

SELECTED LOUISIANA ENERGY STATISTICS

Among the 50 states, Louisiana's rankings (in 2013, 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
- 3rd in dry natural gas proved reserves
- 4th 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)

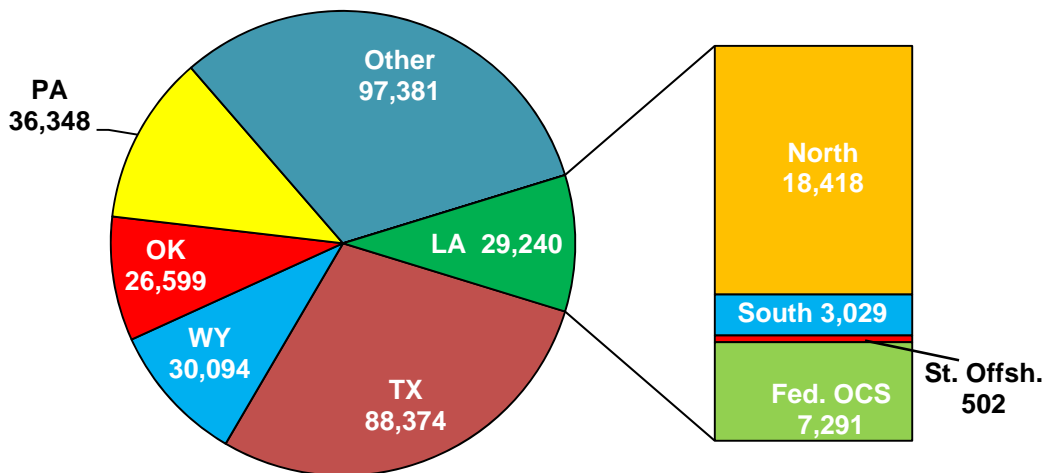
- 7th in crude oil
- 3rd in natural gas
- 5th in dry natural gas proved reserves
- 10th in crude oil proved reserves
- 17th in coal
- 17th in nuclear electricity

ENERGY CONSUMPTION (2012)

- 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

2013 U.S. Natural Gas Reserves (Billion Cubic Feet)

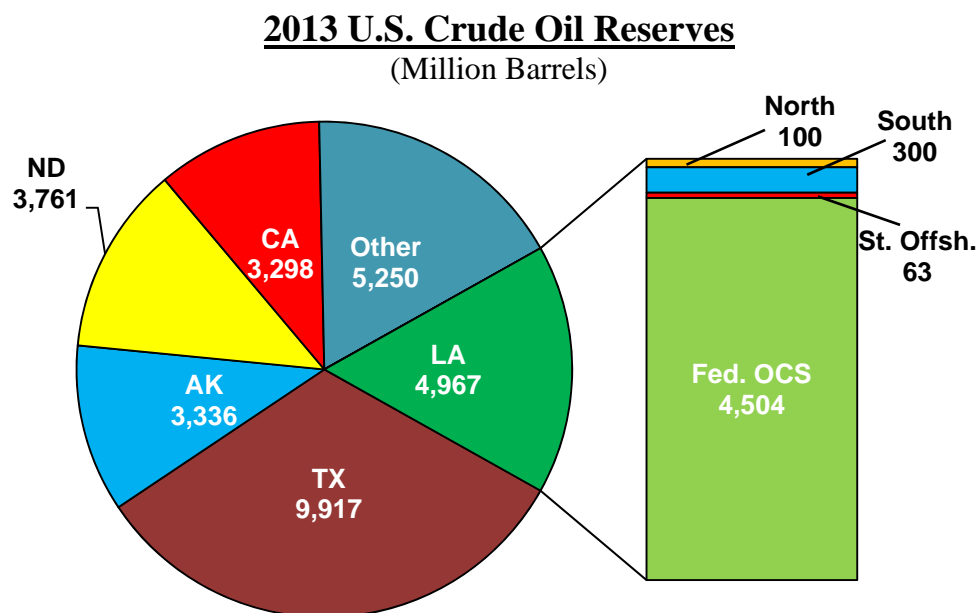


PRODUCTION

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. In 2012, production fell to 2.96 TCF and in 2013, it fell to 2.32 TCF, or a 21.8% drop from the previous year, and it is expected to continue to drop as prices continue to be below \$4.50 per MCF and high production from other gas shale with liquids contents and U.S. demand does not increase dramatically.

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 69 mmbbls, in 2012, it increased to 71 mmbbls and in 2013, it increased to 72 mmbbls. The recent oil production increase comes mostly from mature fields using new recovery techniques, and high crude oil prices. If oil prices fall below \$105 per barrel, production will decrease from 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 88% of the 20 billion barrels of crude oil and condensate and 79% of the 179 TCF of natural gas extracted from all federal OCS territories, from the beginning of time through the end of 2013.

In 2013, Louisiana OCS territory produced 14.5% and the state territory produced 2.7% of the U.S. oil domestic production. The Louisiana OCS produced 4.1% and the state territory produced 9.2% of the natural gas produced in the U.S.

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 1.32 TCF in 2011, fell to 1.11 TCF in 2012, and fell to 0.91 TCF in 2013.

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 mmbbls, in 2010 it fell to 520 mmbbls, in 2012 it fell to 408 mmbbls, and in 2013 it fell to 395 mmbbls. The roller coaster ride in oil production can be attributed to weather events, production mishaps, and a drilling moratorium.

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 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; in FY 2012/13, it was \$1.37 billion or 13% of the state income, and in FY 2013/14, it was around \$1.34 billion.

