NAVIGATING TODAY’S CHALLENGING ENERGY ENVIRONMENT
40 YEARS OF TALK....
“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
“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
“Beginning this moment this nation will never use more foreign oil than we did in 1977...NEVER”

April, 1977
“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
"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 Times Picayune Nov 22, 2008

"And so I think standing to the responsibility is kind of the right thing."

- The Shreveport Times Mar 26, 2010

"It tested the reserve, and there's plenty of reserve in this tank."

- The Advocate Nov 16, 2008
INSANITY: doing the same thing over and over again and expecting different results.
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

Fossil Fuel 78%
Hydroelectric 3%
Nuclear 12%
Biomass 5%
Geothermal 0.5%
Solar 0.5%
Wind 1%
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

- United States: 32%
- Canada: 15%
- Mexico: 7%
- Saudi Arabia: 6%
- Nigeria: 6%
- Venezuela: 6%
- Russia: 4%
- Algeria: 3%
- Iraq: 2%
- Angola: 2%
- Colombia: 2%
- Other: 15%
U.S. IMPORTS

- US Production: 32%
- OPEC Countries: 28%
- Canada & Mexico: 22%
- Other: 18%
THE IMPORTANCE OF LOUISIANA AND THE GULF OF MEXICO
GULF OF MEXICO PRODUCES 30% OF U.S. CRUDE OIL

- LA, 4%
- TX, 20%
- Fed GOM, 30%
- Alaska, 12%
- Other States, 27%
- OK, 3%
- N. Dakota, 4%
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.
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
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.
Petroleum Infrastructure Connects The Nation and Keeps Energy Flowing

Louisiana Is A Critical and Vital Part Of The U.S. Energy Supply Chain
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
Haynesville Shale has helped re-kindle the image of Louisiana as an energy state.
Cheniere Energy - 3 Onshore LNG receiving terminals along the Gulf Coast

- Sabine Pass, Corpus Christi 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)
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
LOUISIANA MID-CONTINENT OIL AND GAS ASSOCIATION

Twitter.com/LMOGA

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