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i Oil and Gas are a 'Major Engine' for Growth in Louisiana

New study finds Louisiana leads the country in crude oil production, generating outsized economic benefits for the state.

We've pointed out many times before how responsible oil and gas production is a <u>significant source</u> of new job creation and new public revenues. Folks in Louisiana — a major oil and gas producing state — recognize this as well as anyone, but a <u>new study</u> detailing the benefits of energy development may even surprise people down in the bayou.

That study, authored by LSU Professor Emeritus Loren Scott and released by the Louisiana Mid-Continent Oil and Gas Association (LMOGA), reached the following impressive conclusions about oil and gas in Louisiana:

- The extraction, refining, and pipeline sectors support more than 310,000 jobs in the state.
- Generated <u>\$1.4 billion in revenue for the state</u> in taxes and fees in fiscal year 2010.
- Added <u>\$1 billion to local government revenues</u> through direct taxes and indirect economic activity.
- Earnings and jobs in the energy sector can be found in <u>all of Louisiana's 64 parishes</u>. In 15 of those parishes there were at least 1,000 people employed by the oil and gas industry.
- Generated \$16 billion in household earnings for Louisiana families.
- The total value added to Louisiana's economy from the oil and gas industry is nearly \$55 billion in total income.

One additional important finding of the study is the multiplier of oil and gas employment; that is, the number of spinoff jobs created from each job created in the industry. In Louisiana, that multiplier is *five*. Put differently, each job created in the industry creates on average four additional jobs in support industries, including not only in oil and gas service firms but also in local restaurants, hotels, and other small businesses.

With well-established production both offshore in the Gulf of Mexico and in the northern part of the state in the Haynesville Shale (which earlier this year overtook the Barnett in Texas as the nation's <u>largest producing shale gas field</u>), it's clear that Louisiana has been blessed with massive oil and gas deposits. And with new shale plays constantly coming into focus — including the <u>Tuscaloosa Marine Shale</u>, which could hold seven billion barrels of oil — Louisiana is a state that appears well positioned for sustained future economic growth, thanks in large part to the responsible development of oil and gas resources.

Independent Panel Finds Louisiana Hydraulic Fracturing Regulatory Program "well-managed, professionaland meeting its program objectives"

Last week, the not-for-profit organization known as the State Review of Oil and Natural Gas Environmental Regulations (STRONGER) issued its latest <u>report</u> examining the strength of state-based hydraulic fracturing regulatory programs – this time, singling out the state of Louisiana and its regulators for executing a "well-managed" program across the state.

STRONGER is a non-profit, multi-stakeholder organization tasked by the Interstate Oil Compact Commission (IOCC) and the U.S. Environmental Protection Agency to review the effectiveness of various states' oil and gas regulatory structures.

Among the things highlighted in the latest STRONGER report:

"Hydraulic fracturing has been conducted in Louisiana since the 1960s. <u>The State of Louisiana has not</u> identified any instances where hydraulic fracturing has harmed groundwater." (page 8)

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"The review team has concluded that the Louisiana program is, over all, well-managed, professional and

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STRONGER also commends Louisiana for its dedication to clean water, public outreach and safety:

- "In addition to advising operators to use sources of water other than the Carrizo-Wilcox aquifer, in a separate letter to operators, the Commissioner [of Conservation, Department of Natural Resources] instituted [an additional] requirement...As a result of those actions, water demand for the year from October 1, 2009 to September 30, 2010 was met primarily (78 percent) by surface water. Through these actions, the Office of Conservation is confident that long-term adverse impacts to the Carrizo-Wilcox aquifer have been prevented." (page 16)
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This is just the latest in a growing string of similar STRONGER reports – each commending various states for their wellmanaged regulation of hydraulic fracturing, including in <u>Oklahoma</u>, <u>Pennsylvania</u> and <u>Ohio</u>.

Of course, the interesting little wrinkle here is that the STRONGER panel includes representatives not only from those involved in industry, but from federal agencies such as the Dept. of Energy and EPA and environmental groups such as the Oil and Gas Accountability Project – not typically regarded as a friend of responsible shale development.

In fact, not only did OGAP counsel Bruce Baizel participate in the review process, he actually served as one of the three official "team members" who drew up the recommendations. Imagine that?!

From what we understand, the folks over at STRONGER will be releasing additional reports in the coming months. And when they do, you can find them here on EID.

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But because of the tightly-regulated 60-year old energy stimulation technology called <u>hydraulic fracturing</u> – which has been safely used to enhance oil and natural gas production in the United States more than 1.1 million times without every impacted groundwater – there's much more hope, genuine economic opportunity and job growth potentials flowing into Arkansas, and other regions of the country.

A quick history lesson, compliments of <u>Southwestern Energy</u>: "Southwestern Energy Company discovered the economic viability of the Fayetteville Shale and was the first company to drill and successfully produce its natural gas."

This discovery, enabled by fracture stimulation coupled with advanced horizontal drilling technologies, "continues to help boost the economy," says Arkansas' <u>Channel 11-THV</u>. This from their recent story on the responsible development of the Fayetteville Shale:

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The <u>Arkansas Business Journal</u> reports that this <u>environmentally-sound</u> development has been "A 'Shot in the Arm' to Economy":

"You have to say, especially in Arkansas, the Fayetteville Shale Play provided a much-needed shot in the arm for the state when it needed it most," said Kathy Deck, director of the Center for Business & Economic Research at the UA's Sam M. Walton College of Business, which has twice attempted to project the shale play's impact.

