

NEWS FROM THE DOCKS



ASSOCIATION OF LOUISIANA

Louisiana Ports Deliver

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Message from the PAL Office

GULF OIL CRISIS

I am sure you have heard the news in the last few days about the Deepwater Horizon drilling rig which caught fire, burned for two days, then sank in 5,000 ft of water in the Gulf of Mexico killing eleven people.

The following is an interesting explanation about the rig and what happened. It was taken from an unidentified Internet source.

The rig belongs to Transocean, the world's biggest offshore drilling contractor. The rig was originally contracted through the year 2013 to British Petroleum (BP) and was working on BP's Macondo exploration well when the fire broke out. The rig costs about \$500,000 per day to contract. The full drilling spread, with helicopters and support vessels and other services, will cost closer to \$1,000,000 per day to operate in the course of drilling for oil and gas. The rig cost about \$350,000,000 to build in 2001 and would cost at least double that to replace today.

The rig represents the cutting edge of drilling technology. It is a floating rig, capable of working in up to 10,000 ft water depth. The rig is not moored; It does not use anchors because it would be too costly and too heavy to suspend this mooring load from the floating structure. Rather, a triply-redundant computer system uses satellite positioning to control powerful thrusters that keep the rig on station within a few feet of its intended location, at all times. This is called Dynamic Positioning.

The rig had apparently just finished cementing steel casing in place at depths exceeding 18,000 ft. The next operation was to suspend the well so that the rig could move to its next drilling location, the idea being that a rig would return to this well later in order to complete the work necessary to bring the well into production.

It is thought that somehow formation fluids – oil /gas – got into the wellbore and were undetected until it was too late to take action. With a floating drilling rig setup, because it moves with the waves, currents, and winds, all of the main pressure control equipment sits on the seabed – the uppermost unmoving point in the well. This pressure control equipment – the Blowout Preventers, or 'BOP's" as they're called, are controlled with redundant systems from the rig. In the event of a serious emergency, there are multiple Panic Buttons to hit, and even fail-safe Deadman systems that should be automatically engaged when something of this proportion breaks out. None of them were apparently activated, suggesting that the blowout was especially swift to escalate at the surface. The flames were visible up to about 35 miles away. Not the glow – the flames. They were 200 – 300 ft high.

All of this will be investigated and it will be some months before all of the particulars are known. For now, it is enough to say that this marvel of modern technology, which had been operating with an excellent safety record, has burned up and sunk taking souls with it.

The well still is apparently flowing oil, which is appearing at the surface as a slick. They have been working with remotely operated vehicles, or ROV's which are essentially tethered miniature submarines with manipulator arms and other equipment that can perform work

underwater while the operator sits on a vessel. These are what were used to explore the Titanic, among other things. Every floating rig has one on board and they are in constant use. In this case, they are deploying ROV's from dedicated service vessels. They have been trying to close the well in using a specialized port on the BOP's and a pumping arrangement on their ROV's. They have been unsuccessful so far. Specialized pollution control vessels have been scrambled to start working the spill, skimming the oil up.

In the coming weeks they will move in at least one other rig to drill a fresh well that will intersect the blowing one at its pay zone. They will use technology that is capable of drilling from a floating rig, over 3 miles deep to an exact specific point in the earth – with a target radius of just a few feet plus or minus. Once they intersect their target, a heavy fluid will be pumped that exceeds the formation's pressure, thus causing the flow to cease and rendering the well safe at last. It will take at least a couple of months to get this done, bringing all available technology to bear. It will be an ecological disaster if the well flows all of the while; Optimistically, it could bridge off downhole.

Current information can be found at:
<http://www.deepwaterhorizonresponse.com/go/site/2931/>

NOTE:
The US Coast Guard has announced they do not intend to close the waterways to any ports. They have developed contingency plans to keep all channels open. It is highest priority not to impede commerce.

Legislative News

This legislative session is in full swing. The following provides a list of issues that PAL has been following:

Tax credits-infrastructure tax credits draft rules will be published as presented to PAL. No progress has been made on the import/export tax credit.

