port Commission hired Jason Duet as the new airport manager. Duet was born and raised in Cut Off, LA and understands

the community in which he works. After graduating from South Lafourche High School, he attended Louisiana Tech University in Ruston where he received a degree in Aviation Management in addition to obtaining his private pilot's license. He did an internship and later took a job at Louis Armstrong New Orleans International Airport as Operations Supervisor where he worked for the last four years.

Duet's job duties as airport manager include marketing and promotional efforts, responsibility for all airport communications between the federal, state and local government agencies, navigational aids and all runway issues.

Duet said, "I am thrilled to be back home and working as the airport manager of an airport that many see as the fastest growing airport in Louisiana. I look forward to the opportunity to work with all of you in taking this airport to the next level."

The Port Commission has also recently enrolled Duet in the American Association of Airport Executives' (AAAE) Accredited Airport Executive Program which is a three year program which includes a case study and interview by other airport executives around the country.

Fixed Base Operator Chosen

In 2002, after the Port Commission acquired the airport, an airport master plan was put together by an outside firm to give the Commission some clear future plans for the facility. One of the items in the master plan was to hire a private fixed base operator (FBO) to operate the hangar, office, and fuel farm. At the beginning of 2007, with the majority of the runway expansion projects complete, the Port

Commission decided that it was time to advertise for an FBO. The Port Commission's goal was to find an FBO that had a proven record of successful existing and past FBO operations.

James Rome, Director of Finance and Administration for the Port Commission said, "Hiring a private FBO with aviation expertise was always in our Master Plan, and I believe that having an FBO at our airport will provide better service to our current and future tenants."

The VIH Aviation Group's subsidiary company, GAO FBO Services, Inc. became the fixed base operator (FBO) for the South Lafourche Airport in July 2007. The VIH Aviation Group is a Canadian based company and has been operating out of the South Lafourche Airport for the last two years, and has begun work on a state of the art offshore terminal and hangar complex at the airport.

"The GAO FBO believes in Galliano, and we believe we have the expertise and ambition to make the airport one of the best in the Gulf of Mexico."

The FBO proposal submitted by the VIH Aviation Group stated that the GAO FBO would develop the airport as the central Gulf of Mexico offshore oil hub for fixed wing and rotor wing transfer of parts and personnel.

In the FBO proposal VIH stated, "The GAO FBO believes in Galliano, and we believe we have the expertise and ambition to make the airport one of the best in the Gulf of Mexico."

Larry Lippert, GAO FBO Services Manager said, "The Port has taken the critical first step by investing in major runway improvements, it is now time for the FBO to add the logistical support required by the larger aircraft that will be using the new runway. We are confident that the Galliano airport is poised for extensive growth and are thrilled to be a part of this effort to expand the global accessibility of our community and Port Fourchon."

Port Makes Headlines

Louisiana Speaks Regional Plan

In the Louisiana Recovery Authority's (LRA) Louisiana Speaks Regional Plan released in May 2007, Port Fourchon was noted as a special economic zone and a key economic center for the state. The Port remained involved in this process to make sure that the plan did not include any policy endorsements that would stifle development at our port or along LA 1. The plan also includes the entire LA 1 Project as a needed infrastructure improvement. This document will support the need for major coastal restoration and flood protection projects along the entire Bayou Lafourche corridor.

Water Resources Development Act of 2007

In the recently passed Water Resources Development Act (WRDA) of 2007 the US Army Corps of Engineers received funding necessary to extend dredging of Bayou Lafourche just north of Flotation Canal. When the Corps took over maintenance of the Port's channel, the Port ended north of the E-Slip; therefore, the Corps' dredging maintenance was sufficient. But in recent years, the Port Commission has expanded the Port north of the E-Slip in the Northern Expansion development. Since the construction of the Northern Expansion, the section of Bayou Lafourche between the E-Slip and Flotation Canal has not been included in the US Army Corps of Engineers maintenance dredging.

