

LOUISIANA ENERGY FACTS

Louisiana Department of Natural Resources
Technology Assessment Division

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2018 State Oil and Gas: Production and Price Projections



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Highlights

MARCH 2018

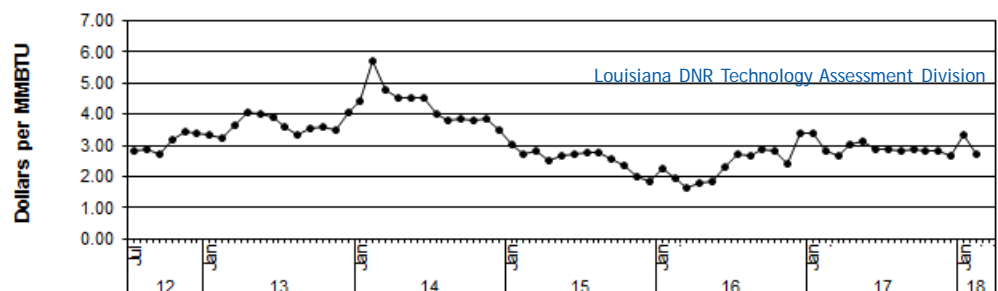
U. S. drilling activities continue to increase, with the exception in the Federal OCS areas. Baker Hughes Inc. (BHI) rigs report shows the average U. S. drilling rig count for February 2018 was 969 rigs, up 225 rigs over last year at this time or a 30% increase from last year. Rigs targeting crude oil were up 197 rigs and rigs targeting gas were up 28 rigs. The drilling in Louisiana state jurisdiction areas also showed a steady increase and BHI reported a February 2018 average rig count of 44 rigs, up nine rigs over last year at this time or a 26% increase. Rigs targeting gas went up 12 rigs, while those targeting oil rose by one. Most of the Federal OCS drilling is done in the Central Gulf of Mexico, which is next to the Louisiana coastal boundary. BHI reported a February 2018 average rig count of 16 rigs for the Gulf of Mexico, up one over last year with all of them targeting oil. The drilling recovery is driven by the increase in oil and gas prices and the downturn in the offshore areas is caused by cheaper onshore production costs.

Louisiana Natural Gas & Casinghead Production*, Excluding Federal OCS

Dollars per MMBTU

| Month | Dollars per MMBTU | | | | | | % Change | |
|---------------------|-------------------|-------------|-------------|-------------|-------------|----------------|----------|--------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 16/17 | 17/18 |
| January | 3.32 | 4.43 | 3.01 | 2.26 | 3.38 | 3.34 | 49.36% | -1.17% |
| February | 3.24 | 5.73 | 2.74 | 1.93 | 2.84 | 2.73 | 47.23% | -4.02% |
| March | 3.64 | 4.76 | 2.80 | 1.64 | 2.69 | | 64.46% | |
| April | 4.08 | 4.51 | 2.53 | 1.81 | 3.01 | | 66.58% | |
| May | 4.02 | 4.54 | 2.69 | 1.83 | 3.15 | | 72.30% | |
| June | 3.89 | 4.51 | 2.70 | 2.29 | 2.87 | | 25.19% | |
| July | 3.61 | 4.01 | 2.76 | 2.74 | 2.87 | | 4.64% | |
| August | 3.35 | 3.79 | 2.75 | 2.68 | 2.82 | | 5.27% | |
| September | 3.54 | 3.87 | 2.58 | 2.86 | 2.86 | | 0.10% | |
| October | 3.60 | 3.78 | 2.35 | 2.84 | 2.81 | | -1.29% | |
| November | 3.51 | 3.88 | 2.01 | 2.42 | 2.83 | | 17.00% | |
| December | 4.05 | 3.47 | 1.85 | 3.39 | 2.68 | | -21.01% | |
| Year Average | 3.65 | 4.27 | 2.56 | 2.39 | 2.90 | 3.04 ** | | |

