Record prices at the pump are translating into record profits for oil companies, who can afford to reward retiring executives like Exxon CEO Lee Raymond with a $400 million golden parachute. Despite widespread motorist anger creating unrest in Congress, the companies hardly feel threatened in Washington, with the two former oil guys running the country.

You would think the companies' sense of well-being would extend to Louisiana, the source of so many of its riches and so few demands. Yet oil executives and lobbyists face some demanding challenges in Baton Rouge, where they are embroiled in two of the biggest legislative struggles of the otherwise tame session.

Big Oil is playing defense in the House, striving to fend off legislation pushed by Agriculture Commissioner Bob Odom and the Farm Bureau to require that gas stations sell a mixture of at least 2 percent ethanol derived from domestic feedstock, mainly sugar cane.

The companies are on offense in the Senate, teaming up with the Blanco administration on a bill to rein in the growing number of lawsuits filed by landowners and trial lawyers for pollution damages from oil and gas exploration.

The intriguing political dynamic is the alliance between Big Oil and Gov. Kathleen Blanco, which critics say is further evidence of her forsaking old supporters for a bunch that will never be her friends.

Perhaps the governor was seeking some balance--and distance from the oil companies--when she stated recently she was "not opposed" to the ethanol bill. Apparently that's as close as she can come to lining up with Odom, who has publicly criticized her leadership.

Together, the two issues will test Big Oil's longstanding warm relationship with the Legislature at a time when public resentment toward the industry is peaking, along with prices.

Oil companies recognize that biofuels like ethanol have a role to play in reducing the country's dependence on foreign oil. But they and gasoline retailers strongly resist being mandated to use ethanol, especially if their frequent nemesis Odom gets to draw up the rules of compliance. They would prefer incentives, that is, tax breaks, for gas stations to retrofit their pumps for blended fuels. Company lobbyists warn that a mandate, which only four states have enacted, could raise gas prices by ten cents per gallon in the short run.
Odom and bill author Rep. Francis Thompson, D-Delhi, think industry needs to be more than encouraged to convert to ethanol. Besides benefits to farmers, they promise economic development through the construction of ethanol plants in Louisiana. Any ethanol effect on gas prices would pale in comparison to the recent 50 percent run-up caused by rising world demand far outstripping supply.

Still, lawmakers, looking short-term to re-election, are wary of being blamed for doing anything to increase prices and motorist rage.

Big Oil has experienced a sticker shock of its own in state courts, which have handed out some multi-million dollar awards to landowners for pollution damages done to their property decades ago, before the state had any standards for cleaning up drilling sites.

A bill by Sen. Robert Adley, D-Benton, backed by the oil companies and the Blanco administration, would take legal remedies away from local judges and put the state Department of Natural Resources in control of the clean-up process. The aim is to avoid expensive litigation that results in settlements or court awards to landowners, who are not obligated to use the money to clean the sites.

Landowners, who are pushing their own bill, say they have no problem with damage payments going into a clean-up fund. But they have no confidence in DNR's stewardship of the land, given its historic coziness with industry.

Whether or not the ethanol mandate bill passes, biofuels are coming to a gas pump near you in the future.

The outlook for cleaning up oilfield pollution is cloudier. "This whole issue is about big lawyers and Big Oil, and they're both wrong," Sen. Adley said. "It's all about the money, and it ought to be about the land."