Capital Outlay contains 19.1 million for the Port Construction and Development Priority Program from the Transportation Trust Fund with authorization for "cash management" of all

funds. DOTD will adopt a policy to manage the cash appropriated to the program, which is anticipated to allow more authorized but unfunded projects to commence construction. This would have the beneficial result of more efficiently utilizing the port priority funds.

The prospect of additional capital outlay funds for port infrastructure is doubtful since limited surplus and bond funds will be utilized for completion of state and previously approved local projects.

Capital Outlay--HB 2 which has yet to be considered by both the House Ways and Means and Appropriations Committees will likely only have \$330 million of bond funds and \$50 million of funds originally designated for the new LSU Hospital, but will not be needed this year. This funding will be likely be utilized to provide funding for continuing projects and will have very few additional projects...

PAL participated in the year long study by the Joint Infrastructure Funding Legislative Committee chaired by Rep. Hollis Downs. PAL submitted a survey of how ports are funded in other states, which should be of value in the future. The constitutional restrictions on consideration of fiscal issues this year will require this issue be considered next year. The Committee recommended and Rep. Downs has filed a resolution, HCR 115, to recommend additional funding sources for transportation projects in the State of Louisiana. The purpose is to provide \$750 million of additional funding for non-federal roads, ports, airports, freight carriers gas tax, public transit, and local government transportation. This should result in a further investigation of new revenue sources, including indexing the existing funding sources, dedication of surplus funds, toll roads and vehicle miles/weight traveled fees.

This week, the Senate considered SB 183 by Senator Nick Gautreaux, which would allow the State Mineral Board to lease state owned and public lands for "alternative energy sources development" such as wind energy, solar energy and hydrokinetic energy. This would permit the leasing of any publicly owned land including port owned land or the navigable waterbottoms within port jurisdictions and possibly interfere with port operations and cause obstructions to navigation. This issue was raised by Senator Conrad Appel, and working with Senator

Gautreaux and the Department of Natural Resources, an amendment by Senator Appel was adopted which would require the written approval of the affected port.

Corporate Member News

Port of Lake Charles

New Director Hired

Kay Barnett, President of the Board of Commissioners of the Lake Charles Harbor & Terminal District (“Port of Lake Charles”), announced that after several months of diligent searching and a detailed review of a number of excellent applicants, a decision has been made on selection of a new Port Director for the Port of Lake Charles.

“After many hours of numerous interviews of a number of well qualified applicants, I am now very pleased to advise that William (Bill) J. Rase, III - the current Senior Director of Operations for the Port of Lake Charles- will be promoted- effective May 1, 2010- to the position of Port Director”, said Barnett. The Board-by unanimous vote- took formal action to promote Mr. Rase at its April 26, 2010 regular board meeting.



Mr. Rase is 61 years of age and has over 30 years of port and cargo management experience. He graduated in 1971 with a B. A. degree in Marketing from Southeastern Louisiana University in Hammond, La.

After serving in a number of public port and private sector administrative positions at a variety of ports and companies, Mr. Rase was appointed, in 2002, Director of Operations for the Port of Lake Charles. Mr. Rase has been personally responsible for revamping several key operating agreements and securing several new cargo operations- both of which

substantially increased the economic well being of the Port and the area.

Mr. Rase and his wife, Debby, reside in Sulphur, Louisiana. “I am really looking forward to this opportunity to work with the Commissioners and port stakeholders, the employees, and all of Southwest Louisiana in maintaining the port as a center of excellence. Mr. McBride and the existing port staff have done an excellent job – over the last seven (7) years- shepherding the port through a number of major milestones. I look forward to continuing his work. My wife and I are delighted to be taking on this new role and we will wholly dedicate ourselves to the continued betterment of the Port of Lake Charles”, said Mr. Rase.

