



NAVIGATING  
TODAY'S  
CHALLENGING  
ENERGY  
ENVIRONMENT

Chris John  
President

Louisiana  
Mid-  
Continent  
Oil & Gas  
Association

# 40 YEARS OF TALK....



# WHO SAID IT

“Scare stories that the American people will soon be paying **a dollar for a gallon of gas** are just as ridiculous as the stories that will say that we will be paying a dollar for a loaf of bread. The American people cannot afford to pay such prices, and I can assure you that we will not have to pay them.”



January, 1974

# WHO SAID IT

“We are now paying out **\$25 billion** a year for foreign oil. Five years ago we paid out only **\$3 billion** annually. Five years from now, if we do nothing, who knows how many more billions will be flowing out of the United States. **These are not just American dollars, these are American jobs.**”



May, 1975

# WHO SAID IT

“Beginning this moment this nation will ***never use more foreign oil than we did in 1977...NEVER***”



April, 1977

# WHO SAID IT

“So today we're announcing the **expansion of offshore oil and gas exploration**, but in ways that balance the need to harness domestic energy resources...That's why my administration will consider potential areas for development in the mid and south Atlantic and the Gulf of Mexico.”



March, 2010

# WHO SAID IT

"Whether the light switch is on in every room or not, I'm not certain, but I can tell you that most of the house is lit." - [The Advocate](#) Nov 22, 2008

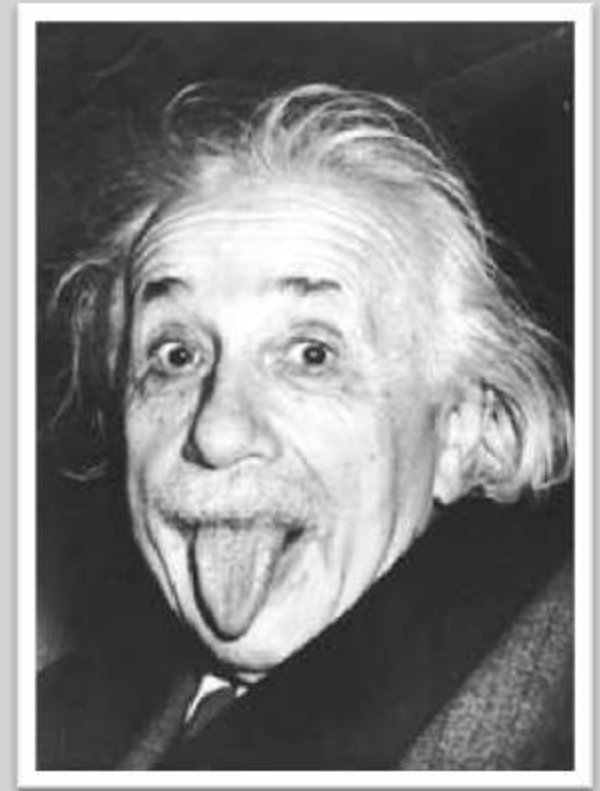
"And so I think that's the right thing to do." - [The Times](#) Mar 26, 2010

"It tested the integrity of reserve in this tank." - [The Advocate](#) Nov 16, 2008



# WHO SAID IT

**INSANITY:** doing the same thing over and over again and expecting different results.





# 40 YEARS OF TALK....

- America has spent **40** years talking about energy policy, yet we still **do not** have ***consistent energy policy*** development in this country.
- Louisiana and GOM have still been the major player despite inconsistent energy policies

