

**EXPERT REPORT OF DR. LOREN C. SCOTT**

by

**Loren C. Scott & Associates, Inc.**



**In re: Oil Spill by the Oil Rig "Deepwater Horizon" in the Gulf of Mexico  
MDL 2179**

**U.S. District Court for the Eastern District of Louisiana**

**August 15, 2014**

**Confidential pursuant to PTO #13**

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## INTRODUCTION

My name is Loren C. Scott. I am a Professor Emeritus of Economics at Louisiana State University. I have been retained by BPXP Exploration & Production Inc. ("BPXP") to review and analyze the impact on the Gulf Coast and United States economies of: (1) spending by BPXP following the *Deepwater Horizon* oil spill; and (2) capital and operational expenditures by BPXP that are unrelated to the *Deepwater Horizon* spill.

In Part One of my report, I examine BPXP's post-spill spending and the mitigating effects such spending had on potential adverse effects of the oil spill on the economies of the Gulf Coast states and, in particular, on certain industries most affected by the spill. In Part Two, I examine and evaluate BPXP's non-*Deepwater Horizon*-related operational spending and capital expenditures to understand BPXP's yearly economic contributions to the U.S. and regional Gulf Coast economies.

## QUALIFICATIONS

I am the President of Loren C. Scott & Associates, Inc., an economic consulting firm that was established in 1981. I am a Professor Emeritus at Louisiana State University, where I have taught Economics since I started my career in 1969. I served as the Freeport McMoran Endowed Chair of Economics and the Director of the Division of Economic Development and Forecasting. Prior to that, I was awarded the Thomas J. Singletary Business Partnership Professorship. Over the 13-year period from 1983-96, I served as the chairman of the LSU Economics Department. During that time, the Department's ranking among the 3,000 economics departments in the U.S. rose from 101<sup>st</sup> to 38<sup>th</sup>. I have been contributing articles and technical papers to economics journals, books, and business reviews since 1970. I serve on the 32-member National Business Economic Issues Council (NBEIC), which meets quarterly to discuss issues of state, national, and international interest. I serve as an energy specialist on the NBEIC. I have been appointed to

the Economic Advisory Board of the U.S. Council on Competitiveness--a group made up of the CEOs of the Fortune 100, top university presidents and presidents of three major unions. I have been interviewed on CNBC, MSNBC, and Bloomberg, in addition to several local TV stations, and my work has been cited in such publications as the Wall Street Journal, the Los Angeles Times, the New York Times, USA Today, and the Financial Times, to name a few. As part of my work, I regularly keep up with the economies of 10 states in the south-southeast ranging from the Louisiana-Arkansas area to the Carolinas-Georgia-Florida area for First National Bankshares.

I have been the co-author of the Louisiana Economic Outlook issued annually every year since 1984, an effort which requires me to keep abreast of economic trends in the state and to maintain contact with major industries, businesses, economic developers, and governmental entities throughout Louisiana. I have been the economic consultant to Louisiana's Judicial Compensation Commission since 1995. I served on Governor Roemer's Task Force on Minority Set-Asides (1989-90), and on three groups for Governor Foster--- Economic Development Transition Team (1996), Economic Modeling & Diversification Task Force (1997), and Interagency Work Group on Labor Market Information (Fall 1997).

I am being compensated for my work on this matter at my ordinary rates of \$750 an hour, and my compensation is not contingent upon the outcome of the case or the opinions that I offer. My curriculum vitae and list of previous testimony can be found in Appendix A. The materials I have considered in forming my analysis and opinions are listed in Appendix B.

#### **EXECUTIVE SUMMARY OF OPINIONS**

In Part One, I find that BPXP spending in a variety of large-scale and wide-ranging efforts helped mitigate and avoid potential adverse economic effects of the *Deepwater Horizon* oil spill. BPXP spent more than \$25.7 billion during the period 2010-2014 in the Gulf Coast Region in response to the spill. I examine and analyze a variety of economic measures and data

demonstrating that in most geographic areas and industries in the Gulf Coast, there was no negative economic impact due to the oil spill and that, in geographic areas or industries where there were economic consequences, the economy recovered quickly after the spill, in part as a result of BPXP's post-spill spending and its substantial efforts to mitigate potential negative economic effects. In particular, the large amount of money BPXP spent early in 2010 had a mitigating and compensating effect in the Gulf Coast region.

In Part Two, I review BPXP's non-*Deepwater Horizon*-related operational and capital expenditures and the company's important role in exploration/development activity in the Gulf of Mexico. For the period 2009-2013, capital spending by BPXP was over \$13.2 billion and operational spending was over \$8.8 billion. These expenditures include \$2.1 billion in employee spending and \$16.4 billion on compensation to vendors. In at least three decades of conducting economic impact studies I have rarely encountered a firm that invested and expended this much money into a region's economy. BPXP's regional investments and expenditures also benefit the U.S. economy through its bonus, rental and royalty payments to the U.S. Department of the Interior ("DOI") for its leaseholds in the Gulf. Over the period 2009-2013, BPXP paid over \$5.4 billion in royalty, rental and bonus payments to DOI.

## PART ONE: THE ECONOMIC EFFECTS OF BPXP'S POST-SPILL SPENDING

### I. Part One Introduction

The primary purpose of Part One of this report is to evaluate the effect on the Gulf Coast regional economy of BPXP's expenditure of \$25.7 billion during the years following the spill in efforts to respond to the spill and prevent harm to the local economy.<sup>1</sup> As I show below, BPXP took an aggressive approach toward mitigating and minimizing potentially adverse economic effects of the spill. In particular, BPXP spent hundreds of millions of dollars to promote Gulf Coast tourism, to promote and test Gulf Coast seafood, and to employ local fishermen and vessel owners in the months and years following the oil spill. BPXP also paid billions of dollars in claims, beginning within weeks of the *Deepwater Horizon* explosion and continuing today. BPXP spent or paid \$16.3 billion of the total \$25.7 billion in 2010, providing early and substantial spending, payments, employment, and grants. While I have not attempted to ascertain the specific economic consequences of every component of BPXP's spending, available data indicate that BPXP's efforts helped prevent significant long-term adverse economic effects from the spill. BPXP's early injection of more than \$16 billion in 2010 especially minimized potential negative consequences of the spill in the short term. Where there were negative economic consequences to certain industries in certain coastal counties or parishes, BPXP's spending mitigated the harm and contributed to very quick and thorough recovery by the end of 2010 or earlier.

### II. Overview of BPXP's Post-Spill Spending

In total, BPXP spent nearly **\$25.7 billion over 2010-2014** that helped to prevent and/or mitigate potential adverse economic effects of the spill. By any standard, BPXP devoted a large

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<sup>1</sup> Although I examine some measures of government revenue, my analysis focuses on the private sector economy and does not systematically address government revenues.

amount of money following the spill to its response, payment of claims, and efforts specifically targeted at mitigating potential effects of the spill on local economies. The BPXP spending that mitigated the effects of the spill came in five broad categories:<sup>2</sup>

**A. Tourism Promotion**

Over 2010-2013, BPXP made grants of more than \$230 million to support efforts to promote tourism in Louisiana, Mississippi, Alabama and Florida: \$179 million of this total were grants that BPXP committed to the four states for the promotion of tourism between 2010 and 2013.<sup>3</sup> In addition, BPXP agreed to provide \$57 million to establish the Gulf Tourism and Seafood Promotional Fund as a benefit under the Economic and Property Damages Settlement Agreement. BPXP endowed the Fund for the purpose of promoting the Gulf Coast through “support of programs directed to advertising, promotion and/or marketing which supports Gulf tourism and the seafood industries.”<sup>4</sup>

The amounts of total grant payments made by state and year as part of BPXP’s tourism promotional grants to the states and the Gulf Tourism and Seafood Promotional Fund are provided in Table 1.

<sup>2</sup> This report does not purport to present an exhaustive list of BPXP’s spending following the spill; for example, spending on claims administration or certain environmental restoration.

<sup>3</sup> Press Release, “BP Announces Tourism Grants to Four Gulf States,” May 17, 2010, BP-HZN-2179MDL05695286; BP-HZN-2179MDL09111688 - BP-HZN-2179MDL09111832 [2010 Grants]; BP-HZN-2179MDL08927522 [Florida 2011 Grant]; BP-HZN-2179MDL08927793 [Louisiana 2011 Grant]; BP-HZN-2179MDL08927786 [Alabama 2011 Grant]; BP-HZN-2179MDL08927770 [Mississippi 2011 Grant]; see also BP-HZN-2179MDL08389255 and BP-HZN-2179MDL09099961.

<sup>4</sup> Promoting tourism along the Gulf Coast, Dep. Exh. 11869 (“In addition, \$57 million is being provided to non-profit groups and government entities across the Gulf Coast to promote the tourism and seafood industries. This is part of the settlement agreement reached between BP and the plaintiffs’ Steering Committee.”). Not all of the \$57 million has been expended. As a result, the total grants made by BPXP thus far add up to \$230 million; see also BP-HZN-2179MDL08389255 and BP-HZN-2179MDL09099961.

Table 1

**BPXP Tourism Promotion Grants & Funds by State: 2010-2013**

State	2010	2011	2012	2013	Total
Louisiana	\$15,000,000	\$20,000,000	\$22,106,304	\$6,211,156	63,317,460
Mississippi	18,000,000	2,800,000	13,242,943	7,843,229	41,886,172
Alabama	22,000,000	10,700,000	10,707,180	5,358,375	48,765,555
Florida	32,000,000	30,000,000	10,632,516	3,769,634	76,402,150
<b>Total</b>	<b>\$87,000,000</b>	<b>\$63,500,000</b>	<b>\$56,688,943</b>	<b>\$23,182,394</b>	<b>\$230,371,337</b>

Source: BPXP Spending Update Slides<sup>5</sup>; Court-Supervised Settlement Program Public Data

These payments to the four states in the Gulf Coast region were the highest in 2010 (\$87 million) and 2011 (\$63.5 million), then slowly tapered to \$23.2 million in 2013. Florida was the greatest beneficiary of the grants, garnering over \$76.4 million over this 4-year period, followed by Louisiana (\$63.3 million), Alabama (\$48.8 million), and Mississippi (\$41.9 million).

#### **B. Seafood Promotion and Testing**

In the immediate aftermath of the spill, there were concerns voiced about the potential impact on the quality of the seafood harvested from the Gulf. In response, BPXP began a two-fold program to address this issue: (1) a fund to test the seafood in the Gulf and (2) a fund to promote the consumption of seafood harvested from the Gulf.<sup>6</sup> BPXP's commitment was to grant \$82 million to Alabama, Florida, Louisiana and Mississippi for state-led seafood testing and marketing programs, which included \$48.5 million over three years to the states to develop programs to promote Gulf seafood along the coast and around the country.<sup>7</sup>

<sup>5</sup> "Spending Update Slides" herein refers to BP-HZN-2179MDL09111833 through BP-HZN-2179MDL09111847 and BP-HZN-2179MDL09111849 through BP-HZN-2179MDL09111853. Note that spending information by state as of December 31, 2010 was not available, and therefore citations to the Spending Update Slides in this report for 2010 include some spending from January, 2011.

<sup>6</sup> Seafood Industry Recovery, <http://www.bp.com/en/global/corporate/gulf-of-mexico-restoration/restoring-the-economy/seafood-industry-recovery.html>.

<sup>7</sup> Id.

Table 2 documents the amount spent by year on these two programs over 2011-13. Over this 3-year period, BPXP provided almost \$71.3 million to fund these two activities.

**Table 2**

**BPXP Grants to Gulf States for Seafood Testing & Promotion**

2011	2012	2013
\$16,400,000	\$37,614,947	\$17,240,599

Source: BPXP Spending Update Slides

**C. Other Grants**

On July 30, 2010, BP announced that it was establishing a \$100 million charitable fund through the Gulf Coast Restoration and Protection Foundation ("GCRPF"), a supporting organization of the Baton Rouge Area Foundation ("BRAAF") for the purpose of compensating unemployed rig workers.<sup>8</sup> As it turned out, due to fewer layoffs of rig workers following the spill than expected, only about \$11.4 million of this total was ultimately distributed for this purpose to qualified applicants.<sup>9</sup> Thereafter, in accordance with the terms of the donation agreement, the uncommitted \$82.1 million<sup>10</sup> remaining in the fund was distributed to the BRAAF for the purpose of making grants to universities, healthcare organizations, conservation groups, and other non-profit organizations in the region. Through May 14, 2014, just over \$79.3 million of the \$82.1 million had been distributed or approved for distribution in the region.<sup>11</sup> The fund made grant payments to qualified rig workers and non-profit organizations in the Gulf Coast

<sup>8</sup> <http://www.bp.com/en/global/corporate/gulf-of-mexico-restoration/restoring-the-economy/community-development-in-the-gulf-states.html>; Press Release, July 30, 2010, BP-HZN-2179MDL06389713.

<sup>9</sup> Deposition of Harry Luton on June 17, 2014 pp. 121:14 - 122:17; Offshore Oil and *Deepwater Horizon*: Social Effects on Gulf Coast Communities Volume II: Key Economic Sectors, NGOs, and Ethnic Groups, Dep Exh. 11923 p. 21 ("Despite dire warnings from industry leaders and estimates that up to 9,000 people worked on deepwater rigs at that time, the fund was little used . . .") and p. 25 ("Within the industry, the fear of large-scale layoffs was never realized"); BP-HZN-2179MDL09111848.

<sup>10</sup> \$6.5 million of the \$100 million fund went to BRAAF to administer the fund. [BP-HZN-2179MDL09111848]

<sup>11</sup> BP-HZN-2179MDL09111848.

Region. Among the recipients were Catholic Charities Archdiocese of New Orleans, the Audubon Nature Institute, the Water Institute of the Gulf, Tulane University, the Community Foundation of South Alabama, and the Nature Conservancy, to name a few.

Table 3 shows the distribution and/or approval of these awards by year over the period 2010-2014.

**Table 3**  
**BRAF Fund Approvals in 4-State Region**

<b>2010-2011 (Rig Workers)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$11,398,700	\$18,004,000	\$28,326,463	\$29,791,431	\$3,200,000

Source: BP-HZN-2179MDL09111848

#### **D. Claims Payments**

Between the start of the spill and June 30, 2014, BPXP has paid over \$11.2 billion in claims payments to individuals and businesses, including those who filed claims with BPXP's Claims Program, the BPXP-funded Gulf Coast Claims Facility ("GCCF"), and the Court-Supervised Settlement Program ("CSSP") pursuant to the Economic and Property Damages Class Settlement with the Plaintiffs Steering Committee.<sup>12</sup> Almost \$400 million of that was paid over the course of just four months between the start of the spill in late April 2010 and August 23, 2010, when the Gulf Coast Claims Facility began operation.<sup>13</sup>

Under the Economic & Property Damages Settlement administered by CSSP, BPXP agreed to compensate for spill-related losses any of the following that meet the requirements of the settlement agreement's criteria:

- Individuals in Gulf Coast states who lost earnings;

<sup>12</sup> Gulf of Mexico Oil Spill Claims and Other Payments Public Report - June 30, 2014.

<sup>13</sup> Id.

- Businesses in Gulf Coast states that lost profits;
- Participants in the Gulf Coast seafood industry, including vessel owners, vessel captains, crew members, oyster leaseholders, and Individual Fishing Quota holders;
- Individuals and families that lost access to subsistence resources;
- Owners of Gulf Coast wetlands;
- Owners of Gulf Coast seafront property;
- Sellers of Real Property
- Vessels of Opportunity participants;
- Vessel owners claiming physical damage.<sup>14</sup>

Claims continue to be paid by the CSSP.

As of April 30, 2014, almost \$10.2 billion of the total \$11.2 billion paid by BPXP through all claims processes has been paid to individuals and businesses in the four states of Louisiana, Alabama, Mississippi, and Florida.<sup>15</sup> Individuals and businesses in Louisiana and Florida have been paid the most--\$3.72 billion and \$3.71 billion respectively--followed by Alabama (\$1.8 billion) and Mississippi (\$933 million).<sup>16</sup> The volume of payments to date made in each of these four states is documented in Table 4.

<sup>14</sup> *Deepwater Horizon* Economic and Property Damages Settlement Agreement as Amended on May 2, 2012, [http://www.deepwaterhorizoneconomicsettlement.com/docs/Amended\\_Settlement\\_Agreement\\_5.2.12\\_optimized.pdf](http://www.deepwaterhorizoneconomicsettlement.com/docs/Amended_Settlement_Agreement_5.2.12_optimized.pdf), at 5-6.

<sup>15</sup> April 2014 Spending Update Slides. [BP-HZN-2179MDL09111835, BP-HZN-2179MDL09111839, BP-HZN-2179MDL09111840, BP-HZN-2179MDL09111853].

<sup>16</sup> April 2014 Spending Update Slides. [BP-HZN-2179MDL09111835, BP-HZN-2179MDL09111839, BP-HZN-2179MDL09111840, BP-HZN-2179MDL09111853]

**Table 4****BPXP Claims Payments by Gulf Coast State**

State	2010	2011	2012	2013	2014	Total
LA	\$1,295,200,000	\$516,300,000	\$697,920,977	\$1,193,711,859	\$18,692,699	<b>\$3,721,825,535</b>
MS	\$322,800,000	\$139,900,000	\$173,771,997	\$276,085,270	\$21,145,939	<b>\$933,703,206</b>
AL	\$733,300,000	\$328,100,000	\$243,422,636	\$484,239,941	\$12,550,377	<b>\$1,801,612,954</b>
FL	\$1,397,500,000	\$1,083,200,000	\$551,100,792	\$661,673,356	\$18,725,588	<b>\$3,712,199,736</b>
<b>Total</b>	<b>\$3,748,800,000</b>	<b>\$2,067,500,000</b>	<b>\$1,666,216,402</b>	<b>\$2,615,710,426</b>	<b>\$71,114,603</b>	<b>\$10,169,341,431</b>

Source: BPXP Spending Update Slides

It may be helpful to put the size of these claim payments in some perspective. In Table 5, data are provided on the change in total personal income by year in Louisiana, Alabama, Mississippi, and Florida over 2010-2014. (Data on state personal income are not available for 2014.) The bottom half of the table shows what percentage of the change in the state's personal income could be attributed to the claims payments.<sup>17</sup>

<sup>17</sup> Note that personal income numbers as estimated by the U.S. Bureau of Economic Analysis includes not only earnings but also dividends, rent and interest. Some claims payments were made to businesses and would show up as profits (some of which--proprietary and partner profit, is a part of personal income). Some claims payments to businesses may have ended up outside of these four states and/or would not have counted as Personal Income, thus may not have contributed to growth in the states' respective personal income figures. Nevertheless, the comparison demonstrates the scale of BPXP's claims payments relative to a key economic indicator in these states.

**Table 5****Change in Personal Income & Claims Payments as a Percent of that Change: 2010-13**

<b>Change in PI from prior year<sup>18</sup></b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Louisiana</b>	\$5.720	\$7.573	\$7.650	\$3.866
<b>Mississippi</b>	\$2.087	\$4.226	\$4.611	\$2.667
<b>Alabama</b>	\$5.551	\$5.558	\$5.450	\$3.199
<b>Florida</b>	\$28.950	\$35.867	\$30.952	\$22.993
<b>Claims as % of Change in PI</b>				
<b>Louisiana</b>	22.6%	6.8%	9.1%	30.9%
<b>Mississippi</b>	15.5%	3.3%	3.8%	10.4%
<b>Alabama</b>	13.2%	5.9%	4.5%	15.1%
<b>Florida</b>	4.8%	3.0%	1.8%	2.9%

Change in personal income in billions of dollars

In all of these states, the amount of claims paid compared to the state's growth of personal income is significant and in some instances very substantial. In Louisiana in 2010, claims paid to businesses and individuals were as much as over 22% of the state's growth in personal income. In 2011-2013, claims payments continued to be significant compared to Louisiana's personal income growth. In Mississippi and Alabama, the story is the same. The amount of claims payments in 2010 was higher than 13% and 15% of the states' personal income growth. The ratios were lower for Florida but by no means trivial.<sup>19</sup>

<sup>18</sup> Bureau of Economic Analysis, SA1-3 Personal Income Summary.

<sup>19</sup> Florida's economy is large compared to Alabama, Louisiana, and Mississippi. For example, Florida's personal income in 2010 was \$725.4 billion versus Louisiana's \$169.1 billion, Alabama's \$162.2 billion, and Mississippi's \$91.6 billion. See [www.bea.gov](http://www.bea.gov). In Florida, claims paid as a percent of the change in personal income ranged from a high of 4.8% in 2010 to a low of 1.8% in 2012.

### E. Spill Response Spending

Over the period 2010-2Q2014, BPXP spent over \$14.1 billion on cleanup and response activities associated with the spill.<sup>20</sup> These activities included such categories of response as (i) spill response; (ii) source control; (iii) drilling of the relief well; and (iv) U.S. Coast Guard and state and local response costs, among others. Table 6 documents this total response spending by year.<sup>21</sup> Not surprisingly, most of this spending (\$12.5 billion, or nearly 90%) occurred in the year of the spill--2010. BPXP spent almost \$1.4 billion in 2011. In 2012 and 2013, this figure has been in the \$100-\$150 million range as the great majority of the cleanup effort neared completion.

**Table 6**  
**BPXP Spill Response Spending By Year**

<b>Year</b>	<b>Spill Response Spending</b>
2010	\$ 12,497,457,000
2011	1,377,470,000
2012	109,019,000
2013	143,444,000
2014 (through 2Q)	19,678,000
<b>Total</b>	<b>\$ 14,147,068,000</b>

Source: BP-HZN-2179MDL08389255; BP-HZN-2179MDL09099961

This is a significant amount of new spending for activities taking place in the Gulf Coast region.<sup>22</sup> In my career, having watched closely the economies of these four states, I have

<sup>20</sup> BPXP's total reported cost for spill response is \$14.3 billion. In this report, I use BPXP's \$14.2 billion incurred cost, less \$87 million of 2010 tourism grants treated separately in this report with BPXP's 2011-2013 tourism grants.

