

Natural Gas Week

23 October 2006

Energy Tankers More Vulnerable To Attack Than Rigs, Platforms

Tankers — not rigs, platforms and pipelines — are the Achilles' heel for the Gulf of Mexico's energy industry when it comes to matters of security and protecting the nation's energy supply from a possible terrorist attack.

“In the Gulf itself, the greatest threat for now isn't from terrorists, but from narco-traffickers,” said Milton R. Copulos, president of the National Defense Council Foundation in Alexandria, Virginia. Copulos was one of the speakers at a seminar on offshore resources and energy security held in Houston by the Consumer Energy Alliance.

“But this could change,” Copulos said. “The need right now is to beef up the Coast Guard. They are the first line of defense.” On the sidelines of the conference, Copulos told *Natural Gas Week* that rigs, platforms and pipelines would be pretty tough to damage or destroy by a small group of terrorists. Their best targets would be the oil supertankers and LNG carriers that routinely travel through the Gulf of Mexico. In the Gulf of Mexico, supertankers and LNG tankers use ports and receiving terminals from the Port of Houston to the Port of Lake Charles, Louisiana. The oil tankers also use the Louisiana Offshore Oil Port to discharge their cargo into pipelines at a remote site off the coast of Louisiana. Backing up Copulos was a series of incidents regarding attacks on cargo vessels including supertankers that have occurred in the Malacca Strait since 2002. Located between Malaysia and Indonesia, the sea lane that is the main route for 80% of Japan's oil. The straits are considered especially vulnerable since the ships cannot maneuver very quickly and must stay in their shipping lanes which are deep enough to support them, security experts have said. Some experts have said these attacks were carried out by regional pirates and not terrorist organizations.

“What would happen if a ship were attacked and sunk or damaged in the Houston Ship Channel,” Copulos said. The effects of such an incident would be felt immediately in markets across the world. “What really scares the hell out of me are the LNG tankers.”

He pointed out that because of political considerations, most of the US LNG industry is being developed between Texas and Louisiana. Strong pressure from environmental groups as well as other interests have all but assured that almost any LNG facility built in the US will be located along the Gulf Coast.

“Once again, we’ve put all of our assets in one small area,” Copulos said. Overall, though, security for critical energy facilities is fairly tight. One of the Louisiana National Guard’s homeland security missions is to provide protection when necessary to critical facilities.

Lt. Col. Pete Schneider with the Louisiana National Guard, told *Natural Gas Week* he could not identify the facilities because of security considerations, but said protecting energy resources was one of the Guard’s roles in its Homeland Security mission.

Copulos said the US has had more than 30 years to develop a comprehensive energy policy. But nothing was done, he said. “The 1973 oil embargo was a warning,” Copulos said. “But it was a warning that a lot of people didn’t pay attention to.” The impact has been lost, though, as politicians and the public turned their attention to other matters, Copulos said. The embargo was called by several Arab nations, angry over the US support of Israel.

“We find today that we have lost the luxury of time,” Copulos said. “We are a nation that has put a large portion of its natural resources off limits, and yet we keep hearing this talk about energy independence.”

On the national level, the US is becoming even more dependent on foreign sources of energy. He used the developing LNG industry as an example, saying that because the East and West coasts and the eastern Gulf of Mexico is restricted to development “production is falling behind demand and we are having to import more energy. We are not becoming energy independent, we are become more dependent on foreign sources of energy.”

A recent study by Ziff Energy indicated that to meet demand for natural gas, the US will need to import more than 13 billion cubic feet per day of LNG — about six times what is currently being brought into the US.

The LNG will be coming from such nations as Algeria, Qatar, Saudi Arabia and Russia as well as traditional provider Trinidad and Tobago. Several of those nations are at odds with the US over international issues, and the nation is also facing stiff competition for LNG from Europe and the developing economies of India and China.

“It’s not an issue of resources. It is a lack of political will,” Copulos said. “And right now, we do not seem to have the political will to change this. But this is something that we must address and address very quickly.”

—**John A. Sullivan**