ENERGY REALITY

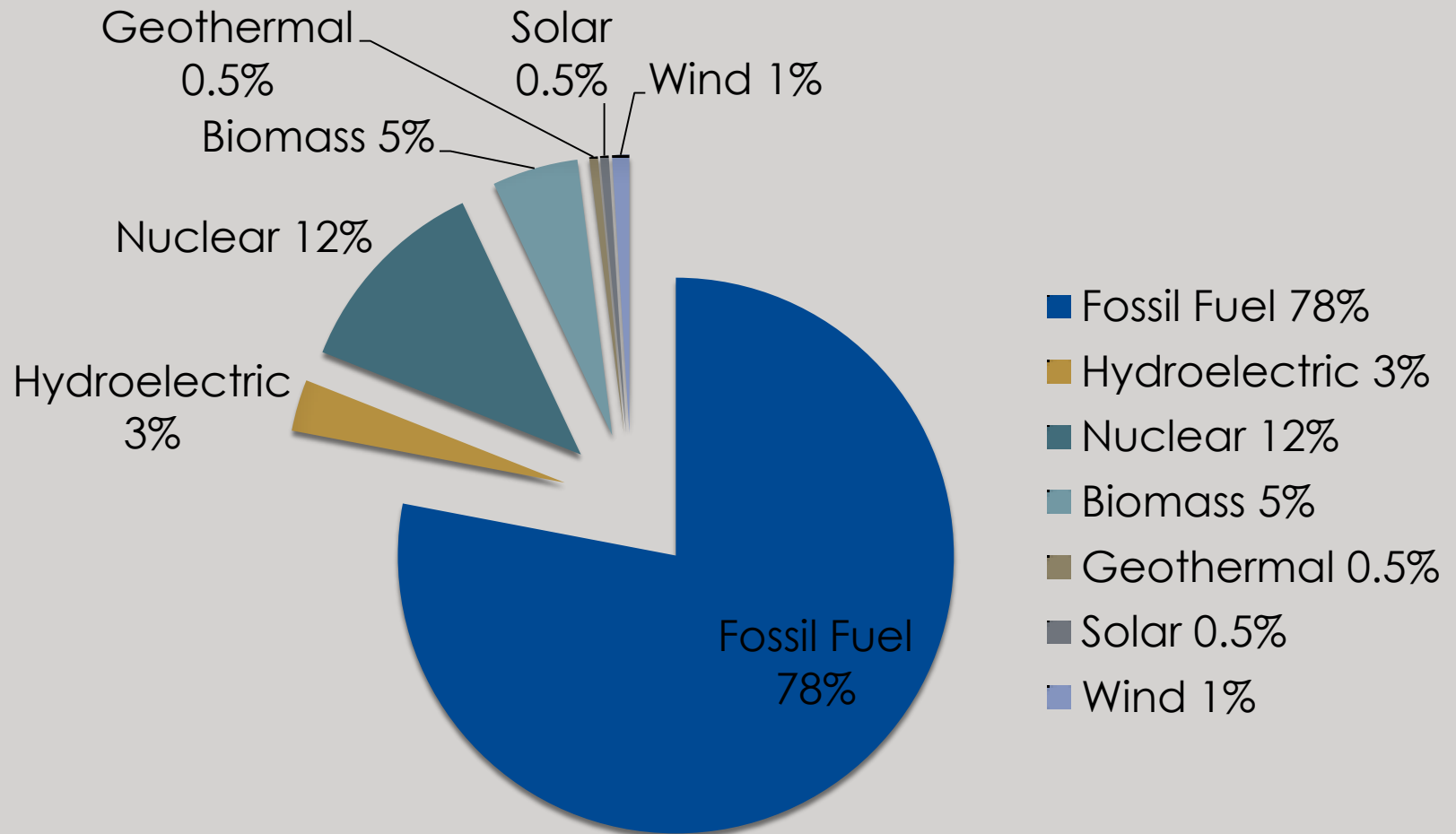
VS

POLITICAL REALITY

# Our Current Energy Picture



# AMERICA'S ENERGY PORTFOLIO



# U.S. CONSUMPTION, IMPORTS, & PRODUCTION



**U.S.  
Consumes**  
20 Million  
Barrels per  
Day

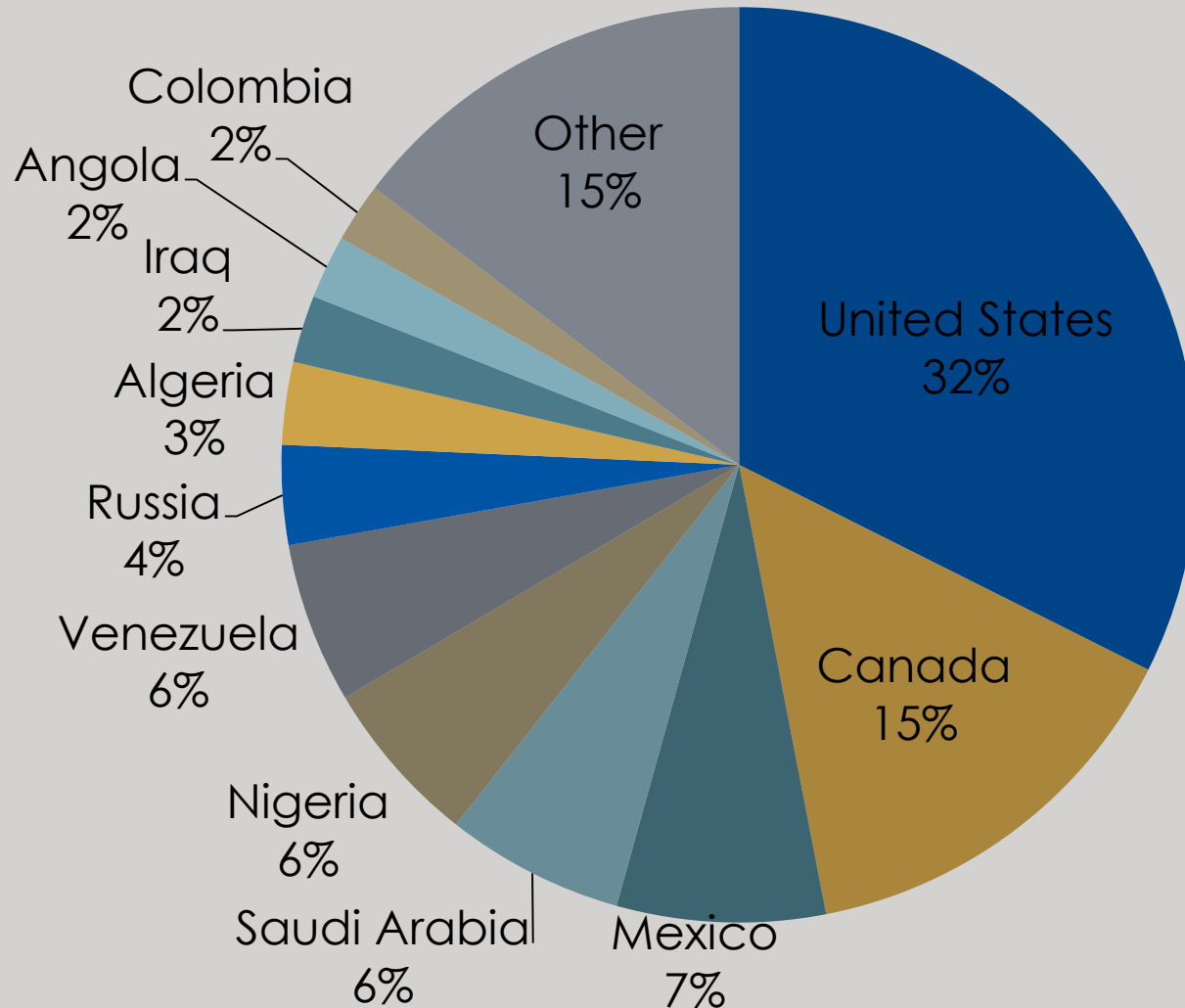