<sup>21</sup> BP-HZN-2179MDL08389255. The vast majority of this spending is in the category of "spill response."

<sup>22</sup> Some of the spending went to businesses located in the Gulf coast region, some to businesses outside the region who hired employees or contractors from Gulf Coast states and purchased supplies locally from Gulf Coast businesses, and some may have gone to businesses that were not located in the Gulf Coast region. Even for businesses located outside the region, their employees operated in the region, renting cars locally, staying in local hotels, eating at local restaurants, and otherwise spending some of their money in the region. Regardless, it is clear that BPXP spent billions of dollars responding to the spill, a significant portion of which was spent locally.

encountered only one firm that came close to injecting this much money into the Gulf region's economy over a period of only 3-4 years.

While this response spending includes several categories of costs associated with BPXP's response, one particularly noteworthy category of BPXP's response spending is BPXP's spending on the Vessels of Opportunity program.

### 1. Vessels of Opportunity

In 2010, BPXP paid \$594.4 million to employ fishing, supply, and other vessels and their crews from Louisiana, Alabama, Mississippi, and Florida to help in the response and cleanup effort through the Vessels of Opportunity (VoO) program.<sup>23</sup> The VoO program was established to develop a core fleet of local vessel owners and professional mariners to assist with the spill response, including on-water oil recovery and removal operations; boom deployment and tending; wildlife recovery; *in situ* burning; and logistical support, while capitalizing on local knowledge and professional seamanship.<sup>24</sup> During the course of the Response, there were over 9,000 VoO vessels under contract.<sup>25</sup> The VoO program employed commercial fishermen and other "for hire" captains and boat owners potentially impacted by the spill, supplementing the efforts of privately-contracted oil spill removal organization resources that were already on scene.<sup>26</sup> It is my understanding that BPXP was not required to implement this VoO program or

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<sup>23</sup> Spending Update Slides.

<sup>24</sup> OSC Report, Dep. Exh. 9105 at 118 (describing VoO operations).

<sup>25</sup> OSC Report, Dep. Exh. 9105 at 118 ("Throughout the response, more than 9,000 vessels—a fleet larger than the Allied landing force in D-Day during World War II and nearly three times the number of boats in the U.S. Coast Guard—were contracted by the RP as VoO.").

<sup>26</sup> ISPR, Dep. Exh. 9124 at 121 ("The use of VoOs was an important and critical element of the response...[and i]t met several key response objectives: it leveraged local knowledge of the coastal waters, which helped assure safe and efficient execution of the response strategies [;i]t put commercial fishermen and other 'for hire' captains impacted by the spill (and without a source of income) to work[;i]t reduced political pressure from local governments to utilize local assets [; i]t supplemented privately contracted oil spill removal organization

hire thousands of local vessels to assist with the response but it chose to do so at least in part to employ and compensate local boat owners, professional mariners, and fishermen who were potentially affected by the oil spill.<sup>27</sup> Within days of the start of the oil spill, BPXP began recruiting local fishermen.<sup>28</sup> Vessel owners who were placed on-hire were paid between \$1,200 and \$3,000 per vessel per day, depending on the size of the boat, and the captain and crew were paid an additional \$200 per day.<sup>29</sup> For many VoO participants, this was more than they usually earned.<sup>30</sup>

Table 7 shows BPXP's \$594.4 million in payments to VoO Program participants by state for Louisiana, Alabama, Mississippi, and Florida.<sup>31</sup>

**Table 7**

**2010 BPXP Spending in Gulf Coast States for Vessels of Opportunity Program**

State	2010
Louisiana	\$277,100,000
Mississippi	115,100,000
Alabama	128,900,000
Florida	73,300,000
<b>Total</b>	<b>\$594,400,000</b>

Source: BPXP Spending Update Slides

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(OSRO) resources already on scene, as well as those being cascaded in from other areas."); OSC Report, Dep. Exh. 9105 at 120.

<sup>27</sup> Hein Dep. at 252:14-20; 259:17-20.

<sup>28</sup> <http://www.restorethegulf.gov/release/2010/05/03/ongoing-administration-wide-response-deepwater-horizon-oil-spill> ("Volunteer recruitment efforts include outreach to local fishermen with boats, which can be used as vessels of opportunity to assist contractors in deploying boom.")

<sup>29</sup> ISPR Final Report, Dep. Exh. 9124 at 122.

<sup>30</sup> Id.

<sup>31</sup> Spending Update Slides.

VoO participants in Louisiana garnered the largest portion of these VoO dollars---\$277.1 million or about 47% of the total payout. This was followed by participants in Alabama with \$128.9 million, Mississippi with \$115.1 million, and Florida with \$73.3 million.

The data in Table 7 on VoO payments clearly represent a significant expenditure of funds. However, the data in Table 7 represents BP's spending only. In addition, BPXP's \$594.4 million in VoO spending may have generated additional spending as those vessel owners, boat captains, and fishermen spent that income locally. The U.S. government found that VoO participants were well-compensated enough to spend their VoO earnings on vessel maintenance and repairs and to pay down their debts.<sup>32</sup>

### III. BPXP Spending and the Gulf Coast Economy

BPXP's spending after the oil spill has been substantial. If one adds up the spending described above, the total is \$25.7 billion. In 2010 alone, BPXP distributed \$16.3 billion to pay claims early, pay for state tourism promotion efforts, employ boat and vessel owners and commercial fishing crews, and fund response efforts. In my years of experience analyzing the Gulf regional economy, I have yet to encounter a firm that made investments or expenditures related to Gulf operations of \$25.7 billion over only 4 years or \$16.3 billion in one year. It may be helpful to use some reference points to appreciate the size of this spending:

- Mississippi's total personal income (TPI) in 2013 was \$103.1 billion.<sup>33</sup> Over this 4 ½ year period BPXP spent the equivalent of almost one quarter of Mississippi's 2013 TPI;

<sup>32</sup> 30(b)(6) Deposition Transcript of Harry Luton, p. 90:13 - 91:8; *see also* Offshore Oil and *Deepwater Horizon*: Social Effects on Gulf Coast Communities Volume II: Key Economic Sectors, NGOs, and Ethnic Groups, Dep. Exh. 11923, p. 50 ("Fishermen who worked for VoO for a significant amount of time built up a financial reserve they used to maintain their vessels, do repairs, or pay down debts, helping some return to fishing while others took the rest of 2010 off").

<sup>33</sup> [www.bea.gov](http://www.bea.gov).

- The total earnings of everyone who works in Louisiana's government sector--federal civilian employees, military employees, and all state and local government workers--was \$23.2 billion in 2013<sup>34</sup>, an amount just less than what BPXP's post-spill spending over a 4 ½ year period;
- The total earnings of everyone who works in all of the hotels, restaurants, pubs and fast-food places in the huge state of Texas was a comparable \$25.8 billion in 2013;<sup>35</sup>
- Total earnings of all workers in Alabama's entire manufacturing sector in 2013 were a much lower \$16.3 billion.<sup>36</sup>

When compared to these basic measures of economic activity in the region, it becomes easy to understand why BPXP's spending of \$25.7 billion in the region could play an important role in preventing harm to the economies in the Gulf Coast region that may otherwise have resulted from the spill. Below I examine some evidence of the impact of different parts of this spending on some targeted economic sectors. These data will show that this spending helped avoid potentially harmful economic effects of the spill and that any harmful impacts that may have occurred were short-lived.

**A. BPXP Spending and Prevention of Long-Term Harm to the Gulf Commercial Fishing Industry**

Participants in the commercial seafood industry were compensated by amounts that exceeded potential spill-related losses, as a result of VoO spending and the Seafood Compensation Program of the Economic and Property Damages Settlement.

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<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

<sup>36</sup> Ibid.

First, VoO payments were primarily directed at vessels used in the fishing industry in Louisiana, Mississippi, Alabama, and Florida. When compared to the total annual value of commercial fishing in these four states, it is clear that the money paid by BPXP to vessel owners and boat captains, who in turn paid deckhands, fisherman, and others to work on the vessels, was significant and exceeded the annual revenue of the commercial fishing industry in these states.

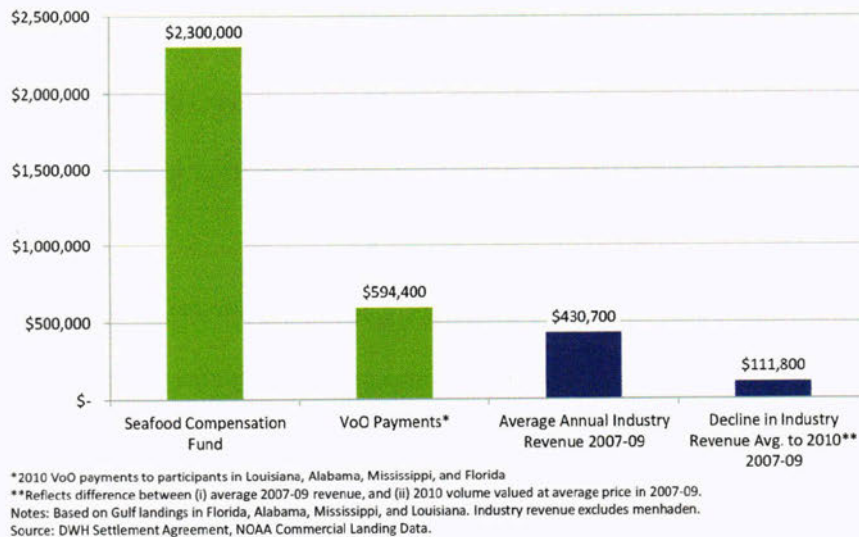
The \$594.4 million paid out in 2010 by BPXP for the VoO program in Louisiana, Alabama, Mississippi, and Florida is alone higher than these states' entire annual seafood industry revenue. According to publicly-available NOAA commercial landings data, the 2007-09 average annual seafood industry revenue for these four states was \$430.7 million.<sup>37</sup> BPXP's 2010 VoO payments in the four states were 38% higher than this average total annual revenue. The same public landings data shows that the industry's revenues declined in 2010 by \$111.8 million from the 2007-09 average. (By using the average over 2007-09 I have in fact over-estimated the 2010 decline relative to 2009, because the revenues from the Gulf catch was actually lower in 2009 than the 2007-09 average.) BPXP's VoO spending in 2010 alone was more than five times this documented loss of revenue. See Figure 1.

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<sup>37</sup> NOAA Commercial Landings Data, excluding Menhaden.

Figure 1

**Settlement Compensation to Seafood Industry & VoO Spending  
Relative to Industry Revenue and 2010 Decline in Industry Revenue**



Secondly, fishermen were compensated by BPXP through its claims program, the GCCF, and the Economic and Property Damages Settlement's Seafood Compensation Program. I focus here on the Seafood Compensation Program. In the Economic and Property Damages Settlement, BPXP agreed to compensate claimants using a multiple of estimated lost earnings or profits, such that claimants are paid more than the objective measure of their estimated losses.<sup>38</sup> In other words, they are more than made whole. This program compensated commercial fishing claimants up to 8.75 times lost variable profit.<sup>39</sup> As a result, a seafood industry participant--whether vessel owner, vessel captain, deckhand, oyster leaseholder, or holder of Individual Fishing Quota licenses--received from the Seafood Compensation Program multiple times their

<sup>38</sup> Economic and Property Damages Settlement Agreement

<sup>39</sup> Exhibit 10 to the Economic and Property Damages Settlement Agreement

estimated 2010 losses. If this participant also had taken part in the VoO program and received VoO payments, none of their VoO earnings were deducted from their settlement payments, meaning that the claimant benefited twice from both the high rate of settlement compensation as compared to actual 2010 losses and VoO earnings in 2010.<sup>40</sup> In addition, seafood claimants are eligible for Round 2 distributions for any funds remaining from the \$2.3 billion Seafood Compensation Program.<sup>41</sup> These Round 2 payments are in addition to the Round 1 payments described above.

As shown in the bar to the far left in Figure 1, the economic effect of the settlement can be seen in the scale of the settlement's Seafood Compensation Program compared to the value of output of the Gulf of Mexico seafood industry. Although most of the settlement's claim categories are not capped and BPXP will pay any qualifying claim, the Seafood Compensation Program guarantees that eligible seafood industry claimants will share in a fixed \$2.3 billion fund.<sup>42</sup> As shown in Figure 1, this \$2.3 billion is 5.3 times the commercial seafood industry's average annual revenue in 2007-2009 and roughly 20.5 times the documented decline in commercial fishing revenue in 2010. The decline in revenue substantially exceeds the industry's decline in profits, which makes the \$2.3 billion settlement fund even larger in comparison to industry's participants' losses. Considering the settlement fund's and VoO spending together,

<sup>40</sup> See p. 29 of Economic and Property Damages Settlement Agreement, sec. 5.2.2 ("Within the Seafood Compensation Program, no previous compensation paid to the Claimant by the BP Parties or another Charterer in connection with the VoO Program shall be considered . . ."); see also Exhibit 10 to the Economic and Property Damages Settlement Agreement, at 3. Note that VoO earnings did partially offset other non-Seafood-related claims under the settlement. See, e.g., Sections 38.164 and 38.166 to the Economic and Property Damages Class Settlement Agreement. For those fishermen who were paid claims from BP's claims program prior to the GCCF or through the GCCF, VoO earnings were not deducted from claims payments. See Deposition Transcript of Harry Luton, p. 92:1-15.

<sup>41</sup> Exhibit 10 to the Economic and Property Damages Settlement Agreement.

<sup>42</sup> Economic and Property Damages Settlement Agreement, p. 108 (defining Seafood Compensation Program Amount as \$2.3 billion).

commercial fishing industry participants were paid more than 6.7 times the industry's total annual average revenue in 2007-2009 and almost 26 times the decline in industry revenue relative to the 2007-09 average.<sup>43</sup>

**B. Analysis of Tourism Activity Following BPXP Tourism Promotion Funding**

In 2010 alone, BPXP spent \$87 million in the four Gulf Coast states for the purpose of funding tourism promotional efforts in areas where tourism may have been adversely affected by the spill. (See Table 1). This money was spent with the specific intent to mitigate economic harm to the tourism industry, if any.<sup>44</sup> As noted above, in 2011-2013, BPXP granted the states another \$91 million and also established the \$57 million fund to promote Gulf Coast tourism.

There are at least two reasons to believe that this spending helped to prevent potential harm to tourism that might have occurred in Louisiana, Mississippi, Alabama and the Florida panhandle and, in certain areas where there were adverse effects, helped facilitate strong recovery.<sup>45</sup> The first is a comparison of BPXP's tourism promotion grants with the states' tourism budgets. The amounts of money granted to tourism offices in these four states represented a very substantial increase in their budgets, as seen in Table 8.

<sup>43</sup> This is consistent with the finding that claims payments and response spending, including VoO, mitigated and minimized economic effects of the spill. 30(b)(6) Deposition Transcript of Harry Luton, p. 76:20-77:12; 77:25-78:17; 79:14-80:15; *see also* Offshore Oil and *Deepwater Horizon*: Social Effects on Gulf Coast Communities Volume I, Dep. Exh. 11922, p. 13; Offshore Oil and *Deepwater Horizon*: Social Effects on Gulf Coast Communities Volume II, Dep. Exh. 11923, p. 205, 208.

<sup>44</sup> The conditions of the 2010 grants required the states to spend the money within that year to promote tourism in the State in a manner designed to alleviate or mitigate concerns resulting from the Event.

<sup>45</sup> Others have agreed that BPXP's tourism promotion grants contributed to the recovery of tourism in the Gulf region. 30(b)(6) Deposition Transcript of Harry Luton, p. 107:23-108:2; 108:19-24; 169:8-13; *see also* Offshore Oil and *Deepwater Horizon*: Social Effects on Gulf Coast Communities Volume II, Dep. Exh. 11923, p. 89-90, 93-94; US\_PP\_BOEM000198.

**Table 8****BPXP Tourism Promotion Grants v. State Tourism Budgets: 2010**

State	Tourism Office Budget: FY 2009-10 <sup>46</sup>	BPXP 2010 Tourism Promotion Grants <sup>47</sup>	Grant as % of Budget
Louisiana	\$18,979,335	\$15,000,000	79.0%
Mississippi	6,599,891	18,000,000	272.8%
Alabama	9,408,745	22,000,000	233.8%
Florida	23,012,978	32,000,000	139.1%

BPXP's tourism promotion grant to Mississippi in 2010 increased the tourism office budget by nearly 300%. Alabama's tourism budget was increased more than 200%, and in Florida the increase was 139.1%. The boost to Louisiana's tourism budget was the smallest, but even there it was boosted by 79%. One would expect that tourism budget boosts of these magnitudes would positively influence tourism expenditures in these four areas. As described in detail below, there is more than sufficient evidence for me to conclude, as I do in this report, that the BPXP grants had significant positive effects on tourism in the region.

This observation is buttressed by technical research that has been done on the relationship between changes in tourism promotion spending and tourism expenditures. A key scientific article on this relationship was written recently by John Deskins and Matthew Seevers in the *Journal of Travel Research*.<sup>48</sup> These authors estimated the elasticity of tourism expenditures to tourism promotion spending and found that on the average, a 1% increase in tourism promotion spending leads to a 0.9% increase in the growth of tourism spending in a state.<sup>49</sup> This article

<sup>46</sup> 2012-2013 Survey of State Tourism Budgets, U.S. Travel Association, Appendix F, pp. 28, 30.

<sup>47</sup> See Table 1.

<sup>48</sup> John Deskins and Matthew Seevers, "Are State Expenditures to Promote Tourism Effective?", *Journal of Travel Research*, 50(2) (2010), pp. 154-170.

<sup>49</sup> *Ibid.*, p.160.

supports the conclusion that BPXP's large boost in the tourism budgets of these four states caused tourism spending to rise above what it would have been absent BPXP's efforts.

The second reason to believe that BPXP's tourism promotion spending helped to prevent potential harm to tourism and helped facilitate strong recovery where there were negative effects is evidence from the coastal areas of the region.

### *Evidence from the Coastal Areas*

In many counties and parishes of the Gulf Coast states, tourism did not fall in 2010. The data show that even in the counties and parishes where tourism was negatively affected by the oil spill, tourism recovered quickly by the fall of 2010 and continued strong growth in 2011, 2012, and 2013. Tourism in these years after the spill even broke records across the Gulf Coast, as described further below.<sup>50</sup>

In analyzing the effect of BPXP's grants to the four states for the promotion of Gulf tourism, I evaluated standard metrics of tourism industry performance. This analysis demonstrates strong growth of tourism after the spill and no net negative effects from the spill in many areas.<sup>51</sup> I primarily rely on Revenue per Available Room (RevPAR), which is a standard measure widely relied upon by industry participants and recognized as a standard source for evaluating tourism and hotel/lodging performance. Since it measures revenues per available room, RevPAR data take into account not only how much money a hotel received but also the

<sup>50</sup> Dep. Exh. 11872; Dep. Exh. 11880; Dep. Exh. 11877; see also 30(b)(6) Deposition Transcript of Harry Luton, p. 156:17-157:9; see also Assessing the impacts of the Deepwater Horizon oil spill on tourism in the Gulf of Mexico Region, Dep. Exh. 11929 at US\_PP\_BOEM000157.

<sup>51</sup> A U.S. Bureau of Ocean Energy Management report found similarly when it documented that, for the most part, counties along the Gulf Coast with significant tourism economies (tourism-related employment of at least 1,000 persons) experienced either no declines following the spill or only initial temporary declines followed by growth. 30(b)(6) Deposition Transcript of Harry Luton, p. 151:8-20; 152:19-153:8; see also Assessing the impacts of the Deepwater Horizon oil spill on tourism in the Gulf of Mexico Region, Dep. Exh. 11929 at US\_PP\_BOEM000126-127.

occupancy rate at the hotel. Much of my analysis of RevPAR relies on data compiled by Smith Travel Research, a standard and widely cited source of tourism industry information.

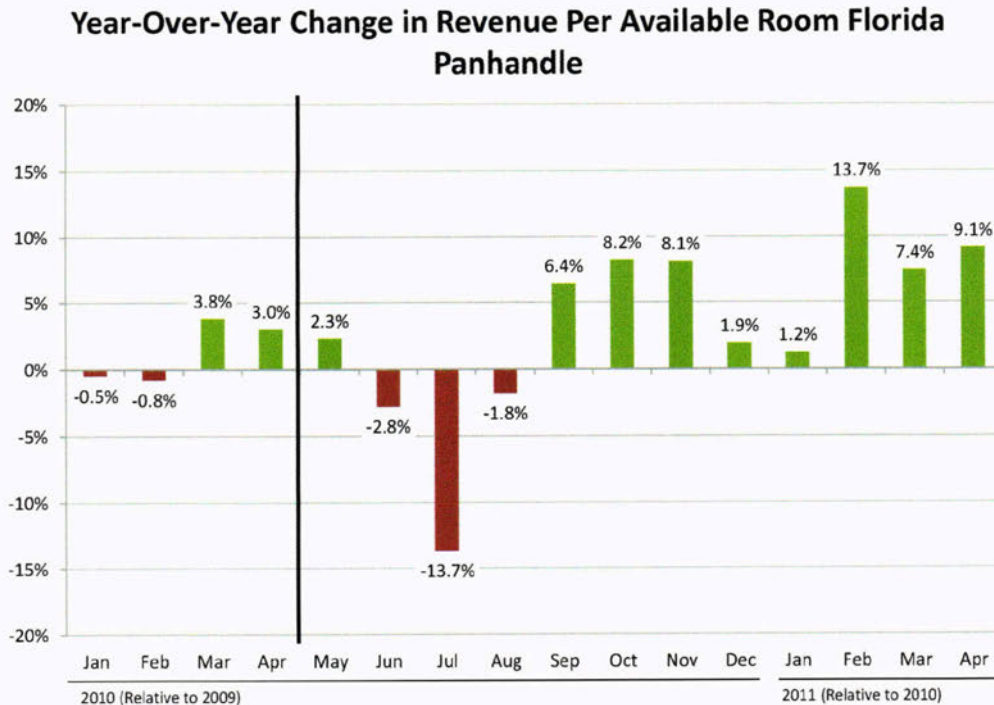
### **Florida**

In the Florida Panhandle counties potentially affected by the oil spill, there was a decline in tourist activity, as measured by hotel RevPAR, during the summer of 2010, but a solid recovery was already underway by September 2010 and there was strong growth in subsequent years. Figure 2 charts the year-over-year change in hotel RevPAR for Florida Panhandle counties between January 2010 and April 2011. The data indicate that RevPAR for hotels in the Florida Panhandle declined in June-August 2010 compared to the same period in 2009, but by September 2010, hotel RevPAR exceeded 2009 RevPAR for every remaining month of 2010 and continued to do so into 2011.<sup>52</sup>

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<sup>52</sup> Smith Travel Research.

