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Project Consulting Services[®], Inc.

Regulatory Hurdles in Upstream Oil & Gas



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Pipelines | Facilities | Terminals

Regulatory Landscape

- The laws have remained the same
 - Rivers and Harbors Act 1899
 - Clean Water Act 1972
 - Coastal Zone Management Act 1972
 - State and Local Coastal Resources Act 1978
- The agencies have remained the same
 - U.S. Army Corps of Engineers
 - U.S. Fish and Wildlife Service
 - Louisiana Department of Natural Resources
 - Louisiana Department of Wildlife and Fisheries



Regulatory Landscape

- The administration of the laws has changed
 - Culture – different views of the industry, “green” alternatives
 - Knowledge – comprehension of oilfield construction
 - Documentation – burdens on operators and regulators has increased significantly
 - Budget – staffing and additional reviews (408, tribal)



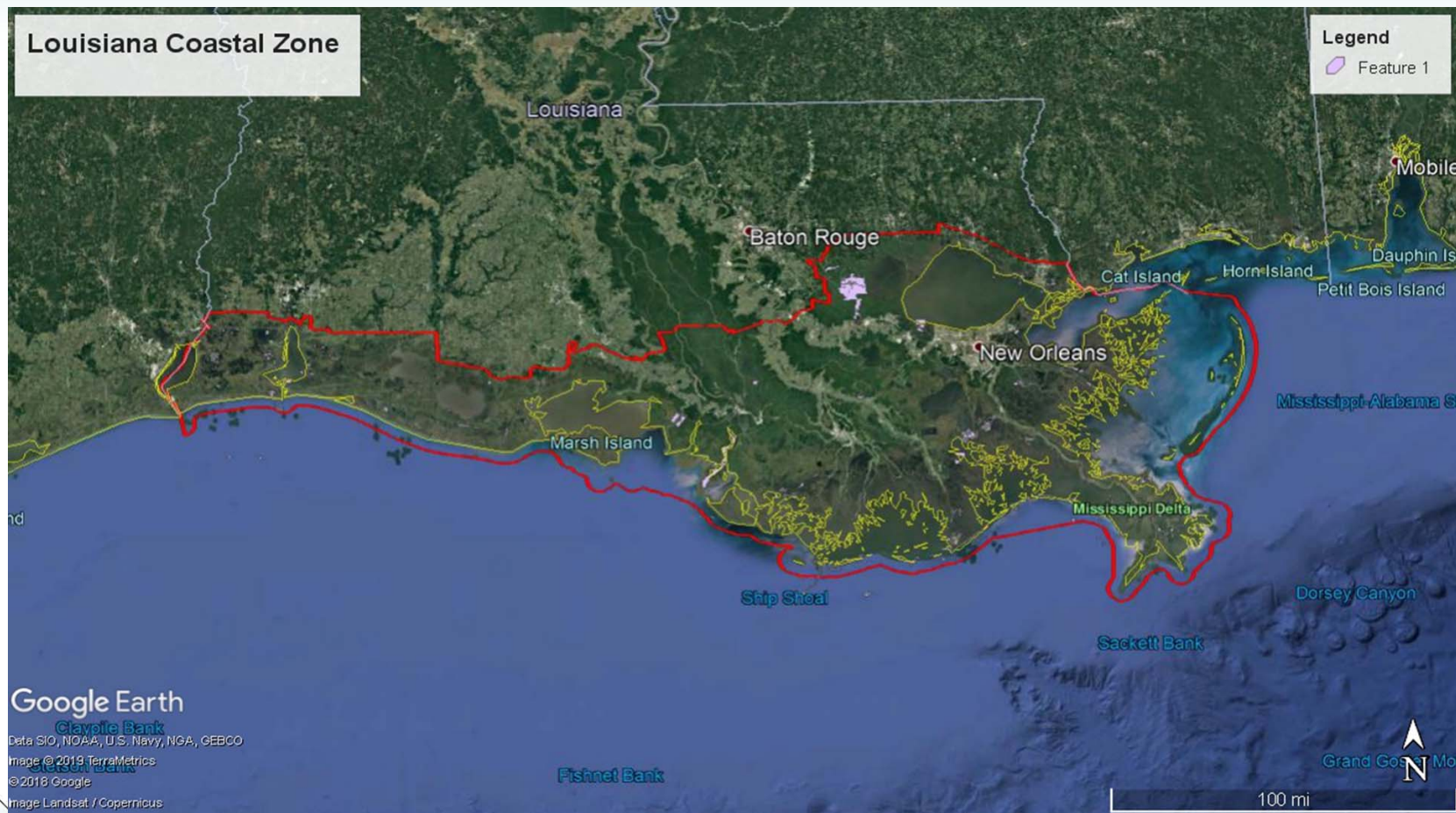
Permitting Process

- The process will vary by region of the state as well as site-specific conditions
- Four USACE districts
- Coastal Zone
- Water requirements
- Levee districts
- Federal lands
- Parishes
- Natural resources
 - Wetlands
 - Threatened or endangered species
 - Protected species
 - Rookeries
 - Oysters
 - Scenic streams
- Archeological resources
 - State and federal agency review
 - Tribal consultation
- Administrative features
 - Road, Rail, Airport
 - Inland navigation