**U.S.  
Produces**  
6 Million  
Barrels Per  
Day

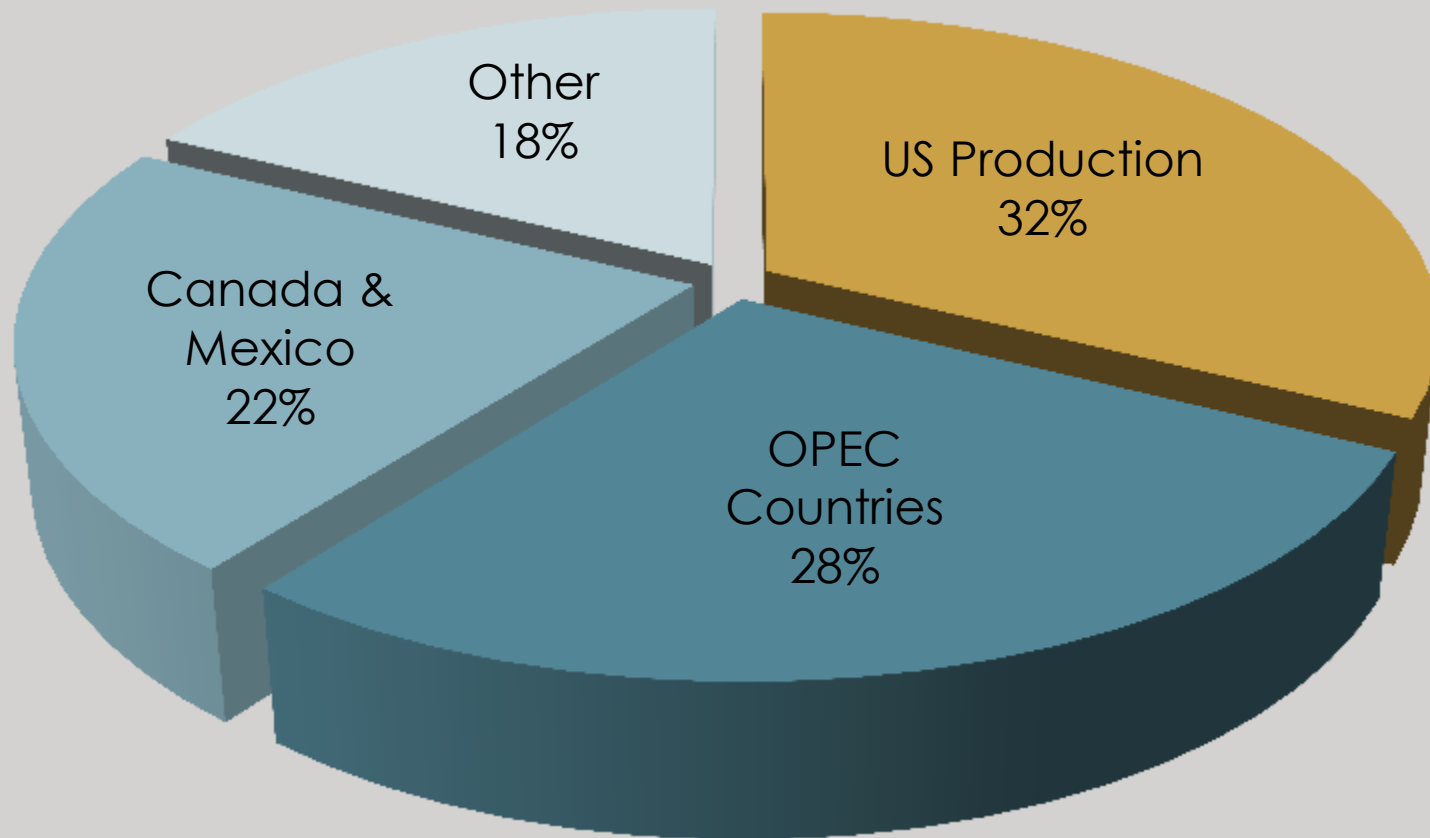


**U.S.  
Imports**  
14 Million  
Barrels per  
Day

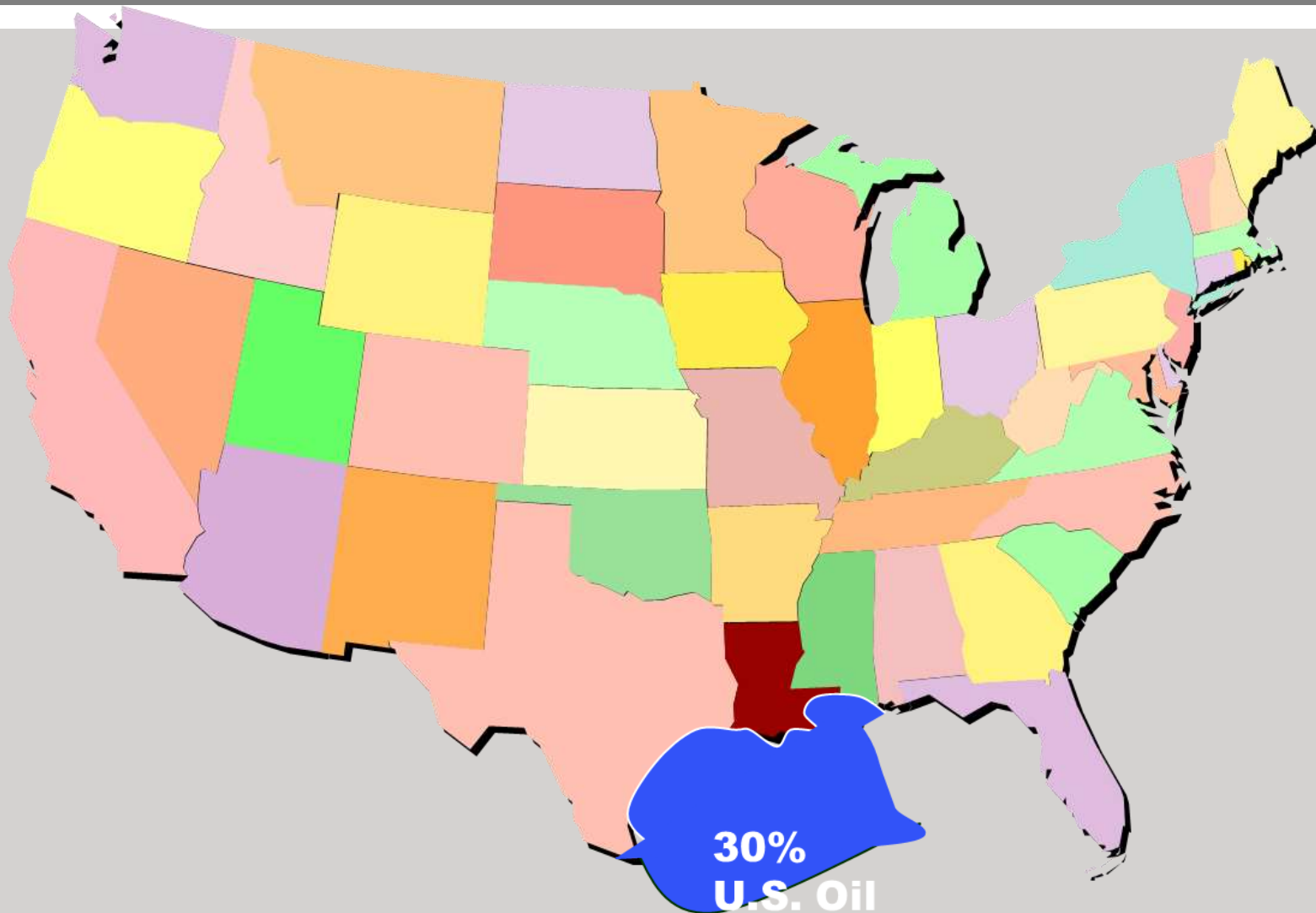
# U.S. CRUDE OIL PRODUCTION AND IMPORTS



# U.S. IMPORTS

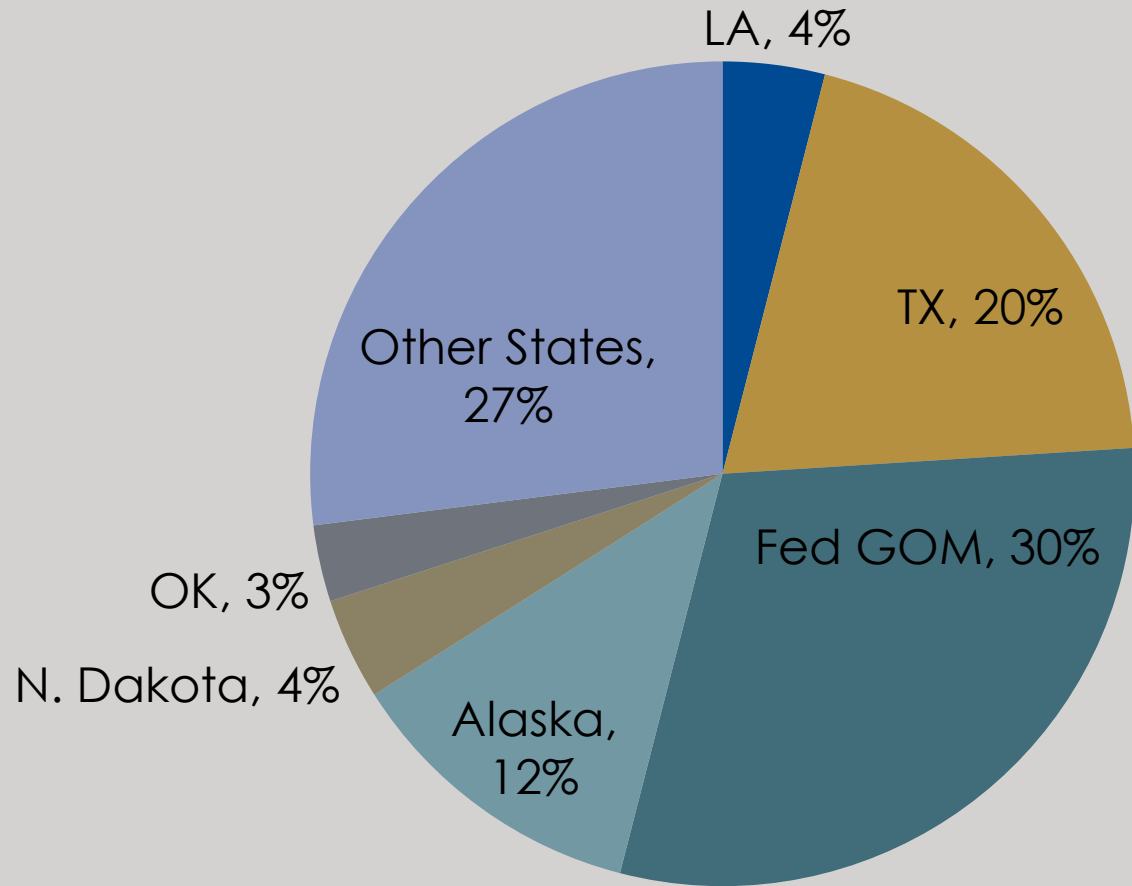


