

William Daniel - Independent Producer/Petroleum Engineer

I'm here speaking today for the Oil and Gas Industry. My name is William Daniel. I'm a member of the Louisiana Legislature but I'm also a petroleum engineer; graduated from LSU in 1978. I'm an independent producer of oil and gas. I have four children; my wife just found out we're expecting our fifth. I'm worried about the future of my family. I'm getting \$6 a barrel on oil. Just 12 months ago I was getting \$15 - \$16 a barrel. Fortunately, I work for my brother, so I don't think I'm going to get fired anytime soon. But I can't say that for sure. Mr. Briggs and Mr. Porter have come up here and others and they've had a lot of good suggestions of things that can be done for the oil and gas industry and I whole-heartedly endorse all their suggestions. As a member of the Ways and Means Committee in the Louisiana Legislature, I'm going to look and see what we can do for the oil and gas industry that can go through my committee. I'm aware of the fiscal situation of the State. I know that we're facing a shortfall just on our own dollars. And the Governor in the last couple of years has not let us really pass anything that has had a negative impact on the State's finances. But you look at legislation like Act 2, which on the surface appears by cutting back royalty rate, cutting back severance tax rates and the like would appear to have a negative impact but if you look over the long haul, and I think we have lots of data to support this, the State of Louisiana has profited tremendously from that kind of legislation. But I think there's some things we can do that are very similar to that. Of course, one of the most important things that I think we can do is to allow the wells to be shut-in. We're selling our resources of this State at way too low of a price. If we could shut those wells in and just be in the normal cycle of the oil and gas business, hopefully, we'll be able to open those wells up and sell that production at a later date at a much higher price. If we have to plug those wells now, that production is forever going to be lost. I'd like to ask the Governor's Energy Council to meet and look at these suggestions that have been made here today and see what can happen, see what they can make happen in that regard. Without the Governor being involved in this, I don't think it's going to work. The Governor of Oklahoma recently signed a series of legislative bills. They are under very tight fiscal restraints this year also, yet you look and see what they did. They reduced severance tax rates on – graduated severance tax rate reduction on their oil and gas properties. We also need to coordinate all the regulatory agencies to see what regulations affecting oil – look

at the regulations affecting the oil and gas industry and work to minimize the governmental cost to the industry. That's something that can be done without costing the State of Louisiana any money at all. This is as bad – I've been in the oil and gas business since 1979. This is as bad as I've ever seen it. Our company, basically, we're about as small as we can be. It would be very difficult to go in and say "You're not needed here; we're going to cut you" but with our revenues down, we're going to have to start making some of those very painful decisions. My hope is, of course, like everybody else, is that higher oil prices are going to eventually bail us out of this but I don't know when we can count on that. For I think it's appropriate to look to the legislature, to the Mineral Board, to the Governor for some short term help on this issue. I'd be happy to answer any questions that y'all might have in that regard.