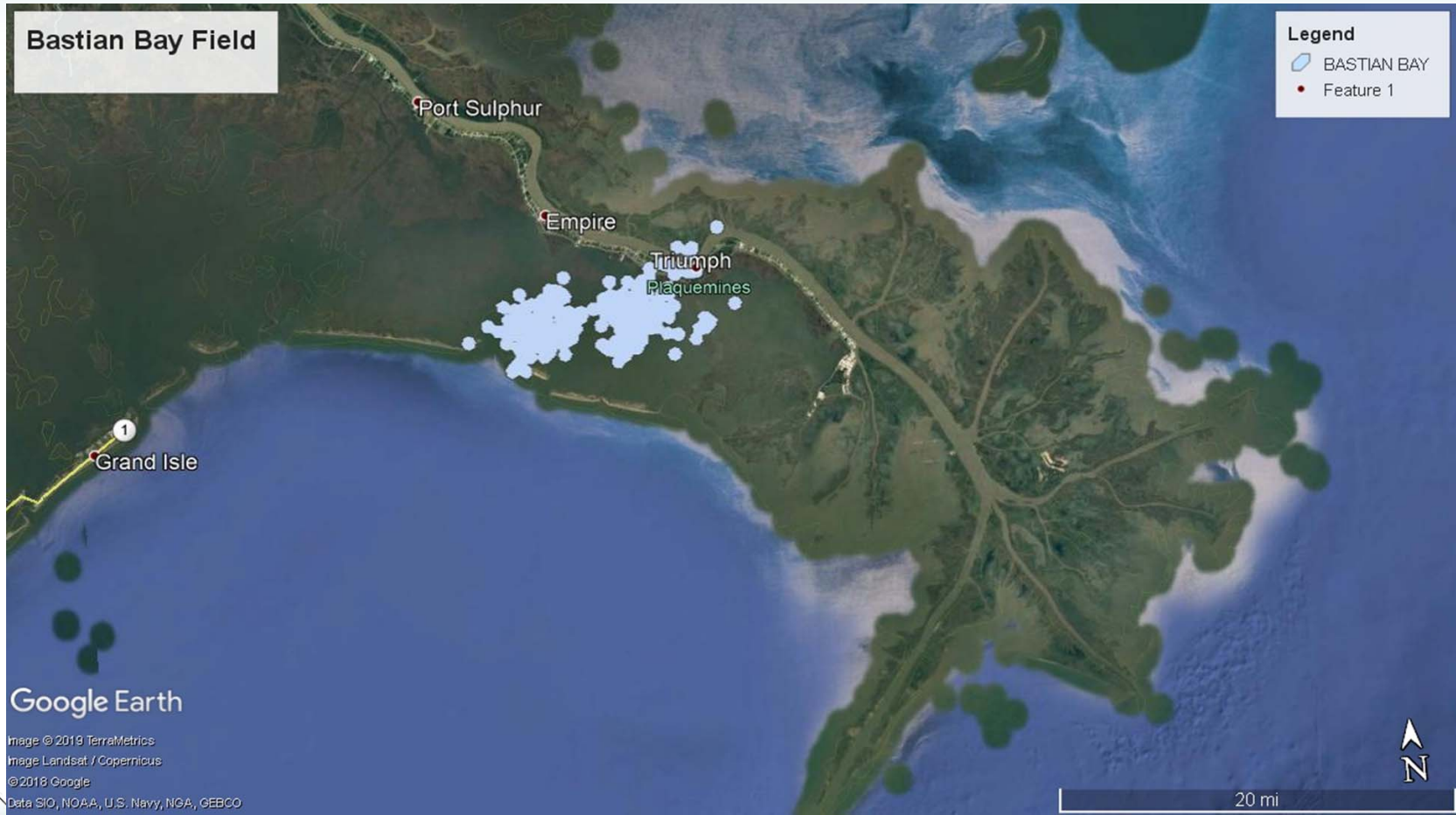




Louisiana Coastal Zone

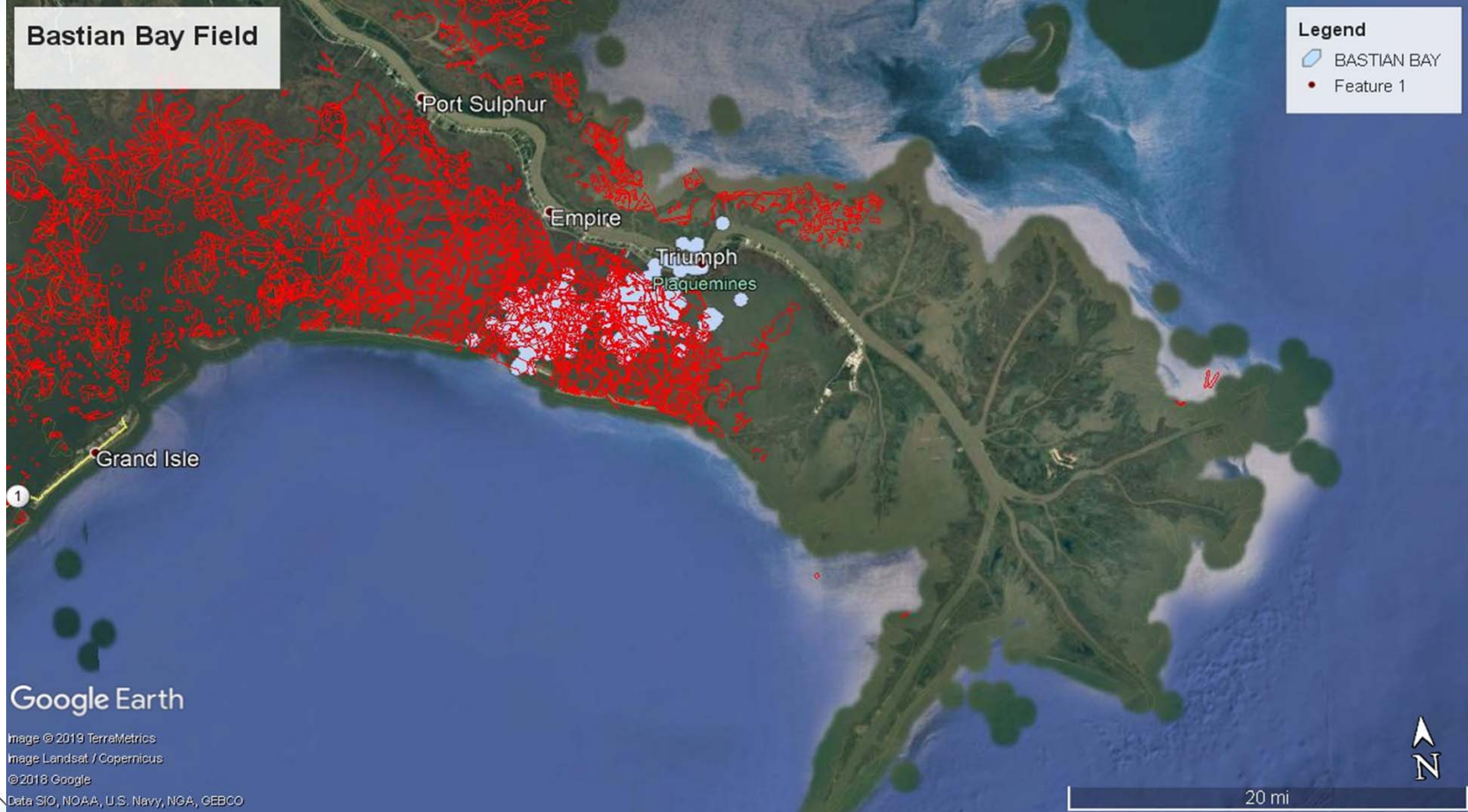


Bastian Bay Field

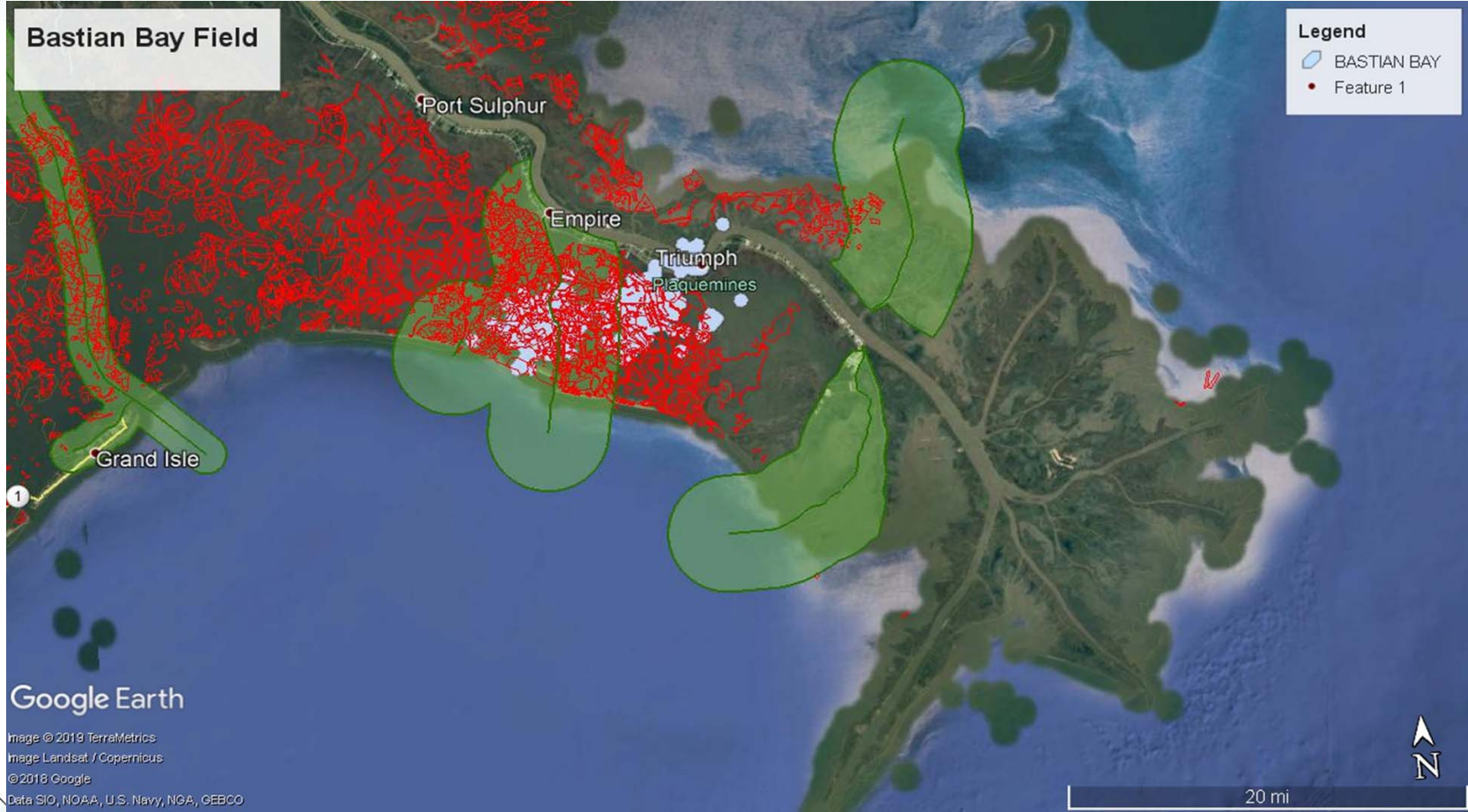




