

SELECTED LOUISIANA ENERGY STATISTICS

Among the 50 states, Louisiana's rankings (in 2010, unless otherwise indicated) were:

PRIMARY ENERGY PRODUCTION

(Including Louisiana OCS*)

- 1st in crude oil
- 1st in OCS crude oil
- 1st in OCS natural gas
- 1st in OCS revenue generated for federal government
- 1st in mineral revenues from any source to the federal government
- 1st in LNG terminal capacity
- 1st in foreign oil import volume
- 2nd in natural gas
- 2nd in crude oil proved reserves
- 3rd in dry natural gas proved reserves
- 3rd in total energy from all sources

REFINING AND PETROCHEMICALS

- 1st in natural gas processing capacity
- 2nd in petroleum refining capacity
- 2nd in primary petrochemical production

PRIMARY ENERGY PRODUCTION

(Excluding Louisiana OCS)

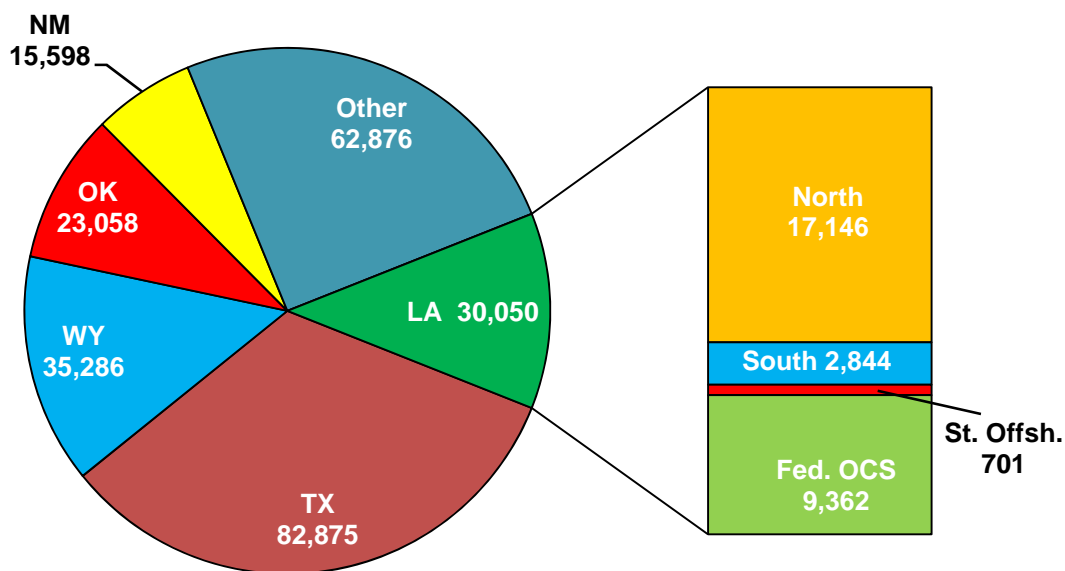
- 5th in crude oil
- 3rd in natural gas
- 5th in dry natural gas proved reserves
- 8th in crude oil proved reserves
- 12th in total energy
- 16th in nuclear electricity

ENERGY CONSUMPTION (2009)

- 2nd in industrial energy
- 3rd in per capita energy
- 3rd in natural gas
- 5th in petroleum
- 8th in total energy
- 23th in residential energy