# THE IMPORTANCE OF LOUISIANA AND THE GULF OF MEXICO





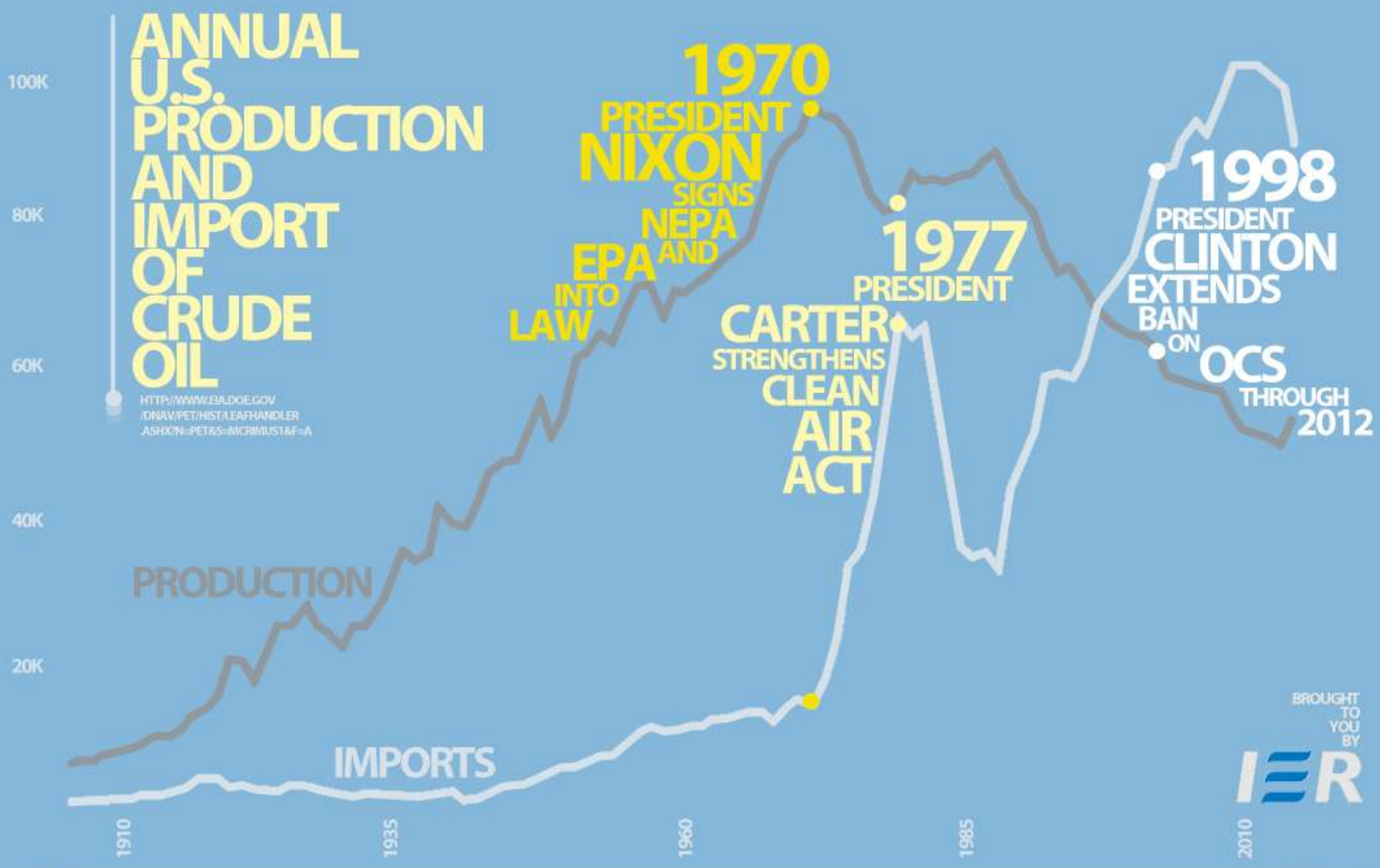
# GULF OF MEXICO PRODUCES 30% OF U.S. CRUDE OIL



■ LA ■ TX ■ Fed GOM ■ Alaska ■ N. Dakota ■ OK ■ Other States

# ANNUAL U.S. PRODUCTION AND IMPORT OF CRUDE OIL

[HTTP://WWW.EA.DOE.GOV/DNAV/PET/HIST/LEAFHANDLER.ASHX?N=PETS-WCRIMUSTAF-A](http://www.ea.doe.gov/dnav/pet/hist/leafhandler.ashx?n=pets-wcrimustaf-a)



BROUGHT TO YOU BY



COMMON SENSE -  
policies that reflect the  
energy reality & benefit  
our nation as a whole