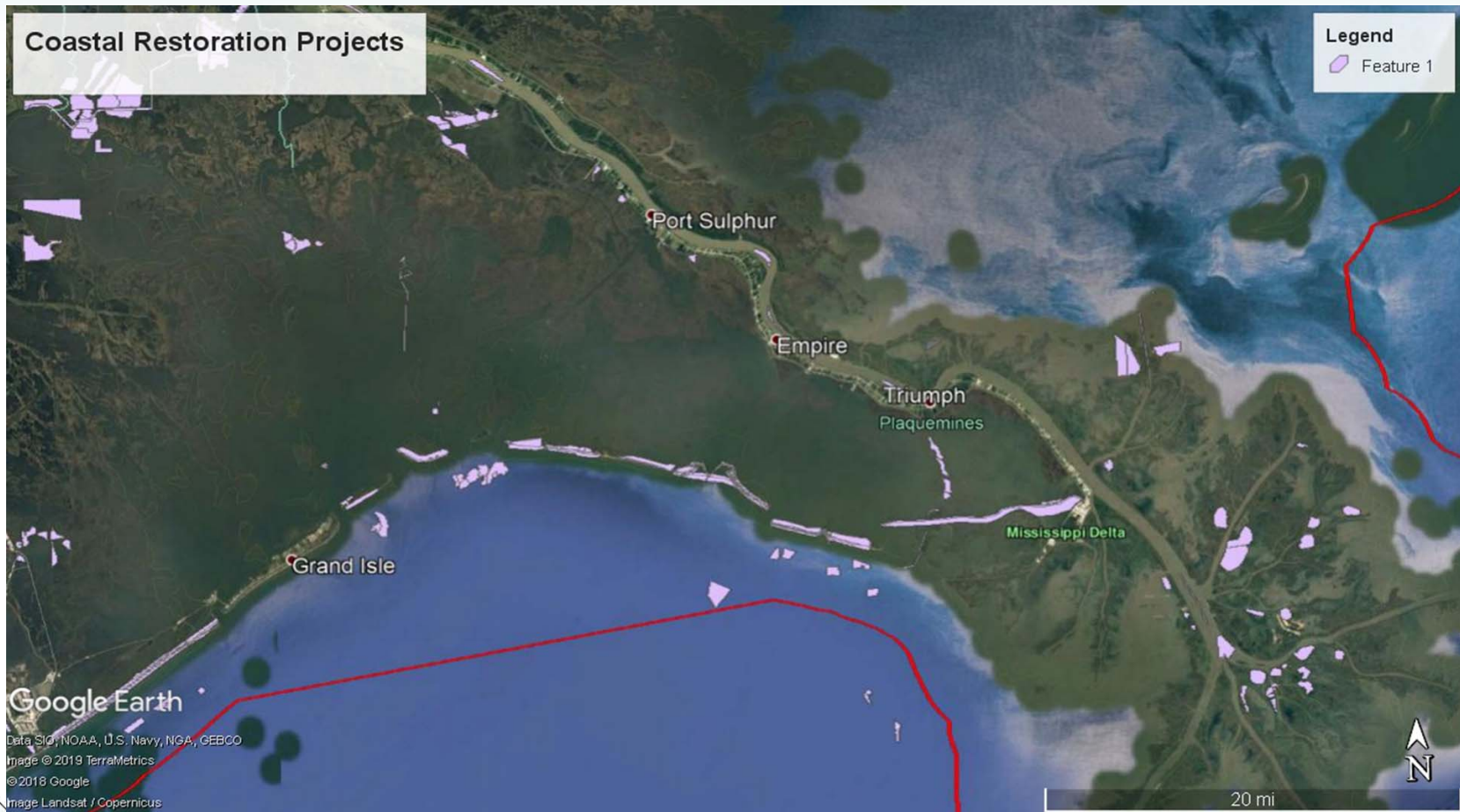
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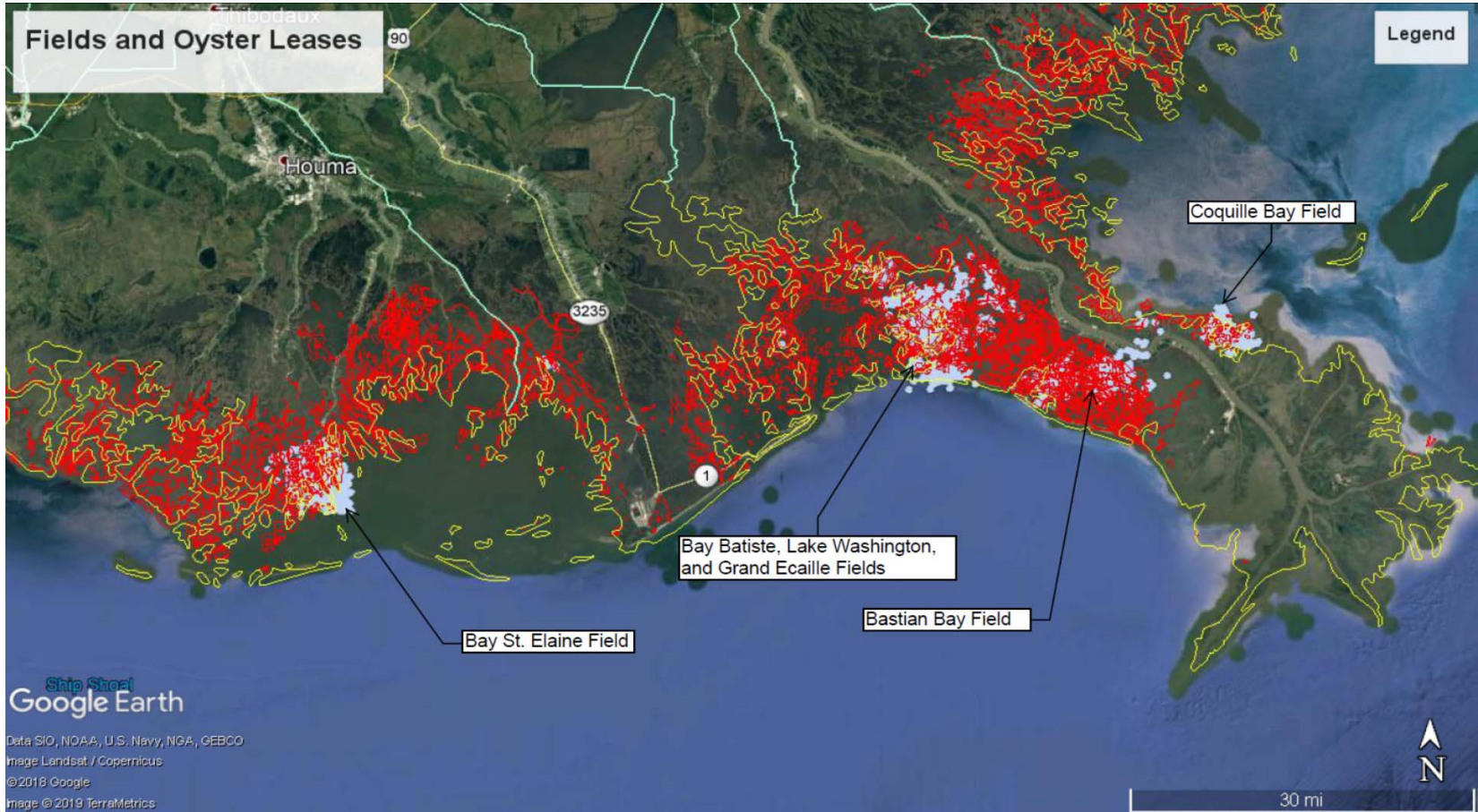




