

SELECTED LOUISIANA ENERGY STATISTICS

Among the 50 states, Louisiana's rankings (in 2012, unless otherwise indicated) were:

PRIMARY ENERGY PRODUCTION

(Including Louisiana OCS*)

- 2nd 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
- 2nd in natural gas
- 2nd in crude oil proved reserves
- 2nd in dry natural gas proved reserves
- 3rd in total energy from all sources

REFINING AND PETROCHEMICALS

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

PRIMARY ENERGY PRODUCTION

(Excluding Louisiana OCS)

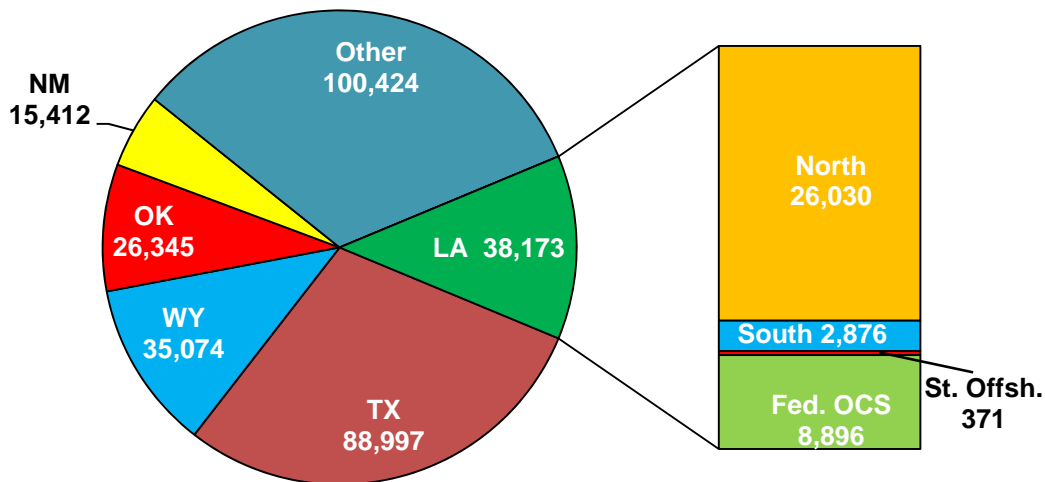
- 7th in crude oil
- 2nd in natural gas
- 3rd in dry natural gas proved reserves
- 10th in crude oil proved reserves
- 18th in coal
- 16th in nuclear electricity

ENERGY CONSUMPTION (2011)

- 2nd in industrial energy
- 2nd in per capita energy
- 3rd in natural gas
- 3rd in petroleum
- 4th in total energy
- 24th in residential energy