Ted Falgout, Port Director said, "The passing of WRDA would allow the Corps to do the study necessary to dredge Bayou Lafourche in the vicinity of the Port's Northern Expansion area." "The slips in the Northern Expansion are built to allow larger vessel passage, and it is critical for the Corps to extend their maintenance dredging to Flotation Canal to allow these larger vessels better access to the Northern Expansion," continues Falgout.

Waterfront Property in the Northern Expansion in High Demand

As Port Fourchon continues to be a strategic player in the emergent Gulf of Mexico oil and gas production and exploration activities, construction in our Northern Expansion is trying to keep up with the high demand of waterfront property in the Port.

Another 3,000 linear feet of bulk-head along Slip B in the Northern Expansion at a cost of almost \$12 million is in the beginning stages of construction. (Shown in red in the map below.) This project is mostly funded by Louisiana Port Priority Grant monies with the Port Commission funding 10% of that cost. Even though construction of this waterfront property will most likely not be complete for 18 – 24 months, it is already leased out to Cal Dive, Deep Marine Technologies, Tiger Tanks, and Expert Riser Solutions.

Davie Breaux, Port Director of Operations said, "The engineers and contractors for these bulkhead projects have been chosen, soil analysis have been done, and construction should begin on these projects in the next few months."

Breaux continues, "The demand for waterfront property in the Port is great. We are building it as fast as we can to accommodate the needs of the oil and gas industry."

Adjacent to Expert Risers' new waterfront property is 1,400 linear feet of waterfront property leased by Gulf Offshore Logistics (GOL) as shown in orange in the map below. Gulf Offshore Logistics has contracted with

"The demand for waterfront property in the Port is great. We are building it as fast as we can to accommodate the needs of the oil and gas industry."

- Davie Breaux

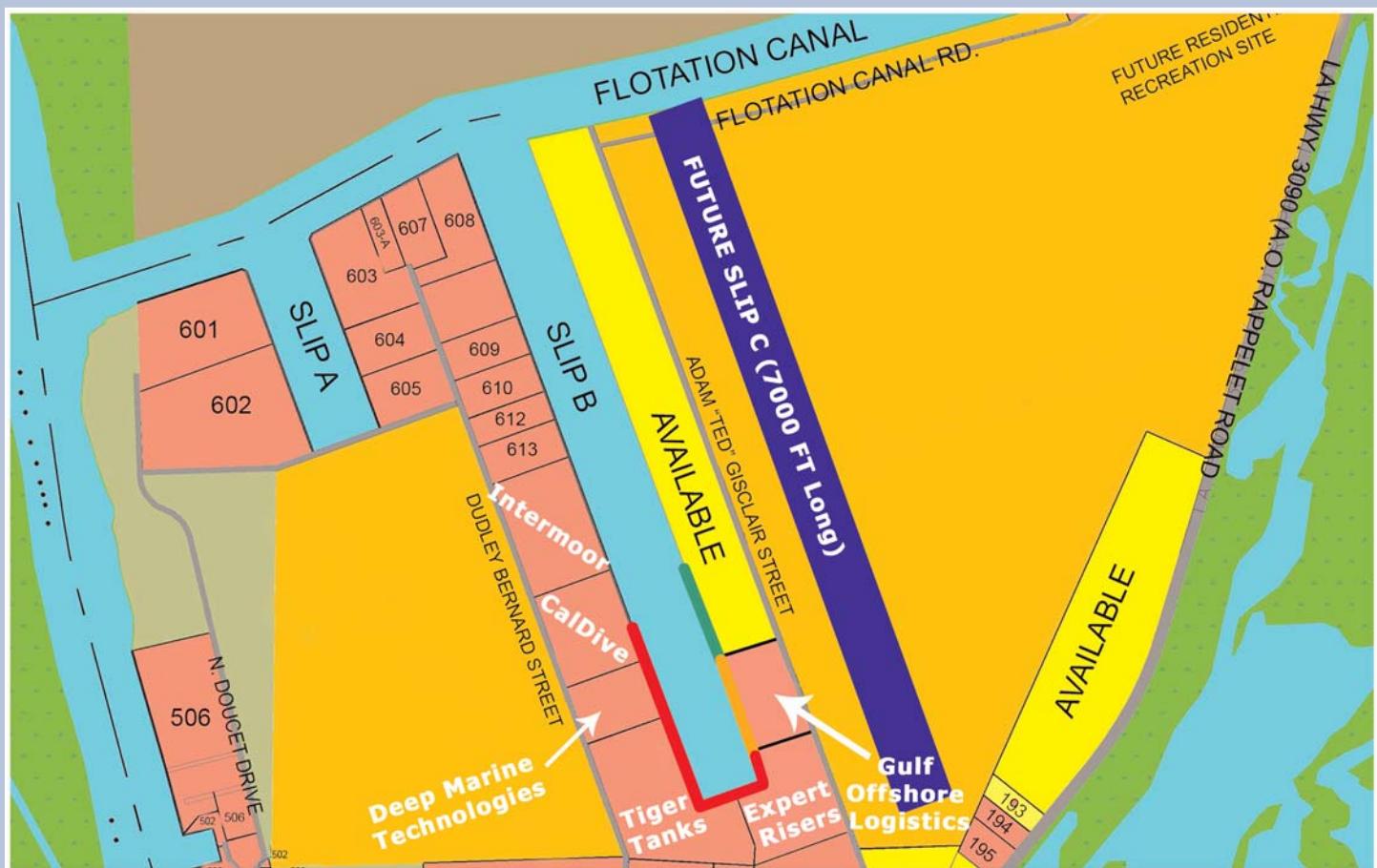
an engineer to design and build the bulkhead. All design specifications of the bulkhead are being approved by the Port Commission to make sure that the quality of the bulkhead is in conjunction with the quality of bulkhead throughout the Port.