Port of South Louisiana

The Port of South Louisiana (PSL) delegation along with Louisiana Economic Development (LED) representatives traveled to educate large shipping companies based in Asia, whose cargo is primarily shipped via ports located on the west coast of North America, about the benefits of shipping their cargo through the Port of South Louisiana. The Executive Director of the Port of South Louisiana, Joel T. Chaisson, presented to the global shipping companies distance comparisons to mid-North American destinations, demonstrating cost savings they can achieve through shipping their customers’ products and goods using the Mississippi River by utilizing containers on barges.

Key meetings with high-level executives representing some of the largest global shipping companies in the world were scheduled by Louis M. Bowen of China Advisors Limited in Hong Kong and Shanghai, China. The Louisiana Department of Economic Development arranged additional company meetings and a press conference with Tokyo News in Narita, Japan.

“LED applauds the recent leadership of the Port of South Louisiana in a mission to Japan and China,” commented Don Pierson, Assistant Secretary of Louisiana Economic Development. “Chinese companies are actively looking at investment opportunities in the U.S. We know that many Chinese firms are very flush with cash and are seeking new markets, technology and logistics support.”

The Port of South Louisiana's future plans to expand its terminal operations on the Mississippi River at the Bonne' Carre Spillway location to take advantage of the opening of the Panama Canal generated a great deal of interest by the shipping executives. The Asian executives were very impressed with the information shared with them and were excited about the development of an alternate shipping route to North America once the Panama Canal expansion project is complete in 2014.

"For Louisiana Ports, a key factor is also the proposed expansion of the Panama Canal. The expansion that is underway will allow the Panama Canal to approximately double its logistics capacity. So, during the next 20 years, cargo volume transiting the Canal can grow substantially," says Mr. Pierson. "We believe that Louisiana can win a significant share of new logistics business and that Chinese investment funds are a potential source of Louisiana foreign direct investment. Moreover, the Panama Canal has traditionally been a gate way for dry goods, such as grains, minerals, fertilizers, coal, and liquid goods, such as chemical products, crude oil and oil derivatives. These are all strong suits for Louisiana. Additionally, the containerized cargo segment of trade is expected to grow as the Panama Canal's main income generator. For this reason there may be substantial new opportunities associated with containers. We must also be mindful that Chinese companies' typically take a go-slow approach. Overseas investing is new to many Chinese companies, and it's likely they will spend a lot of time looking and planning before making commitments. So our best course of action is to aggressively pursue these opportunities, with the understanding that they are often long but worthwhile endeavors."



Pictured L-R: Raymond Fryoux (PSL Commissioner), Linda Prudhomme (PSL Business Development Director), David Gossack (U.S. Commercial Service Principal Commercial Officer in Shanghai), and Joel T. Chaisson (PSL Executive Director)

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Murray, Folsie Recognized and Remembered at April Commission Meeting

During the April 2010 regular commission meeting, Commissioner Joey Murray was recognized for his years of service (March 2005 – March 2010) as Commission President. Commission President Louis A. Joseph presented a plaque to Mr. Murray acknowledging his efforts and dedication. Mr. Murray remains on the board of Commissioners, serving as Executive Vice President.

Mr. Joseph also presented a plaque, in memoriam, to the family of Nathan J. Folsie for his years of dedication and service as legal counsel (April 2005 – February 2010) for the Port of South Louisiana. Mr. Folsie, who was lost tragically in an automobile accident in February 2010, was a native of Donaldsonville, Louisiana and served as Assistant City Attorney for Donaldsonville, then as Assistant District Attorney for the 23rd Judicial District before becoming the Port's attorney. "He was a magnificent person...he always gave us good advice. [His passing was] a terrible blow," said Executive Director Joel T. Chaisson.

His daughter, Melissa M. Folsie, has since joined the Port of South Louisiana team to carry on her father's role.



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 The Port of South Louisiana and the parishes of St. Charles, St. John, and St. James, collectively known as RREDI, hosted the 19th Annual River Parishes Industry Appreciation reception on Tuesday, May 4, 2010 as a tribute to the industrial facilities within the Port's district for their impact on the local economy and the vitality of the Port.

Over 150 industry leaders, including plant managers and other company representatives, members of the Port's board of Commissioners, and parish officials were invited to enjoy an afternoon of local cuisine and music at the Port of South Louisiana Guesthouse, located in Reserve.