Figure 2



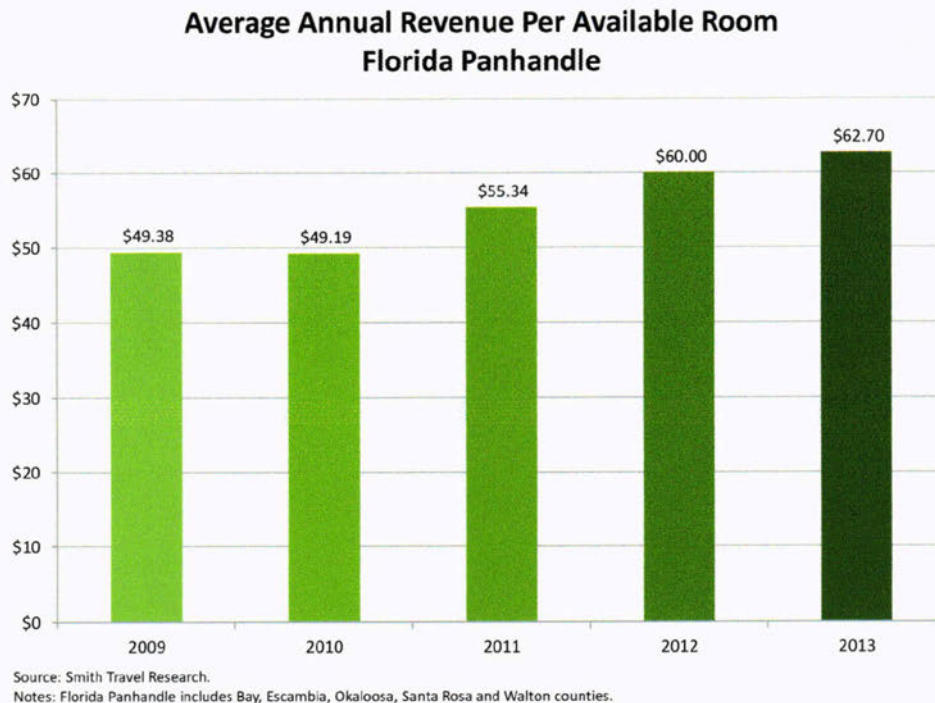
Source: Smith Travel Research.

Notes: Florida Panhandle includes Bay, Escambia, Okaloosa, Santa Rosa and Walton counties.

During the first summer after the spill (May to August 2011), the tourism industry along the Florida's panhandle Gulf Coast experienced significant growth from pre-spill levels. 2011 hotel RevPAR was 12% above 2009 levels.<sup>53</sup> This can be seen in Figure 3, which plots hotel RevPAR between 2009 and 2013 for the Florida Panhandle. Despite the fact that hotel RevPAR in the Florida Panhandle was lower than 2009 levels between the months of June and August 2010, average annual hotel RevPAR for Florida Panhandle counties in 2010 was only four-tenths of one percent below its level in 2009. RevPAR in 2011, 2012, and 2013 for hotels in the Florida panhandle continued to climb after 2010, exceeding 2009 RevPAR every year. In 2013, hotel RevPAR was 27% higher than in 2009.

<sup>53</sup> Smith Travel Research.

Figure 3



There are other indicators that tourism rebounded quickly after the spill. For example, a record 91.5 million visitors came to Florida in 2012, which was a 4.8% improvement over the previous record of 87.3 million visitors in 2011.<sup>54</sup>

Florida tourism officials also noticed the recovery, and they attributed it to BPXP's tourism promotion spending. For example, a September 2011 press release from the Northwest Florida Tourism Council stated that Summer of 2011 was a season of "remarkable recovery" for Florida Panhandle tourism destinations, which experienced "all times highs in bed-tax revenue on the heels of major marketing initiatives funded by a \$30 million grant from BP. . . ."<sup>55</sup> Tourism promoters in Florida were able to do advertising on television and other media that they

<sup>54</sup> Visit Florida Research, <http://www.visitfloridamediablog.com/home/florida-facts/research/>.

<sup>55</sup> Dep. Exh. 11878.

had never been able to do before, no doubt because of the influx of funding from BPXP.<sup>56</sup> This momentum continued into a “red hot” 2012, with tourism officials reporting increases in bed tax revenues over 2011 numbers.<sup>57</sup> These officials are very close to this type of data, and their reports for 2011 and 2012 are a strong indicator that BPXP’s post-spill spending on tourism was effective.<sup>58</sup>

### Alabama

In Alabama’s primary tourism destinations of Orange Beach, Gulf Shores, and Fort Morgan, RevPAR for May 2010 was down nearly 9% relative to May 2009, and in June through August 2010 it was off by a third compared to comparable months in 2009. However, by September and October 2010, RevPAR for hotels in these beach areas was back strongly and was already an average of 23% higher than in the same months in 2009. This can be seen clearly in Figure 4.

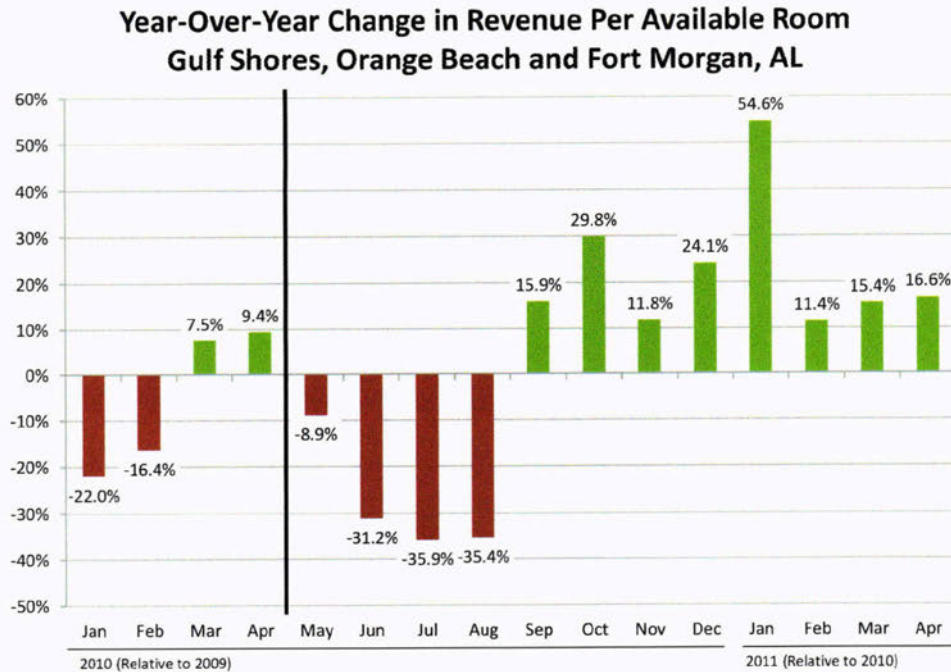
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<sup>56</sup> Dep. Exh. 11879.

<sup>57</sup> Dep. Exh. 11880.

<sup>58</sup> Others have documented that tourism officials, experts, and local business owners and individuals attribute increased tourism revenues to the promotion money provided by BPXP. See 30(b)(6) Deposition Transcript of Harry Luton, p. 166:2-167:5; 168:4-9; *see also* Assessing the impacts of the Deepwater Horizon oil spill on tourism in the Gulf of Mexico Region, Dep. Exh. 11929 at US\_PP\_BOEM000154, US\_PP\_BOEM000157-158, US\_PP\_BOEM000183, US\_PP\_BOEM000185-187, US\_PP\_BOEM000192; US\_PP\_BOEM000198.

Figure 4



Source: Alabama Gulf Coast Convention & Visitors Bureau.

RevPAR also grew very strongly in 2011, 2012, and 2013. By the summer tourist season, May-August 2011, RevPAR had not only fully recovered but was 9% higher than 2009 levels.<sup>59</sup> As Figure 5 shows, in 2011 RevPAR had already exceeded the 2009 level by 12%.<sup>60</sup> Revenue per available hotel room and revenue per available condo unit in Gulf Shores and Orange Beach in 2012 was the highest in history and were above 2009 levels by 27% and 31%, respectively.<sup>61</sup> In 2013, revenue per available room for hotels and condos in these areas was

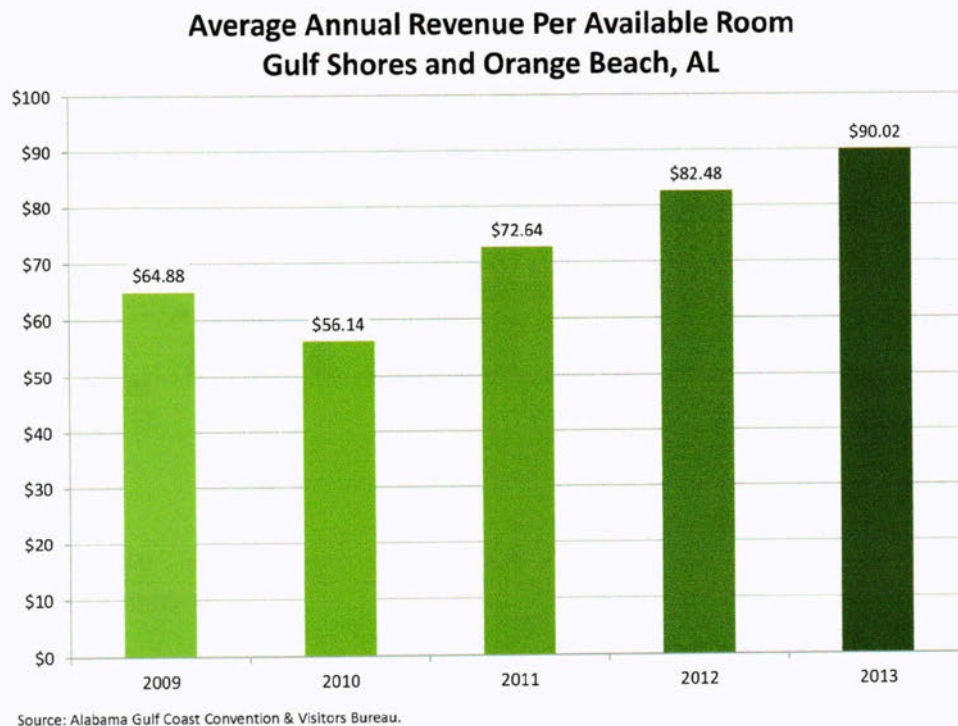
<sup>59</sup> Alabama Gulf Coast Convention & Visitors Bureau. Note that this data is published iteratively by AGCCVB (as an example, see [http://www.gulfshores.com/stats/2\\_.%20Destination%20Growth%20IndicatorsforWebsite.pdf](http://www.gulfshores.com/stats/2_.%20Destination%20Growth%20IndicatorsforWebsite.pdf) and [http://www.gulfshores.com/stats/2\\_a.%20Destination%20Growth%20IndicatorsforWebsite.pdf](http://www.gulfshores.com/stats/2_a.%20Destination%20Growth%20IndicatorsforWebsite.pdf)). The data in this report is based on an accumulation of this iterative data, with more recent data replacing older entries if that data has been revised.

<sup>60</sup> Alabama Gulf Coast Convention & Visitors Bureau.

<sup>61</sup> Alabama Gulf Coast Convention & Visitors Bureau.

even higher than in 2012, again the highest in history. 2013 hotel RevPAR was 39% higher than the annual average for 2009; 2013 rental condo RevPAU was 45% higher than 2009 levels.<sup>62</sup>

Figure 5



The data in Figures 4 and 5 are for the hotels directly on the Alabama coast in Orange Beach and Gulf Shores, which are the core areas of Alabama's coastal tourism industry. However, an examination of the RevPAR for hotels in the coastal counties of Baldwin and Mobile reveals a very different story as seen in Figure 6. **RevPAR was up dramatically in both Baldwin and Mobile Counties in 2010**---rising an average of 37.8% over May through October of 2009. RevPAR in Mobile and Baldwin Counties for these six months of 2010 following the spill reflect that hotels in this area were a magnet for workers involved in the cleanup effort.

<sup>62</sup> Alabama Gulf Coast Convention & Visitors Bureau.

Figure 6

### Year-Over-Year Change in Revenue Per Available Room Alabama Gulf Coast



Source: Smith Travel Research.

Notes: Alabama Gulf Coast includes Baldwin and Mobile counties.

This unusual boost in RevPAR in these two counties in the post-spill months of 2010 led to what might be considered as an anomaly in the annual RevPAR for these two counties. As Figure 7 shows, while the average annual RevPAR for the Alabama Gulf coastal counties was lower in 2011 than 2010--because 2010 was unusually high due to the presence of the cleanup workers--2011 was still 13% higher than the 2009 average RevPAR. That growth continued in 2012 and 2013.

Figure 7

**Average Annual Revenue Per Available Room  
Alabama Gulf Coast**



Source: Smith Travel Research

Notes: Alabama Gulf Coast includes Baldwin and Mobile counties

In addition to hotel and condo revenues, the number of visitors and tourism spending along Alabama's Gulf Coast also increased above pre-spill levels following the spill. In 2011, 1.4 million people visited the Alabama Gulf Coast, a 6% increase over the average annual visitation for the 2005-2009 period, and these visitors spent 16% more than had been spent in 2009.<sup>63</sup>

This increase in lodging and visitor activity also increased government tax receipts. In May 2010, the city of Mobile netted \$10.84 million in general-fund sales tax revenue, a 14

<sup>63</sup> Alabama Gulf Coast Convention & Visitors Bureau.

percent increase over the previous year and an 11 percent gain over the previous month.<sup>64</sup> Mobile lodging taxes increased 81 percent over the previous year.<sup>65</sup>

The post-spill increase in the number of visitors also had a positive effect on Alabama Gulf Coast counties' tax receipts. Through September 2012, taxable lodging revenue in the Alabama Gulf Coast surpassed \$300 million for the first time. Lodging revenue was up 17 percent compared to the same time the prior year and retail sales saw a nearly 8 percent jump.<sup>66</sup> Taxable lodging revenue in Gulf Shores and Orange Beach was 16% higher in 2012 than in 2011, the prior record.<sup>67</sup> In 2013, taxable retail sales in Gulf Shores, Orange Beach and Fort Morgan were 27% above 2009.<sup>68</sup>

These findings based on RevPAR and tax receipts are reinforced by local reports in Alabama.<sup>69</sup> A spokesperson for the Downtown Mobile Alliance in Mobile, Alabama stated in 2010 that "Out of this disaster could be a little bit of economic benefit for us downtown."<sup>70</sup> A May 2010 report by the Mobile Press-Register stated that "[d]owntown hotels are filled by the hundreds of out-of-town workers helping to respond to the spill. Restaurants and bars are

<sup>64</sup> "Spill's Effects Uneven in Area," *Press-Register*, July 25, 2010.

<sup>65</sup> "Spill's Effects Uneven in Area," *Press-Register*, July 25, 2010.

<sup>66</sup> Dep. Exh. 11873, *Alabama beach tourism on record-breaking pace; lodging revenue expected to hit \$320 million* (Nov. 3, 2012).

<sup>67</sup> Alabama Gulf Coast Convention & Visitors Bureau.

<sup>68</sup> Alabama Gulf Coast Convention & Visitors Bureau.

<sup>69</sup> A U.S. government report has also documented strong record-breaking recovery of tourism in Orange Beach and Gulf Shores, Alabama. See 30(b)(6) Deposition Transcript of Harry Luton, p. 109:8-12; *see also* Assessing the impacts of the Deepwater Horizon oil spill on tourism in the Gulf of Mexico Region, Dep. Exh. 11929 at US\_PP\_BOEM000154, US\_PP\_BOEM000185. It also found that the Alabama coast had recovered by the fall of 2010 and set records in 2011, even beyond the previous record in 2007. See 30(b)(6) Deposition Transcript of Harry Luton, pp. 109:8-12; 162:19-163:15; *see also* Assessing the impacts of the Deepwater Horizon oil spill on tourism in the Gulf of Mexico Region, Dep. Exh. 11929 at US\_PP\_BOEM000154, US\_PP\_BOEM000185.

<sup>70</sup> "A silver lining in Mobile's economy: Cleanup booking hotels, rental cars," *Press-Register*, May 6, 2010.

hopping at a time when much of their clientele normally heads to the beach. Car rental companies are bringing in truckloads of automobiles from other cities to meet demand. For the city of Mobile, the influx of workers couldn't come at a better time...."<sup>71</sup> Mobile mayor Sam Jones stated that he believes the city's tourism industry took a hit but the losses were "drowned out by gains related to the influx of people working on the oil spill."<sup>72</sup>

Tourism officials in Alabama noted the 2011 recovery in tourism and credited BPXP grants for the increases in spending. For example, attendance at the Baldwin, Alabama beach in 2011 set a record, with 5 million visitors.<sup>73</sup> The Gulf Shores/Orange Beach Tourism organization publicly stated that increases in lodging and retail spending were due in part to money from BPXP.<sup>74</sup>

The data show that any potential negative economic impact from the oil spill in the Alabama Gulf Coast was: (a) offset to a large degree by the presence of spill-response workers, and (b) short-lived after BPXP funded Alabama tourism promotion efforts. Growth of the state's tourism sector continued in 2011, 2012, and 2013. To the extent certain elements of the tourism industry were negatively affected by the spill in 2010, tourism in Alabama had recovered by the end of 2010.

### Mississippi

There was an increase in tourism expenditures and tax receipts from visitors to Mississippi in 2011. In Mississippi, 20.8 million people visited the state in 2011---a 9.4%

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<sup>71</sup> "A silver lining in Mobile's economy: Cleanup booking hotels, rental cars," *Press-Register*, May 6, 2010.

<sup>72</sup> "Spill's Effects Uneven in Area," *Press-Register*, July 25, 2010.

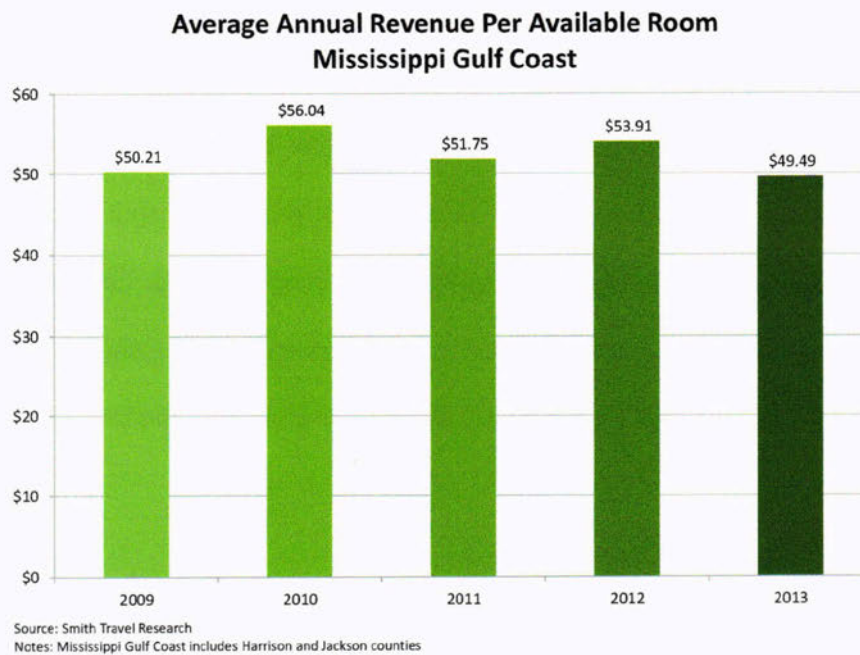
<sup>73</sup> Dep. Exh. 11872.

<sup>74</sup> Dep. Exh. 11872.

increase over 2009. Expenditures by visitors in FY2011 exceeded the FY2009 level by over 6%.<sup>75</sup> Travel and tourism expenditures by visitors to coastal Mississippi in 2011 also returned to their pre-spill levels, exceeding the 2007-2009 average by 6%.<sup>76</sup>

In Mississippi's coastal counties (Harrison and Jackson), RevPAR was higher in 2010 than in 2009.<sup>77</sup> In 2011 and 2012, revenue per available room in Mississippi Gulf Coast counties was 3% and 7% higher than in 2009, respectively.<sup>78</sup> Figure 8 plots the average annual RevPAR for Mississippi's Gulf Coast counties.

Figure 8



<sup>75</sup> Mississippi 2009 and 2011 Tourism Key Indicators.

