

SELECTED LOUISIANA ENERGY STATISTICS

Among the 50 states, Louisiana's rankings (in 2014, unless otherwise indicated) were:

PRIMARY ENERGY PRODUCTION

(Including GOM Central OCS region)

- 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
- 3rd in natural gas
- 3rd in crude oil proved reserves
- 5th in 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 GOM Central OCS region)

- 9th in crude oil
- 4th in natural gas
- 7th in natural gas proved reserves
- 10th in crude oil proved reserves
- 18th in coal
- 17th in nuclear electricity

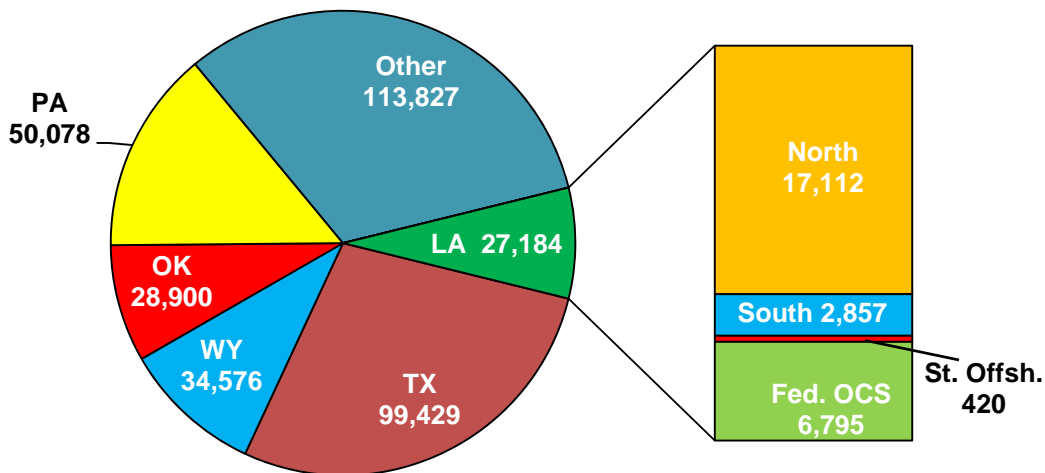
ENERGY CONSUMPTION (2013)

- 2nd in industrial energy
- 3rd in per capita energy
- 3rd in natural gas
- 3rd in petroleum
- 6th in total energy
- 27th in residential energy

Figure 1

2014 U.S. Natural Gas Reserves

(Billion Cubic Feet)

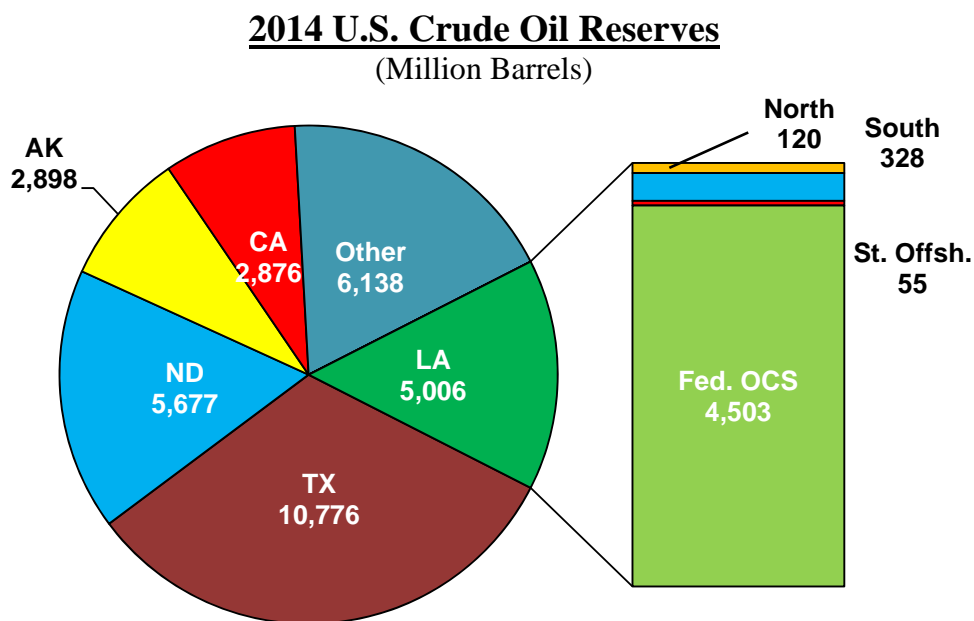


PRODUCTION

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, in 2013 it fell to 2.32 TCF, and in 2014 it fell to 1.91 TCF, or a 17.6% 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, in 2013 it increased to 72 mmbbls, and in 2014 it decreased to 68 mmbbls. The oil production decrease is caused by declining oil prices and lower drilling activities. If oil prices stay below \$65 per barrel, production will decrease from the present level, but if the Tuscaloosa Marine Shale or the Brown dense shale productions increase, state oil production might reverse the declining trend.

Figure 2



Gulf of Mexico (GOM) Central OCS region 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 2014.

In 2014, GOM Central OCS region produced 14.8% and the state territory produced 2.2% of the U.S. oil domestic production. The GOM Central OCS region produced 4.2% and the state territory produced 7.0% of the natural gas produced in the U.S.

GOM Central OCS region gas production first peaked at 4.10 TCF per year in 1981, then declined to 3.00 TCF in 1986, then started to recover as prices increased, reaching a second peak at 4.11 TCF in 2010 then slowly started to decline, caused first by the Moratorium and later by the decline in price and the increased gas shale production. In 2014, it produced 1.13 TCF.

GOM Central OCS region crude oil and condensate production first peaked at 374 mmbbls per year in 1972 and then declined to 249 mmbbls in 1981. The production rose from 248 mmbbls in 1990 to 524 mmbbls in 2001, due to the development of deep water drilling. In 2008, production dropped to 396 mmbbls due to weather, in 2009 production reached its second peak at 544 mmbbls, in 2011 production began to slow down after the Macondo oil spill, but by 2014 production is on the upswing with discovery of deep oil reservoirs. It produced 467 mmbbls in 2014.

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 2011/12, it was \$1.40 billion or 14% of state income, in FY 2012/13, it was \$1.37 billion or 13% of the state income, in FY 2013/14, it was \$1.32 billion or 13% of state income and, in FY 2014/15, it was around \$1.01 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 2013, they decreased to 1,578 permits and, in 2014, they decreased to 1,408.

- Note: **GOM Central OCS** (Outer Continental Shelf) region is the federal offshore territory adjacent to Louisiana's coast beyond the three mile limit of the state's offshore boundary and includes Alabama federal offshore production.