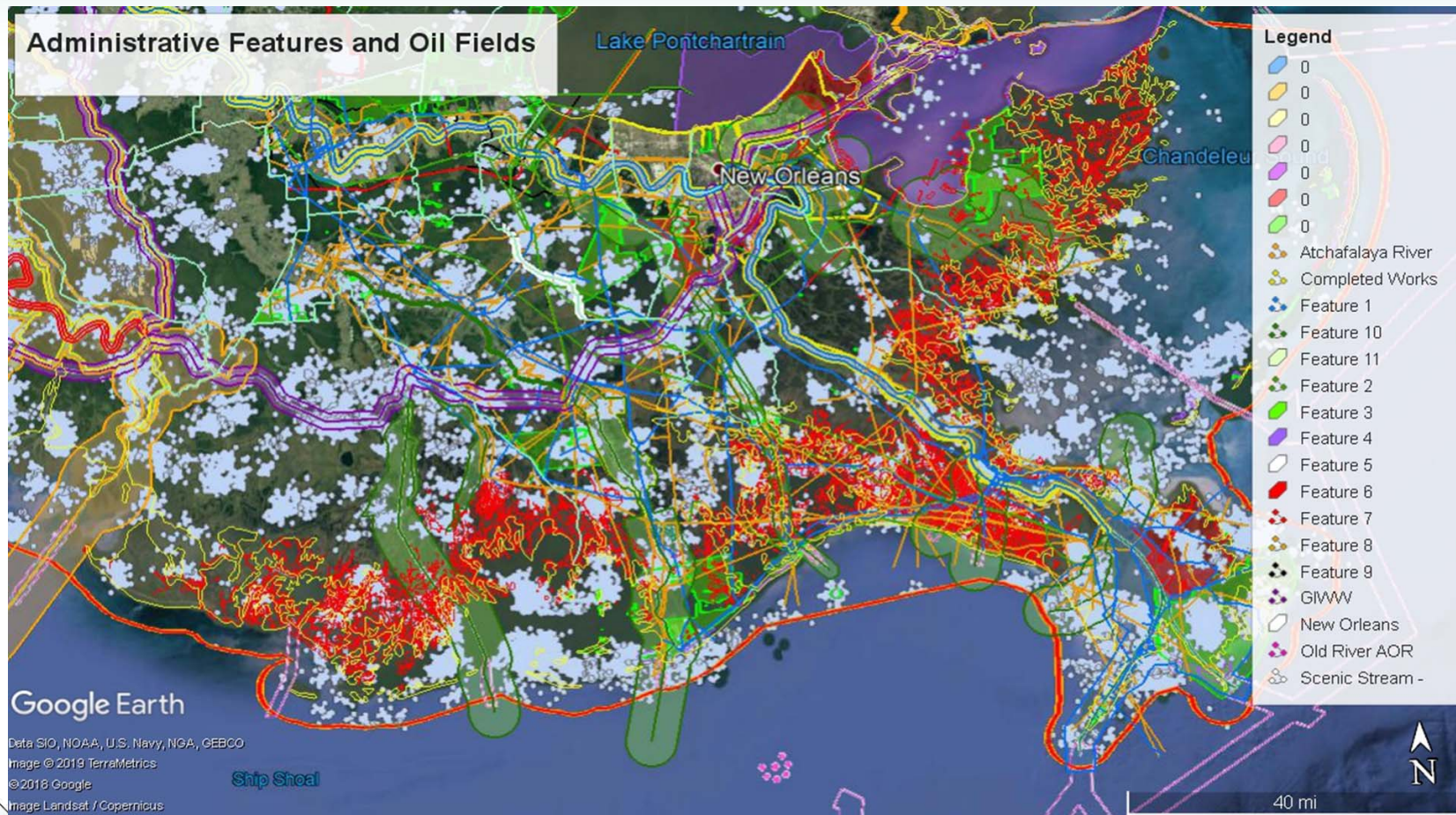


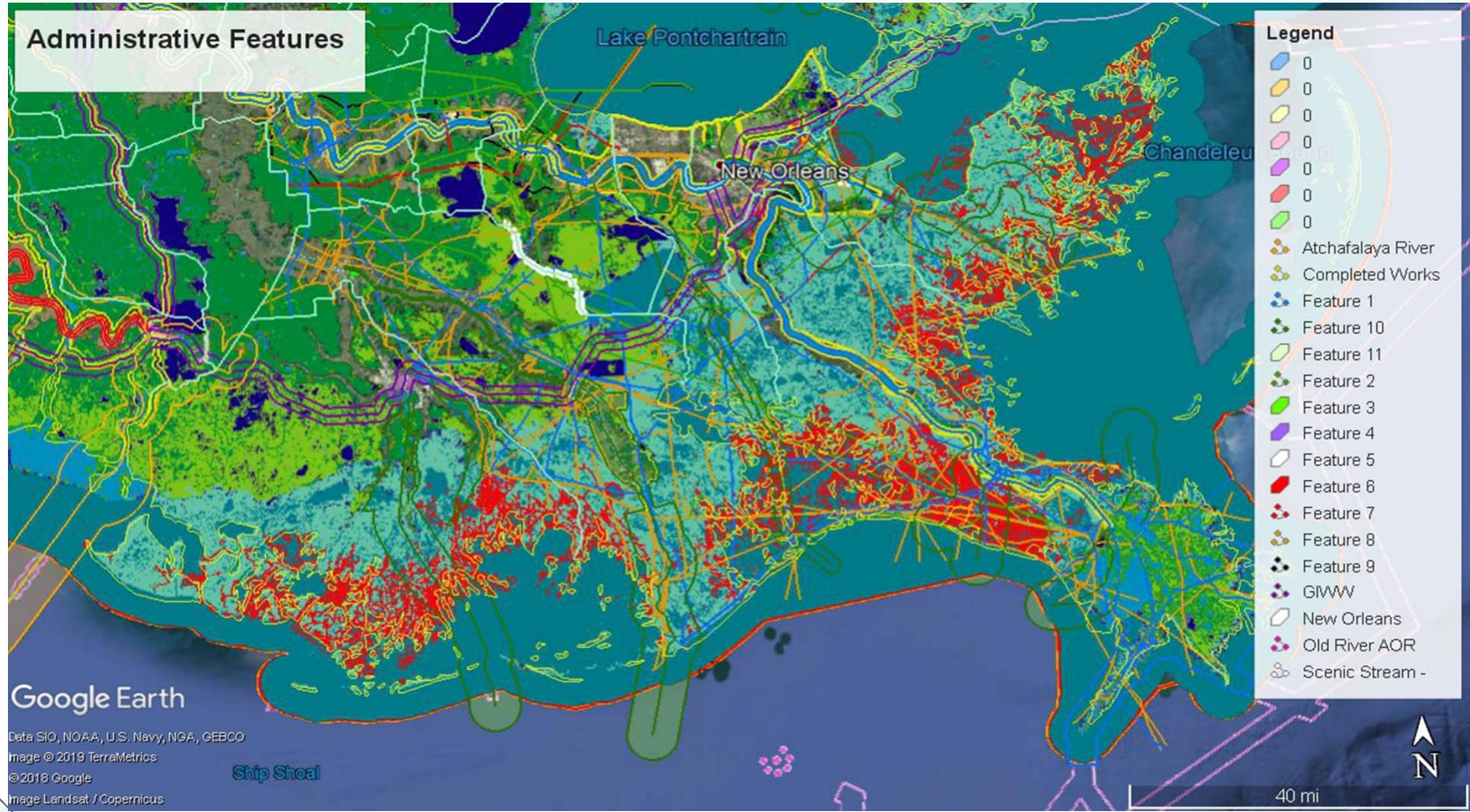
Coastal Restoration Projects





Administrative Features and Oil Fields



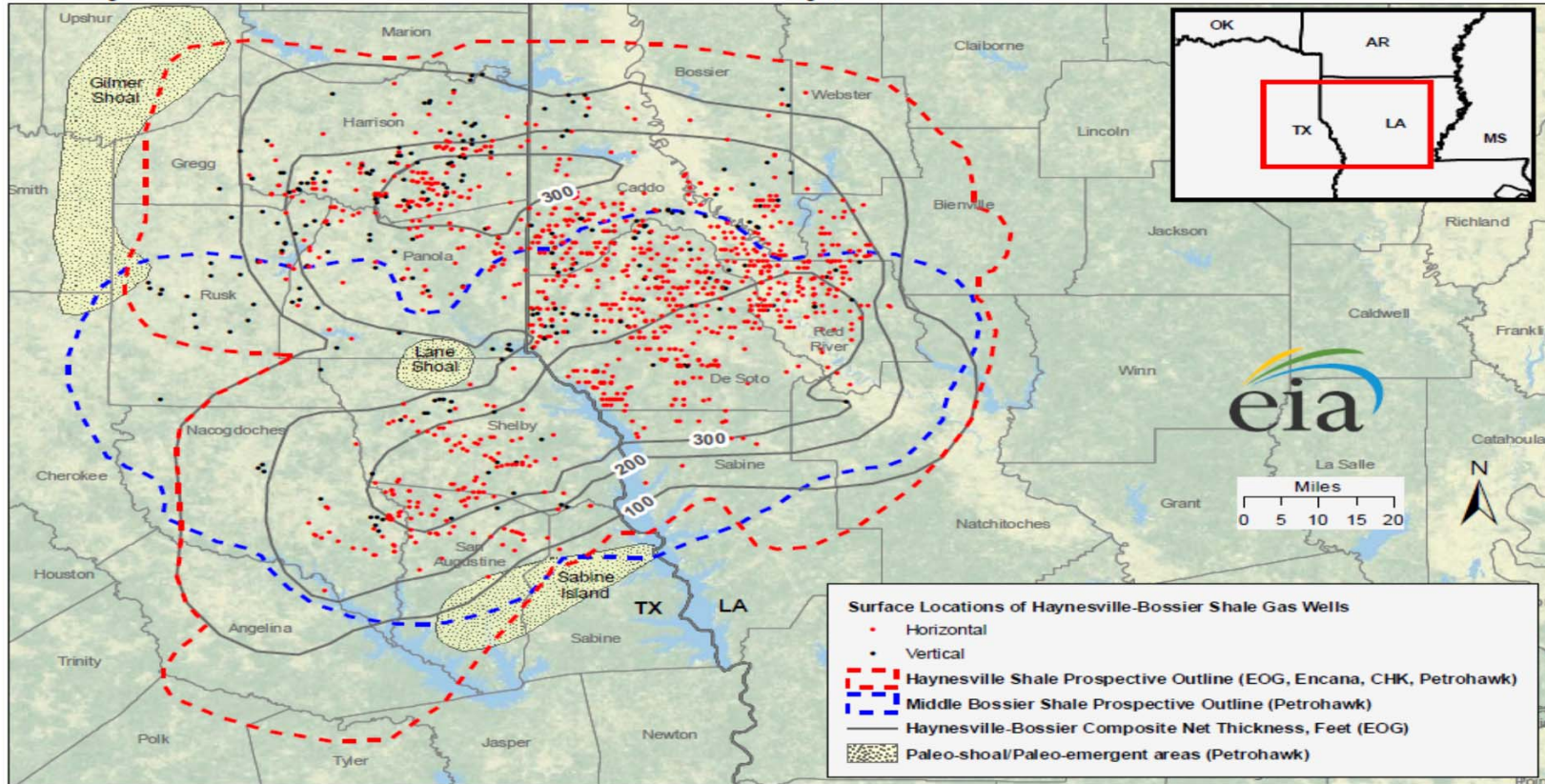


Haynesville-Bossier Shale vs. Coastal Louisiana



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Haynesville-Bossier Shale Play, Texas-Louisiana Salt Basin



Source: Energy Information Administration based on data from HPDI, TX Railroad Commission, LA Dept. of Natural Resources, Operators.



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Haynesville-Bossier Administrative Features



