

# CES Newsletter November 1995

## **Bob Baumann Reassigned**

Bob Baumann who joined the Center for Energy Studies in 1982 and became its Executive Director in 1988, has been reassigned by the University. His new position is Special Assistant to the Provost and Vice Chancellor for Academic Affairs William L. Jenkins. Bob will continue to work with the Center, however, as a Senior Fellow and as the Principal Investigator on several important projects--most notably, the Petroleum Technology Transfer Council.

Most Newsletter readers know Bob personally and recognize what a truly unusual and effective force for rationality and responsibility in energy matters he has been both in Louisiana and the Nation. His leadership is directly responsible for the Center's survival and success during very troubled times. As a result of his efforts the Center is more visible, more relevant and more secure financially than at any time since the collapse of oil prices in the mid-1980s. His availability and willingness to continue to work on energy issues--despite the new duties involved in his reassignment--is very good news for the Center, the University and Louisiana.

Allan Pulsipher, who is the Center's Director for Policy Analysis has

agreed to serve as Acting Executive Director. Pulsipher describes his work at the Center as "a second academic career that, until now, has been very enjoyable." After serving on the faculties of Texas A&M and Southern Illinois University, Pulsipher left academia in the mid-1970s to work for the President's Council of Economic Advisers, the Ford Foundation, and, as its Chief Economist, the Tennessee Valley Authority. He joined the Center in 1990.

## **Industry Associates Meeting Early In 1996**

After the first of the new year, but well before the new version of the Louisiana Legislature convenes, the Center will hold its traditional winter meeting of Industry Associates to discuss energy issues likely to surface during the legislative session and review the Center's plans for the coming new year. A limited number of guest seats will be available. If you are interested, contact Allan Pulsipher at 504/388-4550.

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## New Project on Forecasting Offshore Platform Installations and Removals

The last forecast of the numbers of platforms expected to be removed (and to be installed) through the year 2020 was made in 1984 when the National Research Council's Marine Board completed its study on the Disposal of Offshore Platforms.

A Center proposal to update and improve this forecast has recently been approved by MMS through its CMI program. The objectives of the study are to:

- 1) Develop quantitative models to estimate the number and cost of installing and removing oil and gas platforms located in the Gulf.
- 2) Forecast the platforms likely to be installed and the number and costs of platforms likely to be removed on the Gulf OCS in the next twenty-five years under alternative economic and regulatory scenarios.

## Plans Firm for Offshore Lease Abandonment and Platform Disposition Workshop in April

The basic working groups for the international conference on lease abandonment issues that the Center is conducting on April 15-17 have been determined and the principal keynote speakers invited. A brochure with registration information will be out soon. Although MMS is providing about half of the estimated \$200,000 cost of the workshop, the Center is seeking co-sponsors and supporters. The American Petroleum Institute and major marine construction and consulting companies have signed on as co-sponsors but more help is needed. If you think your company might be interested, contact Allan Pulsipher at 504-388-4550 for particulars.

## Central Gulf Region PTTC Workshop on Produced Water Is A Success!

The Central Gulf Region of the PTTC held its first focused technology workshop on September 28, 1995, in

Baton Rouge. Approximately 90 producers attended. The workshop's focus was disposal of produced water.

Presentations on *Downhole Water Disposal Tools* by Allen Grub of Oxy USA, Inc., and *In-situ Segregation Production of Oil and Water* by Mark Swisher of Hunt Petroleum, in particular, sparked much interest among operators attending.

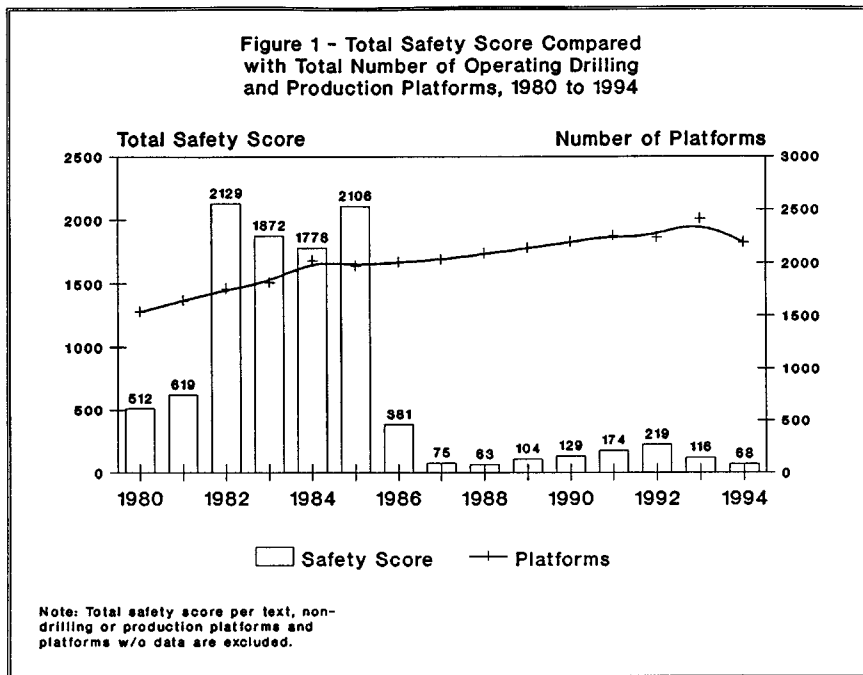
The workshop gave many independents the opportunity to interact with other operators experiencing similar problems. For information on future workshops or a report on the Produced Water Workshop, contact Barbara Kavanaugh at (504)3881804.

