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Title: Summary of Meeting to Receive Comments on the Draft Regional Restoration Plan, Region 2 (Sept. 2003)

Summary of meeting to receive comments on the draft Regional Restoration Plan, Region 2 (Sept. 2003)

November 3, 2003

- This meeting was requested by Louisiana Mid-Continent Oil and Gas Association to provide industry perspectives on the Draft Region 2 Plan (Plan). Representatives from Mid-Continent, Shell Global Solutions, BP Upstream Onshore US, Shell Exploration and Production Company, ConocoPhillips, and ChevronTexaco attended the meeting. The following trustee agencies were also represented: Louisiana Oil Spill Coordinator's Office, and National Oceanographic and Atmospheric Administration.

- The trustees briefed attendees on the rationale for the Non-Project-Specific Cash Settlement alternative in the Plan, and on the basis for unit costs presented in the Plan.

- General Comments on the Plan and the Louisiana Regional Restoration Planning Program (RRP Program).
  Industry representatives:
  - expressed support for the RRP Program concept;
  - expressed particular support for having a list of potential projects in each regional Plan, especially because the projects were solicited from a broad range of organizations including the Parishes;
  - felt that the Plan needs a more detailed discussion of the overall Natural Resource Damage Assessment (NRDA) process under the RRP Program;
  - would like the Plan to more thoroughly discuss the constructive involvement by the Responsible Party (RP) throughout a cooperative NRDA process;
  - would like to see hypothetical NRDA cases used to illustrate how the RRP Program would work from the beginning to the end of the NRDA process;
  - would find the Plan more valuable if the potential projects were prioritized and if more information were provided on each project;
  - commented that the document should describe the process for case closure, especially under the Non-Project-Specific Cash Settlement alternative;
  - expressed support for partnering with other restoration programs and suggested that the Plan elaborate on the potential for partnering.

- Comments on the Non-Project-Specific Cash Settlement Alternative.
  Industry representatives:
  - were supportive of a cash-settlement alternative that would allow quick resolution of liability and reduce process costs;

- asked why the trustees had switched from the priority project settlement approach (as identified in the June 2001 Public Review Document) to the Non-Project-Specific Cash Settlement Alternative ;
- thought the costs per discounted service acre year (DSAY) and cost per discounted kilogram biomass year (DKBY) for the Non-Project-Specific Cash Settlement Alternative presented in the Plan were too high (See specific comments below.); and
- felt that, based on the costs per DSAY and per DKBY presented in the Plan, this settlement alternative would not be used by most RPs.

- Specific Comments on Unit Cost Analysis.
  - Projects Used In Cost Analysis: Industry representatives:
    - felt that projects used in determining an average unit cost should be representative of lower-cost, more cost-effective projects, because these are the projects that the RP would seek out if they were to implement the restoration. They also recognized that there are fewer low cost projects available in the coastal area now.
    - felt that CWPPRA project costs are generally higher than costs paid by industry for restoration projects. It was suggested that data for some CWPPRA projects be removed from the analysis because they are not representative of the costs that RPs would pay.
    - suggested that the trustees use additional cost data in the analysis from other sources, including data from non-profit organizations conducting restoration projects in the area. Industry representatives offered to provide the trustees with some of their own cost information from previous restoration projects.
  - Estimated Construction Costs Used in Cost Analysis: Industry representatives felt that using an average of solicited bids for estimating cost was inappropriate because actual construction would be done by the lowest qualified bidder
  - Land Acquisition Costs: Industry representatives felt the Plan should clarify how much of the total per DSAY cost is attributable to land acquisition or servitude costs.
  - Oversight: Industry representatives felt that the Plan should provide a better explanation of the activities covered by oversight costs, and expressed concern over the size of oversight costs.
  - Monitoring Costs: Industry representatives sought more information about project monitoring activities and expressed concern about the high costs attributed to monitoring.
  - Reporting High Restoration Costs: Industry representatives expressed concern that the high costs reported in the Plan could exert artificial market pressures on costs for restoration in Louisiana if they were to become institutionalized in the RRP Program.