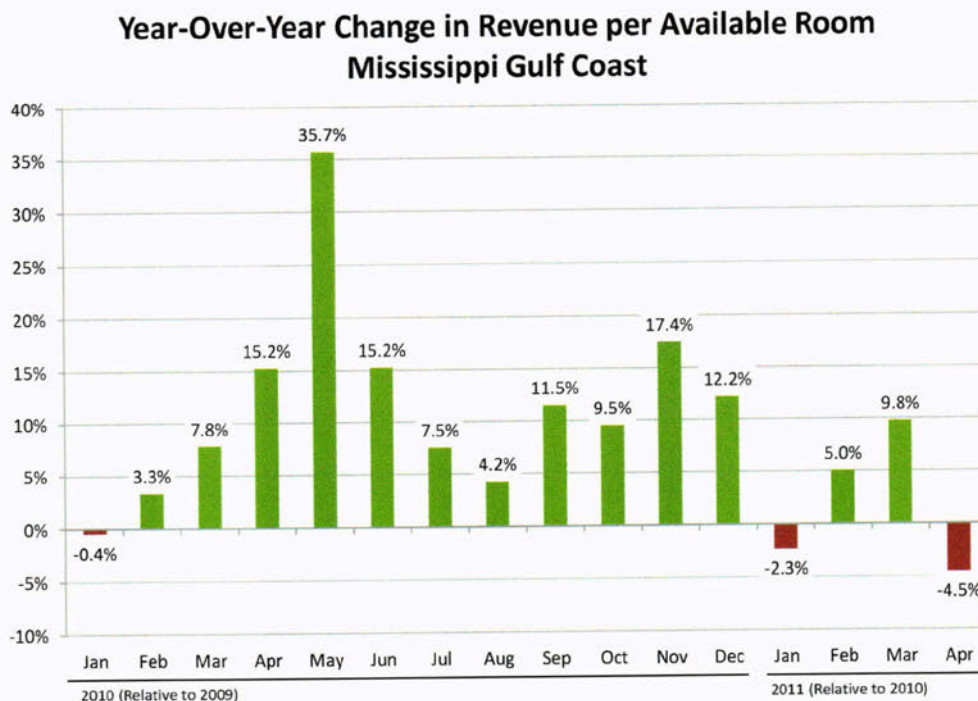
<sup>76</sup> Gulf Coast Business Council, *Mississippi Regional Brief First Quarter 2012* (March 28, 2012), [http://www.msgcbc.org/docmsgcbc/Regional%20Brief%20-%20Q1\\_2012.pdf](http://www.msgcbc.org/docmsgcbc/Regional%20Brief%20-%20Q1_2012.pdf).

<sup>77</sup> Smith Travel Research. Hancock County is not included because there are not enough hotel rooms in the county to meet Smith Travel Research's minimum for data collection.

<sup>78</sup> Smith Travel Research.

Figure 9 shows in more detail why Mississippi's coastal tourism counties had an annual average in 2010 higher than that of 2009. The Mississippi coastal counties somewhat mimic the experience of the Alabama coastal counties. The months following the oil spill saw significant increases in RevPAR for the Mississippi coast lodging and hospitality industry over 2009 levels as the hotels in Mississippi became the lodging places for the cleanup workers. This was especially so in May 2010 when the RevPAR was up 35.7% year-over-year.

Figure 9



Source: Smith Travel Research.

Notes: Mississippi Gulf Coast includes Harrison and Jackson counties.

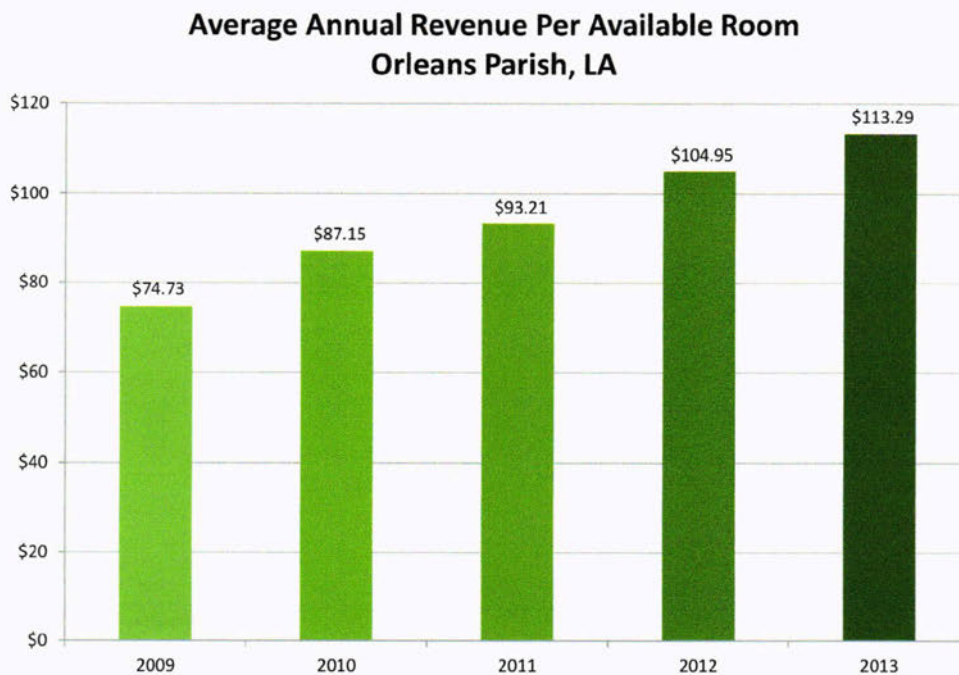
## Louisiana

After examining data relevant to tourism in Louisiana, I find that tourism and lodging in coastal Louisiana and New Orleans did not sustain a negative impact from the oil spill, and BPXP's tourism promotional funding supported an extended period of unprecedented growth in

the New Orleans tourism industry. As a regional economic center, the economic health of New Orleans drives the regional economy and therefore warrants particular consideration.

Hotel RevPAR data indicate there was no substantial net loss in tourism industry activity either in the New Orleans area or in the coastal parishes following the spill in 2010.<sup>79</sup> Hotel RevPAR data in Orleans Parish are shown in Figure 10. The data shows that RevPAR was 17% higher in 2010 than in 2009, and by 2011 it had grown another 7% over the previous year. By 2013, the RevPAR exceeded the 2009 level by 52%.

Figure 10



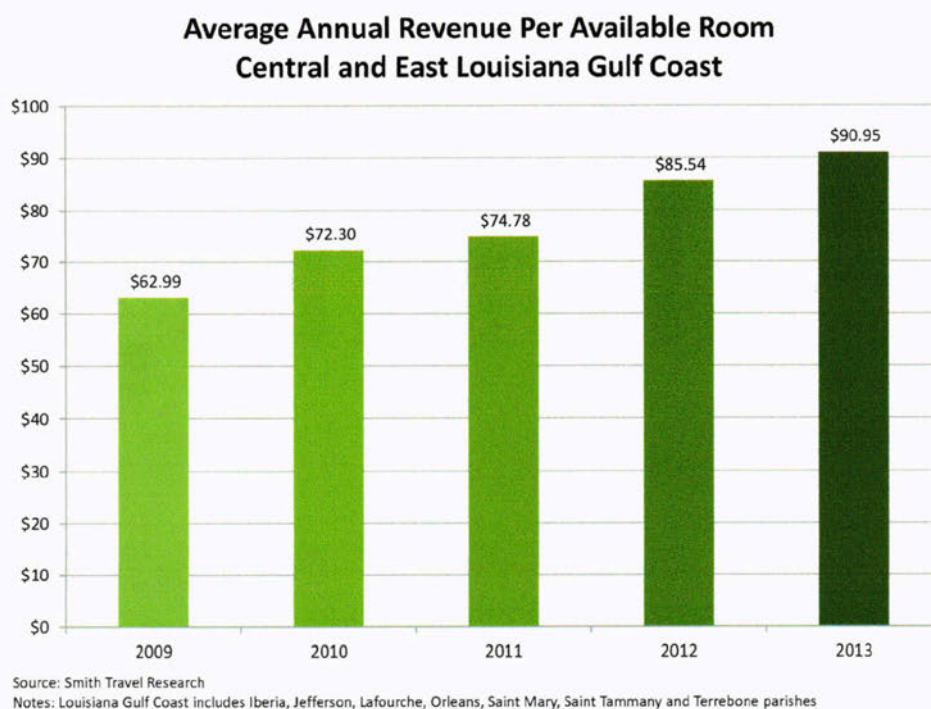
Source: Smith Travel Research

In central and eastern Louisiana Gulf Coast parishes combined, there was also no decline in 2010 hotel RevPAR from 2009 levels. Hotel RevPAR in 2010 was almost 15% higher than

<sup>79</sup> Smith Travel Research.

2009 levels, while 2011, 2012, and 2013 continued robust growth until 2013 RevPAR was more than 44% higher than 2009 levels.<sup>80</sup> This can be seen in Figure 11.

Figure 11

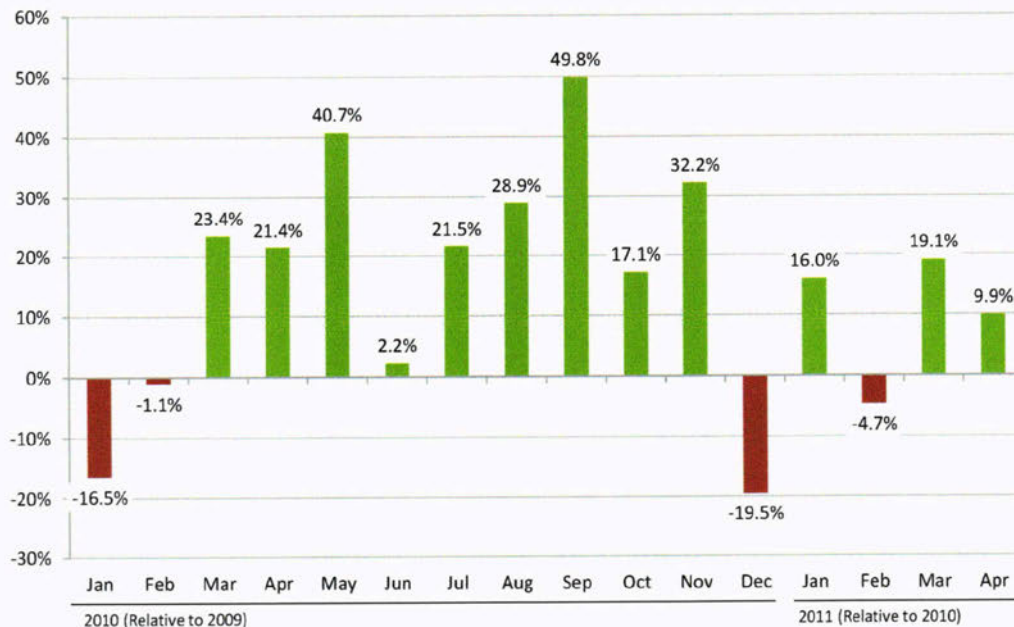


The strong performance in these parishes in 2010 can be more fully understood by examining the monthly RevPAR data for these parishes, which is shown in Figure 12. The RevPAR was up every month in 2010 from May through November as compared to 2009, jumping by over 40% in May and September. As was the case for Mississippi and Alabama coastal counties, hotels in these parishes in Louisiana benefitted from a large influx of cleanup workers.

<sup>80</sup> Smith Travel Research.

Figure 12

**Year-Over-Year Change in Revenue per Available Room  
Central and East Louisiana Gulf Coast**



Source: Smith Travel Research.

Notes: Louisiana Gulf Coast includes Iberia, Jefferson, Lafourche, Orleans, Saint Mary, Saint Tammany and Terrebonne parishes

In addition, tourist spending in New Orleans increased above historic levels after the spill. In 2011, tourists spent an estimated \$5.5 billion, a 16% increase compared to 2007-2009.<sup>81</sup> In 2012, tourist spending increased to \$6 billion.<sup>82</sup> Similarly, the visitor count actually increased in 2010 in New Orleans---from 7.5 million in 2009 to 8.3 million in 2010. The visitor count continued to increase to 8.75 million in 2011 (an 18% increase over the pre-spill average between 2007-2009) and then to 9.01 million in 2012, another record and a 22% increase over the pre-spill average.<sup>83</sup>

<sup>81</sup> New Orleans Convention & Visitors Bureau 2012 Annual Report, p.2.

<sup>82</sup> New Orleans Convention & Visitors Bureau 2012 Annual Report, p.2.

<sup>83</sup> New Orleans Convention & Visitors Bureau 2012 Annual Report, p.2.

My analysis is supported by Louisiana tourism officials, who themselves have concluded that New Orleans did not sustain economic losses after the spill, and in fact saw increases in visitors and tourist spending, partly as a result of post-spill spending, grants, and claims payments by BP. For example, the New Orleans Convention and Visitors Bureau reported that New Orleans welcomed "8.3 million visitors in 2010, a 10.7 percent increase over 2009, and the first time to reach 8 million visitors since Katrina. Those 8.3 million visitors spent \$5.3 billion, a \$1.1 billion increase over 2009 and the highest spending in the city's history," according to a study by the University of New Orleans Hospitality Research Center.<sup>84</sup> New Orleans' tourism industry also ended 2010 as the number one destination in the country for year-over-year RevPAR growth.<sup>85</sup>

Other Louisiana officials also observed a very strong 2011. For New Orleans, 2011 was a "banner year" according to officials.<sup>86</sup> Mayor Mitch Landrieu said the tourism boom in 2011 was due "largely" to the marketing dollars provided by BP.<sup>87</sup>

### **C. Analysis of Commercial Seafood Industry Recovery**

The data show that following decreases in seafood harvests in the summer of 2010, commercial fishing catch returned rather quickly to near or above pre-spill levels. My analysis is based on publicly-available data from the National Oceanic and Atmospheric Administration (NOAA). The NOAA data are managed by the Fisheries Statistics Division and is available online.<sup>88</sup>

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<sup>84</sup> Dep. Exh. 11875.

<sup>85</sup> New Orleans Convention & Visitors Bureau 2012 Annual Report, p.30.

<sup>86</sup> Dep. Exh. 11877.

<sup>87</sup> Dep. Exh. 11877.

<sup>88</sup> NOAA commercial landings data is available at <http://www.st.nmfs.noaa.gov/commercial-fisheries/index>

As seen in Figures 13 & 14, the experience of the Gulf seafood market in the years since the spill demonstrates recovery for those who rely economically on the industry.

Figure 13

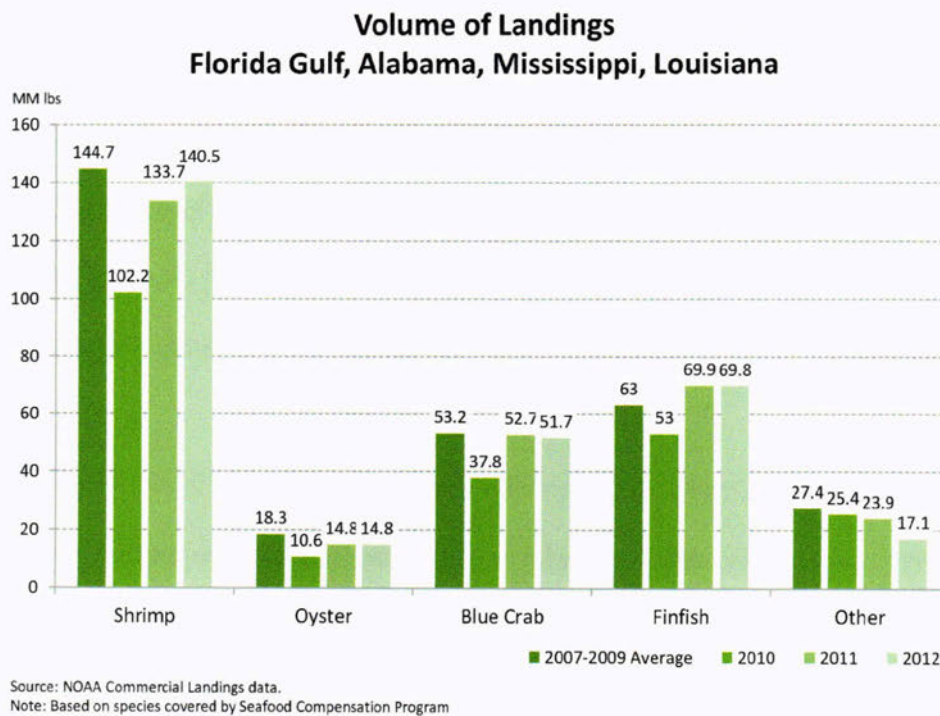
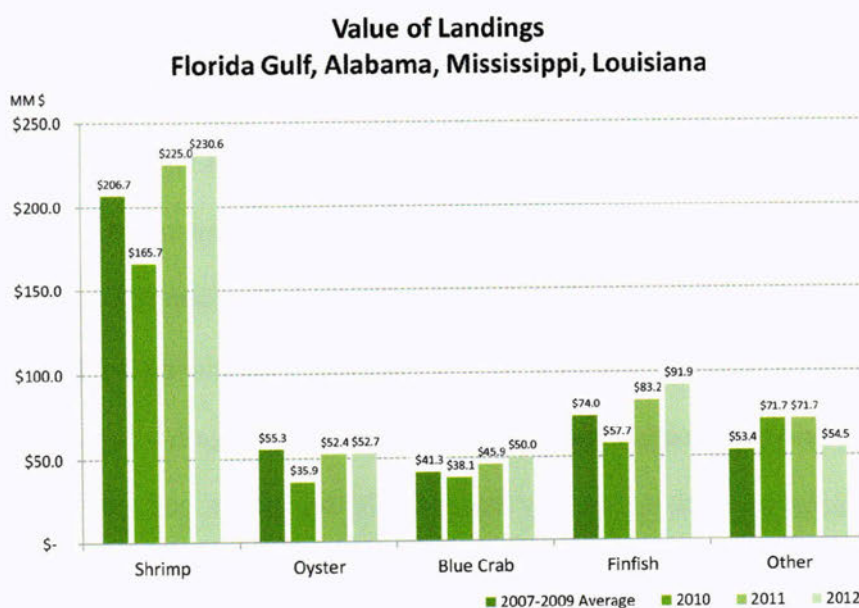


Figure 14 illustrates the volume of landings in the Florida, Alabama, Mississippi, and Louisiana Gulf waters. Data are shown for the 2007-2009 average and for 2010-12. There was a drop in volumes harvested across all species in 2010. In 2010, the shrimp catch fell to 71% of the average 2007-2009 levels, a unsurprising finding given the fishing ban that was in place in mid-2010. By 2011, the volume of shrimp catch was back to 92% of the pre-spill average, and by 2012 it was at 97% of the pre-spill average. A similar pattern is found for oysters and crab. The finfish had fully recovered by 2011.

However, the key issue for the economic well-being of the fishing community is the revenues they received from the various catches. These are illustrated in Figure 14.

Figure 14



Note that in every category except oysters, by 2011 the value of the landings exceeded the pre-spill average, and even for oysters, the value of landings in 2011 was only 5.2% below the pre-spill average. By 2011, the value of shrimp landings were up 8.9% over pre-spill averages, crab was up 11.4%, and finfish was up 12.4%.

### Part One Summary & Conclusions

In the pages above I have documented \$25.7 billion in spending by BPXP that mitigated the economic consequences of the spill, to the extent there were any. This is a very significant injection of monies into this region in a short period of time. In 2010 alone, BPXP spent more than \$16.3 billion.<sup>89</sup>

<sup>89</sup> See Tables 1, 3, 4, and 6.

In my more than 40 years of experience analyzing economic conditions and trends in Louisiana and the Gulf Coast region, it is my opinion that BPXP's spending after the spill--from money spent directly cleaning up beaches and skimming oil from the Gulf of Mexico waters to grants designed to support the quick recovery of tourism in the Gulf Coast Region and promote Gulf seafood--had a significant mitigating impact against the economic consequences of the spill. In particular, the results of BPXP's decision to grant \$87 million to Louisiana, Alabama, Mississippi, and Florida so quickly after the spill and require that the money be spent within a short period of time to promote tourism are seen in the lack of negative impacts on tourism in some counties/parishes, quick recovery by September 2010 in others, and record-breaking 2011, 2012, and 2013 tourist seasons in most Gulf Coast tourist destinations. BPXP's decision to employ thousands of boats in VoO and its early payment of billions of dollars worth of claims in 2010 had a significant compensating effect that mitigated potential harmful effects of the spill.<sup>90</sup> If BPXP had not spent as much as it did so quickly in 2010, the spill's economic consequences would have been worse than they were, and the Gulf Coast region's tourism and seafood industries, and the broader regional economy, would have sustained harm greater than they in fact sustained. The evidence discussed in this report supports my opinion that BPXP's various efforts over the 2010-14 period totaling \$25.7 billion mitigated and helped avoid potential adverse economic effects of the spill.

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<sup>90</sup> Others have also concluded that BPXP's early claim payments had an economic effect on Gulf Coast communities and had a substantial impact that minimized the effects of the spill in the region. See 30(b)(6) Deposition Transcript of Harry Luton, p. 96:4-12; 102:16-21. The U.S. also agreed that the VoO program was very helpful for many fishermen, 30(b)(6) Deposition Transcript of Harry Luton, p. 85:3-13; 87:20-88:16; *see also* Offshore Oil and *Deepwater Horizon*: Social Effects on Gulf Coast Communities Volume I, Dep. Exh. 11922, p. 13; Offshore Oil and *Deepwater Horizon*: Social Effects on Gulf Coast Communities Volume II, Dep. Exh. 11923, p. 22, 58

## **PART TWO: ECONOMIC IMPACT OF BPXP ON THE GULF COAST REGION AND U.S. ECONOMIES**

### **I. Part Two Introduction**

In Part One I described the effect of BPXP's spending to mitigate the impact of the spill. Some of those expenditures have ended or are near their end. These include the VoO programs, the tourism promotion program, the seafood marketing program, and most of the spill response spending. The claims payments will be on-going for a while, though as seen in Table 5 they will eventually taper off.

Another way BPXP has a very significant effect on the Gulf Coast regional economies and the national economy as a whole is through the company's non-*Deepwater Horizon*-related spending as it explores for and produces oil and natural gas from the Gulf of Mexico (GoM). Unlike the mitigation spending—which is temporary—this spending is part of the company's ongoing business activity. It comes in two broad forms: (1) capital spending, and (2) operational spending. The purpose of Part Two is to provide a sense of the magnitude of this spending in the U.S. and the Gulf Coast Region, which includes the states of Alabama, Florida, Mississippi, Louisiana, and Texas.

