

Louisiana Oil & Gas: A Thriving Industry

Chris John
President

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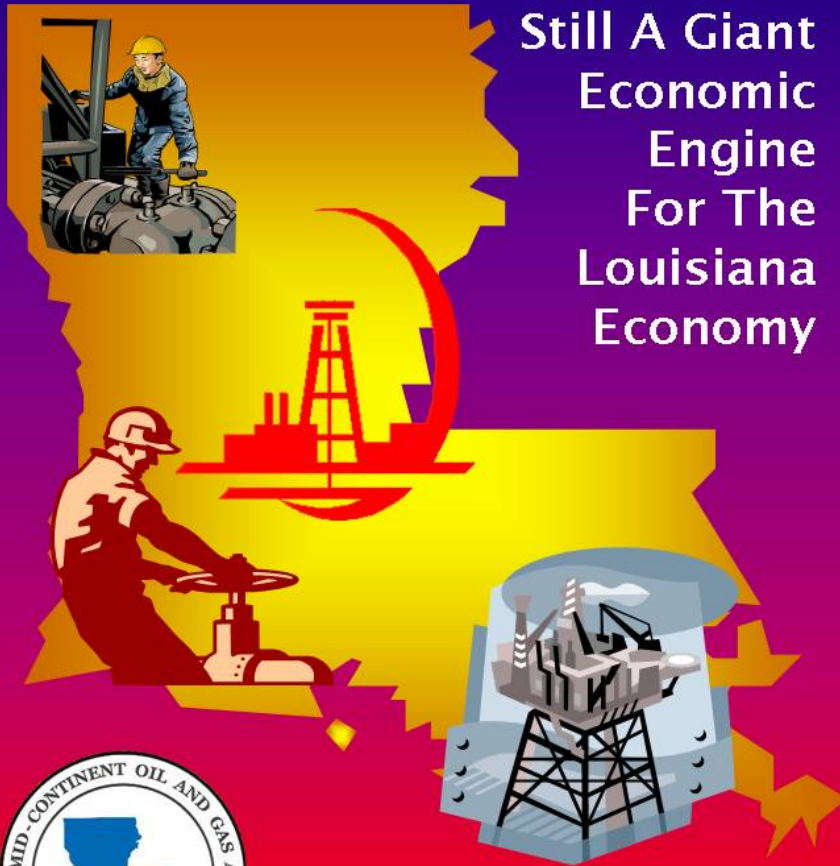


Louisiana
Mid-Continent
Oil and Gas Association

Serving the oil and gas industry in Louisiana and the Gulf of Mexico

Economic Impacts

Still A Giant
Economic
Engine
For The
Louisiana
Economy



By Loren C. Scott, Ph.D.
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Louisiana Mid-Continent Oil and Gas Association



Hurricane Recovery

What Our Study Revealed

- **The economic impact of the oil & gas industry in LA is more than \$70 billion.**
- **The industry supports 320,000 direct and indirect jobs in the state.**
- **The industry pays \$1.4 billion in royalties, taxes and fees.**
- **The industry supports more than \$12 billion in household earnings.**

Value Added Benefits

**Value Added Impact of
Oil & Gas Extraction**

\$24.6 Billion

**Value Added Impact of
Petroleum Refining**

\$34.3 Billion

Value Added Impact is a broad measure of the total income created directly in an industry, according to the U.S. Bureau of Census Annual Survey of Manufactures and the Louisiana Census of Mineral Industries.

Powerful Numbers

The benefit of the oil and gas industry has to be addressed on a regional basis. While there may not be any production or refineries in Orleans, the presence of those industries in other parishes has a definite positive impact. For example:

- Orleans has 32,731 oil and gas workers, with a combined annual wages of \$404 million.**
- Neighboring Jefferson has 2,315 oil and gas employees making \$163 million annually.**
- There are four refineries in neighboring parishes. Many of the refinery employees work and spend money in Orleans and many goods and services are purchased from Orleans based companies.**

Taxes Paid by E&P

- **Oil and gas producers pay the same taxes as any other industry, plus severance taxes and royalties.**
- **Severance** **\$708,207,000**
- **Royalties** **\$497,870,000**
- **DNR Fees** **\$9,072,000**
- **8g Royalties** **\$30,768,000**
- **Oil & gas producers also pay sales taxes, property taxes, income and franchise taxes and other fees.**

The Gulf of Mexico And The Louisiana Oil & Gas Industry



“Oil and gas are going to be the backbone of the nation’s energy needs for decades to come. The amount of the bids shows how much confidence that the oil and gas companies have in the future of the Gulf...”

Chris John, LMOGA President, Oct. 3, 2007 news release following Gulf of Mexico lease sale.

