

Art Price - CFO, Badger Oil Corporation

My name is Art Price and I'm the CFO for Badger Oil. We consider ourselves a small independent in Lafayette. We operate predominantly in south Louisiana, strictly in Louisiana only. We don't have any ownership or operation outside of the State much less outside of the country. After considerable arm twisting by Don, I agreed to appear here today. We don't feel at Badger that we're in the business of making speeches or lobbying the Legislature. We're in the business of producing oil and natural gas. What I hope to do today is give you just a glimpse into our reality and how we're attempting to survive in this environment. Over the last year we've seen oil prices decline by over 38%. We've seen our wellhead price for natural gas decline by close to 20%. What that's done to our gross revenues is it's hammered us above the line which is above our expenses by 40%. The profitability on our oil wells is down 100%. We do not currently operate an oil well that makes a profit. We're hanging in there. We're hoping it's going to turn around and that's why we haven't abandoned the whole ship and plugged the wells and walked away. What this has done to our exploration budget is that we've cut for '98-'99, \$4 million out of our planned spending which is about 50% of the budget. This is significant to those of you in the room because that's \$4 million obviously that is not going to be injected into the economy of this State. But quite selfishly it's more important to me because that's \$4 million that is not being invested in the future of the company that I work for. With every barrel that we produce and sell that's one less barrel that we have tomorrow to sell. The best analogy that I can think of is the proprietor of a retail shoe store. If he can't afford to purchase shoes for resale, with every shoe he sells he's that much closer to being out of business. Not a day goes by when an employee doesn't approach me to question whether they're going to have a job or not in the future. We're all very worried and it was quite ironic that before I left the office this morning to come here our production secretary approached me and said that she was concerned about one of our engineers who seemed very depressed lately. Well, that engineer buried his mother three weeks ago and I stated that that was obviously his problem. She said I thought the same as well so I asked him about it. And he said no, as a matter of fact, he was concerned about his job. He has three children at home, the oldest of which is six, and one week ago today he learned that his wife is pregnant for their fourth child. You know, it is just a sad state of affairs that a guy with

10 years experience, a bachelor of science degree in petroleum engineering, has to be concerned about having another child. So, you know, as you sit here today and you listen to the proposals and the statistics, keep in mind that what we're really discussing here today is real people whose future depends on the survival of this industry. Thank you.