#### **A. BPXP Background**

By way of background, BPXP is “the BP group company that conducts exploration and production operations in the Gulf of Mexico.”<sup>91</sup> BPXP is separate from other entities within the BP Group. BPXP holds approximately 620 leases in the Gulf of Mexico.<sup>92</sup>

BPXP has a Board of Directors and officers, but does not have payrolled employees. In conducting its operations, BPXP relies predominantly on payrolled employees of BP America

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<sup>91</sup> BP Annual Report and 20-F 2013.

<sup>92</sup> BP p.l.c. 2013 Annual Report, p. 4.

Production Company ("BPAPC"), a separate legal entity, as well as on a relatively small number of payrolled employees of other BP entities. BPXP is charged by BPAPC and other BP entities for use of their payrolled employees. From 2009-2013, BPXP paid these other BP entities over \$2.1 billion for use of their employees to perform work on BPXP assets.

#### **B. Summary of Findings**

In my opinion, BPXP's non-*Deepwater Horizon* business activities have played, and continue to play, an important role among the operators in the Gulf, and have a very significant impact on the Gulf Coast regional economies and the national economy as a whole. As documented below, from 2009 to 2013, BPXP spent over \$22 billion on exploration and production. This includes, for the 2009-2013 period:

- \$13.2 billion on capital expenditures; and
- \$8.8 billion on operational expenditures.

These capital and operational expenditures include:

- \$2.1 billion on employee compensation; and
- \$16.4 billion on compensation to vendors.

In addition, during 2009-2013, BPXP spent over \$5.4 billion on royalty, rental and bonus payments to the U.S. Government.

All of this spending resulted in a substantial infusion of money into the U.S. and Gulf Coast Region economies from BPXP, and directly supports over 2,000 high-paying jobs. In addition, BPXP's spending directly supported just under 4,000 vendors per year during 2009-2013.

### **C. Part Two Outline**

In Section II below, I quantify the effect of BPXP's production and investment activities in terms of capital expenditures and operational expenditures. In Sections III and IV, I discuss the thousands of employees and vendors supported by BPXP's expenditures. In Section V, I discuss BPXP's spending on royalty, bonus and rental payments to government entities. In Section VI, I address the very important role that BPXP plays in GoM relative to its peers as measured by lease holdings, rig activity, production, and the company's investments in safety and technology.

## **II. BPXP Infuses Billions of Dollars Into the Gulf Coast and U.S. Economies Through Capital and Operational Expenditures**

BPXP's production and investment activities result in large capital and operational expenditures, which have benefited the Gulf Coast Region economy.

Capital expenditure is money spent by a business or organization on acquiring or maintaining fixed assets, such as land, buildings, and equipment. Operational expenditure is money spent on the ongoing costs of running a business or organization, such as wages and rent on premises. BPXP's capital and operational expenditures each result in billions of dollars flowing to the Gulf Coast and U.S. economies each year.

### **A. BPXP's Capital Expenditures**

BPXP's capital expenditures include, for example, expenditures associated with exploration licenses, assets under construction, appraisal, exploration, development, tangible assets, leases, fixtures and fittings, and transportation.<sup>93</sup> Since 2009, BPXP's capital expenditures have averaged over \$2.7 billion per year. BPXP's yearly capital expenditures for 2009-2013 are reflected in Table 9.

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<sup>93</sup> BP-HZN-2179MDL09099967.

**Table 9**  
**BPXP Capital Expenditures: 2009-13<sup>94</sup>**

<b>Year</b>	<b>Amount</b>
2009	\$2,705,603,208
2010	\$2,285,312,110
2011	\$1,982,858,418
2012	\$2,687,917,777
2013	\$3,587,943,005
<b>TOTAL</b>	<b>\$13,249,634,517</b>

Over this five-year period, BPXP spent a total of \$13.2 billion on capital expenditures, with \$3.6 billion being spent in 2013 alone.<sup>95</sup> The amount varied by year with the low point being approximately \$2 billion in 2011. The year of the highest capital spend was the latest year—2013—when the company spent nearly \$3.6 billion for work in the Gulf.

While it may be obvious that these are unusually large numbers, it may help to put them in perspective. In the course of my work, I review the economies of 10 states in the south-southeast, which include Louisiana, Arkansas, Mississippi, Alabama, Georgia, Kentucky, North Carolina, South Carolina, Tennessee, and the Florida panhandle. I recently made a presentation that required me to review (1) employment trends in each of these states, and (2) capital announcements of new or expanded facilities as reported by the Economic Development Offices of each state.<sup>96</sup>

From that review I found:

- Only one capital project in those 10 states that exceeded BPXP's \$13.2 billion capital spend over five years. It is a project that will spend \$20.3 billion, but that will be spent over nine years.

<sup>94</sup> BP-HZN-2179MDL07817645; BP-HZN-2179MDL09099967.

<sup>95</sup> *Ibid.*

<sup>96</sup> Power point presentation at First National Bankshares Summer Conference, Sandestin, Florida, summer 2014.

- Excluding Louisiana (which is under-going an unprecedented industrial boom), there was not a single announced project in all nine states that matched BPXP's single-year spend of \$3.6 billion in 2013. Only one project in Louisiana exceeded that single-year spend and that project will take place in 2015 and 2016.

Another helpful perspective is comparing BPXP's capital expenditures to other economic indicators in these Gulf Coast states. For example:

- BPXP's capital expenditure of nearly \$3.6 billion in 2013 was larger than the total farm proprietors' and farm workers earning in Louisiana in that year (\$3.1 billion), and it was almost equal to the earnings of those same farm workers in Mississippi that year (\$3.7 billion).<sup>97</sup>
- BPXP's total capital expenditures of \$13.2 billion over 5 years is almost equivalent to the earnings of all people in Texas' large military sector in 2013 (\$13.5 billion). It is larger than the earnings of all the workers in Alabama's healthcare sector (\$12.6 billion).<sup>98</sup>

These reference points are designed to give a sense of just how large BPXP's capital expenditures are. My company has conducted well over 100 economic studies for various types of industries. I have encountered only two projects—and those only recently—where capital expenditures are expected to exceed \$13.2 billion, and even then the expenditures are to occur over more than five years (versus BPXP, where \$13.2 billion in capital expenditures have occurred within five years). Also, in these other studies the capital expenditures are one-time events until a plant is constructed, and then the capital expenditures stop. In the case of BPXP, capital expenditures are on-going through the life cycle of the company as it constantly needs to re-invest exploration, appraisal, and development capital expenditures to maintain production rates, which are naturally declining.

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<sup>97</sup> [www.bea.gov](http://www.bea.gov).

<sup>98</sup> *Ibid.*

## B. BPXP's Operational Expenditures

BPXP's operational expenditures include, for example, expenditures associated with seismic analysis, automation and measuring, chemicals, electricity, company labor, contract labor, exploration, facility upgrades, field clearings, fuel, materials and supplies, production, rentals, research and development, routine well service, transportation, and well work.<sup>99</sup> Table 10 provides data on BPXP's operational expenditures over 2009-13. Since 2009, BPXP's operational expenditures, excluding expenditures relating to the *Deepwater Horizon* incident, have averaged slightly under \$1.8 billion per year.

**Table 10**  
**BPXP Operational Expenditures: 2009-13<sup>100</sup>**

Year	Amount
2009	\$1,165,351,365
2010	\$1,282,521,534
2011	\$2,313,801,528
2012	\$2,070,717,592
2013	\$1,989,074,137
<b>TOTAL</b>	<b>\$8,821,466,156</b>

BPXP's cumulative operational expenditures from 2009 to 2013 totaled \$8.8 billion, with nearly \$2.0 billion being spent in 2013 alone.<sup>101</sup> These amounts do not include BPXP operational expenditures relating to the *Deepwater Horizon* incident.

Putting BPXP's nearly \$2.0 billion 2013 operational expenditures in perspective, it is:

- Larger than the earnings of all workers in Alabama's real estate/rentals/leasing sector in 2013 (\$1.9 billion).<sup>102</sup>

<sup>99</sup> BP-HZN-2179MDL09099966.

<sup>100</sup> *Ibid.*

<sup>101</sup> *Ibid.* This amount includes nearly \$25.8 million that went to the Department of Interior for rental payments on BPXP's leases in the Gulf.

- Larger than the earnings of all workers in the forestry, logging, fishing, hunting and trapping sector in Texas in 2013 (\$1.8 billion).<sup>103</sup>
- Larger than the earnings of all workers in the forestry, logging, fishing, hunting, trapping, and utilities sectors combined in Louisiana in 2013 (\$1.65 billion).<sup>104</sup>

In the approximately 100 economic studies my company has performed, I recall only one incidence of a company having a larger annual operations expenditure number, and that was the sizeable ExxonMobil refinery/chemical plant complex in East Baton Rouge Parish. That complex includes the top two manufacturing employers in the state—the refinery (which is the third largest in the country) and the main chemical plant. Annual operating expenditures for this complex are \$2.3 billion a year, only slightly above those of BPXP.

These metric comparisons are designed to help the reader to appreciate the magnitude of BPXP's annual operational spending.

### III. BPXP's Activities Support Over 2,000 Employees

As described above, BPXP itself has no payrolled employees, but compensates other BP entities for the time of their employees who work on BPXP's assets.<sup>105</sup> These employees work in a wide variety of areas, including, civil, completions, development, drilling, reservoir and petroleum engineering; geophysics; geology; marine specialties; audits; accounting; project management; financial analysis; activity planning; safety; maintenance; appraisals; asset management; aviation; ballast control; construction; flow assurance; and logistics.<sup>106</sup>

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<sup>102</sup> [www.bea.gov](http://www.bea.gov).

<sup>103</sup> *Ibid.*

<sup>104</sup> *Ibid.*

<sup>105</sup> Morrison Dep., 50:9-50-24; Robertson Dep. 59:21-61:5

<sup>106</sup> BP-HZN-MDL217909099964

Over the five-year period of 2009 to 2013, BPXP's activities supported well over 2,000 employees each year as seen in Table 11.<sup>107</sup>

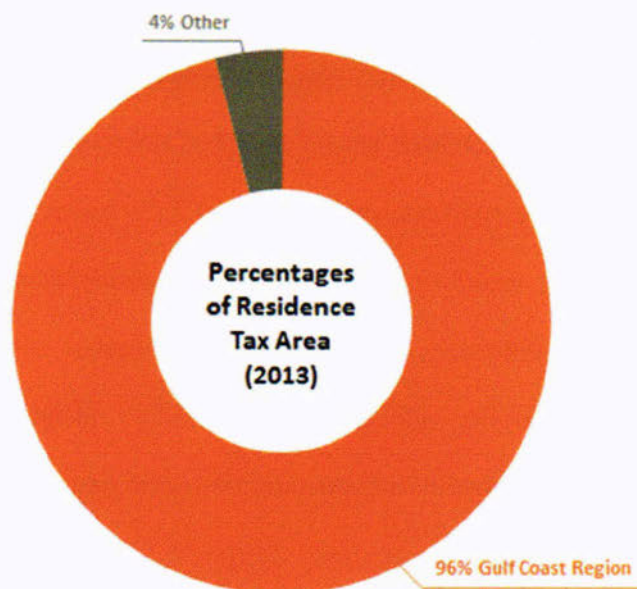
**Table 11**

**BP Employees on BPXP Work: 2009-13<sup>108</sup>**

Year	Employees
2009	2,221
2010	2,196
2011	2,445
2012	2,683
2013	2,364

As set forth in Figure 16, the vast majority of these employees live in the Gulf Coast Region.

**Figure 16**



<sup>107</sup> These numbers include two employees whose time was billed to BPXP while working on *Deepwater Horizon* related issues—one employee had time billed to BPXP in 2010 and the other employee had time billed to BPXP in 2012 and 2013. Both employees are part of the Gulf Coast Restoration Organization, which is part of BPXP.

<sup>108</sup> BP-HZN-MDL217909099964

For the period 2009 to 2013, BPXP spent approximately \$2.1 billion on total employee compensation for work done for BPXP, as reflected in Table 12.<sup>109</sup>

**Table 12**

**Total Employee Compensation: 2009-13<sup>110</sup>**

<b>Year</b>	<b>Pay</b>
2009	\$ 426,211,993
2010	\$ 379,787,663
2011	\$ 348,924,449
2012	\$ 421,924,994
2013	\$ 482,522,930

The jobs supported by BPXP's activities are high-paying. Dividing the total amount of employment spending by BPXP in 2013 by the total number of employees for whom any amount of time was billed to BPXP in 2013, the average amount expended per employee exceeded \$200,000<sup>111</sup> with an average employee salary, wage and overtime of over \$115,000.<sup>112</sup> By comparison the average annual wage in Texas, Alabama, Florida, Louisiana, and Mississippi in 2013 was \$51,168, \$43,276, \$43,212, \$43,316 and \$35,880, respectively.<sup>113</sup>

**IV. BPXP Spent Over \$16 Billion On Vendors From 2009 to 2013**

BPXP also relies on non-BPXP vendors to perform its work. These vendors work in a wide variety of areas including, for example, oil and gas services, seismic analysis, and

<sup>109</sup> Total employee compensation is a combination of employee compensation expenditures reflected in BPXP's yearly capital and operational expenditures.

<sup>110</sup> BP-HZN-2179MDL07817645.

<sup>111</sup> Total employee compensation includes, for example, salaries, wages, overtime, incentive pay, education assistance, R&R, bonuses, vacation, medical insurance, disability, severance payments, and retention payments.

<sup>112</sup> The average employee salary, wage and overtime is calculated by adding the salary, wage and overtime entries listed in BP-HZN-2179MDL07817645 and dividing by the number of employees with their time billed to BPXP.

<sup>113</sup> www.bls.gov; annual earnings calculated as weekly earnings multiplied by 52.

transportation. Over the five-year period of 2009 to 2013, BPXP employed nearly 4,000 vendors, excluding vendors used solely in connection with the *Deepwater Horizon* incident.<sup>114</sup>

For the period 2009 to 2013, BPXP spent a cumulative amount of approximately \$16.4 billion on these vendors, as reflected in Table 13.<sup>115</sup> Again, this excludes vendor spending that relates to the *Deepwater Horizon* incident.

**Table 13**

**Total Vendor Spend: 2009-13<sup>116</sup>**

<b>Year</b>	<b>Spend</b>
2009	\$3,448,219,544
2010	\$2,608,745,569
2011	\$2,619,076,811
2012	\$3,550,074,205
2013	\$4,278,940,561

Approximately 93% of these vendors are in the U.S., including approximately 66.4% in the Gulf Coast Region, as reflected in Figure 17.<sup>117</sup>

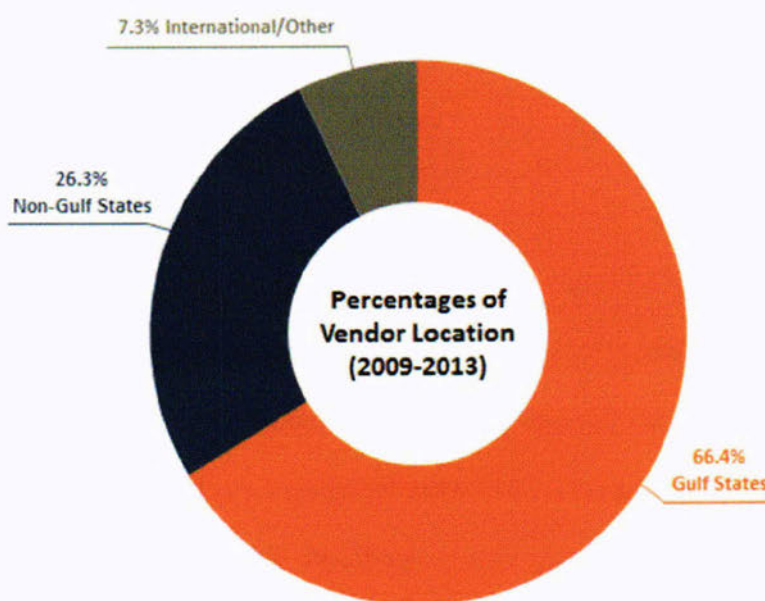
<sup>114</sup> BP-HZN-2179MDL09099966, BP-HZN-2179MDL09099967

<sup>115</sup> Total employee compensation is a combination of employee compensation expenditures reflected in BPXP's yearly capital and operational expenditures.

<sup>116</sup> BP-HZN-2179MDL09099966, BP-HZN-2179MDL09099967. This reflects what BPXP paid to vendors. As reflected in the two cited documents, BPXP received some payments from partners for their share of in joint assets. Likewise, BPXP paid partners for its share in joint assets.

<sup>117</sup> BP-HZN-2179MDL09099966, BP-HZN-2179MDL09099967; BP-HZN-2179MDL09216017.

Figure 17



#### V. BPXP Has Paid Over \$5 Billion In Royalty, Bonus and Rental Payments To Government Entities Since 2009.

While the effect of BPXP's capital and operational spending alone is very significant, it does not fully reflect how much money BPXP injects into the U.S. economy. BPXP also makes significant bonus, rental and royalty payments to the US Department of the Interior ("DOI") for its leaseholds in the Gulf. Leases are awarded to oil and gas companies using competitive bonus-bid auctions. Winning bidders pay the (i) bonus bid, (ii) a per-acre rent prior to first production, and (iii) royalties once production begins.

From 2009 to 2013, BPXP paid over \$5.4 billion in royalty, rental, and bonus payments, as reflected in Table 14.<sup>118</sup>

<sup>118</sup> Rental and Bonus payments are also reflected in BPXP's operational expenditures.

**Table 14**

**BPXP Royalty, Rental, and Bonus Payments  
To the Department of Interior: 2009-2013<sup>119</sup>**

<b>Year</b>	<b>Royalties</b>	<b>Rentals</b>	<b>Bonuses</b>	<b>Total</b>
2009	\$1,005,171,214	\$23,542,355	\$123,888,659	\$1,152,602,227
2010	\$1,142,445,672	\$27,110,281	\$2,030,607	\$1,171,586,560
2011	\$1,070,051,169	\$26,633,299	\$32,527,175	\$1,129,211,643
2012	\$889,944,384	\$26,582,088	\$262,108,387	\$1,178,634,859
2013	\$779,087,386	\$25,785,966	\$0	\$804,873,352
<b>Total</b>	<b>\$4,886,699,825</b>	<b>\$129,653,989</b>	<b>\$420,554,828</b>	<b>\$5,436,908,642</b>

Each year during this five-year period, BPXP made over \$1 billion in royalty, rental, and bonus payments per year, except for 2013 when the amount was \$805 million.<sup>120</sup>

The payments listed above are clearly significant. By way of comparison:

- BPXP paid \$5.4 billion to the DOI over this five-year period. In 2013, local governmental entities in Louisiana collected a total of \$4.05 billion in property taxes across the entire state.<sup>121</sup>
- BPXP's payment of \$805 million to the DOI in 2013 was larger than the amount Georgia collected in corporate income tax in FY13 (\$706 million) and more than Alabama collected in corporate income tax in FY12 and FY13 combined (\$755 million).<sup>122</sup>

**VI. BPXP Plays a Significant Role In Deepwater Exploration and  
Production in the Gulf of Mexico.**

In Sections II through V above, I analyzed BPXP's very significant capital expenditures, operational expenditures, and royalty, rental and bonus payments. In Section VI, I place those expenditures and payments in context, analyzing BPXP's role in the Gulf of Mexico relative to others in the industry.

<sup>119</sup> BP-HZN-2179MDL07818050; BP-HZN-2179MDL09099966, BP-HZN-2179MDL09099967

<sup>120</sup> BPXP makes royalty, bonus and rental payments for other BP entities with interests in these assets.

<sup>121</sup> [www.latax.state.la.us](http://www.latax.state.la.us) (Louisiana Tax Commission, Annual-2013, p.36).

<sup>122</sup> <http://ballotpedia.org/Alabama-state-budget#2013-revenues>.

**A. BPXP Has Had a Significant Role in Bidding On, Winning, and Holding Leases in the Gulf of Mexico.**

BPXP is the largest lease holder in the Gulf of Mexico, holding approximately 620 leases.<sup>123</sup> BPXP is also the designated operator of 493 leases—more than any other operator in the Gulf.<sup>124</sup>

For the period 2006 to 2014, BPXP was one of the most active bidders on deepwater leases in the Gulf.<sup>125</sup> Moreover, in the thirteen auctions it was able to participate in over this period:

- BPXP submitted more bids than any other bidder, 216 of which were identified in available BOEM data;<sup>126</sup>
- BPXP submitted more “high bids” than any other bidder;<sup>127</sup>
- BPXP was third among all bidders in terms of dollars “exposed;”<sup>128</sup>
- BPXP was third among all bidders in terms of dollar amount of “high bids;”<sup>129</sup> and
- BPXP won 73% of the bids in which it participated—75% of the exposed dollars resulted in high bids.<sup>130</sup>

This auction and bidding data reflects that BPXP is among a small group of industry leaders. If not for BPXP submitting more bids than any other bidder, future royalty, rental and

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<sup>123</sup> BP p.l.c. 2013 Annual Report, p. 4.

<sup>124</sup> [www.bsee.gov](http://www.bsee.gov)

<sup>125</sup> [www.boem.gov](http://www.boem.gov).

<sup>126</sup> *Ibid.*

<sup>127</sup> *Ibid.*

<sup>128</sup> *Ibid.*

<sup>129</sup> *Ibid.*

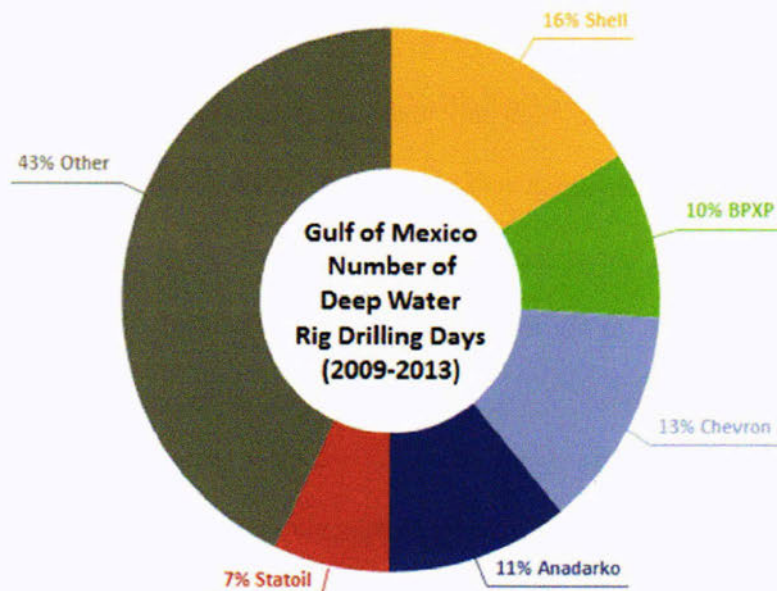
<sup>130</sup> *Ibid.*

bonus revenue to the government would decrease, and the overall development of offshore resources would slow.