Figure 1

2012 U.S. Natural Gas Reserves (Billion Cubic Feet)

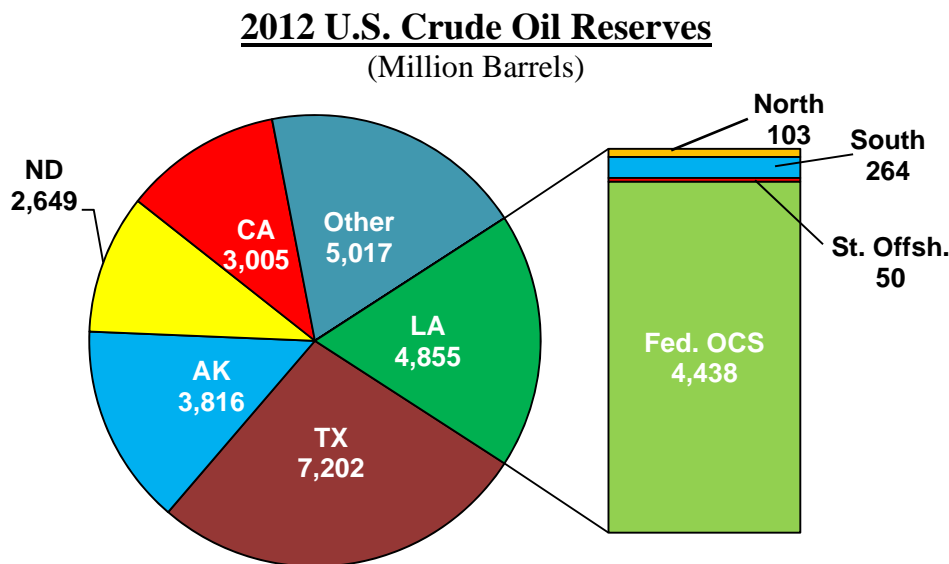


PRODUCTION

State controlled natural gas and casinghead 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 rising trend continued until 2011 when it peaked at 2.98 TCF, the production surge was 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 Haynesville in 2007, the state production has shown an increase of 0.3% in 2008 over the previous year, 12.4% in 2009, 42.3% in 2010, and 37.1% in 2011. Then in 2012, production fell to 2.96 TCF or a 0.6% drop from the previous year, and it is expected to continue to drop as prices continue to be below \$4 per MCF and the stock of U.S. gas in storage remains high.

State controlled crude oil and condensate production peaked at 566 million barrels (mmbbls) per year in 1970, declined to 211 mmbbls in 1980, declined to 148 mmbbls in 1990, declined to 107 mmbbls in 2000, and declined to 68 mmbbls in 2010. Then in 2011, oil production reversed its trend; 2011 production was 72 mmbbls, and in 2012, it increased to 78 mmbbls. The recent oil production increase comes mostly from mature fields using new recovery techniques and high crude oil prices. If oil prices stay above \$100 per barrel, production will be sustained at the present level, but if the Tuscaloosa Marine Shale or the Brown dense shale productions take off, state oil production will continue to surge.

Figure 2



Louisiana OCS (federal) territory is the most extensively developed and mature OCS territory in the U.S. It has produced approximately 86.9% of the 19.5 billion barrels of crude oil and condensate and 80.3% of the 176 TCF of natural gas extracted from all federal OCS territories, from the beginning of time through the end of 2012. In 2012, Louisiana OCS territory produced 17% of the oil and 4.6% of the natural gas produced in the entire U.S., and 84.4% of the oil and 78.7% 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, recovered to 3.84 TCF in 1999, fell to 2.02 TCF in 2007, fell to 1.65 TCF in 2008, rose to 1.73 TCF in 2009, fell to 1.63 TCF in 2010, fell to 1.32 TCF in 2011, and fell to 1.11 TCF in 2012.

Louisiana OCS crude oil and condensate production first peaked at 388 mmbbls per year in 1972, and then declined to 246 mmbbls in 1989. The production rose from 264 mmbbls in 1990 to 508 mmbbls in 2002, due to the development of deep water drilling. In 2007, production dropped to 427 mmbbls, in 2008 it dropped to 385 mmbbls, in 2009 production increased to 528 million barrels, in 2010 it fell to 520 mmbbls, in 2011 it fell to 435 mmbbls, and it fell to 407 mmbbls in 2012. The roller coaster ride in oil production can be attributed to weather events and production mishaps.

REVENUE

In Fiscal Year (FY) 2007/08, oil and gas revenue (severance tax, royalties, and bonuses) reached an all time high of \$1.94 billion, or 16% of state income (total state taxes, licenses, and fees); the previous peak occurred in FY 1981/82 at \$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 FY 2010/11, it was \$1.31 billion or 14% of state income, in FY 2011/12 it was \$1.40 or 14% of state income; and in FY 2011/13, it was around \$1.32 billion or 13% of the state income.

At constant production, the state treasury gains or loses about \$10 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 around \$40 million in royalty payments. Increases or decreases in gas full rate severance tax by 1.0 cent per MCF would have caused an \$8 million dollar change in revenue in the past. Today, however, it is hard to estimate due to the advent of large production volumes from Haynesville shale, which are mostly exempted from severance taxes and fast dismissing production in other 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. Since 2000, the annual number of drilling permits issued has been on a roller coaster ride. In 2007, permits increased to 2,150, in 2008 they increased to 2,374 permits, in 2009 permits decreased to 1365, in 2010 they increased to 1,956 permits, in 2011 they decreased to 1,676 permits, and in 2012 there was a decrease to 1,581 permits.

The average active rotary rig count for Louisiana, excluding OCS, reached a high of 386 active rigs in

- 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.