** Partial Year



Current Oil & Gas Data

Louisiana DNR Technology Assessment Division

| | SEP 17 | AUG 17 | JUL 17 | SEP 16 |
|---|--------|--------------------|--------------------|--------------------|
| PRODUCTION | | | | |
| GOM CENTRAL FEDERAL OFFSHORE (OCS) | | | | |
| Crude Oil & Condensate ^F (MMB) | 48 | 51 | 51 | 42 ² |
| Natural Gas & Casinghead ^F (BCF) | 79 | 84 ² | 86 | 86 ² |
| THE UNITED STATES TOTAL | | | | |
| Crude Oil & Condensate ^C (MMB) | 285 | 285 | 285 | 257 |
| Natural Gas & Casinghead ^C (BCF) | 2,251 | 2,280 | 2,180 ² | 2,157 ² |
| IMPORTS | | | | |
| U.S. Crude Oil ^C (MMB) | 218 | 245 ² | 240 ² | 241 ² |
| U.S. Natural Gas ^C (BCF) | 248 | 251 ² | 240 ² | 238 ² |
| BAKER HUGHES RIG COUNTS | | | | |
| U.S. Gas ^A | 187 | 183 | 189 | 91 |
| U.S. Oil ^A | 752 | 764 | 765 | 416 |
| U.S. Offshore ^A | 17 | 17 | 22 | 18 |
| U.S. Total ^A | 956 | 964 | 976 | 509 |
| PRICES | | | | |
| CRUDE OIL (\$/barrel) | | | | |
| OPEC Average ^C (F.O.B.) | 52.36 | 48.32 | 45.40 | 40.01 |
| U.S. Imports Average ^C (F.O.B.) | 46.47 | 44.18 ² | 42.09 ² | 38.28 |
| U.S. Wellhead Average ^C | 47.17 | 44.96 | 43.42 | 40.55 ² |
| Gulf OCS Wellhead Average ^C | 47.51 | 45.05 ² | 44.33 ² | 40.94 |
| State Severance Wellhead Average ^E | 36.24 | 43.15 | 45.82 | 44.10 ² |
| NATURAL GAS (\$/MCF) | | | | |
| U.S. City Gates Average ^C | 4.56 | 4.60 ² | 4.69 ² | 4.60 ² |
| U.S. Imports Average ^C (F.O.B.) | 2.12 | 2.38 | 2.40 | 2.47 |
| U.S. Spot Market Average ^D | 2.67 | 2.70 ² | 2.77 ² | 2.74 |
| State Royalty Wellhead Average | 2.86 | 2.82 ² | 2.87 ² | 2.86 ² |
| NYMEX Henry Hub End of the Month Settle Gas Price ^B (\$/MMBTU) | 2.97 | 2.97 | 3.07 | 2.85 |

Key

Data Sources

| | | | |
|--------------|----------------------|--------------|-------------------------------|
| 1 | Estimated | MCF | Thousand Cubic Feet |
| 2 | Revised | MMB | Million Barrels |
| BCF | Billion Cubic Feet | NA | Not Available |
| BTU | British Thermal Unit | OCS | Outer Continental Shelf |
| FO.B. | Free on Board | MMBTU | Million British Thermal Units |

| | | | |
|----------|-----------------------|----------|--------------------|
| A | Oil & Gas Journal | D | Natural Gas Week |
| B | Wall Street Journal | E | LA Dept of Revenue |
| C | U. S. Dept. of Energy | F | BOEM |

Note: Unless otherwise specified, data is from the Louisiana Department of Natural Resources and excludes Federal OCS.

Note from the Editors

Louisiana Energy Facts is published monthly by the Louisiana Department of Natural Resources, Technology Assessment Division as a public service to individuals interested in Louisiana energy activities. Content includes recent oil, gas and other energy statistics and a brief analysis of current trends.