**B. BPXP Has Had Significant Rig Activity in the Gulf of Mexico.**

In addition to owning the most leases in the Gulf of Mexico, BPXP has been an active operator of those leases. On average, over the period 2009 to 2013, BPXP has had over 8,000 drilling days from 2009 to 2013, including over 4,000 in 2013.<sup>131</sup> BPXP's share of drilling days from 2009 to 2013 is reflected below in Figure 18.<sup>132</sup>

Figure 18



**C. BPXP Has Had Significant Production in the Gulf of Mexico.**

Over the past five years, BPXP has been a leading oil and gas producer in the Gulf of Mexico. On a daily basis, BPXP produces hundreds of thousands of barrels of oil and millions of cubic feet of gas. BPXP's daily production from 2009 to 2013 is reflected below in Table 15.

<sup>131</sup> RigLogix (Rigzone)

<sup>132</sup> *Ibid.*

**Table 15**  
**BPXP Oil & Gas Production (BOE)<sup>133</sup>**

<b>Year</b>	<b>Total mmboe</b>	<b>Daily mboed</b>
<b>2009</b>	<b>157</b>	<b>431</b>
<b>2010</b>	<b>138</b>	<b>379</b>
<b>2011</b>	<b>95</b>	<b>260</b>
<b>2012</b>	<b>79</b>	<b>216</b>
<b>2013</b>	<b>69</b>	<b>189</b>

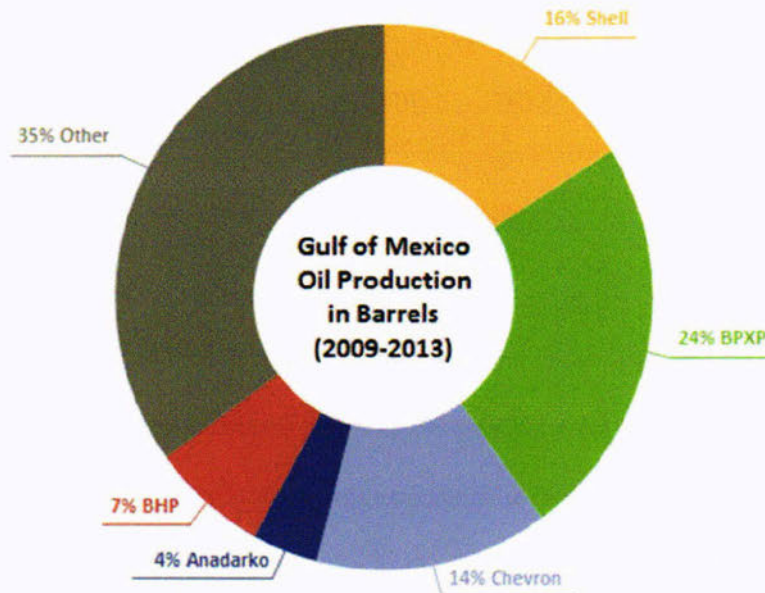
Referring to operator production for the purpose of comparing BPXP's production to its peers' production in the Gulf, from 2009 to 2013, BPXP produced over 550 billion cubic feet of gas and over 590 million barrels of oil as an operator in the Gulf.<sup>134</sup> BPXP's share of Gulf of Mexico operator oil production from 2009 to 2013 is shown below in Figure 19 relative to others in the industry.<sup>135</sup>

<sup>133</sup> BP-HZN-2179MDL09099965.

<sup>134</sup> www.bsee.com; BSEE statistics measure production from assets by operator, regardless whether they own 100% of the asset.

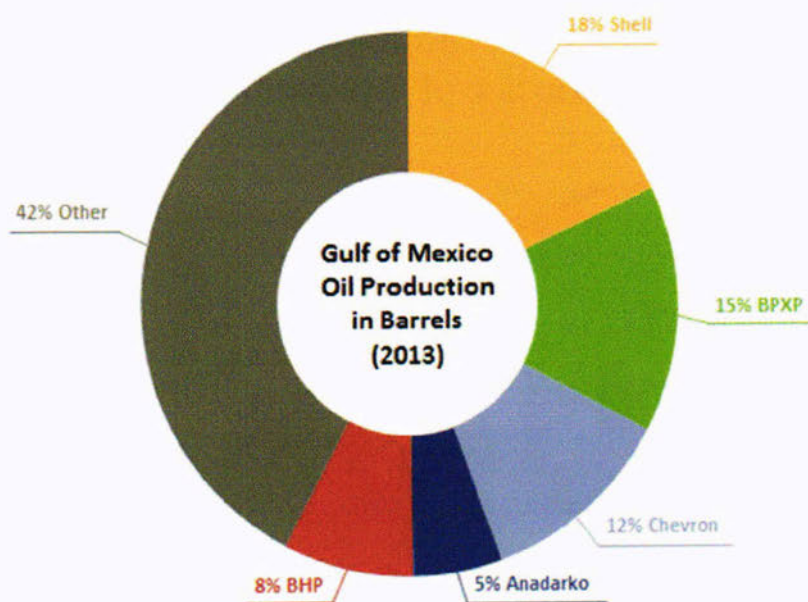
<sup>135</sup> www.bsee.gov

Figure 19



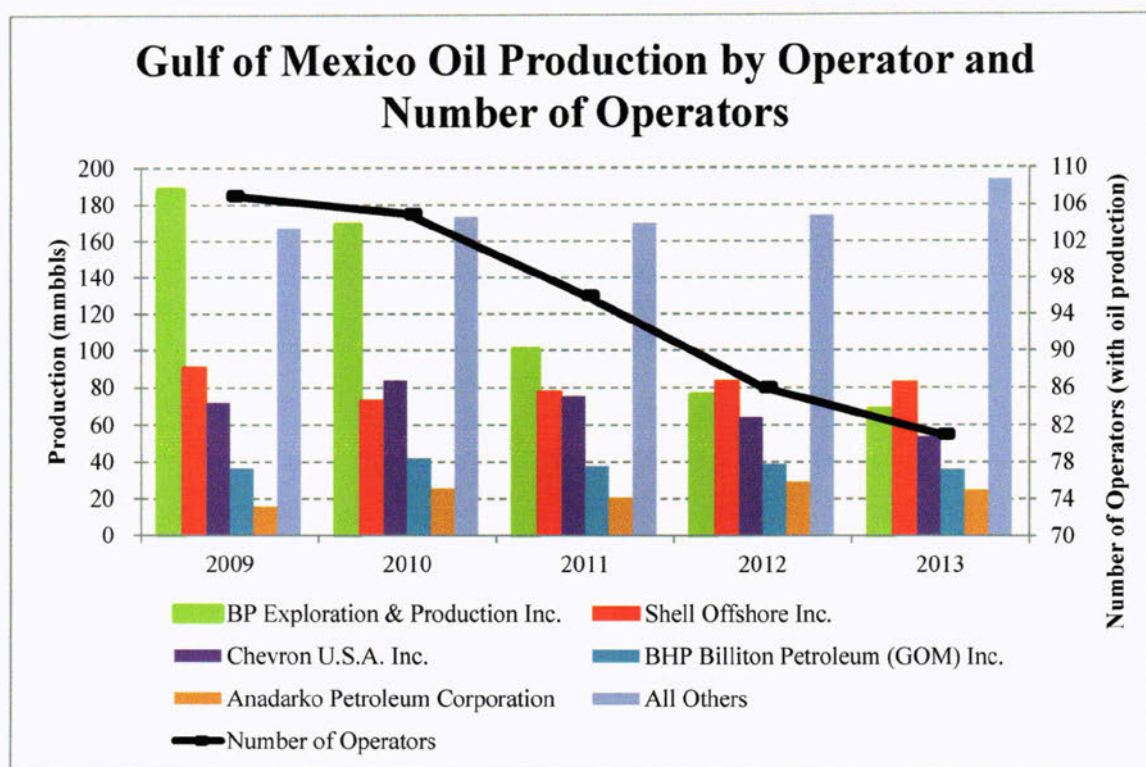
In 2013, BPXP's production in the Gulf of Mexico has decreased somewhat relative to others (from 24% for 2009-2013 to 15% for 2013 alone), as shown by comparing Figure 19 above to Figure 20 below:

Figure 20



In 2009, BPXP had the highest share of oil production by an operator in the Gulf. As shown by Figure 21, its share has decreased since then, while the overall number of operators has decreased in the Gulf:

Figure 21



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**D. BPXP Has Made Significant Contributions to Safety, Exploration, Production, and Technology**

As reflected by its capital expenditures discussed in Section II, BPXP has made, and continues to make, significant contributions to safety, exploration, production, and technology. These investments are notable for more than just their size.

BPXP's contributions include measures that have benefited the Gulf Coast's deepwater drilling industry and the Gulf Coast economy in general:

- As BPXP Chairman Richard Morrison testified, it is "systematically looking at ways to access new resources in the Gulf of Mexico, deeper, higher pressure, but doing it in a systematic way where we're not going to do it until all the -- the

<sup>136</sup> [www.bsee.gov](http://www.bsee.gov)

components of a production system are in place, tested, and -- and trialed before we move on.”<sup>137</sup>

- BPXP is heavily committed to seismic and exploration technology. As Morrison testified, “[o]ur commitment to push technology in the whole area of seismic and exploration, we’re leader of that in the Gulf of Mexico, undisputed.”<sup>138</sup>
- BPXP utilizes a unique facility committed to 24-hour remote monitoring of its drilling operations.<sup>139</sup>
- BPXP utilizes a high-speed computing facility, considered the world’s largest supercomputer for commercial research.<sup>140</sup>

These and other activities have resulted in billions of dollars being infused into the Gulf Coast Region and U.S. economies, as detailed above.

### Part Two Summary and Conclusions

In Part Two of this report, I examined the effect of BPXP’s non-*Deepwater Horizon* spending on the economies of the Gulf Coast Region. From 2009 to 2013, BPXP spent over \$22 billion on capital and operational expenditures, including \$2.1 on employment and \$16.4 on vendors. BPXP also spent over \$5.4 billion in royalty, rental and bonus payments over this period. In 2013 alone, BPXP spent over \$5.5 billion on capital and operational expenditures, including \$483 million on employment and \$4.3 billion on vendors, as well as over \$799 million in royalty payments.

Putting BPXP’s total 2013 spending in perspective, \$5.5 billion is:

- Equivalent to the earnings of all workers in Louisiana’s durable goods manufacturing sector (\$5.6 billion) in 2013—a sector which includes that state’s large shipbuilding, wood products and fabricated metals industries—and for those

<sup>137</sup> Morrison Dep. 285:7-286:2.

<sup>138</sup> *Ibid.*

<sup>139</sup> Morrison Dep. 221:12-227:18.

<sup>140</sup> <http://fuelfix.com/blog/2013/10/22/bp-starts-up-new-computers-to-search-for-oil/>.

same workers in Alabama's durable goods manufacturing sector (\$5.5 billion), and Mississippi's durable goods sector (\$5.6 billion);<sup>141</sup> and

- Almost equivalent to the earnings in 2013 of all the workers in Texas' arts/entertainment/recreation sector (\$5.7 billion) which includes workers in that state's spectator sports, museums, zoos, parks, gambling, and performing arts areas.<sup>142</sup>

These expenditures have had and continue to have a significant positive effect on the Gulf Coast Region and United States economies. In at least three decades of conducting economic studies, I have never encountered a firm that injected this much money into the economy, much less into the Gulf Coast Region economy, in one year.

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<sup>141</sup> [www.bea.gov](http://www.bea.gov)

<sup>142</sup> *Ibid.*

**Conclusion**

The opinions that I have expressed in this report are based on my education, training, and experience, and my review of materials in connection with this litigation. I hold these opinions to a reasonable degree of certainty. While I have done my best to review materials in this matter as they have become available, I reserve the right to supplement my opinions based on my review of additional information or reports.

Prepared by: Dr. Loren C. Scott    Date: August 15, 2014

Signed:

A handwritten signature in black ink, appearing to read "Loren C. Scott", written in a cursive style.

Appendix A

**LOREN C. SCOTT**

**CURRICULUM VITAE**

**Personal Information**

Home: [REDACTED]

Phone: (225) 751-1707

Fax: (225) 751-2350

Cell: [REDACTED]

Title: President,  
Loren C. Scott & Associates, Inc.

Email Address: lorencscott@[REDACTED]

Birth date: January 25, 1942

**Education**

Permian High School, Odessa, TX--Graduated May, 1960

Odessa Junior College, Odessa, TX--1960-1962: Associate in Applied Science

Texas Tech University, Lubbock, TX--1962-1966: B.S., Economics--1965; M.A.,  
Econ.--1966

Oklahoma State University, Stillwater, OK-1966-1969: Ph.D.-Economics--1969

**Professional Teaching and Administrative Experience**

LOUISIANA STATE UNIVERSITY, Baton Rouge, LA August, 1969 - Present

Professor Emeritus, January, 1999 - present

Endowed Chair and Director of Division:

Freeport-McMoRan Chair of Economics and Director of Division of Economic  
Development and Forecasting: June, 1996 - 1998.

Endowed Chair/Professorship and Chairman of Economics Department:

Freeport-McMoRan Chair of Economics and Chairman of Economics Dept.: January,  
1996 - June, 1996

Thomas J. Singletary Business Partnership Professor & Chairman of Dept.: September,  
1990 - Jan., 1996

Professor of Economics and Chairman of Economics Department: September, 1984 - August, 1990

Professor of Economics and Acting Chairman of Economics Department: August, 1983 - August, 1984

Professor of Economics and Associate Director of Division of Research:

Professor of Economics and Associate Director of Division of Research: July, 1977 - August, 1983

Associate Professor and Associate Director of Division of Research: January, 1975 - June, 1977

Associate Professor and Acting Director of Division of Research: September, 1974 - December, 1974

Other:

Associate Professor: September, 1972-September, 1974

Assistant Professor: Fall, 1969-September, 1972

Graduate Teaching Assistant: Oklahoma State University; Teaching Principles of Economics for four semesters.

Teaching responsibilities have included graduate courses in Labor Economics,

Managerial Economics and Microeconomics. Also have taught Principles, a senior level course in Labor Theory, and a freshman course on The Economics of Social Issues.

**Other Appointments**

Economics Editor, WBRZ-TV-Channel 2, Baton Rouge, Louisiana, 1985-1990

Author, quarterly article for Louisiana Business, a publication of Bank One of Louisiana, 1986-98.

Governor Roemer's Task Force on Minority Set-Asides - 1989-90.

Baton Rouge Visions--Think Tank of Baton Rouge Area Foundation.

Governor Foster's Economic Development Transition Team - 1996.

Economic Consultant: Judicial Compensation Commission - 1995-present.

Governor Foster's Economic Modeling & Diversification Task Force - Fall, 1997

Governor Foster's Interagency Work Group on Labor Market Information - Fall, 1997

National Business Economic Issues Council: 2004-present

Economic Advisory Committee, Council on Competitiveness, 2011 to present

## **Publications**

### Journal Articles and Proceedings:

"The Economic Effectiveness of On-the-Job Training: The Experience of the BIA in Oklahoma," Industrial and Labor Relations Review, 23 (January, 1970), pp. 220-236.

"The Market, Productivity, and Training Effects of Retraining the Unemployed," The American Economist, (Fall, 1970), pp. 43-46.

"The Economic Effectiveness of On-the-Job Training: The Experience of the BIA in Oklahoma: Reply," Industrial and Labor Relations Review, (January, 1971), pp. 268-269.

"Some Evidence on the Economic Effectiveness of Institutional vs. On-the-Job Training," Social Science Quarterly, (March, 1971), pp. 910-924, with Paul Blume.

"Minimum Wages and Black Employment in the Louisiana Sugar Cane Industry," Proceedings of the Industrial Relations Research Association, (1971), pp. 89-99, with Lamar Jones.

"The U.S.D.A. and Wages in the Sugar Crop Industry," The Labor Law Journal (January, 1974), pp. 18-30, with Lamar Jones.

"On Moving the Poor: Subsidizing Relocation," Industrial Relations (February, 1975), pp. 63-77, with Black, Smith, and Sirmon.

"The Modification of Industry Performance Through the Use of Government Monopsony Power," Industrial Organizations Review (Number 1, 1975), pp. 28-36, with Sidney Carroll.

"Job Search in Rural Labor Markets," Proceedings of the Industrial Relations Research Association (December 1975), pp. 120-128, with B. Rungeling and L. Smith. Reprinted in Monthly Labor Review (April, 1976), pp. 27-30 and in B. Rungeling, L. Smith, V. Briggs, and J. Adams, Employment, Income, and Welfare in the Rural South (New York: Praeger Publishers, 1977), pp. 58-76.

"On Moving the Poor: Subsidizing Relocation: Reply," Industrial Relations (February, 1977), pp. 111-113, with Black, Smith and Sirmon.

"Labor Force Participation in Southern Rural Labor Markets," American Journal of Agricultural Economics (May 1977), pp. 266-274, with L. Smith and B. Rungeling. Reprinted in B. Rungeling, L. Smith, V. Briggs, and J. Adams, Employment, Income, and Welfare in the Rural South (New York: Praeger Publishers, 1977), pp. 51-57.

"Training and Relocation in Areas of Labor Surplus," Social Science Quarterly (September 1977), pp. 312-320, with Black and Smith.

"The Effect of the Inventory Tax on the Location Decision of Wholesalers," Akron Business Review (Winter 1977), pp. 31-35.

"Projecting State Revenues in Louisiana with an Econometric Model," State and Local Government Review, (September 1978), pp. 92-99, with James Richardson.

"Tax Rate Changes and the Specification of the Tax Equation," Public Finance Quarterly, (April 1979), pp. 238-247, with James Richardson.

"Comment on Rural Labor Market Papers," Proceedings of the Industrial Relations Research Association (December 1977), pp. 243-245.

"An Assessment of Subsidized Relocation of Worker Policy in Britain: Comment," Journal of Industrial Relations (March 1978), pp. 96-100, with Black, Smith, and Sirmon.

"Income and Employment in a State Econometric Model: The Case of Louisiana," Journal of Economics Vol. 4 (1978), pp. 151-155, with James Richardson.

"A Methodology for Improving 'Wastage Rates' in Relocation Programs," Scottish Journal of Political Economy (November 1978), pp. 301-309, with Black, Smith, and Sirmon.

"A Short Run Regional Oil and Gas Model: The Case of Louisiana," Growth and Change (July 1979), pp. 19-24, with James Richardson.

"The Impact of the Energy Shortages on Small Businesses in Region VI," Texas Business Review (July/August 1980), pp. 214-219, with James Richardson.

"Louisiana's Energy Future," in 28th Annual Institute on Mineral Law, Pat Martin (editor), LSU Press, (March 1982), pp. 340-351.

"Resource Location Patterns and State Severance Taxes: Some Empirical Evidence," Natural Resources Journal, (April 1983), pp. 351-364, with James Richardson.

"Domestic and International Implications of Federal and State Policies Towards Heavy Oil," in Heavy Versus Light Oil: Technical Issues and Economic Considerations, R. El Mallakh (ed.), (Boulder: International Research Center for Energy and Economic Development), 1983, pp. 121-134, with James Richardson.

"A Review of State Severance Taxes in the United States," Texas Business Review (July/August, 1982), pp. 179-182, with James Richardson.

"Government Regulation and Market Distortions: The Case of the NGPA and the Louisiana Economy," Journal of Energy and Development (Autumn, 1982), pp. 59-72.

"The Prospects for Growth in the Louisiana Economy," Energy in the Southwestern States, Proceedings of the 1985 Conference on Energy in the Southwest Economy Federal Reserve Bank of Dallas Conference, 1985, pp. 203-222.

"Welfare Expenditures and the Decline of Unions," Review of Economics and Statistics, (August 1989), pp. 538-542, with William Moore and Robert Newman.

"Total Effects of the Decline on the Louisiana Economy," Proceedings: Ninth Annual Gulf of Mexico Information Transfer Meeting, Minerals Management Service, U.S. Department of Interior, October 1988, pp. 336-338.

"Forecasting the Louisiana Economy," Delta Business Review (Fall/Winter 1989), pp. 3-8.

"A Targeting Strategy for Use of Incentives in Economic Development," Economic Development Review (Fall 1993), pp. 74-75.

"Trends in Rankings of Economics Departments in the U.S.: An Update," Economic Inquiry, (April 1996), pp. 378-400, with Mitias.

#### Articles in Books:

The following articles appear in Louisiana's Fiscal Alternatives: Finding Permanent Solutions to Recurring Budget Crises, edited by James A. Richardson (LSU Press: Baton Rouge, LA 1988).

"The Structure of the Louisiana Economy," pp. 9-26. (Reprinted in Louisiana Since the Longs, Vol. 9 of Louisiana Purchase Bicentennial Series, Center for Louisiana Studies, University of Southwestern Louisiana.)

"Mineral Taxes and Revenues and Budgetary Stability," pp. 117-142 with James Richardson.

"The Economics of a State Lottery," pp. 315-328, with E. Ryan.

"The Economics of Casino Gambling," pp. 329-340, with E. Ryan.

"Louisiana in the 1990s: A Different Decade," The Southwest Economy in the 1990s: A Different Decade, edited by G.P. Driscoll and S.P.A. Brown (Norwell, Mass: Kluwer Publishers, 1991), pp. 139-146.

