

SELECTED LOUISIANA ENERGY STATISTICS

Among the 50 states, Louisiana's rankings (in 2007 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)

- 4th in crude oil
- 5th in natural gas
- 6th in dry natural gas proved reserves
- 7th in crude oil proved reserves
- 12th in total energy (2006)
- 16th in nuclear electricity

ENERGY CONSUMPTION (2005)

- 2nd in industrial energy
- 3rd in per capita energy
- 3rd in natural gas (2006)
- 5th in petroleum
- 8th in total energy
- 24th in residential energy

PRODUCTION

State controlled (i.e., excluding OCS) natural gas production peaked at 5.6 trillion cubic feet (TCF) per year in 1970, declined to 1.5 TCF in 1995, and rebounded 4.5% to 1.6 TCF in 1996. Gas production was 1.35 TCF in 2003 and 2004, 1.28 TCF in 2005, and 1.35 TCF in 2006 and 2007.

State controlled gas production is on a long term decline rate of 3.2% per year, though the current short term (2008-2013) forecast decline is around 2.9% per year.

State controlled crude oil and condensate production peaked at 566 million barrels per year in 1970, declined to 127 million barrels in 1994, recovered to 129 million barrels in 1996, declined to 73.9 million barrels in 2006, and rebounded to 77.4 million barrels in 2007.

State controlled crude oil production is on a long term decline rate of 3.3% per year, though the current short term (2008-2013) forecast decline is around 2.1% per year. If oil stays above \$110.00 per barrel, the decline trend should be reversed for the next two years.

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

Louisiana OCS territory has produced approximately 85.7% of the 17.2 billion barrels of crude oil and condensate, and 81.0% of the 165 TCF of natural gas extracted from all federal OCS territories from the beginning of time through the end of 2007. Currently, Louisiana OCS territory

produces 22.2% of the oil and 10.5% of the natural gas produced in the entire U.S., and 89.4% of the oil and 73.5% of the natural gas produced in the Gulf of Mexico OCS.

Louisiana OCS gas production peaked at 4.16 TCF per year in 1979, declined to 3.01 TCF in 1989, then recovered to 3.91 TCF in 1999, fell to 2.90 TCF in 2004, 2.33 TCF in 2005, 2.08 TCF in 2006, and 1.99 TCF in 2007.

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. In this decade, 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. 477 million barrels was produced in 2004, 407 million barrels in 2005, 419 million barrels in 2006, and 425 million barrels in 2007.

REVENUE

At the first revenue peak in Fiscal Year (FY) 1981/82, oil and gas revenue from severance, royalties, and bonuses amounted to \$1.6 billion, or 41% of total state taxes, licenses and fees. For FY 2007/08, these revenues are estimated to reach a new dollar high of about \$1.76 billion, but only 14.9% of total estimated taxes, licenses, and fees.

At constant production, the state treasury gains or loses about \$10.7 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 \$42.4 million in royalty payments, and increases or decreases gas full rate severance tax by 3.9 cents per MCF or about \$38.9 million dollars for the following fiscal year (there is a 7 cents floor on gas severance tax).

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 2003 drilling permits issued fell to 1,264, rebounded to 1,996 permits in 2005, increased to 2,137 permits in 2006 and to 2,150 permits in 2007.

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 2004 the average swung back to 91 active rigs, then rose in 2005 to 108 active rigs, 118 active rigs in 2006, and 119 active rigs in 2007. The lowest year average between 1981 and 2005 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 is in a downward trend. It was 81 in 2003, 76 in 2004, 74 in 2005, 70 in 2006, and 59 in 2007. The lowest year average between 1981 and 2007 was 23 active rigs in 1992.

* 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.