Another 1,100 linear feet of bulk-head to the north of Gulf Offshore

Logistics' waterfront property is also in plans for construction at a cost of \$5 million as shown in green on the map below. So far, this property is not under lease and should be bulkheaded in the next two years.

The Northern Expansion construction continues as the Port Commission is actively preparing for construction of a Slip C. This slip will be approximately 7,000 linear feet long by 700 feet wide. The permit application is nearly complete and will be turned in to the US Army Corps of Engineers and the Louisiana Department of Natural Resources for the construction and mitigation of this slip. Soon after the permits are granted, the initial phase of bucket dredging will take place. Slip C should be dredged by 2009.

Slip C, a 7,000 linear feet long by 700 feet wide slip in the Northern Expansion, is expected to be dredged by 2009.



Port in Excellent Financial Condition According to Annual Audit

The Greater Lafourche Port Commission received an "unqualified opinion" by Lanaux and Felger Certified Public Accountants for the 2006 financial audit.

Operating revenues from leases are the Port Commission's primary means of funding its ongoing operations. Lease revenues are generated from land and improvements either owned by the Port Commission or leased to the Port Commission by third party landowners. Annual operating revenues grew by 9.7% to \$12.8 million over 2005 and is the highest in the port's history. Another source of revenue includes capital grants which totaled over \$7 million with grants for emergency repairs slightly exceeding \$5.7 million.

Capital construction projects totaled approximately \$5.8 million. The major projects completed in 2006 were:

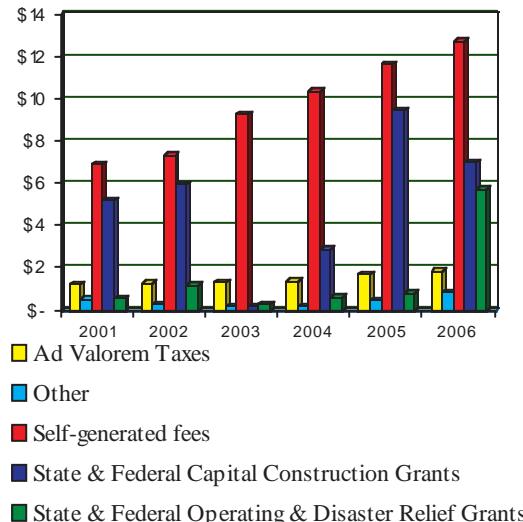
- Airport Runway Extension to 5,000 feet
- Fourchon Security Camera System
- Northern Expansion Slip A Bulkhead Repair
- 9 Steel Mooring Dolphins in Flotation Canal