#### Louisiana Business Review Articles:

"Should Louisiana License Automobile Mechanics," Louisiana Business Review (January 1975), pp. 2-5.

"Revenue Projections for Louisiana State Government, Fiscal Years 1974-1975 - 1979-1980", Louisiana Business Review (February 1975), with Thomas Beard.

"The Petroleum Industry in Louisiana," Louisiana Business Review (March 1977).

"Louisiana's Oil and Gas Severance Tax: An Historical Review," Louisiana Business Review, (July 1978), with James Richardson.

"The Changing Structure of the Louisiana Economy: 1940-1976," Louisiana Business Review, (September 1978).

"The Prospects for 1979)," Louisiana Business Review (December 1978).

"Demographic Shifts and the Economy of the 1980's," Louisiana Business Review (April 1980).

"The Louisiana Economy in the 1970's: A Decade of Growth and Internal Shifts," Louisiana Business Review (Spring 1981). (Reprinted in Louisiana Since the Longs, Vol. 9 of Louisiana Purchase Bicentennial Series, Center for Louisiana Studies, University of Southwestern Louisiana.)

"Louisiana Job Outlook: A Forecast of the State's Industrial and Occupational Employment to 1990," Louisiana Business Review (Spring 1982), pp. 6-11.

"The Louisiana Economic Outlook for 1983: Part I and II," Louisiana Business Review (Spring 1983), with Richardson and Jamal.

"Improvement Strategy? Louisiana's 1984 Economic Forecast," Louisiana Business Review (Fall 1983), with Richardson, Molina, and Jamal, pp.6-15.

"Louisiana Economic Outlook to 1986," Louisiana Business Review (Fall 1984), with Richardson and Jamal.

#### Louisiana Economic Outlooks:

"The 1985 Louisiana Economic Outlook," Division of Research Publication, (December 1985), with Richardson and Jamal.

"The 1986 Louisiana Economic Outlook," College of Business Administration, LSU (October 1986), with Richardson and Jamal.

"The Louisiana Economic Outlook for 1988 and 1989," College of Business Administration, LSU (October 1987), with Richardson and Jamal.

"The Louisiana Economic Outlook for 1989 and 1990," College of Business Administration, LSU (October 1988), with Richardson and Jamal.

"The Louisiana Economic Outlook: 1990 and 1991," College of Business, LSU, (October 1989), with Richardson and Jamal.

"The Louisiana Economic Outlook: 1991 and 1992," College of Business, LSU, (October 1990), with Richardson and Jamal.

"The Louisiana Economic Outlook: 1992 and 1993," College of Business, LSU, (October 1991), with Richardson and Jamal.

"The Louisiana Economic Outlook: 1993 and 1994," College of Business, LSU, (October, 1992), with Richardson and Jamal.

"The Louisiana Economic Outlook: 1994 and 1995," College of Business, LSU, (October, 1993), with Richardson and Jamal.

"The Louisiana Economic Outlook: 1995 and 1996," College of Business, LSU, (October, 1994), with Richardson and Jamal.

"The Louisiana Economic Outlook: 1996 and 1997," College of Business, LSU (October, 1995), with Richardson and Jamal.

"The Louisiana Economic Outlook: 1997 and 1998", College of Business, LSU (October 1996), with Richardson and Jamal. 59 pages.

"The Louisiana Economic Outlook: 1998 and 1999," College of Business, LSU (September 1997), with Richardson and Jamal. 67 pages.

"The Louisiana Economic Outlook: 1999 and 2000", College of Business, LSU (September 1998), with Richardson and Jamal. 84 pages.

"The Louisiana Economic Outlook: 2000 and 2001", College of Business, LSU (September 1999), with Richardson and Jamal. 87 pages

"The Louisiana Economic Outlook: 2001-2002", College of Business, LSU (September 2000) with Jamal and Richardson.

"The Louisiana Economic Outlook: 2002-2003", College of Business, LSU, (September 2001), with Richardson and Jamal, 88 pages.

"The Louisiana Economic Outlook: 2003-2004", College of Business, LSU, (September 2002), with Richardson and Jamal, 94 pages.

"The Louisiana Economic Outlook: 2004-2005", College of Business, LSU, (September 2003), with Richardson and Jamal, 98 pages.

"The Louisiana Economic Outlook: 2005-2006", College of Business, LSU, (October 2004), with Richardson and Jamal, 99 pages.

"The Louisiana Economic Outlook: 2006-2007", College of Business, LSU, (November 2005), with Richardson, 80 pages.

"The Louisiana Economic Outlook: 2007-2008", College of Business, LSU, (October 2006), with Richardson, 80 pages.

"The Louisiana Economic Outlook: 2008-2009", College of Business, LSU, (October 2007), with Richardson, 98 pages.

"The Louisiana Economic Outlook: 2009-2010", College of Business, LSU, (October 2008), with Richardson, 91 pages.

"The Louisiana Economic Outlook: 2010-2011", College of Business, LSU, (October 2009), with Richardson, 93 pages.

"The Louisiana Economic Outlook: 2011-2012", College of Business, LSU, (October 2010), with Richardson, 90 pages.

"The Louisiana Economic Outlook: 2012-2013", College of Business, LSU, (October 2011), with Richardson, 104 pages.

#### Technical Papers and Book Reviews:

"An Economic Evaluation of On-the-Job Training Conducted under the Auspices of the Bureau of Indian Affairs in Oklahoma: Concepts and Preliminary Findings," Toward Economic Development for Native American Communities, Joint Economic Print, 91st Congress, January 1970, pp. 171-190, with David Stevens.

"Economic Profiles, Personal Income and Earnings Data for Louisiana State Planning Districts, SMSA Parishes, and Non-SMSA Parishes: 1929-1968," Occasional Paper No. 2, Division of Research, College of Business, Louisiana State University, with Thomas R. Beard and Jan W. Duggar, (February, 1971), 164 pages. Reprinted in Master Plan Supplement, State of Louisiana Coordinating Council for Higher Education, 1972, Baton Rouge.

"Book Review: Cost-Benefit Analysis of Manpower Policies: Proceedings of a North American Conference, May, 1969, by G.G. Sommers and W.D. Wood in Industrial and Labor Relations Review (October, 1970), pp. 133-134.

"Should Louisiana Adopt a State Lottery?" A Report Submitted to Governor Edwin Edwards by the Governor's Council on Economic Advisors, Louisiana State University, Division of Research (September, 1972), with Thomas Beard and William Silvia, Jr.

"The Office Industry: A Potential Source of Economic Growth for Louisiana," Issue Paper No. 1, Louisiana Office of State Planning (December 1973), 20 pages, with Jan Duggar.

"Economic Analysis of the Chemical Industry in Louisiana," Report for the Louisiana Chemical Association published by the Division of Research, Louisiana State University (November 1976), 49 pages, with G. Randolph Rice.

An Econometric Analysis of Louisiana's Energy Sector: The First Step--Regional Production Analysis, for Center for Energy Studies, LSU (July 1983), 67 pages.

Tax Compendium for State of Louisiana, for the Legislative Fiscal Office, Fall 1975, 393 pages, with James Richardson.

The Severance Tax: Its Long-Term Potential, for Department of Conservation, March 1977, 155 pages, with James Richardson.

The Energy Crisis and the Employment of Black CETA Participants in Louisiana in the 1980's, for U.S. Department of Labor under a grant with Southern University (May 1981).

The Taxation of Natural Resources by States (with Richardson), for U.S. Department of the Interior (Fall 1981), 154 pages.

Models for Forecasting Hammond Sales Tax Revenues and for Estimating the Impact on Revenues of New Industry, for the City of Hammond (January 1982).

Energy Impact analysis: Petrochemical Industry, report for Louisiana Department of Natural Resources, December, 1983. 52 pages plus appendices.

The Petroleum Industry in Louisiana, report prepared for The Mid-Continent Oil and Gas Association, 1983, 29 pages. Reprinted in Hearings before the Subcommittee on Panama Canal/Outer Continental Shelf of Committee on

Merchant Marine and Fisheries, House of Representatives, 98th Congress, 2nd Session, March 9, 1984, Houma, Louisiana. Updated, December 1996, 47 pages.

The Chemical Industry in Louisiana: Economic Profile, a report prepared for the Louisiana Chemical Association, September 1989, 44 pages. Revised, January 1991, April 1993, and August 1996 (50 pages).

The Economic Impact of LSU on the Baton Rouge Metropolitan Area, Department of Economics, LSU, Summer 1990, 15 pages.

It's Not Just Entertainment: The Impact of the LSU Athletic Department on the Baton Rouge Metropolitan Statistical Area, Department of Economics, LSU, May 1991, 30 pages. Updated February 1998 with Jennifer Trinca, 31 pages. Revised, January 2002.

An Economic Analysis of the Economic Expansion Program as Proposed by Texaco to the State of Louisiana, for the Louisiana Attorney General, November, 1993, 88 pages, with James Richardson.

A Report on Judicial Salaries in Louisiana for Louisiana's Judicial Compensation Commission (December, 1995), 19 pages. Revised biannually.

Estimating the Economic Impact of Constructing a 50-Year Wet Dam at Darlington, for Amite River Basin Drainage and Water Conservation District, May, 1997, with Robert Newman. 17 pages.

Estimation of Recreational Benefits for the Proposed Darlington Reservoir: A Contingent Valuation Study, for the Amite River Basin Drainage and Water Conservation District, June, 1997, with Robert Newman. 54 pages.

Establishing a Master Economic Development Plan for Louisiana: Targeting Industries for Recruitment, for the Louisiana Department of Economic Development, October 1997, 135 pages, with W.J. Moore and Geoffrey Turnbull.

Gambling in Louisiana: A Benefit/Cost Analysis, with Tim Ryan, Janet Speyrer, et al., prepared for the Louisiana Gaming Commission, April, 1999, 107 pages.

Measuring the Economic Benefits of the Casino Industry on the Louisiana Economy prepared for the Casino Association of Louisiana, March 2005, 75 pages.

#### Other Publications:

"Peering into the Crystal Ball: How Will 1979 Turn Out?" Entree Magazine (September 1979).

"Focus on Louisiana", The Southern Banker (January 1982), with W.F. Staats.

"Louisiana Energy," Economic Review of Federal Reserve Bank of Atlanta, (October 1983), pp. 12-16.

Special Editor, Louisiana Visions - 89, published goals statement of Governor Buddy Roemer's Administration.

**Our firm has prepared approximately 100 economic impact studies for various clients that are not listed in this resume because in most cases they are proprietary to the clients.**

## **Symposia**

Lecturer for LSU Executive Program, approximately 30 years

Lecturer for LSU Executive MBA Program, since inception, until 2002.

Lecturer, Louisiana Bankers Association School of Banking, approximately 15 years. School now closed.

Course co-coordinator and lecturer, Managerial Economics section of Graduate School of Banking of the South, approximately 36 years.

50-70 speeches a year on the "State of the Economy" to various groups.

### **Testimony**

Testified frequently on state revenue estimates before Joint Legislative Budget Committee.

Before Federal Power Commission, Washington, D.C. on a comparison of the New England and Louisiana economies, September 1976.

Before State Legislative Committee on Revenue and Fiscal Affairs on the topic of the future of Louisiana State revenues, October 1976.

Before Joint Committee on Health and Human Resources on Unemployment in Louisiana, January 1977.

Before Joint Committee on Economics in State Government, March 1986.

Before state legislative committee on the ethanol industry, Spring 1986.

Before a state legislative committee on the repeal of the right-to-work law, Spring 1992.

Before Public Service Commission on Agrielectric rate case, 1996.

Before Judicial Compensation Committee, Spring, 1996.

Before Public Service Commission on South Central Bell effort to move into the long distance market in Louisiana, Fall 1997.

Before the Louisiana Legislature in 2001 on the Harrah's Casino tax cut.

Before the Louisiana Legislature in 2001 & 2002 on the sales below cost law on gasoline in Louisiana.

Before the Legislature on the proposed Quality Jobs Act.

Several other appearances before state legislative committees.

Expert Witness on Louisiana Economy--state and federal courts.

### **Contract Research at LSU (excluding LCS, Inc. contracts)**

Principal Investigator, with James Richardson -- January 1975 to December 1975--\$75,000 contract with State Legislative Fiscal Office to build a model for forecasting state revenues. Includes a 393-page Tax Compendium for Louisiana.

Principal Investigator, with James Richardson -- March 1976 to February 1977--\$22,000 contract with State Department of Conservation to build a long run model for forecasting oil and gas production in the state. The final 156-page document included not only the forecasting model but also a historical review of Louisiana severance tax laws, a comparison with severance tax laws in other states, and a theoretical discussion of optimal state severance tax strategy.

Principal Investigator -- contract submitted jointly with UNO to establish a University Development Center for the LSU System. Total Contract of \$137,000 for six months awarded by Economic Development Administration and State of Louisiana. Will continue over 4-5 year period.

Principal Investigator, with James Richardson -- \$4,500 contract with Small Business Administration to study effects of energy shortage on small businesses in Region VI.

Principal Investigator -- \$15,000 contract through Southern University with the U.S. Department of Labor to investigate optimal growth industries and occupations for CETA trainees.

Principal Investigator, with James Richardson -- \$72,510 contract with U.S. Department of the Interior to investigate the properties of an optimal severance tax.

Principal Investigator, with James Richardson -- \$65,000 contract with Louisiana Board of Regents to build an econometric model of the state.

Principal Investigator, with James Richardson -- \$17,500 contract with LSU's Center for Energy Studies to construct an econometric model of Louisiana's energy sector.

Principal Investigator, with James Richardson -- \$55,000 contract with Louisiana Board of Regents to expand the Louisiana econometric model.

Principal Investigator -- \$6540 grant with Greater Baton Rouge Chamber of Commerce to conduct an area wage survey, 1992.

Principal Investigator -- \$12,000 grant with Judicial Compensation Commission, 1995.

Principal Investigator, with Robert Newman--\$80,000 grant with Amite River Basin Drainage & Water Conservation District, July 1996-June, 1997.

Principal Investigator--\$12,500 project with Japan Foundation, Louisiana Department of Economic Development, JETRO, Port Of South Louisiana and Entergy Corporation to host and conduct a Symposium on Trade Between Japan and the U.S. held March 18, 1997.

Principal Investigator, with Geoffrey Turnbull, W. J. Moore and Elizabeth Woodside--\$81,696 project to conduct targeted industry study for the state of Louisiana for the Louisiana Department of Economic Development and Louisiana's Investor-Owned Utilities, January, 1997 - June, 1997.

Principal Investigator, with Geoffrey Turnbull, W. J. Moore and Elizabeth Woodside--\$45,951 grant to continue investigation of targeted industries for the Louisiana Department of Economic Development and Louisiana-owned utilities, July 1 - October 1, 1997.

Principal investigator, with Douglas McMillin, Dek Terrell, Robert Newman, W.J. Moore, and Daryl McKee--\$228,480 grant with Louisiana Department of Labor to (a) generate occupational forecasts to 2006 and (b) construct a scorecard for evaluating various training programs, July 1, 1997 - August 30, 1998.

Principal Investigator, with Carter Hill, Michael Hartline, and Ed Holton--\$117,615 grant the Baton Rouge Community College to forecast enrollments and develop curriculum for the junior college, November 1, 1997 - August 31, 1998.

Principal Investigator, with David Johnson---\$77,956 grant with the Louisiana Department of Transportation and Development (through UNO) to develop a model for determining the rate of return on various projects in the State's intermodal transportation plan. May, 1998-February, 1999.

Principal Investigator with Nick Apostolou and Abe Biswas. \$65,000 grant through the Board of Regents with support from Hibernia Bank to provide consulting services to inner city businesses using second year graduate assistants. This is a 3-year, continuing grant...started in July, 1998... to be maintained at \$65,000 a year. It provides six MBAs \$2,500 a semester to work on the projects.

Principal investigator with Dek Terrell and Doug McMillin. Grant with Louisiana Department of Labor (through UNO) to generate industry employment forecasts to 2008. Approximately \$100,000.

Principal investigator with Dek Terrell and Doug McMillin. Grant with Louisiana Department of Labor (through UNO) to generate industry employment forecasts to 2010. Approximately \$100,000.

Have raised approximately \$9,000 a year for Department through sales of Louisiana Economic Outlook. This amount raised an extra \$10,000 due to getting a corporate sponsorship from a bank.

## **University Committees**

Search Committee - Policy Director, Center for Energy Studies 1988-89.

Search Committee - Chancellor, LSU-Baton Rouge, 1989.

Selection Committee-LSU Alumni Hall of Distinction, 1990-95.

LSU Long-Range Planning Committee, 1989-1995.

Athletic Council, 1991-1996

University Steering Committee - United Way, 1991-1994.

Institutional Effectiveness Committee of SAC's Review, 1992-1995.

Committee to Review Declaration of Financial Exigency Guidelines - 1994-1996.

University Program Review Council, 1996 - 98.

College Executive Committee, 1983 - 1998.

### **Participation in Professional Meetings**

Have presented papers, served as discussant and chaired sessions at meetings of the Southern Economic Association, Western Economic Association, Southwest Social Science Association, Industrial Relations Research Association, Mid-Continent Regional Science Association, Mid-South Economics Association, Academy of Louisiana Economists, Federal Reserve Bank of Atlanta, Federal Reserve Bank of Dallas, Association of University Bureaus of Economic Research, and Southern Regional Science Association.

### **Awards and Scholarships**

Recipient of Odessa College Tuition Scholarship

Recipient of two scholarships at Texas Tech University--1964 and 1965

National Science Foundation Summer Research Traineeship--1968

Dissertation Fellowship--Oklahoma State University Research Foundation

Junior Division College, Master Teacher Award, Spring 1986.

MBA Association, Professor of the Year, 1988.

Outstanding Teacher of MBAs, 1988-89, chosen by Business Administration Leadership Council.

Student Government Association Award for Outstanding In-Class Teaching, 1989.

Erich Sternberg Foundation Excellence in Teaching Award, College of Business, 1990-91.

Outstanding MBA Teacher, 1993-94.

Excellence on Teaching Award, Department of Economics, 1994-95.

### **Professional and Scholastic Organizations**

Phi Kappa Phi

American Economic Association

Phi Theta Kappa  
Omicron Delta Epsilon

Southern Economic Association  
Regional Science Association

### **Consulting Activities**

Coordinating Council for Higher Education--State of Louisiana  
Gulf South Research Institute  
Mississippi Labor Mobility Project--Star, Inc., Hattiesburg, Miss.  
Office of State Planning--State of Louisiana  
Department of Natural Resources--State of Louisiana  
U.S. Employment and Training Administration  
Attorney General's Office--State of Louisiana  
Manpower Advisory Council--East Baton Rouge Parish  
Applications for new Savings and Loan Associations  
Applications for new Banks  
City of Hammond  
Capital Area United Way  
City of Baton Rouge  
Mid-Continent Oil and Gas Association  
Kaiser Aluminum and Chemical Association  
Process Services, Inc.  
Goudchaux's Department Stores  
Louisiana Department of Labor  
Exxon Corporation  
Louisiana Association of Business and Industry  
South Central Bell  
Charlyn Enterprises  
Louisiana Chemical Association  
Premier Bancorp  
Louisiana League of Savings Institutions  
Louisiana Department of Economic Development  
Associated Grocers  
Placid Oil Refinery  
Waste Management of North America  
Borden, Inc.  
Lake Charles Memorial Hospital  
John H. Carter, Inc.  
Louisiana Lottery Corporation  
Cajun Electric Power Cooperative  
Louisiana Department of Labor  
Shell Chemical Company  
Wharton Econometric Forecasting Associates  
Hancock Bank  
Hibernia National Bank  
Louisiana Gaming Commission  
Coushatta Indian Tribe  
Jazz Holding Company

Baton Rouge Area Convention & Visitors Bureau  
Jack Rome, Jr. & Associates  
Louisiana Press Association  
Louisiana Home Builders Association  
Harrah's Land Based Casino  
Murphy Oil  
Louisiana Nurses Association  
Transwestern Properties  
LSU Athletic Department  
The Governor's Military Advisory Board  
Ascension Parish Government  
Louisiana Industrial Development Executives Association  
Office of Addictive Disorders-Department of Health & Hospitals  
Louisiana Racing Commission  
PSI Engineers  
Louisiana Airport Authority  
Louisiana Department of Natural Resources  
Casino Association of Louisiana  
Lamar-Dixon Expo Center  
Penn National Gaming  
Cleco Corporation  
R.W. Day Associates  
Emerald Bayou Studios  
Crescent City Towers, LLC  
Capitol One Financial  
Red River Waterway Commission  
City of Baton Rouge  
Northrop Grumman Corporation  
Minerals Management Service  
Wampold Companies  
One Call of Louisiana  
Gulf Coast Coca Cola Bottling Company  
Louisiana Department of Economic Development  
Tenaska Corporation  
Lake Forest Mall, LLC  
Offshore Marine Services Association  
Louisiana Department of Natural Resources  
Louisiana Workforce Commission  
CITGO Corporation  
R. W. Day  
Gramercy Alumina  
Alexandria Airport Commission  
Riverplace Consulting  
Hartex Corporation  
Entergy Corporation  
River Birch Corporation

Beer League of Louisiana  
Port Fourchon  
Ranger Gas  
Team Honda  
Saint Gabriel Downs Corporation  
Port of Shreveport  
Leucadia LLC  
Elliott Management, LLC  
Michoud Assembly Facility  
Lake Forest, LLC  
Port of Caddo-Bossier  
College of Engineering - LSU  
Chesapeake Energy  
Nucor  
Sundrop Fuels  
U. L. Coleman Companies  
Sasol Corporation  
Ochsner Hospitals

### **LIST OF PRIOR EXPERT TESTIMONY**

1. Southwest Wireless Network, Inc. et al. vs. U.S. Telemetry Corporation, 19<sup>th</sup> Judicial Court, Parish of East Baton Rouge. Report prepared; deposition given November 25, 2013.
2. St. Bernard Port, Harbor & Terminal District v. Violet Dock Port, Inc., 34<sup>th</sup> Judicial Court, Parish of St. Bernard. Report prepared; deposition, and trial appearance.
3. United States of America vs. 9.345 acres of land, More or Less, Situate in Iberville Parish, State of Louisiana, and Sidney Vincent Arbour, III et al., U.S. District Court, Middle District. Report prepared; Deposition taken June 5, 2013
4. United States of America vs. CITGO Corporation, U.S. District Court, Western District. Report done; deposition taken
5. Cynthia Bridges, Secretary, Department of Revenue, State of Louisiana v Nelson Industrial Steam Company, 14<sup>th</sup> Judicial Court, Parish of Calcasieu. Deposition and trial appearance March 25-26, 2014.
6. Slattery Company, Inc. v Chesapeake Louisiana LP, Camterra Resources, Inc. and J.P.D. Energy Inc. Civil action 5:11-CV-01399, District Court for the Western District of Louisiana. Deposition taken October 9, 2013.