And despite the <u>sluggishness that the national economy</u> continues to experience, similar benefits are being experienced in <u>other</u> <u>shale gas-producing states and regions</u> of the country. In <u>northwest Louisiana</u>, where the development of the <u>Haynesville Shale</u> continues to safely hum along, <u>KTBS-TV</u> reports that the "**Mansfield Economy Booms; Construction On Every Corner**." This from their story on this economic growth, which is a direct result of homegrown energy production:

Construction crews in Mansfield are hard at work with two new restaurants, two new hotels and a new bank.

Shelby Spurlock of Claiborne Parish says the Haynesville Shale is the reason she decided to open Cafe 171 in Mansfield. "**it's an ant bed of activity** and we just wanted to come and join it." said Spurlock while getting ready for Thursday's grand opening.

City Alderman Troy Terrell says the Haynesville Shale has given Mansfield one of the biggest economic boosts in the state. "In the next two years, Mansfield won't even look the same, " said Terrell while standing at one of many construction sites.

Terrell says the economic boom has lead to several new roads. The city recently spent 10-million dollars on a new sewer and water system. City leaders say the new system will bring even more businesses and jobs.

Who said we don't build things in American anymore? But wait, the news gets better.

While this days of service in the U.S. Congress are counting down, true to form, Sen. Arlen Specter is not mailing it in. Specter, a Pennsylvania Democrat-turned Republican-turned-Democrat, understands that the responsible development of the Commonwealth's <u>Marcellus Shale</u> reserves is a true game-changer for the region's economy, its workforce, and for our nation's energy security. The <u>Williamsport Sun-Gazette</u> reports this yesterday:

U.S. Sen. Arlen Specter, D-Philadelphia, sees great economic potential for the local area from the Marcellus Shale and believes the gas industry can help ensure drilling does not adversely impact the environment.

Natural gas, he noted, represents a bridge between fossil fuels and renewable energy resources.

"If we find a way to free ourselves from OPEC oil, that would be great," he said. "It will be an economic opportunity for Williamsport."

Speaking of the local area, workforce training programs continue to spud across Pennsylvania, helping to equip men and women from the region with the tools, skill sets, and know-how they will need to contribute to the responsible development of the Marcellus Shale's abundant, clean-burning natural gas reserves. This from yesterday's <u>Scranton Times-Tribune</u>:

With the hope of landing a high-paying, stable job in the burgeoning natural gas industry, 24 men embarked Monday on their first industry course at Lackawanna College in New Milford.

Larry Milliken, the course instructor, spent his career working in the industry all over the country from exploration and mineral development to working as an oil and gas "land man." "(Lackawanna College) set up this program to help people from this area find a career in the natural gas industry," Mr. Milliken said. "It's a diverse background of people and ages coming into this class."

Joshua Houck, 26, of Great Bend, said his curiosity about the natural gas industry motivated him to take the class. "I'm going to try to get a good job afterward," he said.

Al Bisner, 28, of New Milford, said he returned to the Susquehanna County area after serving in the Army. Mr. Bisner has spent his working career self-employed in the plumbing and heating field but <u>decided he</u> <u>could make more money working for the gas industry</u>. He said he is worried about the rural area becoming more like a "big city" but <u>figured natural gas development is here to stay and wanted "to get in on the ground</u> <u>floor."</u>

Toward the end of the first session, Mr. Milliken said to the class, <u>"You, your kids and even their kids will be able to make careers in the natural gas industry."</u>

Think of that: careers – not jobs – in the natural gas industry. You see, our industry is committed to being good neighbors, citizens, partners, friends and ultimately stewards of the environment.

But despite <u>hydraulic fracturing's long and clear record of environmental safety</u>, some remain fully committed to stopping the use of this technology, and therefore the benefits that it's making possible for America, especially in small, rural communities where economic opportunity is desperately needed. But supporters of responsible domestic energy production continue to speak out. This from Norwich, NY's <u>Evening Sun</u>:

Greene businessman Enzo Olivieri warns that <u>a moratorium on natural gas drilling in New York would kill</u> everyone's hopes for new jobs, and the anti-drillers pushing for it will ultimately succeed because they have deeper pockets.

"That's what it all boils down to. They, who for the most part come from downstate, have more money than we do up here, so they're more powerful," he said.

Olivieri's exasperation was recently relayed in a phone call to The Evening Sun after the New York State Senate voted Aug. 3 to impose a nine-month moratorium on the controversial high water volume horizontal drilling technique, called hydraulic fracturing. The restaurant owner and real estate developer said <u>he fears</u> that the promise of economic recovery in the area and throughout upstate New York may now simply "wash downstate along with the region's water."

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The article goes on to say that the Haynesville Shale play has "somewhat insulated the local economy from the national doldrums."

Other states-New York, Pennsylvania and West Virginia, to name a few-have vast natural gas resources, just like Louisiana. In the coming years, they have the chance to experience the same benefits of the folks in the Bayou State.





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Posts Tagged 'Louisiana'

Oil and Gas are a 'Major Engine' for Growth in Louisiana

Sunday, November 6th, 2011

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Tags: <u>Gulf of Mexico</u>, <u>Haynesville</u>, <u>Jobs</u>, <u>LMOGA</u>, <u>Louisiana</u>, <u>oil and gas</u>, <u>shale</u>, <u>Tuscaloosa Marine</u> Posted in <u>Archive</u> | <u>No Comments »</u>

Independent Panel Finds Louisiana Hydraulic Fracturing Regulatory Program "well-managed, professionaland meeting its program objectives"

Tuesday, March 15th, 2011

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Hydraulic Fracturing Helping to Bring Hope to Arkansas ... And Louisiana, Pennsylvania

Wednesday, September 1st, 2010

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Tags: <u>Arkansas</u>, <u>Hydraulic fracturing</u>, <u>Louisiana</u> Posted in <u>Archive | No Comments »</u>

Natural Gas Production Brings Jobs, Growth and Revenue to Northwest Louisiana

Friday, May 15th, 2009

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