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 diminishing 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

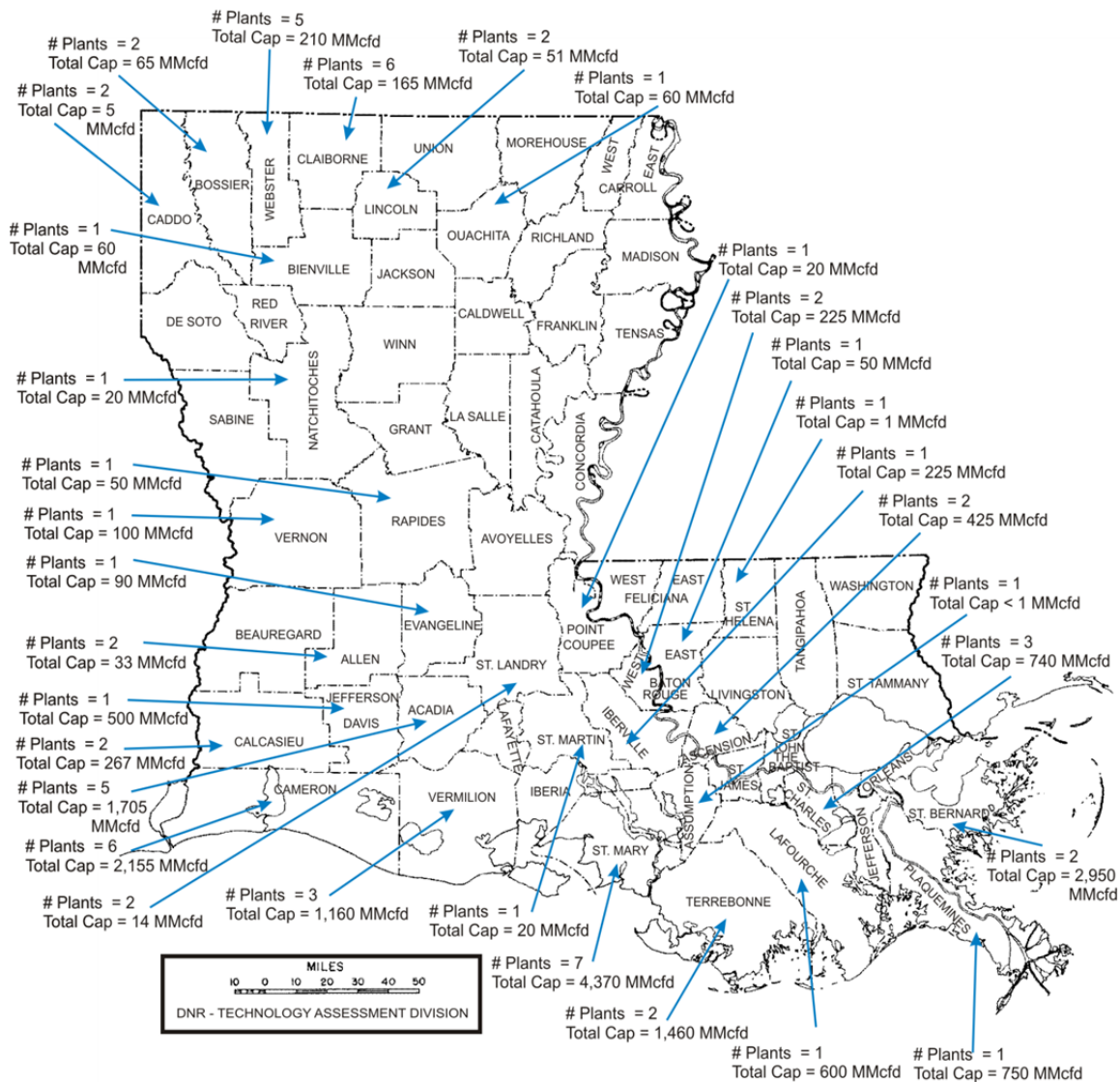
Drilling permits issued on state controlled territory peaked at 7,631 permits in 1984 and declined to a low of 1,017 permits in 1999. Since 2000, the annual number of drilling permits issued has been on a roller coaster ride. In 2007, permits increased to 2,150, in 2008, they increased to 2,374 permits, in 2009, permits decreased to 1365, in 2010, they increased to 1,956 permits, in 2012, they decreased to 1,581 permits, and in 2013, they decreased to 1,578.

- 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.

The average active rotary rig count for Louisiana, excluding OCS, reached a high of 386 active rigs in 1981 and fell to 76 active rigs in 2002. In 2008, there were an average of 117 active rigs, the count fell to 113 rigs in 2009, it increased to 166 active rigs in 2010 because of Haynesville run up, and in 2012, it decreased to 81 active rigs caused by a decrease in gas prices, and in 2013, it decreased to 61 rigs, due to competitions from shale gas formations with high liquids contents and low gas price. The lowest year average between 1981 and 2010 was 64 active rigs in 1993.

The annual average active rotary rig count for Louisiana OCS reached a high of 109 rigs in 2001 and it is in a downward trend; it was 70 rigs in 2006, 50 rigs in 2008, and 26 rigs in 2010. After the moratorium, the trend reversed; in 2012, it increased to 43 rigs and in 2013, it increased to 47 rigs. The lowest year average between 1981 and 2010 was 23 active rigs in 1992.

Figure 3
Louisiana Gas Plants and Total Capacity by Parish
 As of January 1, 2014



State total: 69 plants, 18,546.3 MMcfd

Data source: Oil & Gas Journal