The Recent GOM Lease Sale

- **Second largest sale in Central Gulf.**
- **Bids \$2.9 billion for 723 tracts.**
- **More than 1,400 bids were submitted.**
- **40% of tracts receiving bids were in ultra-deep water.**
- **84 companies participated in sale.**
- **Tracts could produce up to 1.3 billion barrels of oil and 5 TCF of gas.**
- **High bidder was Shell with a \$90.5 million bid on one tract.**

Offshore Oil and Gas

OCS Benefits Louisiana



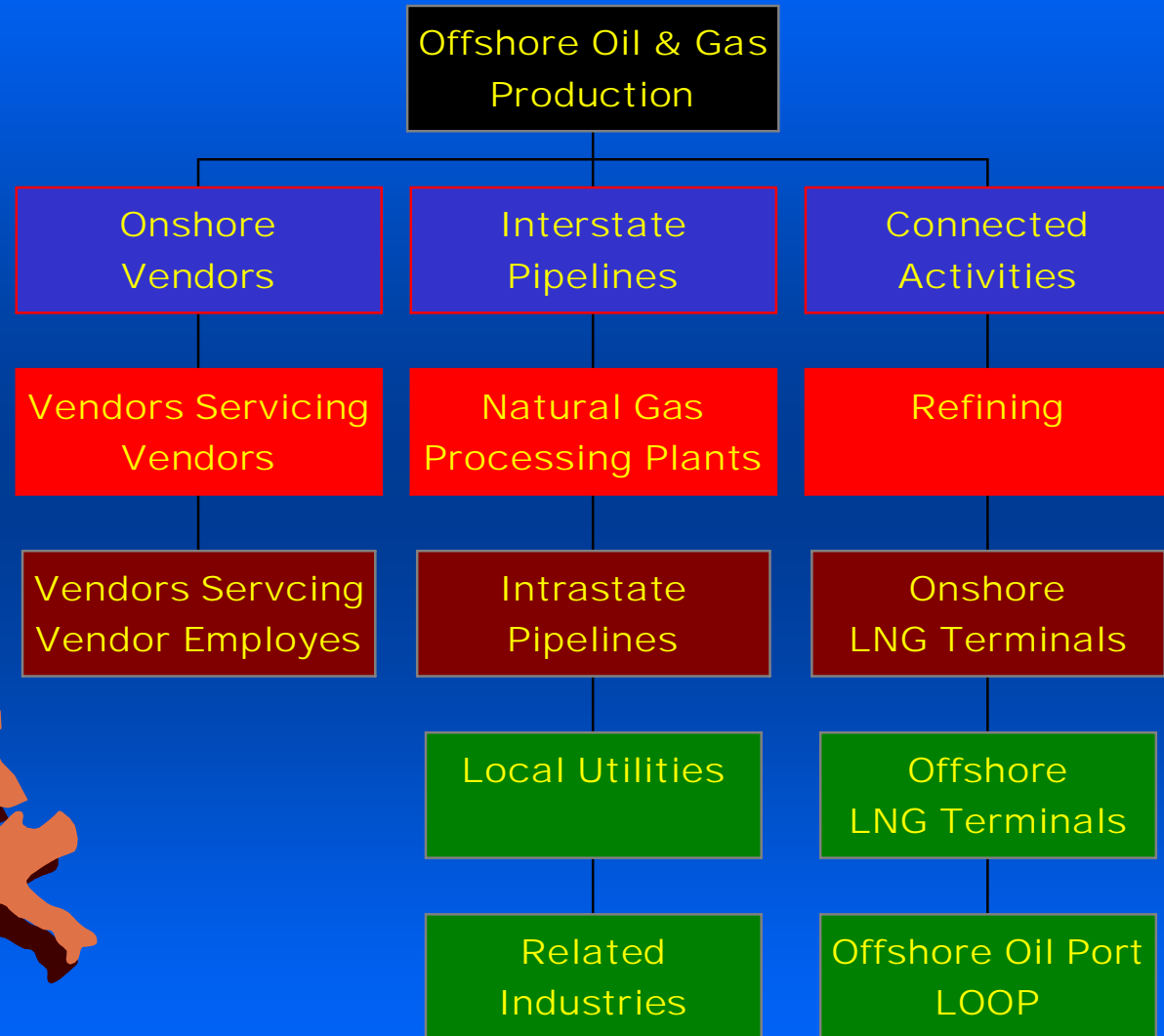
- **\$6.25 Billion Direct Benefit***
- **\$1.5 Billion Payroll***
- **17,000 Direct Jobs****
- **3,750 LA Vendors Service Offshore Industry****
- **\$12.5 Billion in Capital Expenditures Spent in LA***

In the eight years since the study offshore activity has grown and so have the numbers. Therefore, even when adjusted, the numbers are very conservative.

*** Adjusted for inflation**

**** 1999 numbers**

The Offshore Oil & Gas Connection



An aerial satellite-style photograph of a large hurricane over the Gulf of Mexico. The hurricane's eye is clearly visible in the center, surrounded by dense, swirling white and grey clouds. The surrounding ocean is a deep blue, and some landmasses are visible in the distance. The text is overlaid on this image.

**A Tragic Event
For Louisiana**

Hurricanes

**Oil & Gas Recovery:
A Remarkable Success**

The Success Story

Katrina & Rita 2 Years Later

- All refineries were operational
- All pipelines were functioning.
- Natural gas processing plants were on line.
- OCS production was near pre-Katrina levels.

The Bottom Line On Spills

“These two huge storms came right through the heart of the offshore oil and gas industry and there were virtually no significant spills offshore. One policy implication is that the United States is the only country on earth that restricts oil and gas exploration in some of its offshore areas. What residents along these coasts fear the most is coastal damage from oil spills. The after effects of Katrina and Rita should go a long ways towards dispelling those fears.”

Dr. Loren Scott

The Energy Sector: Still A Giant Economic Engine For The Louisiana Economy

Summing It Up

- **The oil & gas industry has a \$70 billion impact on Louisiana.**
- **The Gulf of Mexico is a vital part of our energy picture and the LA economy.**
- **Louisiana benefits tremendously from the oil & gas industry.**
- **The rapid recovery from the 2005 hurricanes shows that the industry is committed to Louisiana.**