Construction in progress included:

- Northern Expansion Slip B West Bulkhead (2 Projects)
- South Lafourche Airport Runway Extension to 6,500 feet

Total Revenues and Capital Additions by Source

Millions



2007 Budgetary Highlights

The Port's 2007 budget projects operating revenues to increase by 24%. Ted Falgout, Port Director said, "The reason for the increase is due to the projected completion of the two Northern Expansion bulkhead construction projects in mid 2007. The bulkhead project area was completely leased out before the construction was complete."

Scheduled increases to operational expenses are expected primarily to increased usage of landowner property along with local inflationary costs that have prevailed in the post Katrina environment.

"The Port is in sound financial shape, and with the Northern Expansion construction, the Port should continue to experience record revenues."

*- Johnny Melancon
Finance Committee Chair*

Capital budget dollars of \$16.5 million are expected to produce 6,000 feet of new port bulkhead. \$8.9 million of capital budget dollars are to be invested in airport infrastructure increasing both runway and industrial park capabilities. To assist in these capital projects, \$15.6 million is expected in grant funding from outside sources.

Johnny Melancon, Treasurer and Chair of the Finance Committee said, "The Port is in sound financial shape, and with the Northern Expansion construction, the Port should continue to experience record revenues."



Port's Bayou Clean Up Partnership Becomes Model Project

The Port Commission along with the United States Coast Guard and Federal Emergency Management Agency (FEMA) recently completed a successful Bayou Lafourche debris clean up project. Numerous sunken vessels, decrepit wharves, broken pilings and other debris were removed from Bayou Lafourche as well as underwater obstructions in Belle Pass. The removal process was done by a U.S. Coast Guard contractor which was funded by FEMA.

The Port Commission's Harbor Police department facilitated the partnership between the government agencies to plan this project, as well as assisted in the debris removal process. Captain Larry Terry of the Harbor Police said, "Our harbor police department identified the areas that needed clean up and communicated with the local people to get permission waivers signed which made the process much easier for the Coast Guard to come in and do the necessary clean up work. Once Coast Guard was here, Harbor Police also provided vehicle and marine traffic control to aid in the process."

According to Lieutenant Thomas Munoz of the U.S. Coast Guard, this project will be a model used to demonstrate how government agencies can work together for a common goal. Lieutenant Munoz said, "The way the Port Fourchon Harbor Police handled the aftermath of the storms as it applies to handling of debris and vessel salvage was in my opinion very successful. The model for recovery that they implored will be used as a best practices throughout the state."

Ted Falgout, Port Director said, "We are proud to have been able to create this partnership with FEMA and the Coast Guard to help beautify Bayou Lafourche and to make navigation easier. We are pleased that our collaboration will be an example to communities on how to partner together to get things done."

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The Gulf's Energy Connection

www.portfourchon.com



Fourchon Beach Open



The Fourchon Beach west of Pass Fourchon is open to public vehicular access once again after being closed for the 2005 hurricanes. The temporary access involves cooperation between the Port Commission, Chevron and the Edward Wisner Trust. The Port Commission is working towards a long term solution for public access to the beach. This temporary access will allow the public to drive their vehicles onto the beach and to the west. Only licensed "on road" vehicles are allowed and state laws are being strictly enforced. The Commission requests that the public treat this unique beach with the highest respect and urges the use of life vests when going deep into the water.

For more information on any of the articles featured in the Re:Port, please contact Paula Schouest, Editor and Public Information Coordinator at the Port Commission at (985) 632-6701.