



LOUISIANA MID-CONTINENT OIL AND GAS ASSOCIATION

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Lease Sale Shows Strong Future for Oil and Gas Industry

The \$3 billion Gulf of Mexico lease sale will result in major economic benefits for the nation and Louisiana and clearly shows that the oil and gas industry has a strong and promising future for years to come.

Chris John, President of the Louisiana Mid-Continent Oil and Gas Association, said that the lease sale, which was the second largest for Central Gulf of Mexico tracts, shows that the Gulf is going to continue to be a prime area for domestic oil and gas production. "Louisiana will benefit because of the direct and indirect impacts associated with offshore oil and gas production."

"Louisiana has always played an important part in offshore exploration and production. With production moving farther offshore and into deeper waters, the state will continue to play a vital role," John said.

"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 of Mexico."

Bids of \$2.9 billion were received on 723 tracts. A total of 1,428 bids were submitted at the Minerals Management Service lease sale in New Orleans. The tracts included 477 that were in ultra-deep waters or in depths of 800 meters or greater. "Development of these tracts can cost hundred of millions of dollars in investments and can take years to bring on line," John said.

Louisiana benefits from offshore activity because every item used offshore has to originate onshore and many of the service companies, vendors and workers serving the offshore industry are based in Louisiana.

"Louisiana receives a \$70 billion economic benefit from the oil and gas industry. This high interest in the Gulf can only increase that benefit. These bids represent a tremendous investment by the oil and gas industry," John said. "We can look forward to an exciting future as the search for oil moves into the deeper waters. The companies are constantly developing new technologies that will advance the search for oil and gas to help secure our energy future."