

The spill resulted from the rupture of a 16-inch pipeline that brings to shore 170,000 barrels a day. The rupture occurred about six miles from the coast. The pipeline was shut down promptly, but southwestern winds pushed the slick into coastal marshes.

The daily reports on the people and other resources used in the cleanup effort; a detailed breakdown of expenditures by Texaco, the pipeline operator; and interviews with officials from businesses, government, and communities in the area were used to identify economic and social impacts.

Although by historical standards the spill was a significant one, twenty percent of the business, government, and community leaders selected for interviews were unaware a major oil spill had occurred. Thirty percent of the community and governmental leaders who were aware of the spill did not believe it had any impact on their community, and 57 percent of the business owners or operators said the spill had not affected their business.

Twenty-five percent of the civic leaders were afraid the spill could have a longer-run, negative impact on their community, as were 11 percent of the businesses, as a consequence of damage to fishing, shrimping, or oystering.

Analyses of employment at the spill site and Texaco's expenditures suggest reasons for the limited, positive economic and social effects.

- **No new jobs created in the spill region.** The oil spill cleanup industry operates as if it were a cooperative coalition rather than a group of competing firms when dealing with a large spill. Usually a local firm is designated as the lead subcontractor and it contracts at fixed rates with other firms, many of which it has worked with in the past. The report

concluded that this was the only way to get large numbers of trained and experienced workers at the spill fast enough to be effective.

- **Most expenditures outside the area.** More of the total expenditures for labor and cleanup supplies went to firms outside the spill area (broadly defined as Terrebonne, Lafourche, and St. Mary Parishes) than those in the area. The ratio of "outside/inside" was estimated to range between 60/40 to 70/30.

Major factors mitigating the potential negative effects of the spill were:

- **A quick response.** The overnight response to the spill was guided by a fully developed and staffed oil-spill-response plan that enabled fifty percent of the oil spilled to be recovered, and
- **Relative geographical isolation** The spill impacted coastal areas that were not accessible by road and most marine

ELECTRICITY RESTRUCTURING

Louisiana's Public Service Commission, Legislature, investor-, municipal-, and cooperatively owned electric utilities, industrial, commercial and residential consumers continue to discuss how the "restructuring" of the electricity industry will or should affect the State's economy and consumers. The Center, with David Dismukes serving as the point man, has been trying to inform the ongoing restructuring discussion in several ways.

Over the past two years a series of seven seminars brought together national experts from academia and the industry to discuss specific issues and trends with Louisianans.

Currently, CES' efforts are focused on several research topics that bear directly on restructuring. David Dismukes and Bobby Cope have published a paper in the Proceedings of the International Association for Energy Economics on their model of electric power markets in Louisiana. The paper describes a non-linear programming model for estimating production decisions in an open access regional power market.

The model is unique because it considers multiple control areas and incorporates transmission interconnection capacity and line loss constraints. The Louisiana retail power market was modeled as a case study.

Other related studies are targeted at combined transmission and distribution modeling, measuring transmission cost and performance, and non-utility generation. Specific references are given in the staff activities section.



PTTC WORKSHOPS MULTIPLY

Along with its successful program of software development and dissemination, the Central Gulf Region Petroleum Technology Transfer Council (CGR PTTC)--which Bob Baumann and Keith Long manage through the Center for Energy Studies--continues a full schedule of workshops for Louisiana's oil and gas producers.

In June an enhanced production methods workshop titled *New Technologies in Gas Lift, Rod Design, and Unidraulic Lift Techniques* was held at the Petroleum Club in Lafayette. It is expected that this will be the first of an annual series addressing advances in enhanced production.

In August LSU's Petroleum Engineering Department conducted a "hands-on" workshop on Boast 3, DOE's Black Oil Simulator Software, to evaluate flow parameters in the reservoir at the CGR PTTC Lab in the Petroleum Engineering Department.

The next workshop is scheduled for Shreveport on

October 13, 1998. It is on "Power Cost Reduction Methods in Oil and Gas Operations." The thirty-five-dollar admission fee includes lunch. Contact Keith Long at (225) 388-4538 for more information.



PTTC BASIN RESEARCH INSTITUTE'S WELL LOG LIBRARY UPDATE

This summer the PTTC began to help LSU's Basin Research Institute to revamp its well log library, which will be updated in several stages. The first step, the sorting and removal of duplicate copies from Basin Research Institute's on-site collection of logs, is about fifty percent complete. The second stage, incorporating missing logs from the several thousand logs that have been recently donated and currently in off-site storage, will begin soon. Duplicate copies are available free of charge to any other organization.. The third phase, putting the log library online, is in the developmental stage. Data for 1450 logs from Acadia Parish have been entered into a database that includes the Louisiana serial and API well numbers based on the PARS information system, as well as basic information directly from the log -- well name and number, field, operator or company; location by section, township and range; total depth, log type, and first run date. The fourth stage will be to put other log libraries in the State online. CES Librarian, Versa Stickle, heads this project.



STAFF CHANGES

Robert Cope has completed his dissertation and been awarded a PhD. Bobby has joined the Business Administration faculty at Southeastern Louisiana University in Hammond and continues to participate in the Center's research and activities.

Amy Konopacky, a new graduate student in Environmental Studies from the University of Florida; James Njuguna, a new graduate student in Geography with an interest in economic geography from Kenya; and Qiaozhen (Lucy) Zhu, a PhD student in Economics from China, joined the Center's research staff this fall.

Although all have varied and impressive backgrounds, Lucy Zhu's experience doing the economic forecasting and feasibility studies for China's first shopping mall, in Shanghai, takes the "most unusual" award.



WILLIAM DANIEL GOES TO INDONESIA

Research Associate William Daniel is an invited speaker/participant in the Asia Pacific Economic Cooperation (APEC) Joint Workshop on the Decommissioning of Offshore Oil and Gas Platforms in Jakarta, Indonesia, in late October.

William's travel and living expenses will be covered by the U.S. Agency for International Development—not the Center or Louisiana's taxpayers. William's thesis dealt with decommissioning issues in the Gulf of Mexico. He will speak on the economics of platform disposition and international agreements in Jakarta.



STAFF ACTIVITIES AND PUBLICATIONS

Robert Baumann completed a study of the fiscal issues involved in increased seismic fees on state owned or managed lands. He presented his results and recommendations at a meeting of the "interested parties" that the Center convened at the Lod Cook Alumni Center and, subsequently, testified before the Louisiana House's Natural Resources Committee on his findings and the discussion. Bob also journeyed to Orange Beach, Alabama for the Louisiana Mid-Continent Oil and Gas Association's annual post-session legislative committee meeting.

David Dismukes has three articles in the academic journal pipeline. "Cogeneration and Electric Power Industry Restructuring," co-authored with Andy Kriet (who recently left LSU's Economics Department to join the Pennsylvania State University's Department of Mineral and Resource Economics) will be published in *Resource and Energy Economics*; "Capacity and Economies of Scale in Electric Power Transmission," co-authored with **Robert Cope** and **Dmitry Mesyanzhinov** will be published in *Utilities Policy*; and "Modeling Electric Power Markets in a Restructured

Dismukes, David E., and Dmitry V. Mesyanzhinov (with Robert F. Cope III). Capacity and economies of scale in electric power transmission. *Utilities Policy*, in press.

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