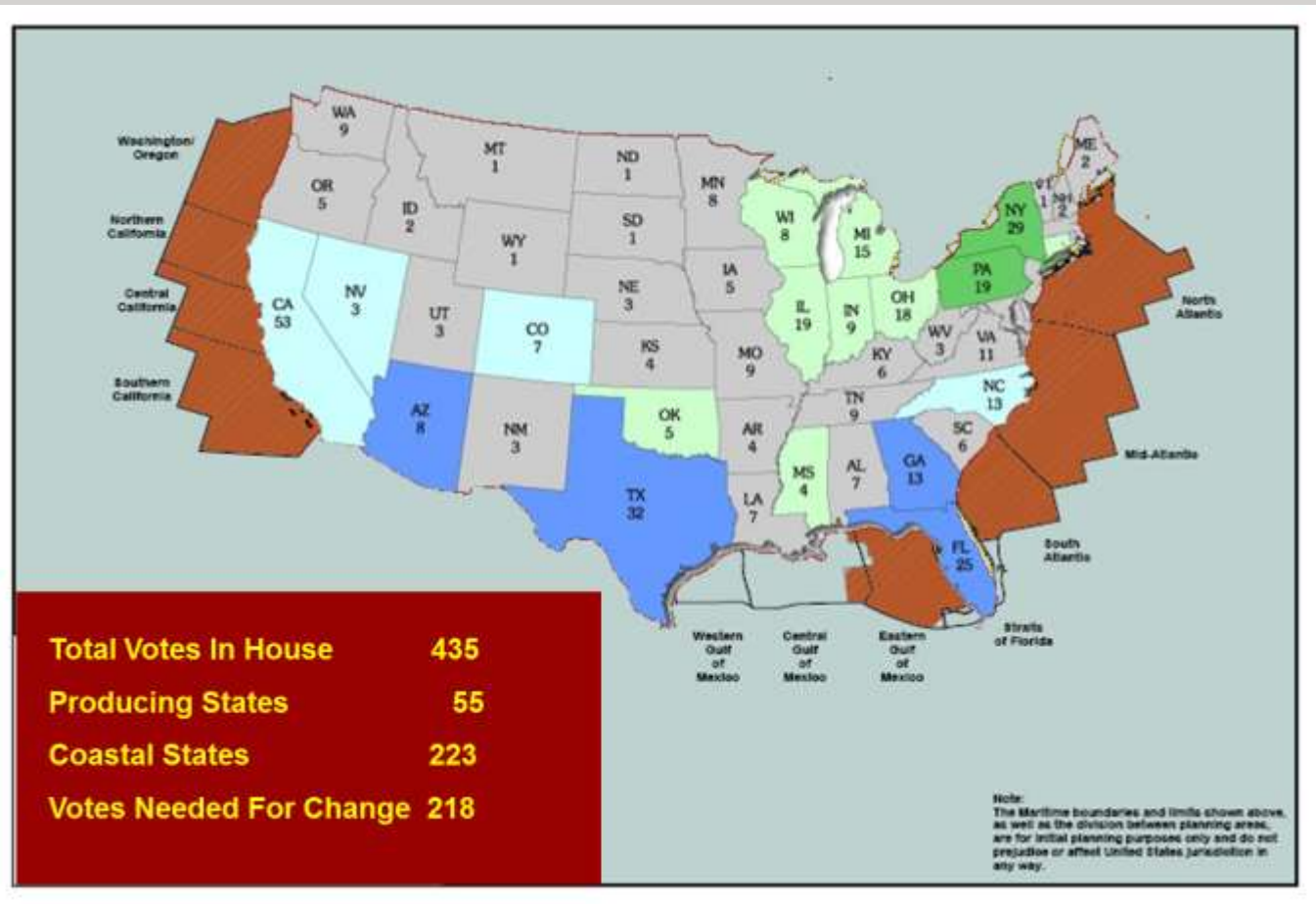
Politics, however, isn't  
always about common  
sense —

and Washington, D.C.,  
has been especially  
dysfunctional lately.

# POLITICAL REALITY

While Non-Producing States Have More Votes —

Oil and Gas Issues Are Often Decided On Geographic Lines



# UNEXPECTED EVENTS

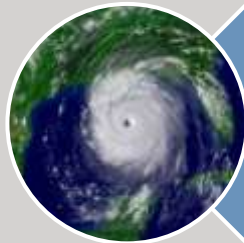
3 Main  
Competing  
Forces Drive  
Energy Policy  
Development In  
The United  
States