Port of New Orleans

Atlantic Metrocast, Inc., a subsidiary of Atlantic Wood Industries of Savannah, Ga., has signed an agreement with the Port of New Orleans to lease seven acres at France Road, to build a pre-stressed concrete production facility - the first of its kind in Southeast Louisiana. The new venture marks a return home for Atlantic, which was originally founded in New Orleans in 1901.

"Our hope is to be in New Orleans for the long term and participate in all of the exciting growth that this great city is experiencing," says William "Bill" Crossman, president of Atlantic Metrocast, Inc. "As a company, we are excited to return to the city of our roots and be able to provide employment in an area that is going through its own renaissance."

In addition to a capital investment of \$5 million, the company is expected to boost the local economy with the creation of up to 100 jobs and \$2.5 million in payroll with health and 401K benefits. Approximately \$160,000 from the state's Economic Development Assistance Program (EDAP) will be used to help provide infrastructure for the company.

"The return of Atlantic Metrocast to New Orleans and the jobs that it brings is great news for the City of New Orleans," said Mayor-elect Mitch Landrieu. "The decision to locate in New Orleans demonstrates the valuable resources the city has to offer, including a world-class port, infrastructure and workforce. It shows confidence in the future of the city and the competitiveness of the region."

Atlantic looked at other sites at the Port of St. Bernard and South Louisiana Port, but decided on the France Road location because the Port of New Orleans offered access to all modes of transportation - rail, barge, and highway. In addition to providing concrete pilings for local construction projects, Atlantic will take advantage of this ease of access to export its products to other states and countries.

"Atlantic Metrocast's decision to move here underscores how we are leveraging the assets of the Port of New Orleans to create jobs and investment for Louisiana," said Gary LaGrange, CEO of the Port of New Orleans. "Many businesses want to be close to the world class transportation services available at the port. Currently, private businesses are investing more than \$85 million on properties that they lease or purchased from the Port of New Orleans."

Greater New Orleans, Inc., the regional economic development agency for the 10-parish Greater New Orleans region, played a leading role, managing the project for over a year and assisting with site selection for Atlantic Metrocast.

"This new facility is a victory in the collaborative effort of several agencies - public and private - to diversify our industrial properties and grow the manufacturing base in Louisiana," says Michael Hecht, President and CEO of Greater New Orleans, Inc. "The return of Atlantic Metrocast to Greater New Orleans is a milestone in the overall return of the economy of the region."

America's WETLAND

America's WETLAND Needs Your Help!

Because of numerous inquiries from concerned citizens who want to volunteer to help Louisiana respond to the oil spill crisis, the America's WETLAND Foundation is recommending these opportunities:

The Coalition to Restore Coastal Louisiana – www.crcl.org

The Coalition to Restore Coastal Louisiana is a non-profit advocacy organization whose mission is the protection and restoration of a sustainable coastal Louisiana. For more information please visit www.crcl.org or call 1-800-LACOAST

Volunteer Louisiana - volunteerlouisiana.gov.

The Louisiana Serve Commission, in partnership with the Louisiana Association of Volunteer Center Directors, manages this statewide online volunteer portal. The Governor's Office of Homeland Security and Emergency Preparedness has designated the Louisiana Serve

Commission in the State's Emergency Operations Plan as the lead agency responsible for Spontaneous Volunteer Management in the event of a disaster or emergency.

MARK YOUR CALENDARS

May 13 – PAL Monthly Meeting, Baton Rouge, 10AM, Richmond Suites Hotel

June 3-6, 2010 – 32nd Annual Conference of the International Freight Forwarders & Customs Brokers Association of New Orleans – Marriott Grand Hotel, Point Clear, AL
<http://www.iffcbano.org/conference.htm>

June 3 - PAL Monthly Meeting, Baton Rouge, 10AM, Richmond Suites Hotel

July 1 - PAL Monthly Meeting, Baton Rouge, 10AM, Richmond Suites Hotel