Louisiana Energy Facts articles provide insight and information on subjects of special interest to our readers, and may announce relevant, forthcoming publications.

These documents are available on the Louisiana Department of Natural Resources, Technology Assessment Division home page:

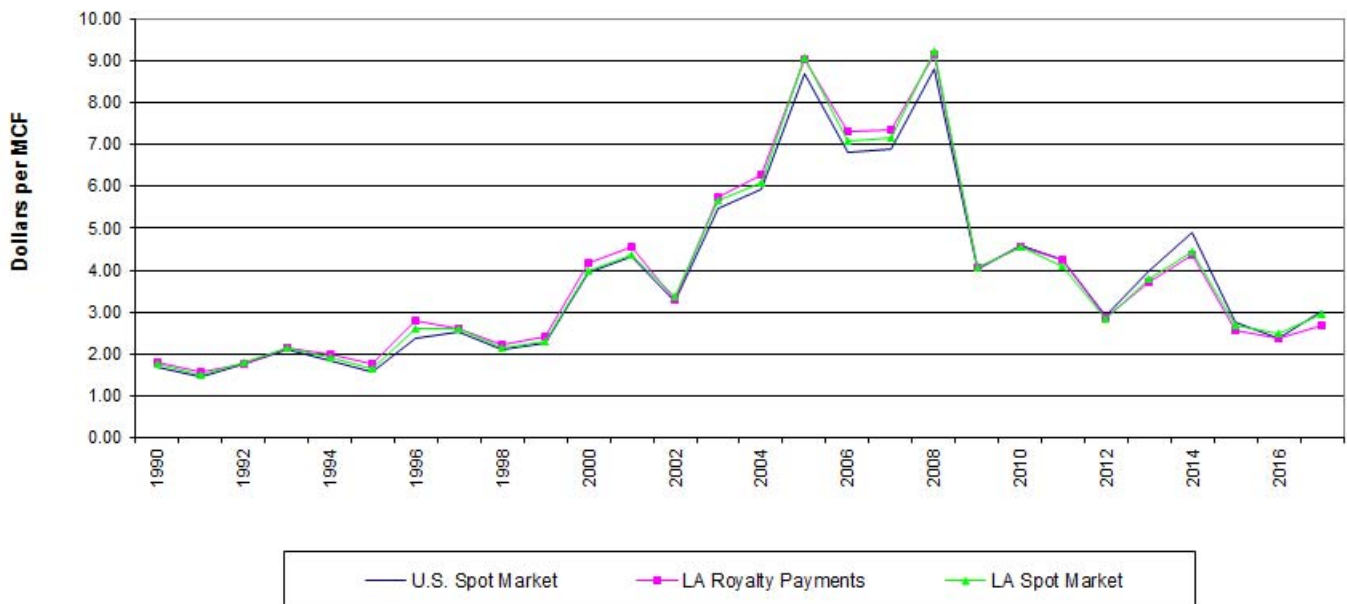
<http://www.dnr.louisiana.gov/tad>. From the menu, select **Newsletters**. Our current online holdings include issues dating from 1998 through the present. If the issue you are seeking is unavailable, please contact us.

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Natural Gas Average Prices (Dollars per MCF)