Geopolitical Forces



Technological  
Advances



Natural & Man-  
Made Events

# LOUISIANA AND THE ENERGY COAST

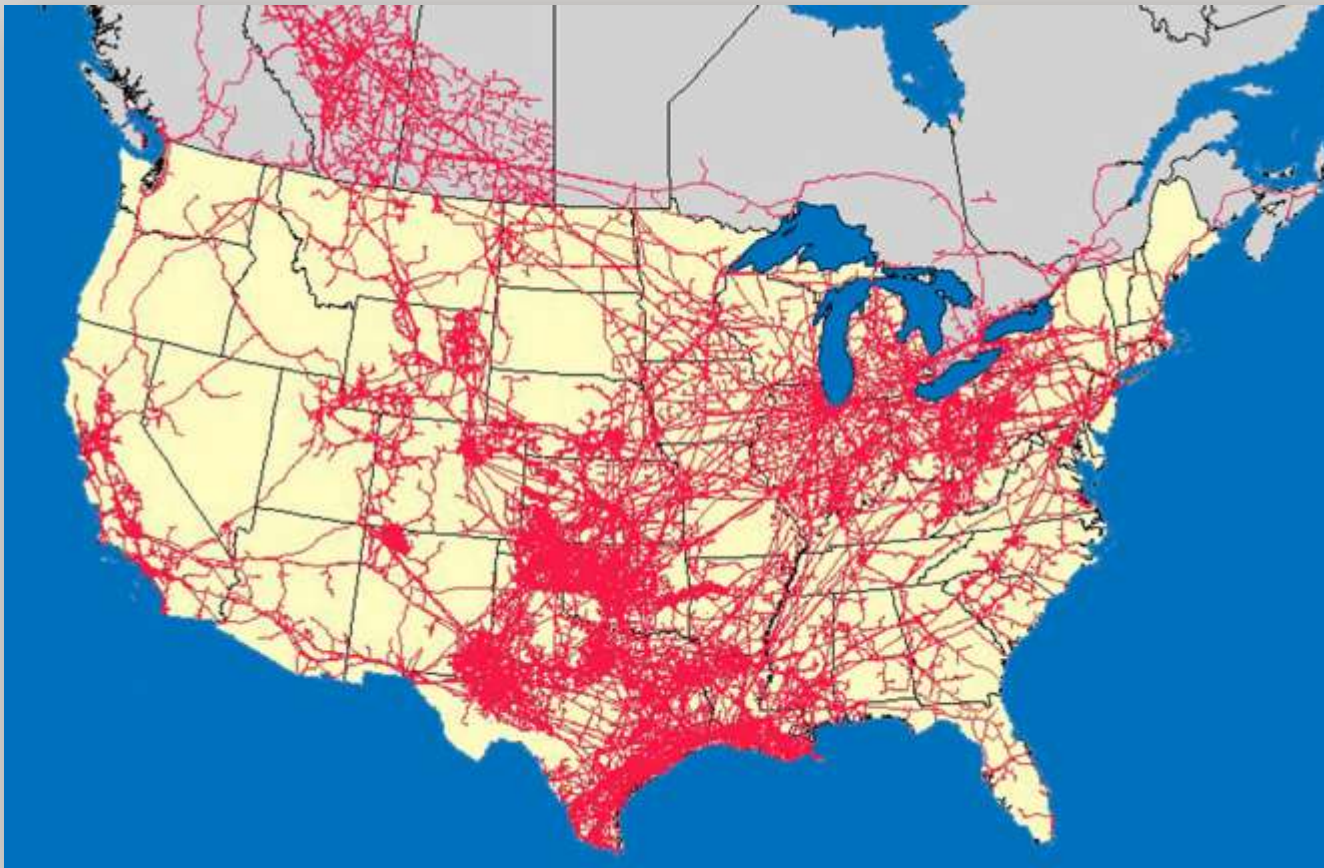


Oil and gas resources are going to be the backbone of the nation's energy needs for decades to come.

Most experts agree that as much as **80 percent** of our energy needs will come from oil and gas for the next 50 years.



# Pipeline Infrastructure



Petroleum Infrastructure Connects The Nation And Keeps Energy Flowing

Louisiana Is A Critical and Vital Part Of The U.S. Energy Supply Chain



# LOUISIANA

## Other Oil & Gas Infrastructure



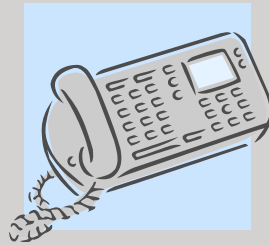
# SERVICE INDUSTRY INFRASTRUCTURE



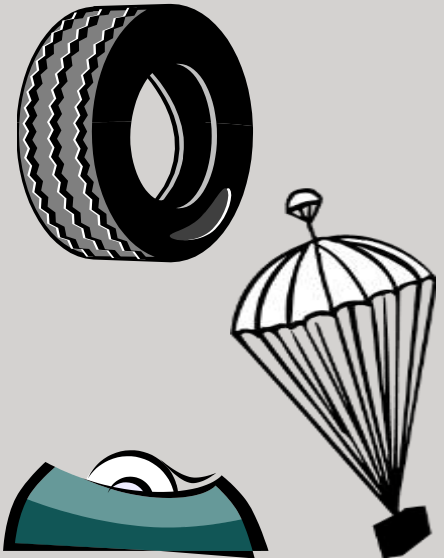
# MORE TO OIL THAN BTU'S

## We Often Do Not Realize Just How Big A Part Oil Plays In Our Daily Lives

- Ink
- Heart Valves
- Telephones
- Air Conditioners
- Cosmetics
- Computers
- Eyeglasses



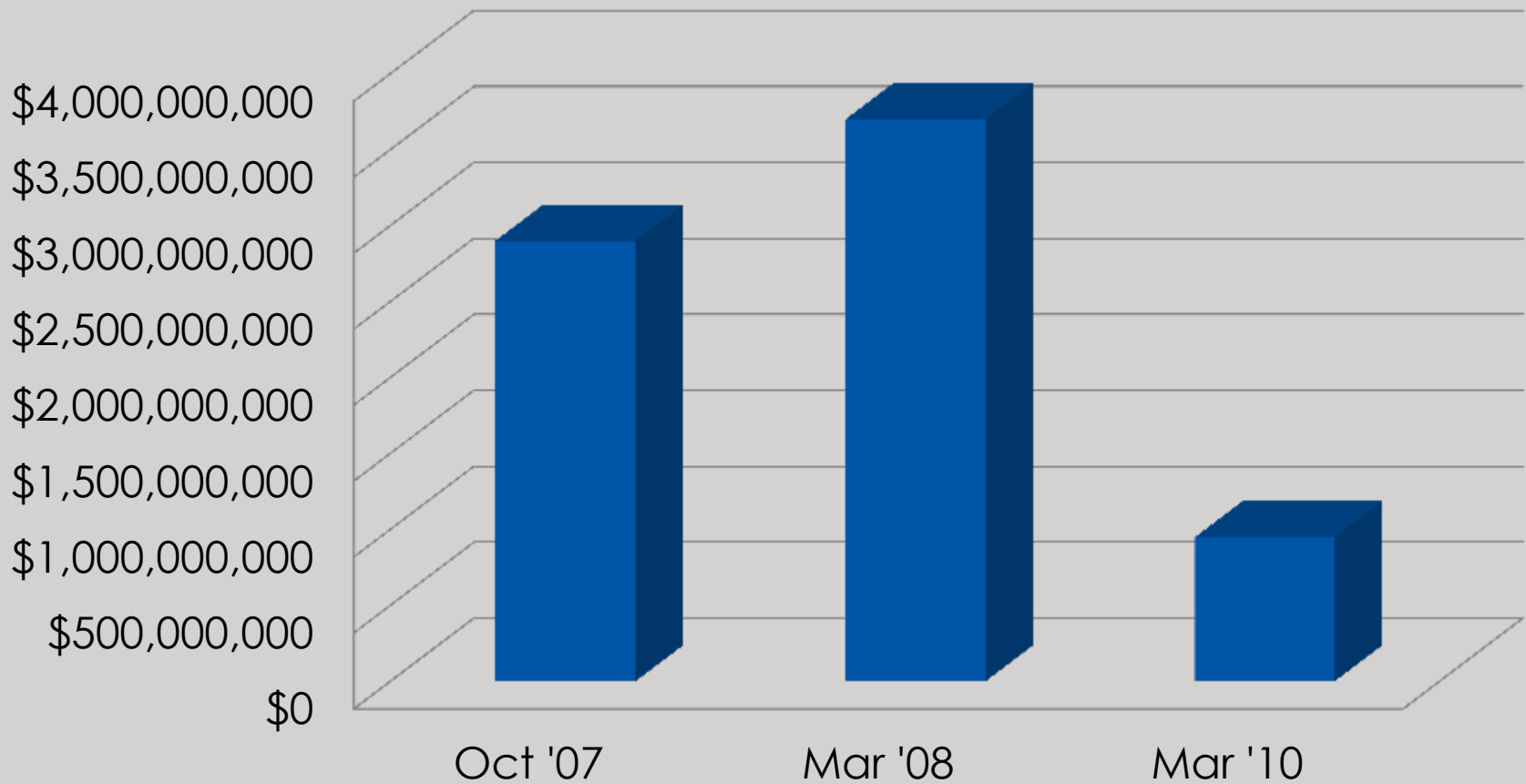
- Sneakers
- Tires
- Movie Film
- Basketballs
- Parachutes
- Tape
- And Much More





