

Testimony of Governor Haley Barbour to the National Commission on the  
BP Deepwater Horizon Oil Spill and Offshore Drilling  
September 28, 2010

While the total impact of this summer's oil spill on the Gulf of Mexico ecosystem may not be known for several years from now, there is much we already know about the Gulf and how to make it better, both environmentally and economically, for Mississippi and the region. Hopefully, scientists will find the spill has had a far smaller impact on the Gulf ecosystem than most feared and a far, far smaller impact than what's been reported by the cable news channels, as the daily sensational reports literally scared tourists away from Gulf vacation plans this summer. But the fact is, while the ecological impact seems small for now, we just won't know the total impact until all the data is in.

This doesn't mean we need to wait on the studies to conclude before we take action. There's much we know needs doing in the Gulf region, and as we move forward in the aftermath of the oil spill into restoration and improving the way we interface with the Gulf of Mexico, there are several areas that deserve our attention – hurricane protection, environmental restoration, fisheries improvements, commerce, and energy production – and all are interrelated and tied to the long term economic well-being of the region.

With Katrina we have learned the hard way our communities must be better prepared for hurricanes, and the natural barriers that better protected our shoreline decades ago need rebuilding, otherwise we will remain more vulnerable to storms than we've ever been. Seafood, and all of the commercial and recreational activity with it, is a huge part of this region's economy, and environmental restoration and fisheries enhancement are very much interconnected. Finally, this region is critically important to our nation's commerce and international trade through its seaports and to our nation's energy supply through production of its vast oil and natural gas resources.

Some of these issues, like oil and gas production, are policy issues that we must get right quickly, before more investment, infrastructure, and jobs go elsewhere while some issues, like the Port of Gulfport expansion project which is critically important to future job growth for South Mississippi, require Congressional action and Federal attention to expedite permitting

processes to free up money already appropriated while some efforts will require new funding, either through Congressional appropriations or monies derived from the Natural Resources Damage Assessment currently underway or proceeds from Clean Water Act fines.

Seemingly, the most important role of this Commission is to recommend policies to the President and to Congress that could have a long-lasting and enormous impact on offshore oil and gas production, on our economy, and on energy security. For decades now, for the obvious reasons of natural security and jobs creation, Americans have demanded more American energy and, election after election, have elected politicians that rhetorically used “energy independence” as a platform. With roughly 60% of oil consumed in the U.S. being imported, statistics show that we have done a very poor job of expanding American energy production over the years, and in fact, our federal energy policies, or lack thereof, of have resulted in restricted access and supply, more imported oil, and higher prices. At \$75 per barrel oil, this is over \$800 million U.S. dollars spent on imports per day and over \$300 billion spent per year. A little progress towards reducing imports would have a significant impact on the trade deficit. Americans want more domestic energy and understand that more supply means more jobs, more security, and affordability.

The President’s moratorium is a backwards step and needs to be reversed before more infrastructure, investment, jobs, and production is lost in the Gulf. Yes, we do need to understand how to prevent what caused the Deepwater Horizon explosion and spill, but the impact of stopping exploration and losing production is far too great. We need the energy. While the inter-agency report last week boasts that only 8000 to 12,000 jobs are estimated to be “temporarily” lost due to the deepwater drilling moratorium, this is no small number of jobs to our region, and the report only estimates job number losses, not individual income losses due to the drastic drop in drilling activity. And the lost production will surely be replaced by imported oil, so more American dollars will leave the country rather than staying here to create jobs in the Gulf.

Roughly 13% of U.S. natural gas production is derived from the Gulf and 30% of U.S. oil production comes from the Gulf with 80% of that coming from deepwater wells. So the deepwater drilling moratorium and the sharp decline in shallow water drilling permits will have a significant negative impact on U.S. energy production. Policy changes are needed now to

reverse the direction we're headed of making our country more dependent on foreign oil producers.

Aside from the negative impact on energy security and the economy, we must remember that of the 10 largest oil spills in U.S. history, 8 have been from tankers or barges, so by reducing production and necessitating more imported product, we are creating a higher risk of major spills. The Deepwater Horizon spill is now the largest by far, but tanker spills are typically nearshore, not easily contained, and do not get as much benefit of natural decomposition as we saw with the Deepwater Horizon oil this summer in the warm waters of the Gulf.

Your request today was for me to discuss the opportunities for funding long-term Gulf restoration through Clean Water Act fines, the Natural Resources Damage Assessment, and other mechanisms. Obviously, there remains much uncertainty over Clean Water Act fines to be paid by the responsible party, BP. Regardless of how much this will be or when it will be paid, those who live, work, know, and depend on the resources in the Gulf should decide how to restore the region. Much of this is science and most of the restoration needed is not related to the oil spill but various projects that were planned over time before this event even began.

Of course, the Natural Resources Damage Assessment (NRDA) process, prescribed under the Oil Pollution Act (OPA), will run its course and will tell us over the next several months and years environmental and economic damages as a result of natural resource losses due to the Deepwater Horizon spill. Assessments in Mississippi began in late April when our agencies – the Department of Environmental Quality and the Department of Marine Resources – stepped up water, air, sediment, and tissue sampling to collect sufficient background data, and assessments will continue as our various teams monitor all the different components of the MS Gulf ecosystem through next year and after.

Many of the environmental restoration needs near Mississippi's shore have been identified as part of the Mississippi Coastal Improvement Plan (MSCIP). After Hurricane Katrina, Congress asked the U.S. Army Corps of Engineers to determine projects that would provide greater protection against storm surge to the Mississippi Gulf Coast. The Corps recommended both near term improvements, which Congress funded at \$107 million in 2007, and long term improvements, which are estimated to cost around \$1.3

billion to complete. Of this, Congress has already appropriated \$439 million for the restoration of the Mississippi barrier islands to their pre-Hurricane Camille footprint. A series of tropical storms and hurricanes, capitalized by Hurricane Katrina, has resulted in the barrier islands being flatter with a smaller impact. This is bad for the Mississippi Gulf Coast because these islands, along with other natural shoreline barriers like wetlands and coastal forestlands, serve as Mississippi's defense against storms and storm surge. These natural structures, which are roughly 12 miles off our main shoreline, both reduce the intensity of hurricanes and decrease storm surge before shoreline impact. Without the barrier islands and other natural protective lands that absorb energy from hurricanes, the Mississippi Gulf Coast is left vulnerable. About \$800 million is needed to complete the MS Coastal Improvement Plan and restore the barrier islands and the thousands of acres of habitat and natural protection.

Regarding Clean Water Act fines, I know Senator Landrieu has proposed that 80% be provided to Gulf States in lieu of being deposited into the Oil Pollution Trust Fund or into the Federal treasury. I concur with this proposal and have proposed to both BP and Secretary Mabus that administration of dollars for the Gulf region be funneled through the Gulf of Mexico Alliance (GOMA) or a States-led council. GOMA has existed since 2004 and has planned for and carried out actions for habitat restoration, nutrient management, and water quality improvements. Each of the five Gulf States are equally represented on GOMA, and a host of Federal agencies and Gulf researchers are at the table as plans are made and carried out. What the Gulf region does not want is Federal agencies making decisions on how Gulf restoration dollars are spent.

In Mississippi, I have appointed a Commission made up of scientists, business leaders, conservationists, seafood industry representatives, and elected officials. This Commission is making recommendations in the areas of economic development, research, environmental restoration, and public health and safety to develop a long-term, comprehensive roadmap for things to be done to improve quality of life among coastal communities as it relates to the Gulf of Mexico. This plan will be the guiding document for administration of environmental or economic restoration dollars in Mississippi.