## PTTC Co-Sponsors workshop on 3-D Seismic in January 1996

The CGR PTTC will co-sponsor a 3-D seismic workshop at the Monteleone Hotel in New Orleans on January 11-12, 1996. The workshop, billed as *The Blessing and the Curse* addresses the fact that 3-D provides so much data for making drilling decisions, but enables much better decisions to be made.

The cost of the workshop is \$135 which includes a hosted reception and two luncheons. The Monteleone Hotel is holding a limited number of rooms at \$105 per night. The workshop registration deadline is December 15, 1995; there will be no onsite registration and attendance is limited.

For more information, contact Louise Durham, Conference Chair at (713)784-5441 or Cheri Webre, Basin Research Institute at (504)388-8328.



### Preliminary Report on Measuring and Comparing Safety Records of Offshore Operators Available

The graph shown above, illustrating the improvement in the offshore industry's safety record since 1980, is taken from a new Center study that will be presented at the Minerals Management Service's annual Information Transfer Meeting in December and at the Energy Week Offshore Symposium in Houston in January. The study compares the safety records of offshore operators over the 1980 to 1994 period. By taking into account the severity of accidents and the number, type and activities of the platforms operated, the study is able to explain about 70 percent of the variation in safety records among operators. The study also develops a method for identifying operators with significantly better- or worse-than-expected safety records. If you would like a prepublication copy, contact Barbara Kavanaugh at 504/388-4542.

### CES Plans Speaker Series on Implications of Electricity Industry Restructuring for Louisiana

The Center for Energy Studies is currently planning a seminar series on the implications for Louisiana of the restructuring now going on in the electric utility industry. Nationally recognized experts will discuss important restructuring issues such as stranded investment and retail wheeling as they apply to Louisiana. The target audience includes large consumers of electricity as well as utilities and regulatory authorities. The importance of these issues for the state is underscored by a recent report by Moody's Investors Service estimating that potential stranded utility investments in Louisiana could total half the combined equity of the state's electric utilities. If you have suggestions about topics you would like discussed, contact David Dismukes at (504)388-4343.

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## Presentations and Publications

Omowumi Iledare published an article entitled *Simulating the Effect of Economic and Policy Incentives on Natural Gas Drilling and Gas Reserve Additions* in the November 1995 issue of Resource and Energy Economics. Wumi also presented a paper entitled *Forecasting Petroleum Drilling Outcomes for Firms of Different Sizes Operating in the Gulf of Mexico OCS* at the Society of Petroleum Engineers Annual Technical Conference and Exhibit in Dallas in October and a paper on *Effects of Taxation, Depletion, and Economic Incentives on Petroleum Reserve Additions in the Gulf of Mexico OCS Region* at the annual meeting of the Southern Economic Association in New Orleans in November. Allan Pulsipher was a co-author on both papers.

David Dismukes presented two papers at the

Southern Economic Association Meetings-- *Empirical Determinants of Nuclear Power Plant Disallowances* and *A Cross-Sectional Model of IntraLATA MTS Demand*. David has also had a paper entitled *Mergers and Acquisitions in the Electric Utility Industry: A Regulator's Guide* accepted for publication by Public Utilities Fortnia.

Bob Baumann reported to the Boards of Mid Continent Oil and Gas Association and the Louisiana Independent Oil and Gas Association on the results of Act 2 of 1994 passed by the Louisiana Legislature which provided incentives for expanded production from new and marginal wells. He also made a widely disseminated report to the Louisiana Mineral Board on the results of the state's Global Settlement Agreement with Texaco. Bob will travel to Lake Louise in Canada for the Fall meeting of the Energy Council at the end of November,

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