

SELECTED LOUISIANA ENERGY STATISTICS

Among the 50 states, Louisiana's rankings in 2004 (unless otherwise indicated) were:

PRIMARY ENERGY PRODUCTION

(Including Louisiana OCS)

- 1st in crude oil
- 2nd in natural gas
- 2nd in total energy

REFINING AND PETROCHEMICALS

- 2nd in refining capacity
- 2nd in primary petrochemical production

PRIMARY ENERGY PRODUCTION

(Excluding Louisiana OCS)

- 4th in crude oil
- 5th in natural gas
- 8th in total energy

ENERGY CONSUMPTION (2003)

- 3rd in industrial energy
- 3rd in per capita energy
- 3rd in natural gas
- 5th in petroleum
- 8th in total energy
- 22nd in residential energy

Production

State controlled production, i.e., excluding OCS natural gas production, peaked at 5.6 TCF per year in 1970, declined to 1.5 TCF in 1995, and rebounded 4.5% to 1.6 TCF in 1996. The 2001 gas production was approximately 1.50 TCF, the 2002 production was around 1.36 TCF, and for 2003 and 2004, gas production was 1.35 TCF each year.

State controlled gas production is on a long term decline rate of 3.8% per year, though the current short term (2005-2009) forecast decline is around 3.4% 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, and declined to 83.6 million barrels in 2004.

State controlled crude oil production is on a long term decline rate of 4.2% per year, though the current short term (2005-2009) forecast decline is around 3.9% per year. If oil stays above \$50.00 per barrel, the decline will remain as predicted. If the price drops below \$45.00 per barrel, the decline rate may be higher.

Louisiana OCS* (federal) territory is the most extensively developed and matured OCS territory in the US.

Louisiana OCS territory has produced 88.8% of the 14.9 billion barrels of crude oil and condensate and 82.3% of the 150 TCF of natural gas extracted from all federal OCS

territories from the beginning of time through the end of 2003.

Louisiana OCS gas production peaked at 4.16 TCF per year in 1979, declined to 3.01 TCF in 1989, then recovered to 3.98 TCF in 1999, and fell to 3.30 TCF in 2003.

Louisiana OCS crude oil and condensate production first peaked at 388 million barrels per year in 1972 and declined to 246 million barrels in 1989. More recently, the production has steadily risen from 264 million barrels in 1990 to 540 million barrels in 2003 due to the development of deep water drilling.

Revenue

At the peak of Fiscal Year (FY) 1981/82, oil and gas revenues from severance, royalties, and bonuses amounted to \$1.6 billion, or 41% of total state taxes, licenses and fees. For FY 2004/05, these revenues are estimated to be in the vicinity of \$1.18 billion, or about 13.1% of total estimated taxes, licenses, and fees.

At constant production, the state treasury gains or loses about \$13 million of direct revenue from oil severance taxes and royalty payments for every \$1 per barrel change in oil prices. This figure rises \$17 - \$22 million per dollar change when indirect revenue impacts are included (e.g., income tax, sales tax, etc.).

For every \$1 per MCF change in gas prices, the state treasury gains or loses \$47 million in royalty payments. An average price increase of \$1 would increase the severance tax by 3.8 cents per MCF, or about \$42 million, in the following fiscal year. There are no studies available on indirect revenue to state from changes on gas 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 2002 drilling permits issued fell to 1,025 permits, in 2003 rebounded to 1,264 permits, and in 2004 increased to 1,633 permits.

The average active rotary rig count for Louisiana, excluding OCS, reached a high of 386 rigs in 1981 and fell to 64 active rigs in 1993. In 2001, it recovered to 108 active rigs, fell to 76 active rigs in 2003, then rose to 91 active rigs in 2004.

The 2004 average active rotary rig count for Louisiana OCS was 76 active rigs, 5 rigs, or 6.6% lower than 2003 average. The highest active rotary rig count was 109 rigs recorded in 2001. In 2000, the average active rig count was 108, or 42.6% higher than the 1999 average active rotary rigs.

* 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.

TCF= trillion cubic feet