THE  
FUTURE  
IS  
BRIGHT

# RECENT FEDERAL GULF OF MEXICO LEASE SALES...REACHING NEARLY \$4 BILLION





# DOMESTIC SHALE PLAYS

Reconfigured the  
economics & politics  
of natural gas

# Lower 48 states shale plays



Source: Energy Information Administration based on data from various published studies.  
 Updated: May 9, 2011

**Haynesville Shale** has helped re-kindle the image of Louisiana as an energy state



ARKANSAS

MISSISSIPPI

Minden

Shreveport

**Haynesville Shale**



Jackson

LOUISIANA

**Tuscaloosa Marine Shale**

Natchitoches

Alexandria



TEXAS

25 miles



Baton Rouge



Slidell



Lafayette

New Orleans

THE TIMES-PICAYUNE



# LNG, LIQUEFIED NATURAL GAS

- Cheniere Energy - 3 Onshore LNG receiving terminals along the Gulf Coast
  - Sabine Pass, Corpus Christ and Creole Trail
  - 4.0, 2.6, and 3.3 Bcf/d of send-out capacity, respectively



## Sabine Pass LNG Terminal

**Site:** 853 acres  
**Accessibility:** 40' channel  
**Proximity:** 3.7 nautical miles from coast  
**Berths:** 2 docks  
**Storage:** 3 tanks (10.1 Bcf)  
**Vaporization:** 2.6 Bcf/d sendout  
**In Service:** 2008

## Expansion

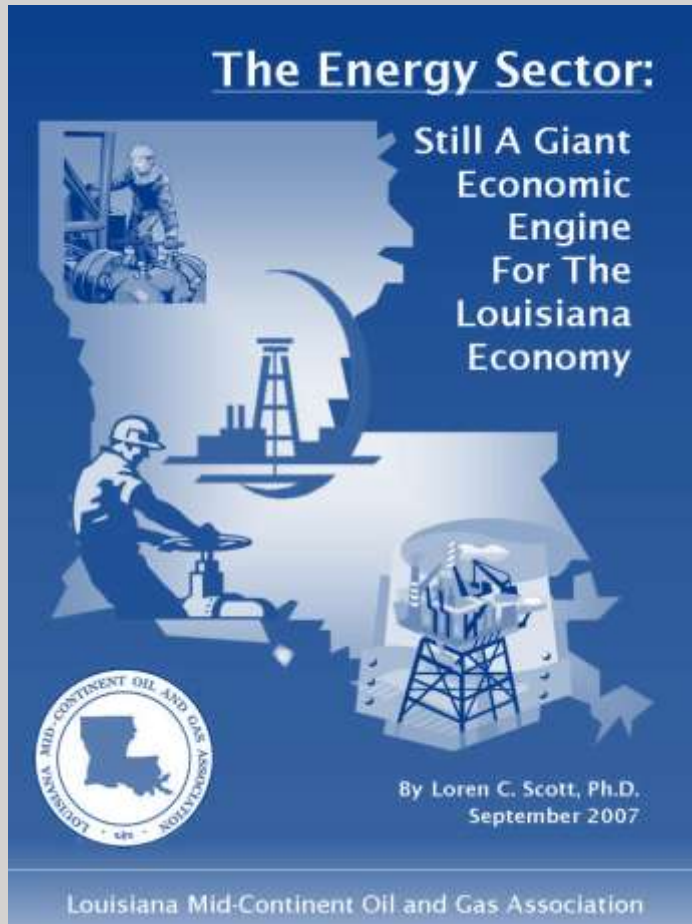
**Storage:** 3 tanks (10.1 Bcf)  
**Vaporization:** 1.4 Bcf/d sendout  
**In Service:** 2009 (2 tanks only)

# RECENT EVENTS

- Department of Interior's announcement of the **first lease sale** since the Macondo oil spill and moratorium. The sale be held **December 14**.
- Last week there were **27** rigs operating in the deepwater Gulf of Mexico, according to BOEMRE.
  - Thirty-three rigs were operating when the Deepwater Horizon accident occurred on April 20, 2010. The number of rigs fluctuates from week to week.

WHAT THIS MEANS  
FOR LOUISIANA'S  
ECONOMY

# FINDING THE FACTS



- Study Commissioned by LMOGA and Conducted by Dr. Loren Scott, Louisiana's leading energy economist.
- The study showed the impacts of the industry on the state and the relationship to connection to the national energy picture

# WHAT OUR STUDY REVEALED

- Economic Impact = **\$70 billion**
- **320,000** direct and indirect jobs
- **\$1.4 billion** in royalties, taxes and fees
  - (14% LA Budget)
- **\$12 billion** in household earnings



# Set Aside The Political Rhetoric



FACE THE ENERGY REALITY

**ENERGY SECURITY**

provides

**ECONOMIC SECURITY**

which means

**NATIONAL SECURITY**



# LMCOGA

LOUISIANA MID-CONTINENT  
OIL AND GAS ASSOCIATION



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