**Appendix B: L. Scott Consideration Materials**

Beg Bates	End Bates	Exhibit Number	Document Title / Description
BP-HZN-2179MDL07817645	BP-HZN-2179MDL07817645		BPXP GRM Trial Balance
BP-HZN-2179MDL07818050	BP-HZN-2179MDL07818050		Royalty and Tax Payment
BP-HZN-2179MDL08713516	BP-HZN-2179MDL08713516		BPXP Capital Expenditures Cash Flow
BP-HZN-2179MDL08714394	BP-HZN-2179MDL08714394		List of BPXP Employees Billing Time to BPXP
BP-HZN-2179MDL08684230	BP-HZN-2179MDL08684241		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684242	BP-HZN-2179MDL08684250		Overview of 2011 Gulf Region Commercial Fishing Activity
BP-HZN-2179MDL08684251	BP-HZN-2179MDL08684267		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684268	BP-HZN-2179MDL08684279		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684280	BP-HZN-2179MDL08684292		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684293	BP-HZN-2179MDL08684307		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684308	BP-HZN-2179MDL08684316		Overview of 2012 Gulf Region Commercial Fishing Activity
BP-HZN-2179MDL08684317	BP-HZN-2179MDL08684331		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684332	BP-HZN-2179MDL08684346		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684347	BP-HZN-2179MDL08684363		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684364	BP-HZN-2179MDL08684377		Quarterly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684378	BP-HZN-2179MDL08684392		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684393	BP-HZN-2179MDL08684406		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684407	BP-HZN-2179MDL08684423		Quarterly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684424	BP-HZN-2179MDL08684436		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684437	BP-HZN-2179MDL08684451		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684452	BP-HZN-2179MDL08684471		Quarterly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684472	BP-HZN-2179MDL08684483		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684484	BP-HZN-2179MDL08684500		Quarterly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684501	BP-HZN-2179MDL08684512		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684513	BP-HZN-2179MDL08684524		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684525	BP-HZN-2179MDL08684539		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684540	BP-HZN-2179MDL08684556		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684557	BP-HZN-2179MDL08684570		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684571	BP-HZN-2179MDL08684583		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684472	BP-HZN-2179MDL08684483		Quarterly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684407	BP-HZN-2179MDL08684423		Quarterly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684293	BP-HZN-2179MDL08684307		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684347	BP-HZN-2179MDL08684363		Monthly Update on the Gulf Coast Economy
BP-HZN-2179MDL08684242	BP-HZN-2179MDL08684250		Overview of 2011 Gulf Region Commercial Fishing Activity
BP-HZN-2179MDL08684308	BP-HZN-2179MDL08684316		Overview of 2012 Gulf Region Commercial Fishing Activity

**Appendix B: L. Scott Consideration Materials**

Beg Bates	End Bates	Exhibit Number	Document Title / Description
BP-HZN-2179MDL08684484	BP-HZN-2179MDL08684500		Quarterly Update on the Gulf Coast Economy
N/A	N/A		The State of the Gulf: BP Sets the Record Straight - BP's Economic Restoration Work
N/A	N/A		The State of the Gulf: BP Sets the Record Straight - Economic Recovery
N/A	N/A		Tourism White Paper
N/A	N/A		Gulf of Mexico: Four Years of Progress
N/A	N/A		Website: Gulf of Mexico Restoration - Restoring the Economy, Q&A with Maria Travis
N/A	N/A		Offshore Oil and the Deepwater Horizon: Social Effects on Gulf Coast Communities Interim Findings
N/A	N/A		Economics of the Federal Gulf Shrimp Fishery Annual Report (2009)
N/A	N/A		Economics of the Federal Gulf Shrimp Fishery Annual Report (2010)
N/A	N/A		Economics of the Federal Gulf Shrimp Fishery Annual Report (2011)
BP-HZN-2179MDL09216157	BP-HZN-2179MDL09216157		1990 - 2012 Commercial Landings
N/A	N/A		Fisheries of the United States (2009)
N/A	N/A		Fisheries of the United States (2010)
N/A	N/A		Fisheries of the United States (2011)
N/A	N/A		Fisheries of the United States (2012)
BP-HZN-2179MDL09216195	BP-HZN-2179MDL09216195		smith.xlsx
BP-HZN-2179MDL08389255	BP-HZN-2179MDL08389255		Provision Continuity Schedule through 1Q2014
BP-HZN-2179MDL09111834	BP-HZN-2179MDL09111834		BP Payments and Investments - Alabama
BP-HZN-2179MDL09111844	BP-HZN-2179MDL09111844		BP Payments and Investments - Alabama
BP-HZN-2179MDL09111846	BP-HZN-2179MDL09111846		BP Payments and Investments - Alabama
BP-HZN-2179MDL09111840	BP-HZN-2179MDL09111840		BP Payments and Investments - Alabama
BP-HZN-2179MDL09111850	BP-HZN-2179MDL09111850		BP Payments and Investments - Florida
BP-HZN-2179MDL09111838	BP-HZN-2179MDL09111838		BP Payments and Investments - Florida
BP-HZN-2179MDL09111845	BP-HZN-2179MDL09111845		BP Payments and Investments - Florida
BP-HZN-2179MDL09111839	BP-HZN-2179MDL09111839		BP Payments and Investments - Florida
BP-HZN-2179MDL09111837	BP-HZN-2179MDL09111837		BP Payments and Investments - Louisiana
BP-HZN-2179MDL09111833	BP-HZN-2179MDL09111833		BP Payments and Investments - Louisiana
BP-HZN-2179MDL09111842	BP-HZN-2179MDL09111842		BP Payments and Investments - Louisiana
BP-HZN-2179MDL09111835	BP-HZN-2179MDL09111835		BP Payments and Investments - Louisiana
BP-HZN-2179MDL09111841	BP-HZN-2179MDL09111841		BP Payments and Investments - Mississippi
BP-HZN-2179MDL09111852	BP-HZN-2179MDL09111852		BP Payments and Investments - Mississippi
BP-HZN-2179MDL09111843	BP-HZN-2179MDL09111843		BP Payments and Investments - Mississippi

**Appendix B: L. Scott Consideration Materials**

Beg Bates	End Bates	Exhibit Number	Document Title / Description
BP-HZN-2179MDL09111853	BP-HZN-2179MDL09111853		BP Payments and Investments - Mississippi
BP-HZN-2179MDL08927661	BP-HZN-2179MDL08927661		BP Payments and Investments - Alabama
BP-HZN-2179MDL08927662	BP-HZN-2179MDL08927662		BP Payments and Investments - Florida
BP-HZN-2179MDL08927663	BP-HZN-2179MDL08927663		BP Payments and Investments - Louisiana
BP-HZN-2179MDL08927664	BP-HZN-2179MDL08927664		BP Payments and Investments - Mississippi
BP-HZN-2179MDL09111847	BP-HZN-2179MDL09111847		BP Payments and Investments - Alabama
N/A	N/A		Seafood Industry Recovery
BP-HZN-2179MDL09111849	BP-HZN-2179MDL09111849		BP Payments and Investments - Florida
BP-HZN-2179MDL09111836	BP-HZN-2179MDL09111836		BP Payments and Investments - Louisiana
BP-HZN-2179MDL09111851	BP-HZN-2179MDL09111851		BP Payments and Investments - Mississippi
BP-HZN-2179MDL09111848	BP-HZN-2179MDL09111848		Fund for the Future of the Gulf - as of March 14, 2014
N/A	N/A	Dep. Ex. 011922	Offshore Oil and the Deepwater Horizon: Social Effects on Gulf Coast Communities Volume I: Methodology, Timeline, Context, and Communities
N/A	N/A	Dep. Ex. 011923	Offshore Oil and the Deepwater Horizon: Social Effects on Gulf Coast Communities Volume II: Key Economic Sectors, NGOs, and Ethnic Groups
N/A	N/A		Deposition Transcript, Exhibits, and Potential DOJ Exhibits of Richard Morrison
HCP008-002191	HCP008-002434	TREX-009105	On Scene Coordinator Report Deepwater Horizon Oil Spill
BP-HZN-2179MDL01440490	BP-HZN-2179MDL01440497		Instructions - Gulf Coast Claims Facility Claim Form
N/A	N/A		Deposition Transcript and Exhibits of Mike Robertson
N/A	N/A		Deposition Transcript and Exhibits of Joshua Barnes
N/A	N/A	Dep. Ex. 011869	Promoting tourism along the Gulf Coast: Gulf Coast tourism continued to demonstrate strong visitor numbers in 2013
N/A	N/A	Dep. Ex. 011872	Tourism numbers top more records: Baldwin beaches bounce back strong
N/A	N/A	Dep. Ex. 011873	Alabama beach tourism on record-breaking pace; lodging revenue expected to hit \$320 million (updated)
N/A	N/A	Dep. Ex. 011875	New Orleans Achieves Major Tourism Milestone: 8.3 Million Visitors in 2010
N/A	N/A	Dep. Ex. 011877	New Orleans tourism breaks record in 2011; BP cash for marketing gives industry a boost
N/A	N/A	Dep. Ex. 011878	Northwest Florida Tourism Experiences a Record Summer
N/A	N/A	Dep. Ex. 011879	Bed tax collections finish strong in 2011, exceed what many had hoped for
N/A	N/A	Dep. Ex. 011880	Local tourism industry is red-hot
N/A	N/A		Deposition Transcript and Exhibits of Harry Luton
N/A	N/A	Dep. Ex. 011922	Offshore Oil and Deepwater Horizon: Social Effects on the Gulf Coast Communities, Volume I Methodology, Timeline, Context, and Communities (MDL2179-EX-00011922)

**Appendix B: L. Scott Consideration Materials**

Beg Bates	End Bates	Exhibit Number	Document Title / Description
N/A	N/A	Dep. Ex. 011923	Offshore Oil and Deepwater Horizon: Social Effects on Gulf Coast Communities, Volume II: Key Economic Sectors, NGOs, and Ethnic Groups
US_PP_BOEM000107	US_PP_BOEM000312	Dep. Ex. 011929	Assessing the impacts of the Deepwater Horizon oil spill on tourism in the Gulf of Mexico Region
N/A	N/A		Deskens and Seevers Article - Are State Expenditures to Promote Tourism Effective?
N/A	N/A		Gulf of Mexico Oil Spill Claims and Other Payments Public Report
BP-HZN-2179MDL05695286	BP-HZN-2179MDL05695286		BP Press Release - BP Announces Tourism Grants to Four Gulf States
BP-HZN-2179MDL08927522	BP-HZN-2179MDL08927529		Florida 2011-2012 Grants
BP-HZN-2179MDL08927770	BP-HZN-2179MDL08927777		Louisiana 2011-2012 Grants
BP-HZN-2179MDL08927786	BP-HZN-2179MDL08927792		Alabama 2011-2012 Grants
BP-HZN-2179MDL08927793	BP-HZN-2179MDL08927826		Mississippi 2011-2012 Grants
N/A	N/A		Gulf Shores & Orange Beach Tourism Destination Growth Indicators June 2014
N/A	N/A		Gulf Shores & Orange Beach Tourism Destination Growth Indicators July 2012
N/A	N/A		BP Gulf Seafood and Tourism Promotional Fund Grant Proposals
N/A	N/A		Promotional Fund Second Round Recipients
BP-HZN-2179MDL09099965	BP-HZN-2179MDL09099965		BPXP Production by Qtr 2009-2Q2014.xlsx
BP-HZN-2179MDL09099966	BP-HZN-2179MDL09099966		BPXP Op Cash Cost - excl Incident - 2009-2Q2014.xlsx
BP-HZN-2179MDL09099967	BP-HZN-2179MDL09099967		BPXP Capex Cost - excl Incident - 2009-2Q2014.xlsx
N/A	N/A		A Silver Lining in Mobile's Economy Cleanup Booking Hotels, Rental Cars
N/A	N/A		Notice of Filing of the Economic and Property Damages Settlement Agreement as Amended on May 2, 2012 and as Preliminarily Approved by the Court on May 2, 2012 (Rec Doc 6430)
BP-HZN-2179MDL06389713	BP-HZN-2179MDL06389714		Email from B. Price to D. Suttles re Press Release: Rig Worker Assistance Fund
N/A	N/A		Community Development in the Gulf States
N/A	N/A		New Orleans Convention and Visitors Bureau
N/A	N/A		Fiscal Year 2009 Estimated Economic Contribution of Travel and Tourism in Mississippi
N/A	N/A		Fiscal Year 2011 Estimated Economic Contribution of Travel and Tourism in Mississippi
N/A	N/A		New Orleans Achieves 8.75 Million Visitors in 2011
N/A	N/A		Mississippi Gulf Coast Regional Brief
N/A	N/A		LexisNexis: Spill's Effects Uneven in Area
BP-HZN-2179MDL09216160	BP-HZN-2179MDL09216160		Survey of U.S. State Tourism Office Budgets
N/A	N/A		Visit Florida: 2014 Estimates of Visitors to Florida by Quarter

**Appendix B: L. Scott Consideration Materials**

Beg Bates	End Bates	Exhibit Number	Document Title / Description
BP-HZN-2179MDL09111688	BP-HZN-2179MDL09111700		Mississippi State Treasurer: Attachment to SAP Document Number 100626021
BP-HZN-2179MDL09111701	BP-HZN-2179MDL09111716		Invoice re Mississippi Gulf Coast Association
BP-HZN-2179MDL09111717	BP-HZN-2179MDL09111734		Invoice re Harrison County Tourism Commission
BP-HZN-2179MDL09111735	BP-HZN-2179MDL09111745		Invoice re Florida Coastal Northwest
BP-HZN-2179MDL09111746	BP-HZN-2179MDL09111758		Invoice re State of Florida Division of Emergency Management Department
BP-HZN-2179MDL09111759	BP-HZN-2179MDL09111774		Invoice re State of Alabama Gulf Coast Convention and Visitors Bureau
BP-HZN-2179MDL09111775	BP-HZN-2179MDL09111784		Invoice re State Treasurer of Alabama
BP-HZN-2179MDL09111785	BP-HZN-2179MDL09111804		Invoice re Jackson County Area Chamber
BP-HZN-2179MDL09111805	BP-HZN-2179MDL09111822		Invoice re Hancock Tourism Development
BP-HZN-2179MDL09111823	BP-HZN-2179MDL09111832		Invoice re State of Louisiana Treasury
N/A	N/A		Deposition Transcript and Exhibits of Captain Julia Hein
TREX 009124.0001	TREX 009124.0167	TREX-009124	Memorandum from R. J. Papp, Jr. ADM to Distribution re FINAL ACTION MEMORANDUM - INCIDENT PREPAREDNESS REVIEW (ISPR) DEEPWATER HORIZON OIL SPILL
BP-HZN-2179MDL09099961	BP-HZN-2179MDL09099961	N/A	2Q14 - Provision Continuity Schedule - BXPX Only exL.xls
N/A	N/A		RigLogix Data January 2012 to August 2012
N/A	N/A		RigLogix Data August 2012 to December 2014
N/A	N/A		RigLogix Data 2007 to 2011
BP-HZN2179MDL09216159	BP-HZN2179MDL09216159		gsob_sales.xlsx
BP-HZN2179MDL09216197	BP-HZN2179MDL09216197		gsob_lodg.xlsx
BP-HZN2179MD09216196	BP-HZN2179MD09216196		gsob_revpar_hotel.xlsx
BP-HZN2179MD09216158	BP-HZN2179MD09216158		gsob_revpar_condo.xlsx
BP-HZN-2179MDL09216042	BP-HZN-2179MDL09216042		Powerpoint Presentation at First National Bankshares Summer Conference, Sandestin, Florida, Summer 2014
N/A	N/A		BOEM Lease Sale Number 198
N/A	N/A		BOEM Lease Sale Number 198
N/A	N/A		BOEM Lease Sale Number 200
N/A	N/A		BOEM Lease Sale Number 200
N/A	N/A		BOEM Lease Sale Number 204
N/A	N/A		BOEM Lease Sale Number 204
N/A	N/A		BOEM Lease Sale Number 205
N/A	N/A		BOEM Lease Sale Number 205
N/A	N/A		BOEM Lease Sale Number 206
N/A	N/A		BOEM Lease Sale Number 206
N/A	N/A		BOEM Lease Sale Number 207

**Appendix B: L. Scott Consideration Materials**

Beg Bates	End Bates	Exhibit Number	Document Title / Description
N/A	N/A		BOEM Lease Sale Number 207
N/A	N/A		BOEM Lease Sale Number 208
N/A	N/A		BOEM Lease Sale Number 208
N/A	N/A		BOEM Lease Sale Number 210
N/A	N/A		BOEM Lease Sale Number 210
N/A	N/A		BOEM Lease Sale Number 213
N/A	N/A		BOEM Lease Sale Number 213
N/A	N/A		BOEM Lease Sale Number 218
N/A	N/A		BOEM Lease Sale Number 218
N/A	N/A		BOEM Lease Sale Number 222
N/A	N/A		BOEM Lease Sale Number 222
N/A	N/A		BOEM Lease Sale Number 224
N/A	N/A		BOEM Lease Sale Number 224
N/A	N/A		BOEM Lease Sale Number 227
N/A	N/A		BOEM Lease Sale Number 227
N/A	N/A		BOEM Lease Sale Number 229
N/A	N/A		BOEM Lease Sale Number 229
N/A	N/A		BOEM Lease Sale Number 231
N/A	N/A		BOEM Lease Sale Number 231
N/A	N/A		Louisiana Tax Commission Annual Report 2013
N/A	N/A		Annual Report and Form 20-F 2013
N/A	N/A		BSEE Active Lease by Designated Operator
N/A	N/A		BSEE Active Leases
N/A	N/A		BSEE Annual summary of Production for Entire Region 2005-2014
N/A	N/A		Bureau of Labor Statistics: Usual Weekly Earnings of Wage and Salary Workers News Release
N/A	N/A		BLS May 2013 State Occupational and Wage Estimates
BP-HZN-2179MDL09099964	BP-HZN-2179MDL09099964		BP-HZN-2179MDL09099964.xlsx
BP-HZN-2179MDL09216017	BP-HZN-2179MDL09216017		BPXP Vendors By State excl Incident
N/A	N/A		BOEM Lease Data
N/A	N/A		BSEE Leases and the Associated Lessees
N/A	N/A		BSEE Active Leases by Lessee
N/A	N/A		BOEM Lease Data
N/A	N/A		BSEE 2005 Production Data
N/A	N/A		BSEE 2006 Production Data

**Appendix B: L. Scott Consideration Materials**

Beg Bates	End Bates	Exhibit Number	Document Title / Description
N/A	N/A		BSEE 2007 Production Data
N/A	N/A		BSEE 2008 Production Data
N/A	N/A		BSEE 2009 Production Data
N/A	N/A		BSEE 2010 Production Data
N/A	N/A		BSEE 2011 Production Data
N/A	N/A		BSEE 2012 Production Data
N/A	N/A		BSEE 2013 Production Data
N/A	N/A		BSEE Production Data
N/A	N/A		BSEE Production by Operator Ranked by Volume 2009
N/A	N/A		BSEE Production by Operator Ranked by Volume 2010
N/A	N/A		BSEE Production by Operator Ranked by Volume 2011
N/A	N/A		BSEE Production by Operator Ranked by Volume 2012
N/A	N/A		BSEE Production by Operator Ranked by Volume 2013
N/A	N/A		BOEM Lease Sale Number 233
N/A	N/A		BOEM Lease Sale Number 233
N/A	N/A		Alabama state budget - Ballotpedia
N/A	N/A		BP opens Houston home for massive super computer
N/A	N/A		Deposition Transcript and Exhibits of David Bucknall
N/A	N/A		Deposition Transcript and Exhibits of Brian Smith
N/A	N/A		Deposition Transcript and Exhibits of Nick Bamfield
N/A	N/A		An Economic Survey of the Gulf of Mexico Inshore Shrimp Fishery: Implementation and Descriptive Results for 2008
N/A	N/A		shrimp_prices.xlsx
N/A	N/A		shrimp_volume.xlsx
N/A	N/A		tax.xlsx
N/A	N/A		workforce_industry_al.xlsx
N/A	N/A		workforce_industry_la.xlsx
N/A	N/A		workforce1.xlsx
N/A	N/A		Annual County Tax Data for Alabama, Florida, Louisiana, and Mississippi
N/A	N/A		Letter from H. Waxman and B. Stupak to K. Castor et al. re BP Corporate Advertisement Spending Following April 20, 2010
N/A	N/A		State of Alabama Department of Revenue 2005 Annual Report
N/A	N/A		State of Alabama Department of Revenue 2006 Annual Report
N/A	N/A		State of Alabama Department of Revenue 2007 Annual Report
N/A	N/A		State of Alabama Department of Revenue 2008 Annual Report

Appendix B: L. Scott Consideration Materials

Beg Bates	End Bates	Exhibit Number	Document Title / Description
N/A	N/A		State of Alabama Department of Revenue 2009 Annual Report
N/A	N/A		The Ongoing Administration-Wide Response to the Deepwater Horizon Oil Spill
N/A	N/A		Bureau of Economic Analysis Data
N/A	N/A		Bureau of Labor Statistics Data