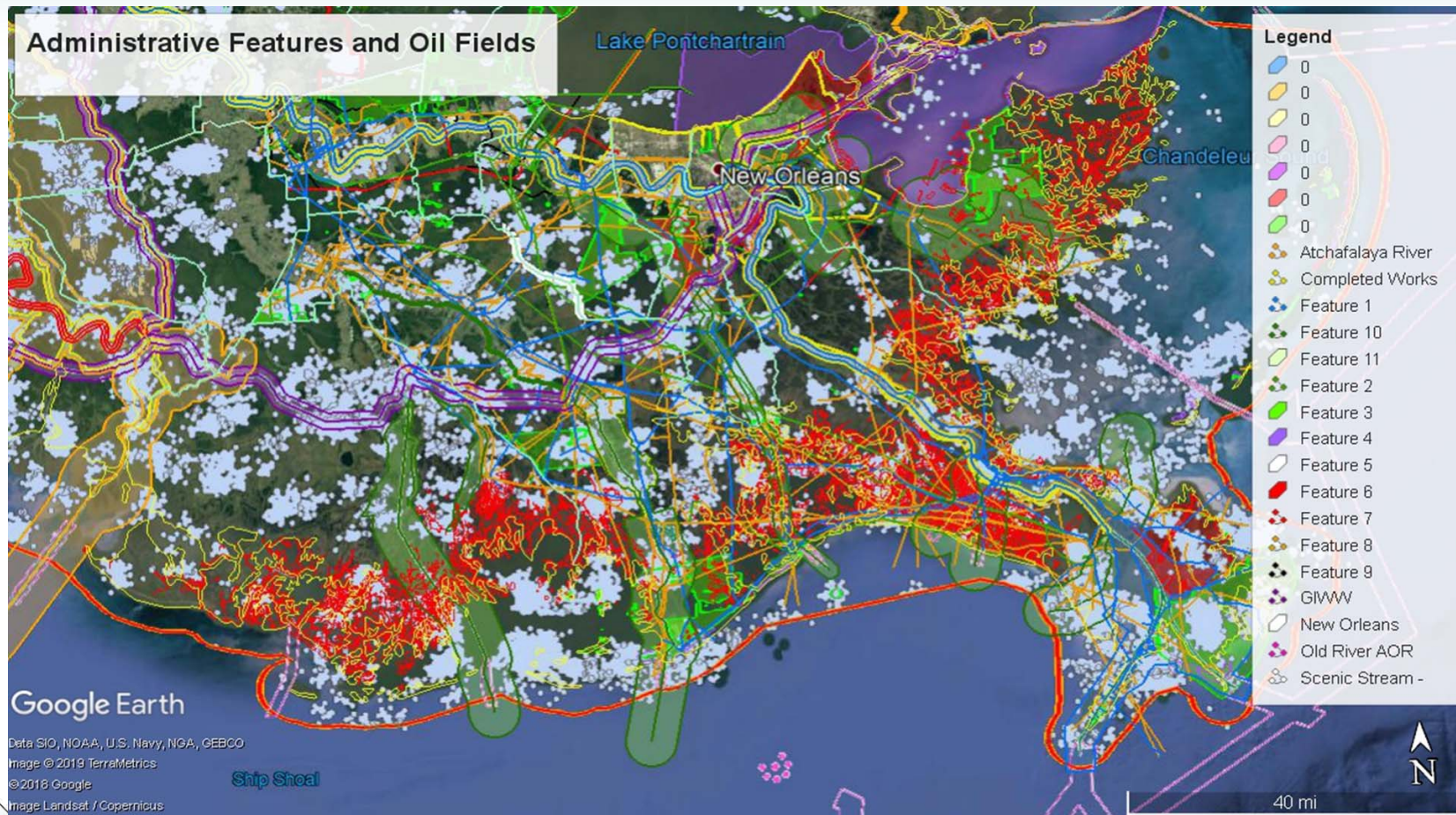
Google Earth

© USFWS
Image Landsat, MODIS
© 2018 Google

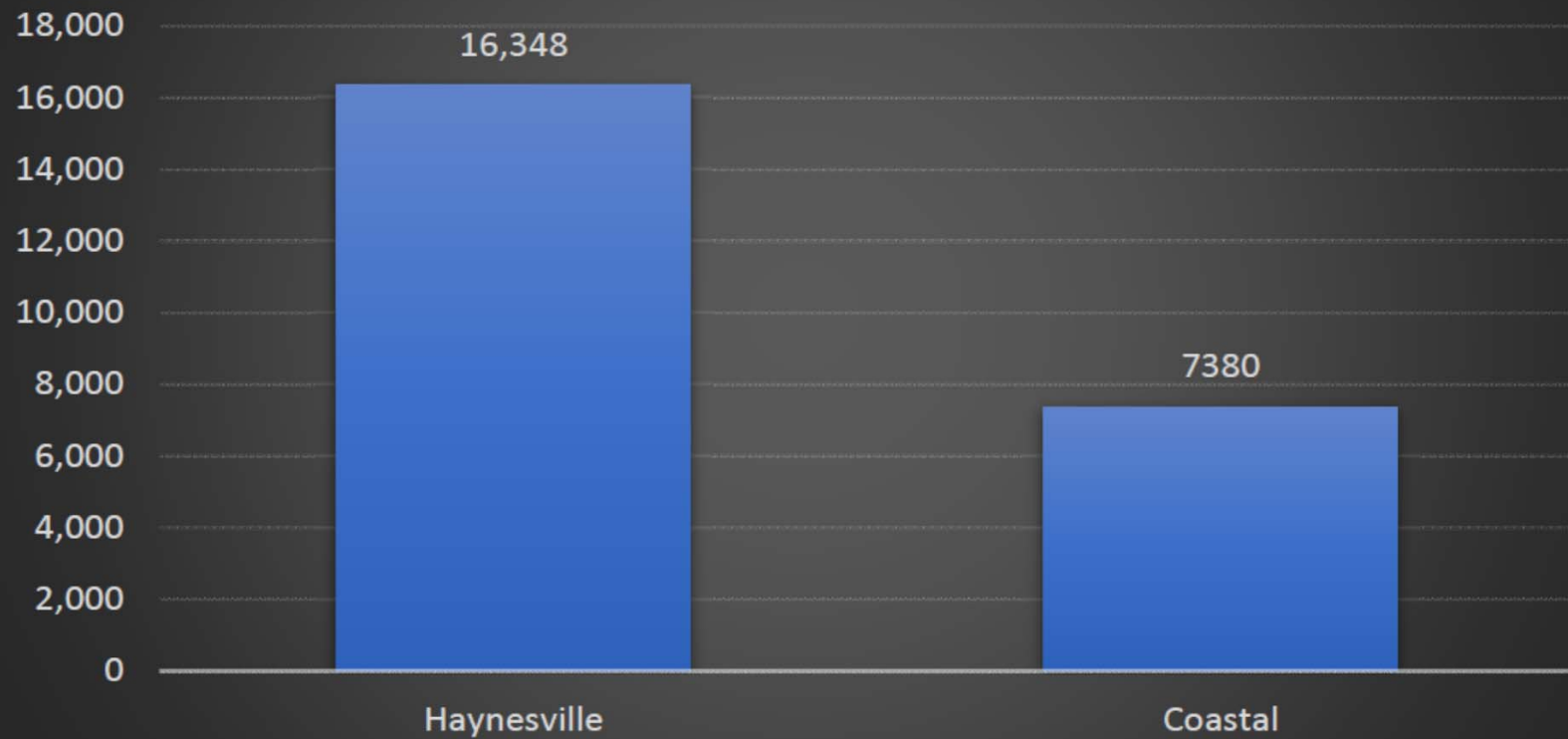


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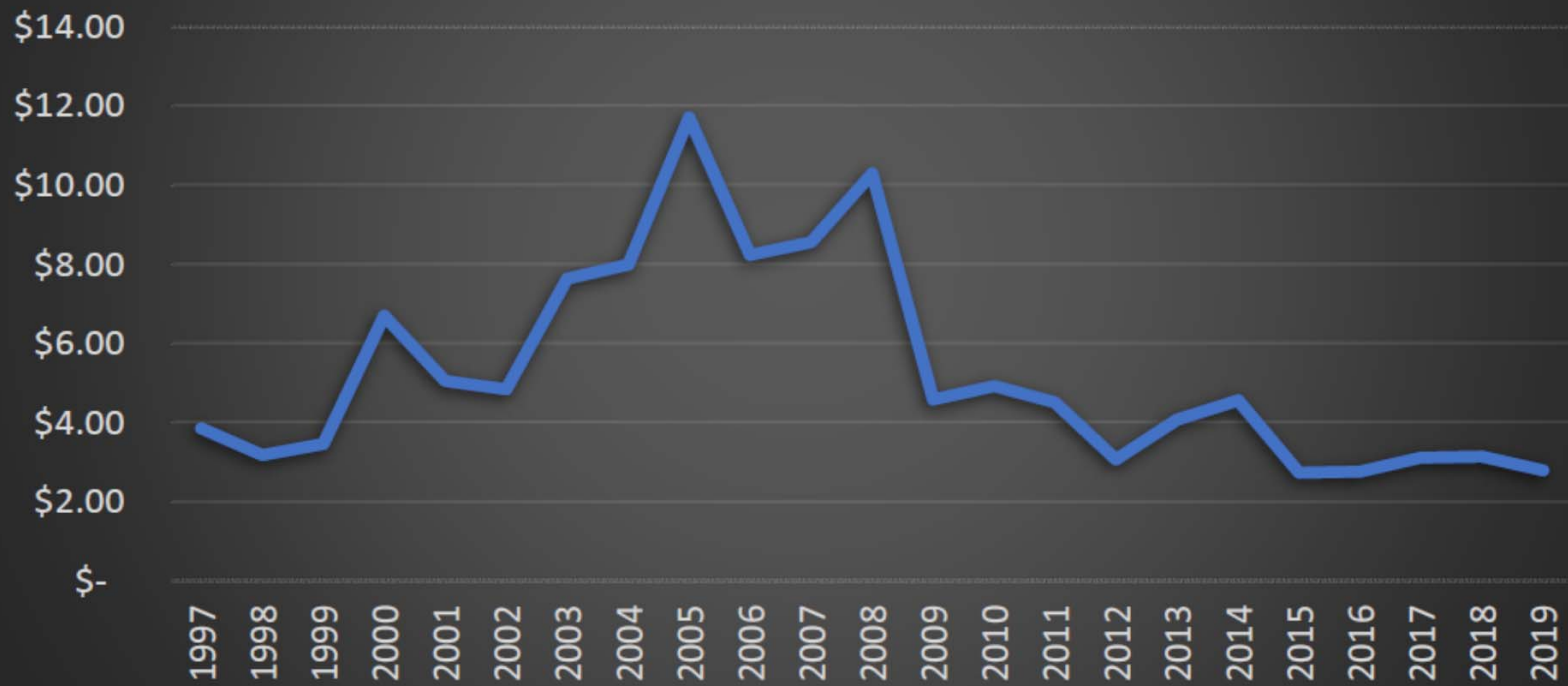
Administrative Features and Oil Fields



