

Gas rig fire off Louisiana coast

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On Tuesday a gas rig located 55 miles off Louisiana's coast in the Gulf of Mexico suffered a blowout and fire that continued to burn until Thursday afternoon. The rig's crew of 44 workers was evacuated Tuesday. No injuries have been reported.

Late Wednesday the derrick and drill floor gave way, and fireboats were called in to cool the structure in order to prevent further collapse of the rig, which is located in about 150 feet of water.

On Thursday the blowout appeared to have stopped as a result of sand and sediment "bridging over" the well, according to the federal Bureau of Safety and Environmental Enforcement (BSEE), which is investigating the disaster.

Fearing the possibility of a major explosion, the US Coast Guard had barred boat traffic in a 500-meter perimeter around the fire, and the Federal Aviation Administration imposed flight restrictions 2,000 feet overhead.

Some scientists and engineers approached by the media have said that the blowout will not cause major environmental damage because natural gas dissipates rapidly in water. But Jonathan Henderson of the Gulf Restoration Network told CNN that methane would expose marine life to raised toxicity levels.

"Toxic gases will damage the bodies of fish that come into contact by damaging their gills and causing internal damage," he said. "Marine species in the Gulf are more vulnerable when water temperatures are high and when oxygen concentrations are low like they are now."

The cause has not been established, but initial concerns pointed to its blowout preventer, a mechanism theoretically subject to federal regulation whose failure also contributed to the BP Deepwater Horizon disaster of 2010, in which 11 workers were killed and hundreds of millions of gallons of oil were spewed into the Gulf.

A representative for rig owner Walter Oil & Gas

"said the blowout preventer appeared to have failed," but the company later asserted the cause was not known, according to the *Wall Street Journal*. Frances Beinecke, president of the National Resources Council and a member of the blue ribbon commission appointed by the Obama administration to whitewash the BP disaster, acknowledged in April that neither the BSEE nor the drilling industry had put in place adequate regulatory safeguards for blowout preventers.

"The bureau is behind... in putting in place tougher rules on the design and operation of blowout preventers," she said. "The oil industry... is still dragging its feet on the need to create an independent safety institute to help build a culture that puts safety first, all the time."

The latest Gulf blowout once again points to the dangers posed by deregulation of the offshore oil and gas industry.

While claims are made that the BSEE has tightened safety regulations for offshore oil and gas operations since the Deepwater Horizon blowout, the federal response to that environmental disaster has assured corporations that they will be protected by the federal government regardless of what they do. This was proven by the Obama administration's shielding of BP, which emerged from one of the largest environmental disasters in history virtually unscathed.

This sense of impunity is made clear by the finance industry's reaction to the latest Gulf disaster.

An analyst for investment bank Cowen and Company gave rig operator Hercules Offshore an "Outperform rating" and called its stocks a "solid buying opportunity" after a modest decline in the aftermath of the blowout. Another investment bank, CapitalOne Southcoast enthused that "if the rig suffers major damage, this should have a positive impact on day rates." Hercules was also immediately placed on the *Wall Street Journal's* "Hot Stocks" list.

The executive vice president of Hercules Offshore, James Noe, is also the director of the Shallow Water Energy Security Coalition, a lobbying group that seeks to further scale back federal regulation of the offshore drilling industry.

“Ramping up the issuance of incidents of non-compliance for often trivial infractions is no substitute for technically substantive oversight—and threatens to take our eye off the ball on what is really important: what’s going on at the drill floor and in the well,” the group said in an April statement.



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