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STUDY TITLE: Economic and Social Consequences of the Oil Spill in Lake Barre, Louisiana

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CONTRACT NUMBER: 14-35-0001-30660-19955

SPONSORING OCS REGION: Gulf of Mexico

APPLICABLE PLANNING AREA: Central Gulf of Mexico

FISCAL YEAR OF PROJECT FUNDING: 1997

COMPLETION DATE OF REPORT: April 1999

COST: FY 1997: \$65,864.00; CUMULATIVE PROJECT COST: \$65,864

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KEY WORDS: economic impact, environmental effects, oil spills, pipelines, coastal waters, socioeconomic factors, social impact, water pollution, Louisiana

BACKGROUND: This is a "spill-of-opportunity" study of the social and economic consequences of a 5,000 barrel oil spill that occurred in the saltwater Lake Barre, off the coast of Louisiana, in May 1997. While the spill was not in Federal OCS waters, its nearshore nature makes it worthy of investigation. The study was conducted with grants from the Louisiana Applied Oil Spill Research and Development Program and the U.S. Department of the Interior's Minerals Management Service. The spill resulted from the rupture of a 16-inch pipeline bringing 170,000 barrels of oil per day to shore from offshore facilities. The response was prompt. The operator, Texaco Pipeline, shut-down the line within ten minutes of the drop in pipeline pressure. Satellite imaging was used to determine the location of a slick seven miles long and two miles wide, and work crews were dispatched. By the following morning people and equipment had been mobilized and were on the site. Winds from the southeast pushed the spill into coastal marshes. About half of the 5,000 barrels of oil spilled eventually was recovered.

OBJECTIVES: The effects of oil spills on the biological and geological aspects of coastal and marine environments have been studied in many different settings from many different perspectives. This is not the case for the social and economic consequences of a spill. The objective of this study is to ascertain and document the social and economic effects of a large oil spill for the communities, businesses, and individuals in an adjacent geographic area that is typical of the U. S. Gulf Coast.

DESCRIPTION: The research team interviewed officials from Texaco, the subcontractors hired by Texaco for the cleanup effort; governmental officials, business owners and operators, and

other residents in the area most directly affected by the spill and analyzed a detailed statement furnished by Texaco of approximately \$9.8 million expended in the cleanup operation. In addition, the team examined the *Incident Action Plans*, which describe, among other things, the number of workers and types of materials being used at the spill site on a daily basis.

SIGNIFICANT CONCLUSIONS: The short-term social and economic consequences of the oil spill were modest, as measured either with the available data on cleanup expenditures and the number of people employed or as reflected in the interviews conducted with the business, public officials, and residents in the area. There were concerns in the area about negative economic and social consequences in the longer term if fishing, shrimping, or oystering were to suffer, or were to be perceived as having suffered, because of the spill. However, there is no persuasive evidence at this time either to support or to refute such concerns. State officials and cleanup professionals involved in the spill characterized the response to the spill as quick and well organized and do not anticipate serious long-term damage to the area. However, owners of oyster leases are suing for alleged damage to oyster beds.

STUDY RESULTS: No evidence was found of any additional employment created by the spill in the three parish area defined as the spill area—despite the fact that the principal cleanup contractor, Cenac Environmental, and the responsible party, Texaco Pipeline, were both located in the spill area. Some of the subcontractors hired trained labor on a temporary basis, but none of those employed were residents of the spill area.

Similarly, an analysis of detailed expenditures made by Texaco during the cleanup, suggested that about two-thirds went to business located outside the three parish spill area.

Conversely, little, if any, evidence was found of spill- or cleanup-caused damages or disruptions imposing short-term costs on businesses or individuals in the spill area. Preventing longer term damages that could reduce longer-term benefits from the coastal environment in which the spill took place is the goal that guides the cleanup effort. Concern about real or perceived longer-term effects on commercial and recreational fishing was evident in those who participated in this study, but no evidence of such effects is known at this time.

STUDY PRODUCTS: Pulsipher, A., D. Tootle, and R. Pincomb. 1999. Economic and social consequences of the oil spill in Lake Barre, Louisiana. A final report by the Center for Energy Studies, Louisiana State University, Baton Rouge, LA. U.S. Department of the Interior, Minerals Management Service, Gulf of Mexico OCS Region, New Orleans, LA. OCS Study MMS 99-0028. Contract Number. 14-35-0001-30660-19955. 39 pp.