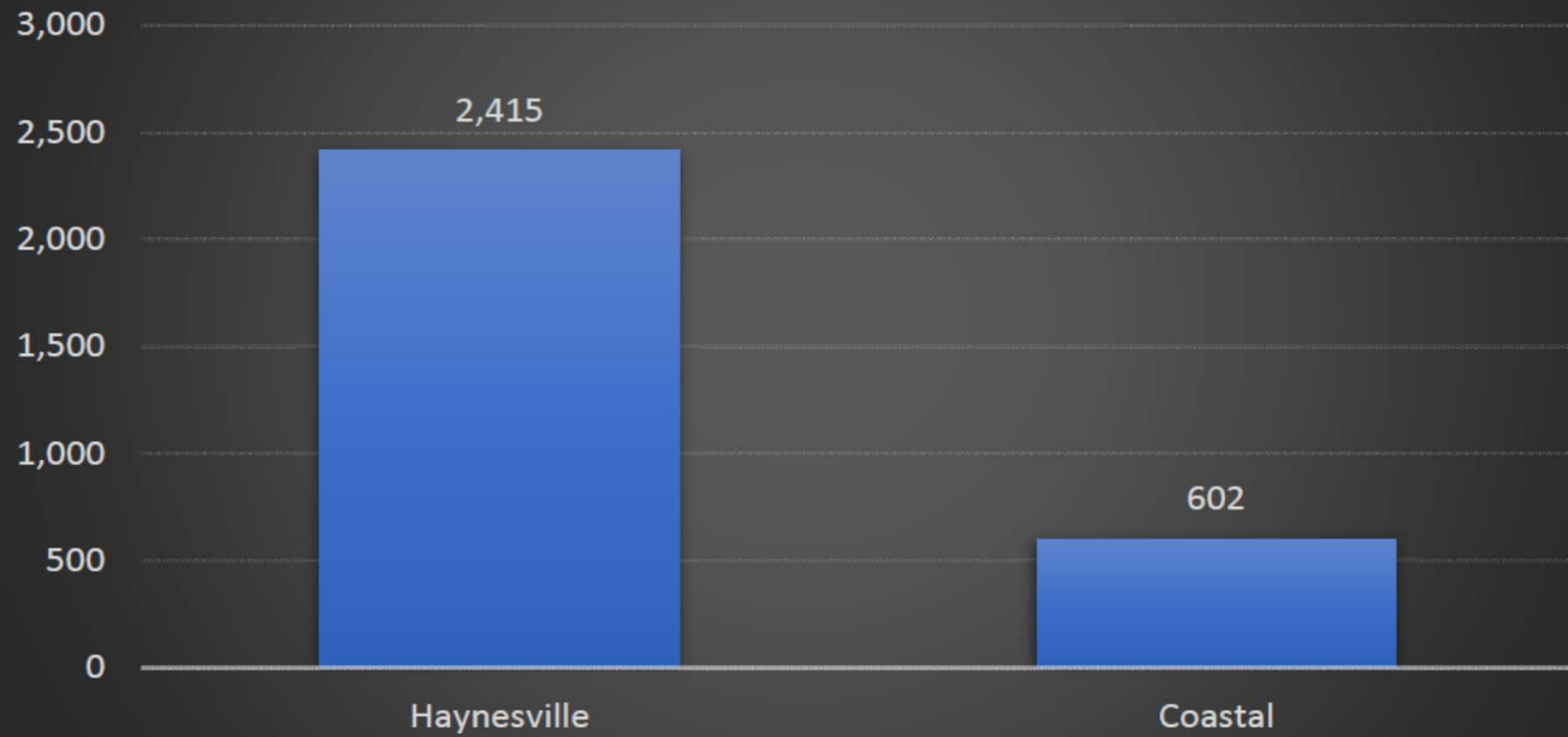
Wells 1995-2019



Natural Gas Prices 1997-2019 Yearly Average per Mcf



Wells 2014-2019



Parish Lawsuits

- Several coastal parishes
- State as intervenor
- State as investigator

- Southeast Louisiana Flood Protection Authority – East

- Legacy lawsuits



THE PARISH OF CAMERON

NUMBER: 10-19580

VERSUS

ALPINE EXPLORATION COMPANIES, INC., APACHE OIL CORPORATION, ATLANTIC RICHFIELD COMPANY, BEPCO, L.P., BOPCO, L.P., BP AMERICA PRODUCTION COMPANY, CEDYCO CORPORATION, CHEVRON U.S.A. HOLDINGS, INC., CHEVRON U.S.A., INC., CONOCOPHILLIPS COMPANY, CRIMSON EXPLORATION OPERATING, INC., CYPRESS E&P CORPORATION, DAVIS OIL COMPANY, DAVIS PETROLEUM CORPORATION, DENBURY ONSHORE, LLC, DEVON ENERGY PRODUCTION COMPANY, L.P., ENERGEN RESOURCES CORPORATION, EXXON MOBIL CORPORATION, HESS CORPORATION, HUNT OIL COMPANY, LINDER OIL COMPANY, A PARTNERSHIP, LOPCO, INC., MAR-LOW CORPORATION, MCCORMICK OPERATING COMPANY, MOBIL OIL EXPLORATION & PRODUCING SOUTHEAST INC., SABLE MINERALS, INC., SHORELINE SOUTHEAST LLC, THE TEXAS COMPANY, TOCE ENERGY, L.L.C., TOTAL PETROCHEMICALS & REFINING USA, INC., WAGNER OIL COMPANY AND WILLIAMS EXPLORATION COMPANY

38TH JUDICIAL DISTRICT COURT

PARISH OF CAMERON

STATE OF LOUISIANA

RECEIVED & FILED
2016 APR 13 AM 10 40
CLERK OF COURT
CAMERON PARISH, LA.

PETITION IN INTERVENTION OF THE STATE OF LOUISIANA,
THROUGH THE DEPARTMENT OF NATURAL RESOURCES,
OFFICE OF COASTAL MANAGEMENT

NOW INTO COURT, through undersigned counsel, come the **State of Louisiana**, through the **Louisiana Department of Natural Resources, Office of Coastal Management** and its **Secretary, Thomas F. Harris**, who respectfully represent as follows and request the Court allow this intervention:

THE PARISH OF PLAQUEMINES

NUMBER: 60-982

DIVISION: B

VERSUS

CONOCOPHILLIPS COMPANY, CHEVRON U.S.A. INC., CLAYTON WILLIAMS ENERGY, INC., NOBLE ENERGY, INC., EXXON MOBIL CORPORATION, FOREST OIL CORPORATION, FREEPORT SULPHUR COMPANY, XH, LLC, HILCORP ENERGY COMPANY, THE LOUISIANA LAND AND EXPLORATION COMPANY LLC, LINDER OIL COMPANY, A PARTNERSHIP, LLOG EXPLORATION & PRODUCTION COMPANY, L.L.C., SHELL OIL COMPANY, SWIFT ENERGY OPERATING, LLC, CHEVRON U.S.A. HOLDINGS INC., THE TEXAS COMPANY, ATLANTIC RICHFIELD COMPANY, AND BP AMERICA PRODUCTION COMPANY

25TH JUDICIAL DISTRICT COURT

PARISH OF PLAQUEMINES

STATE OF LOUISIANA /s/EDWARD E. KIRBY
BY CLERK

FILED

APR 07 2016

PETITION IN INTERVENTION OF THE STATE OF LOUISIANA,
THROUGH THE DEPARTMENT OF NATURAL RESOURCES,
OFFICE OF COASTAL MANAGEMENT

NOW INTO COURT, through undersigned counsel, come the **State of Louisiana**, through the **Louisiana Department of Natural Resources, Office of Coastal Management** and its **Secretary, Thomas F. Harris**, who respectfully represent as follows and request the Court allow this intervention:



JOHN BEL EDWARDS
GOVERNOR



THOMAS F. HARRIS
SECRETARY

State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF THE SECRETARY

January 28, 2019

Honorable Joseph L. Waitz, Jr.
District Attorney, 32nd Judicial District, Parish of Terrebonne
P.O. Box 3600
Houma, LA 70361-3600

Re: Coastal Land Loss Claims under SLCRMA

Dear Mr. Waitz:

A number of coastal parishes have filed lawsuits against various oil and gas exploration and production companies for their historical activities that led to significant coastal land loss and allegedly violated the Louisiana State and Local Coastal Resources Management Act of 1978, La. R.S. 49:214.21, et seq. ("SLCRMA"). The alleged violations consist of either violations of existing coastal use permits or failure to obtain coastal use permits that were required under the statute.

La. R.S. 49:214.36(D) allows for judicial enforcement actions to be undertaken by me, as Secretary of the Department of Natural Resources; the attorney general; the appropriate district attorney; or, in parishes with approved local coastal programs, the local government. The parish governments of Plaquemines Parish and Jefferson Parish first filed suits during the Jindal administration. After Governor Edwards and Attorney General Landry took office, they both intervened in those pending suits. Cameron Parish, Vermilion Parish, St. Bernard Parish, and St. John the Baptist Parish have since filed suit, either by the local government or the district attorney. The Governor and Attorney General have also intervened in those cases. No lawsuits have been filed by the State of Louisiana or by the Governor.

In 2016, the Governor and the Attorney General urged each parish with potentially significant claims to retain counsel and to begin an evaluation of the damages that may exist in each parish, so that in the event of future serious settlement negotiations there would be credible evidence of damages caused by oil and gas exploration/production. The evaluation would require, at the very least, the comparison of historical aerial photography with current imaging in oil and gas fields; determination, likely through third party vendors, of the amounts of oil and gas produced, and water produced from each well, and the disposition of waste, if any. The retention of expert witnesses in various fields will be necessary to determine the effects, if any, of exploration and production activities on land loss. Further, the coastal use permits, or lack thereof, will have to be examined for each well and its associated equipment.