Figure 1

2010 U.S. Natural Gas Reserves (Billion Cubic Feet)



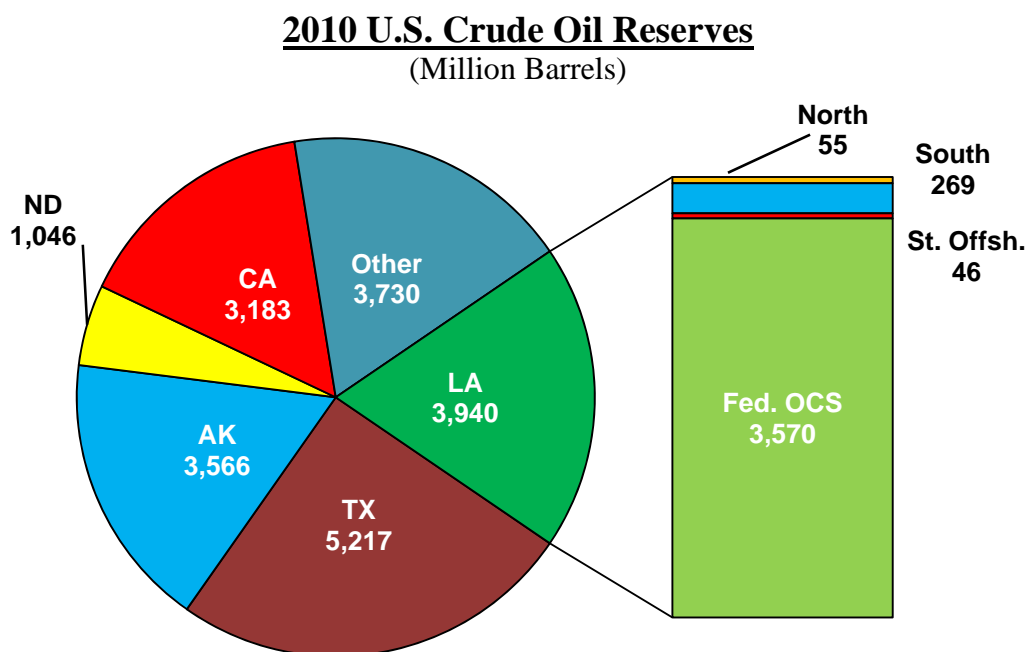
PRODUCTION

State controlled natural gas production peaked at 5.6 trillion cubic feet (TCF) per year in 1970 and declined to 1.28 TCF in 2005. The trend started to reverse in 2006 when production increased to 1.35 TCF. The increasing trend continued with 1.36 TCF in 2007, 1.36 TCF in 2008, 1.51 TCF in 2009 and 2.16 TCF in 2010. The production surge is primarily due to production in the Haynesville shale play. Prior to the Haynesville discovery, the long-term decline rate was around 3.2% per year. With the start of production in the Haynesville in 2007, the state production has shown an increase of 0.3% in 2008 over the previous year, 12.4% in 2009, and 41.19% in 2010. The production rate is expected to increase at an average of 8.6% per year for the next five years, with the price of natural gas averaging around \$4.50 per MCF.

State controlled crude oil and condensate production peaked at 566 million barrels per year in 1970, declined to 129 million barrels in 1996, declined to 72.6 million barrels in 2008, declined to 69.2 million barrels in 2009, and declined to 67.7 million barrels in 2010.

State controlled crude oil production decline rate averaged 3.6% per year for the past five years, and the projected decline rate for the next five years is 1.7% if the price of oil is around \$90 per barrel. If the oil price were above \$100 per barrel, the decline trend would be negligible.

Figure 2



Louisiana OCS territory has produced approximately 87.2% of the 18.5 billion barrels of crude oil and condensate, and 80.3% of the 172 TCF of natural gas extracted from all federal OCS territories from the beginning of time through the end of 2010. Currently, Louisiana OCS territory produces 25.8% of the oil and 7.5% of the natural gas produced in the entire U.S., and 93.3% of the oil and 72.8% of the natural gas produced in the Gulf of Mexico OCS.

Louisiana OCS gas production peaked at 4.07 TCF per year in 1979, declined to 2.95 TCF in 1989, then recovered to 3.84 TCF in 1999, fell to 2.02 TCF in 2007, 1.65 TCF in 2008, rose to 1.73 TCF in 2009, and fell to 1.63 TCF in 2010.

Louisiana OCS crude oil and condensate production first peaked at 388 million barrels per year in 1972 and then declined to 246 million barrels in 1989. The production has steadily risen from 264 million barrels in 1990 to 508 million barrels in 2002 due to the development of deep water drilling. The production in 2007 was 427 million barrels, dropped to 385 million barrels in 2008, increased to 528 million barrels in 2009, and fell to 518 in 2010. The roller coaster ride in oil production can be attributed to weather events and production mishaps.

Louisiana OCS (federal) territory is the most extensively developed and mature OCS territory in the U.S.

REVENUE

In Fiscal Year (FY) 2007/08, oil and gas revenue (severance tax, royalties, and bonuses) reached to an all time high at \$1.94 billion and it was 16% of state income (total state taxes, licenses, and fees); the previous peak occurred in FY 1981/82, it was \$1.62 billion but it was 41% of state income. In FY 2008/09, oil and gas revenue was \$1.54 billion, or 14% of state income. In FY2010/2011, it is expected to reach \$1.25 billion, or 13% of state income.

At constant production, the state treasury gains or loses about \$9.6 million of direct revenue from oil severance taxes and royalty payments for every \$1 per barrel change in oil prices.

For every \$1 per MCF change in gas price, at constant production, the state treasury gains or loses \$36.3 million in royalty payments, and increases or decreases gas full rate severance tax by 1.0 cent per MCF would have cause a \$10.1 million dollars change in revenue in the past, but today it is hard to estimate due to advent of large production volume from Haynesville shale and which are mostly exempted from severance taxes and fast dismissing production in others areas of the state.

There are no studies available on indirect revenue to the state from changes in gas and oil prices.

DRILLING ACTIVITY

Drilling permits issued on state controlled territory peaked at 7,631 permits in 1984 and declined to a low of 1,017 permits in 1999. In 2007 increased to 2,150 permits, in 2008 increased to 2,374 permits, in 2009 decreased to 1365 permits and in 2010 increased to 1,956.

The average active rotary rig count for Louisiana, excluding OCS, reached a high of 386 rigs in 1981 and fell to 76 active rigs in 2002. In 2007, there were an average of 119 active rigs, fell to 117 active rigs in 2008, fell 113 active rigs in 2009, and increased to 166 active rigs in 2010 due to the strength in the development in the Haynesville shale region. The lowest year average between 1981 and 2010 was 64 active rigs in 1993.

- Note: Louisiana OCS or Outer Continental Shelf is federal offshore territory adjacent to Louisiana's coast beyond the three mile limit of the state's offshore boundary.