Louisiana DNR Technology Assessment Division

| | UNITED STATES | | | LOUISIANA | |
|------|---------------------------------|-------------------------------------|-------------------------------|-------------------------|---------------------------------|
| | <u>Spot Market</u> ^D | <u>Foreign Imports</u> ^C | <u>City Gate</u> ^C | <u>Royalty Payments</u> | <u>Spot Market</u> ^D |
| 1995 | 1.56 | 1.49 | 2.78 | 1.78 | 1.65 |
| 1996 | 2.39 | 1.97 | 3.27 | 2.78 | 2.60 |
| 1997 | 2.54 | 2.17 | 3.66 | 2.62 | 2.60 |
| 1998 | 2.11 | 1.97 | 3.07 | 2.22 | 2.14 |
| 1999 | 2.28 | 2.24 | 3.10 | 2.42 | 2.31 |
| 2000 | 3.94 | 3.95 | 4.62 | 4.16 | 3.98 |
| 2001 | 4.34 | 4.43 | 5.72 | 4.55 | 4.38 |
| 2002 | 3.26 | 3.15 | 4.12 | 3.29 | 3.37 |
| 2003 | 5.48 | 5.17 | 5.85 | 5.74 | 5.66 |
| 2004 | 5.94 | 5.81 | 6.65 | 6.29 | 6.08 |
| 2005 | 8.67 | 8.12 | 8.67 | 9.03 | 9.05 |
| 2006 | 6.81 | 6.88 | 8.61 | 7.30 | 7.08 |
| 2007 | 6.89 | 6.87 | 8.16 | 7.34 | 7.17 |
| 2008 | 8.80 | 8.70 | 9.18 | 9.16 | 9.21 |
| 2009 | 4.00 | 4.19 | 6.48 | 4.05 | 4.07 |
| 2010 | 4.58 | 4.52 | 6.18 | 4.54 | 4.55 |
| 2011 | 4.26 | 4.24 | 5.63 | 4.24 | 4.11 |
| 2012 | 2.93 | 2.88 | 4.73 | 2.88 | 2.82 |
| 2013 | 3.98 | 3.83 | 4.88 | 3.71 | 3.80 |
| 2014 | 4.89 | 5.30 | 5.71 | 4.35 | 4.44 |
| 2015 | 2.76 | 2.99 | 4.26 | 2.55 ^r | 2.67 |
| 2016 | 2.39 | 2.24 ^r | 3.71 ^r | 2.39 | 2.49 |
| 2017 | 2.91 | 2.72 | 4.16 | 2.68 | 3.02 |





LOUISIANA DEPARTMENT OF NATURAL RESOURCES

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Louisiana DNR Technology Assessment Division

SPOT MARKET PRICES

| | Feb 18 | Jan 18 | Feb 17 |
|---|---------------|--------------------|--------------------|
| Louisiana Natural Gas ^D (\$/MMBTU) | 2.65 | 3.80 ² | 2.84 |
| NYMEX Henry Hub Last Settle Gas Price ^B (\$/MMBTU) | 3.61 | 2.73 | 3.39 |
| Louisiana Sweet Crude - St. James ^B (\$/Barrel) | 64.46 | 67.75 ² | 55.07 ² |

BAKER HUGHES RIG COUNTS

| | Jan 18 | Dec 17 | Jan 17 |
|---|---------------|-----------------|---------------|
| North Louisiana ^A | 39 | 39 | 24 |
| South Louisiana Inland Waters ^A | 1 | 2 | 1 |
| South Louisiana Inland ^A | 3 | 3 | 5 |
| Louisiana State Offshore | 0 | 0 ² | 1 |
| Louisiana Federal OCS Offshore | 17 | 17 | 20 |
| Total Louisiana ^A (OCS included) | 60 | 61 ² | 51 |

PRODUCTION (State Jurisdiction Only)

| | Jan 18 | Dec 17 | Jan 17 |
|--|--------------------|--------------------|--------------------|
| Louisiana Crude Oil & Condensate (MMB) | 3.7 ¹ | 3.7 ² | 4.6 ² |
| Louisiana Natural Gas & Casinghead (BCF) | 161.1 ¹ | 158.8 ¹ | 139.1 ² |

DRILLING PERMITS (State Jurisdiction Only)

| | Jan 18 | Dec 17 | Jan 17 |
|--|---------------|---------------|---------------|
| Total Louisiana Oil and Gas | 64 | 43 | 77 |
| Louisiana Wildcats | 0 | 0 | 1 |
| Louisiana Offshore (Wildcats included) | 0 | 0 | 0 |