In response to the Governor and Attorney General's request, it appears that virtually every parish with potentially significant claims has retained outside counsel to begin the damage evaluation process and are retaining experts to assist in the damage evaluations. The single exception is Terrebonne Parish.

Post Office Box 94396 ♦ Baton Rouge, Louisiana 70804-9396
617 N. Third Street ♦ 12th Floor ♦ Suite 1240 ♦ Baton Rouge, Louisiana 70802
(225) 342-2710 ♦ <http://www.dnr.louisiana.gov>
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Terrebonne Parish has lost significant coastal land and been a center of oil and gas exploration and production activity. While we understand that attorneys with the Parish Attorney's office have done some preliminary work, we are not aware of any experts retained or findings they have produced. The work done thus far appears to be inadequate and will not produce a useful damages model consistent with the damage model(s) being developed by the other coastal parishes.

Because Terrebonne Parish is within the coastal zone, under La. R.S. 49:214.36(D), you are an "appropriate district attorney" to participate in civil enforcement of SLCRMA. Furthermore, under La. R.S. 49:214.26(A), I or my designee shall administer the coastal management program. Under § 214.26(B), I can authorize my designee to, among other things, "[c]onduct or cause to be conducted investigations, studies, planning, and research" and "[m]ake recommendations to the secretary relative to appropriate enforcement measures for violations of this Subpart and measures to obtain civil relief, as provided by R.S. 49:214.36(D)."

I have determined that, notwithstanding my general designation of Assistant Secretary Keith Lovell, it is appropriate for me to appoint a special designee for the limited purposes of investigating potential violations of the SLCRMA and evaluating what damages have arisen related to those violations in Terrebonne Parish. Pursuant to my cited statutory authority, and at the request of the Governor, I hereby appoint you to investigate any historical SLCRMA violations by oil and gas exploration and production companies in Terrebonne Parish and resulting damages, if any, and report your findings to me. (NOTE: This designation does not make you an employee or agent of the Department of Natural Resources.) Neither the Governor nor I are asking or suggesting that you file a lawsuit, but instead that you take the necessary steps, consistent with what the other coastal parishes have done and are doing, to investigate possible violations, put together a damage model and advise me of your findings.

Should you have any questions, please do not hesitate to contact me or Donald Price, Special Counsel to DNR, who is coordinating the litigation on behalf of DNR.

Sincerely,

Thomas F. Harris
Secretary

Cc: Donald W. Price
Megan K. Terrell



Project Consulting Services®, Inc.

LEGAL SERVICES CONTRACT

THIS CONTRACT OF EMPLOYMENT is made and entered into this 20th day of February, 2019 by and between,

THE HONORABLE JOSEPH L. WAITZ, JR., DISTRICT ATTORNEY, 32ND JUDICIAL DISTRICT, PARISH OF TERREBONNE, STATE OF LOUISIANA (hereinafter "Client");

And

DUVAL, FUNDERBURK, SUNDBERY, RICHARD & WATKINS, APLC, represented herein by **STANWOOD R. DUVAL**; and

ST. MARTIN & BOURQUE, LLC, represented herein by **CHARLES C. BOURQUE** (hereinafter collectively, along with any other attorneys associated pursuant to Section 8, below, referred to as "Attorneys");

(1) **Nature of Legal Services.** Pursuant to the request received on January 28, 2019 from the Secretary of the Department of Natural Resources, Thomas F. Harris, Client has engaged Attorneys to represent Client, and those parties Client is allowed to represent, with regard to claims, including but not limited to: land loss, environmental damage, restoration costs, injunction relief and any other claims ("Claims") pursuant to the provisions of State and Local Coastal Resources Management Act of 1978 (La. R. S. 49:214.21 et seq.) (hereafter "Contract"). Attorneys shall conduct an investigation for the purposes of determining whether any persons or legal entities have violated any of the provisions of La. R. S. 49:214.21 et seq. as applied to uses or activities in the coastal zone of Terrebonne parish. If it is determined by Attorneys that there is sufficient evidence to support Claims by Client pursuant to the provisions of La. R.S. 49:214.21 et seq., Attorneys shall make recommendations to client as to the appropriate legal actions or actions to be taken in order to pursue such Claims. At this time Attorneys are not authorized to file any suit and can only do so with the express written authorization of Client.





Hebert & Marceau, L.L.C.
Attorneys and Counselors at Law
(A Limited Liability Co. of Professional Law Corporations)

Phone: (985) 876-4324
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Email: hm@hmlawfirm.com
www.hmlawfirm.com

Chad M. Luke
Michelle L. Neil

* Julius P. Hebert, Jr.
* Brian J. Marceau
* A Professional Law Corporation
* Also Admitted in Texas

January 30, 2019

Certified Return/Receipt
7018113000169876220

Re: TPCG: Coastal Use Permits
Litigation
Legal Representation
Our File #16243

Dear Kelly:

I have been requested by Parish President Gordon Dove to advise you he has not authorized litigation nor retained or authorized any other attorney(s) to represent the local government, Terrebonne Parish Consolidated Government, concerning Coastal Permitting and possible related litigation.

Please be advised that I am the Parish Attorney for Terrebonne Parish Consolidated Government (TPCG). TPCG operates pursuant to Home Rule Charter Government by authority of Louisiana Constitution-La. Const. Art. VI §5 and 6. The Parish Attorney is appointed by the Parish President, and confirmed by TPCG Council. Further, be advised, pursuant to Terrebonne Parish Consolidated Government Home Rule Charter (HRC), all civil matters are handled by the Parish Attorney. TPCG - HRC and Code Articles 4-03, 2-73, 2-111. See La. R.S. 16:2 A&D, 42:261C; 49:214. 31D, 49:214.36 A, and D; See *Montgomery, DA St. Tammany Parish v. St. Tammany Parish Government*, 2018 WL 3151290 (La. 6/7/2018). (Opining the legislature has the authority to allow Home Rule Charter Governments to vote on and select its own attorney in lieu of the District Attorney representing the local government concerning civil law matters). See La. A.G. Opinions - 98-83, 00-189, 01-0430, 02-0001, 05-0296.

Based upon my research, I have read you represent one of the defendants in the Coastal Permit Use Litigation lawsuit.

4752 Hwy. 311 ♦ Suite 114 ♦ Houma, Louisiana 70360

January 30, 2019
2

As you know, at this time, Terrebonne Parish has not sued any energy entities for Coastal Permit Use issues that could exist under La. R.S. 49:214 *et seq.* TPCG is an approved local governmental body by the Louisiana Department of Natural Resources and is authorized to issue local permits and coastal impact certificates. TPCG reserves all legal rights to pursue any claims arising from Coastal Use Permits as allowed by Louisiana law.

Please do not accept any representation from anyone other than me. In the event that anyone attempts to represent any interest related to Terrebonne Parish Consolidated Government please contact me immediately.

Various energy (oil) entities, some which are your clients own large property acreage and/or rights to oil extraction in Terrebonne Parish, and have been issued Coastal Permits. Some of these entities have an operational presence in Terrebonne Parish. Terrebonne Parish Consolidated Government recognizes the extreme importance of these entities operations for its local economy, labor market, and its citizens. Parish President Dove is willing to meet with your clients to discuss Coastal Permitting issues. Please advise if your clients are interested in engaging informal discussion with the Parish President and me.

If you should have any questions, please contact my office.

With kindest regards, I remain,

Yours very truly,

Julius P. Hebert, Jr.

