



Mississippi Oil Spill Highlights Risk of U.S. Oil Boom

By Brian Wingfield

Feb 24, 2014 4:16 PM CT

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A barge crash that spilled enough oil to temporarily shut a stretch of the **Mississippi River** (<http://topics.bloomberg.com/mississippi-river/>) highlights the transportation risks of the U.S. energy boom just as regulators respond to several rail accidents involving crude.

A 65-mile portion of the river about 50 miles (80 kilometers) upstream from **New Orleans** (<http://topics.bloomberg.com/new-orleans/>) reopened with restrictions today today as federal and state officials responded to a Feb. 22 spill, which stalled shipments of goods including grain and chemicals on the nation's busiest waterway.

"We're facing the imminent risk of a barge disaster or a rail disaster" as more oil is shipped to the **Gulf of Mexico** (<http://topics.bloomberg.com/gulf-of-mexico/>) for refining, Jonathan Henderson, a spokesman for the New Orleans-based Gulf Restoration Network, said by phone after attending a meeting with U.S. Coast Guard officials.

A surge in U.S. oil production, reflecting in part advances in drilling techniques, has unlocked millions of barrels of oil from geologic formations such as North Dakota's Bakken shale, reducing U.S. reliance on imports. It has also ignited a debate over how to safely get the oil to refineries after a series of rail accidents involving oil tank cars, including the July derailment that killed 47 in a **Quebec** (<http://topics.bloomberg.com/quebec/>) city.

Backers of **TransCanada Corp. (TRP)** (<http://www.bloomberg.com/quote/TRP:US>)'s proposed Keystone XL project from **Alberta** (<http://topics.bloomberg.com/alberta/>) to the U.S. Gulf Coast have said expanding pipeline capacity would be the safest means to transport crude.

Shipments Rise

Barge and tanker shipments of crude from the Midwest to the Gulf Coast jumped from virtually nothing in 2005 to 21.5 million barrels in 2012, according to the U.S. Energy Information Administration. The U.S. Gulf received a record 4.9 million barrels of crude from the Midwest in October.

"We're shipping four times more crude oil than we used to, and we haven't seen a fourfold rise in incidents," Brigham McCown, a former director of the U.S. Pipeline and Hazardous Materials Safety Administration under President **George W. Bush** (<http://topics.bloomberg.com/george-w.-bush/>), said in a phone interview. "We need all modes of transportation" for crude shipments, he said.

A barge carrying light crude, like the type produced in the Bakken Shale, collided Feb. 22 with a tugboat on the river near Vacherie, **Louisiana** (<http://topics.bloomberg.com/louisiana/>), about 50 miles from New Orleans, according to the U.S. Coast Guard. Photos from the incident show a gaping hole in the side of the barge.

Coast Guard

About 31,500 gallons -- or 750 barrels -- spilled into the river, and so far, 1,021 gallons of oil and water have been recovered, Petty Officer Matthew Schofield, a Coast Guard spokesman, said in a phone interview. He said he didn't have details on the total amount of crude the barge was carrying, or where it originated.

The Coast Guard said 29 vessels were backed up along the river during the shutdown.

Anne McCulloch, a spokeswoman for the American Waterways Operators, an Arlington, Virginia-based industry group, said in an e-mail today that its members, which include tugboat and barge operators, are working with government agencies to that river commerce can proceed safely and efficiently.

"Water transportation is the safest, most efficient means of transporting many essential commodities, including petroleum products," McCulloch said.

She said the growth in barge shipments has not led to an increase in spills. In fact, she said, "we have seen an increase in the amount of oil carried on the water and a dramatic decrease in the amount of oil spills."

Keystone Pipeline

The Louisiana spill takes place amid debate over the Keystone XL pipeline, a \$5.4 billion project that would ship crude from **oil sands** (<http://topics.bloomberg.com/oil-sands/>) in Western Canada to the Gulf Coast for refining.

Supporters, including the **American Petroleum Institute** (<http://topics.bloomberg.com/american-petroleum-institute/>), an industry group for producers including **Exxon Mobil Corp. (XOM)** (<http://www.bloomberg.com/quote/XOM:US>) of Irving, Texas (<http://topics.bloomberg.com/texas/>), and **Chevron Corp. (CVX)** (<http://www.bloomberg.com/quote/CVX:US>) of San Ramon, California, have said the conduit will support thousands of jobs and move oil safely.

Sabrina Fang, an API spokeswoman, declined to comment on the Louisiana spill.


With the boom in U.S. oil production, the industry is increasingly relying on rail and barge shipments to get the crude to refineries. Oil shipments by train have jumped 400 percent since 2005, according to the **Association of American Railroads** (<http://topics.bloomberg.com/association-of-american-railroads/>).


States including California, New York and **Maine** (<http://topics.bloomberg.com/maine/>) are drafting emergency response plans after oil-train derailments, including the fatal crash in Quebec and a December explosion of 400,000 gallons of crude on a BNSF Railway Co. train in North Dakota.


Eddie Scher, a spokesman for the San Francisco-based Sierra Club, said **oil companies** (<http://topics.bloomberg.com/oil-companies/>) need to be more careful in handling and shipping their product. Disasters including the 2010 Gulf of Mexico oil spill are “not acts of God,” he said in a phone interview. “In every case, they’re companies cutting corners.”

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