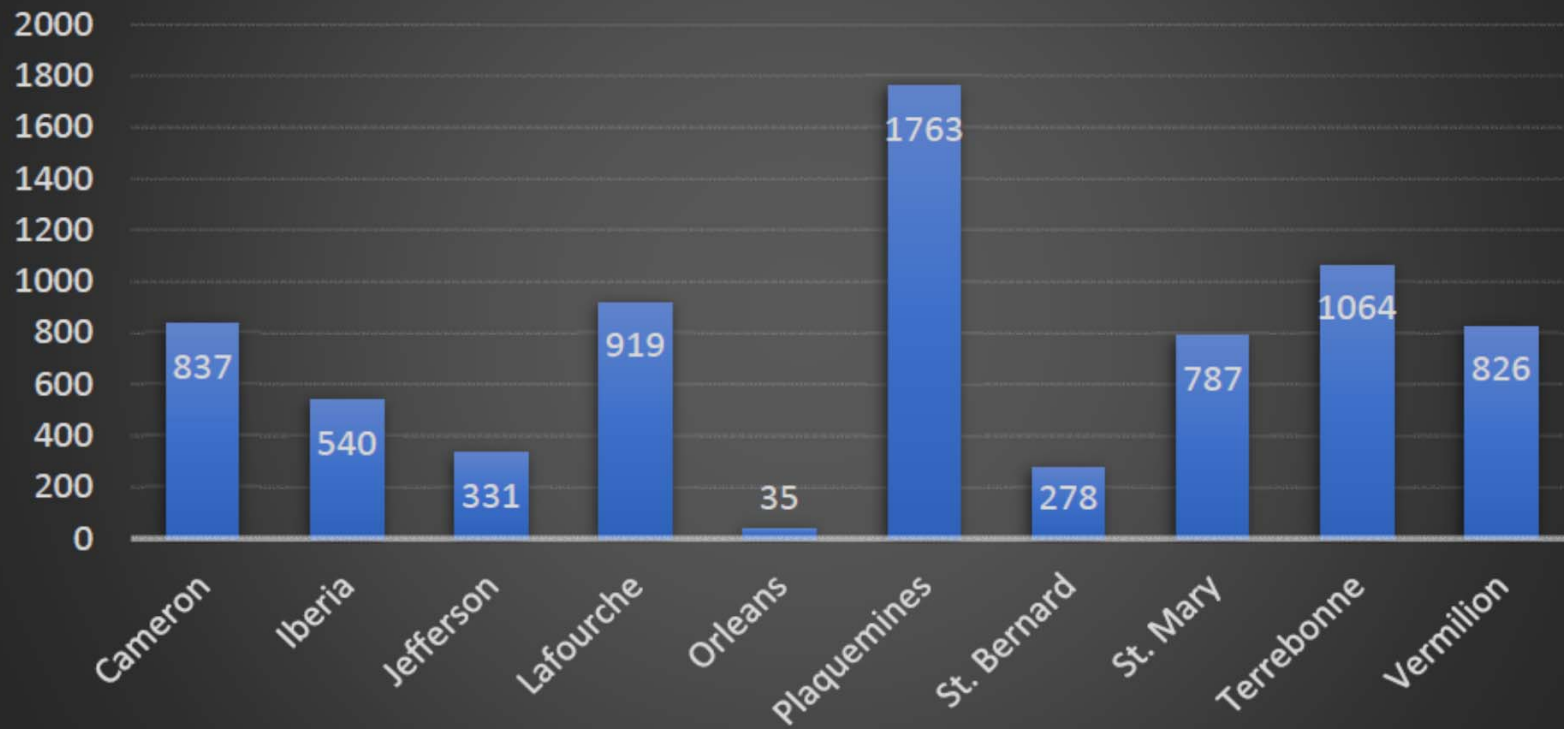
JPHjr:ljf

cc: Gordon Dove, Parish President Terrebonne Parish
Governor John Bel Edwards
Attorney General Jeff Landry
Donald Price, Counsel for DNR
Joseph L. Waitz, Jr., District Attorney for Terrebonne Parish

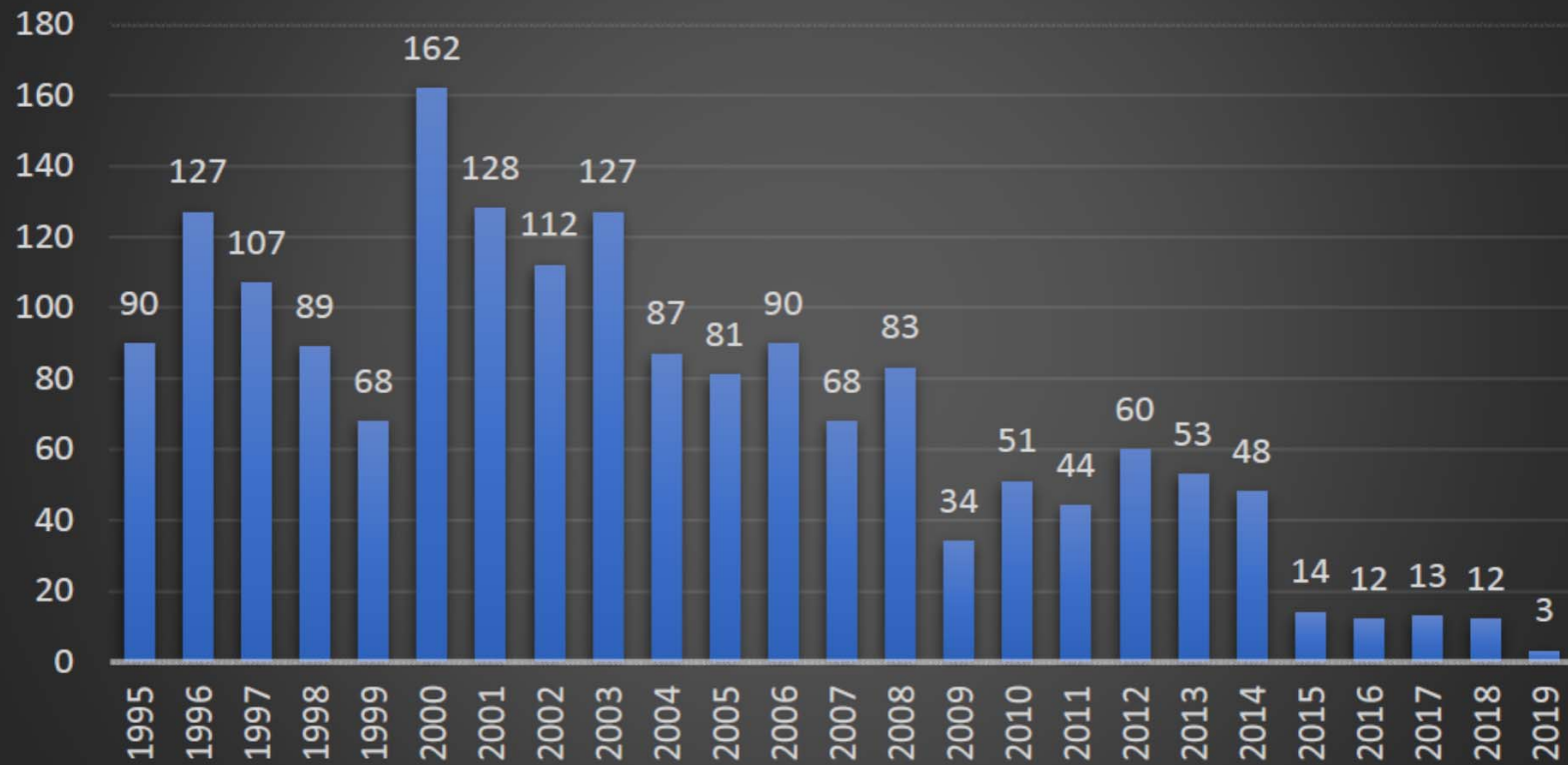


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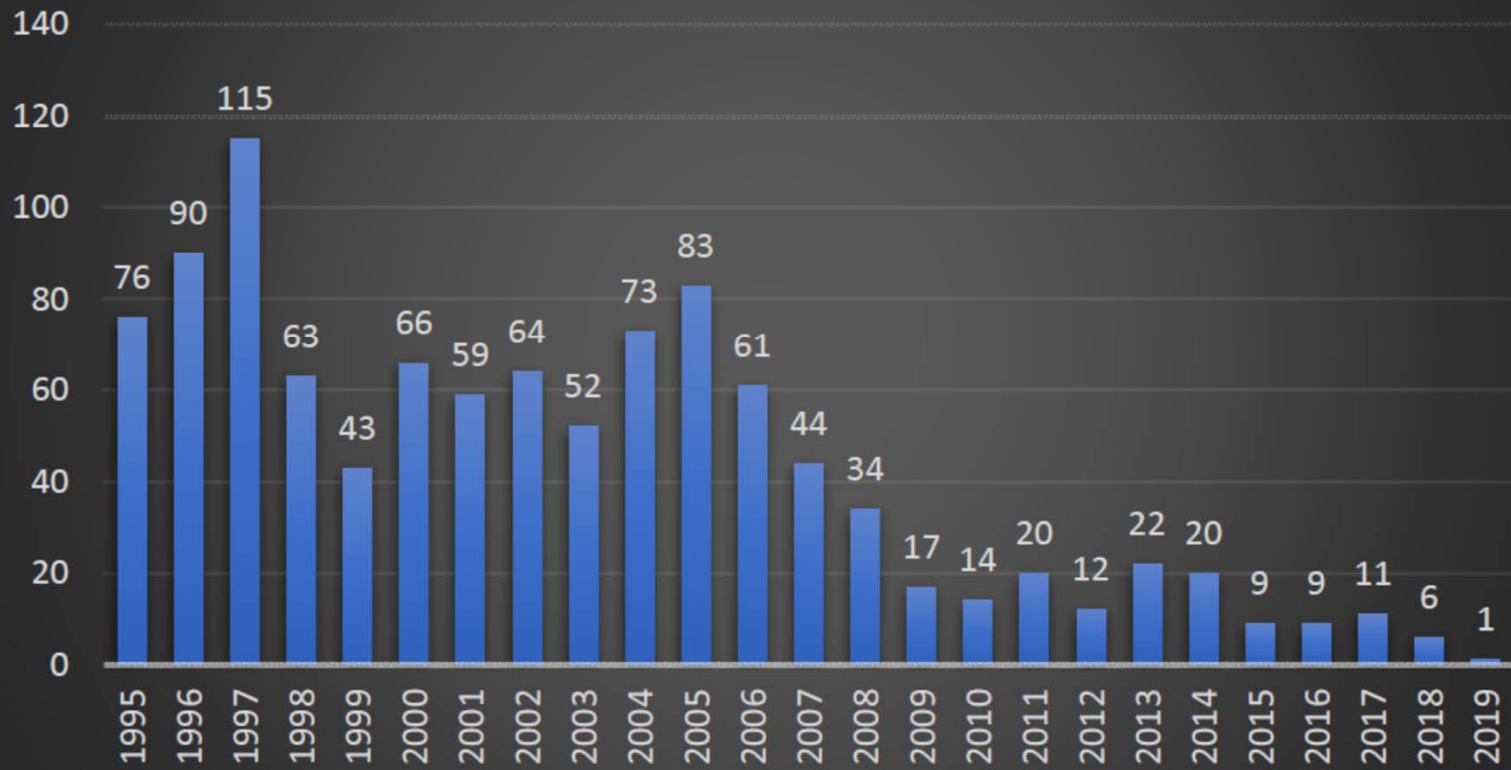
Wells 1995-2019



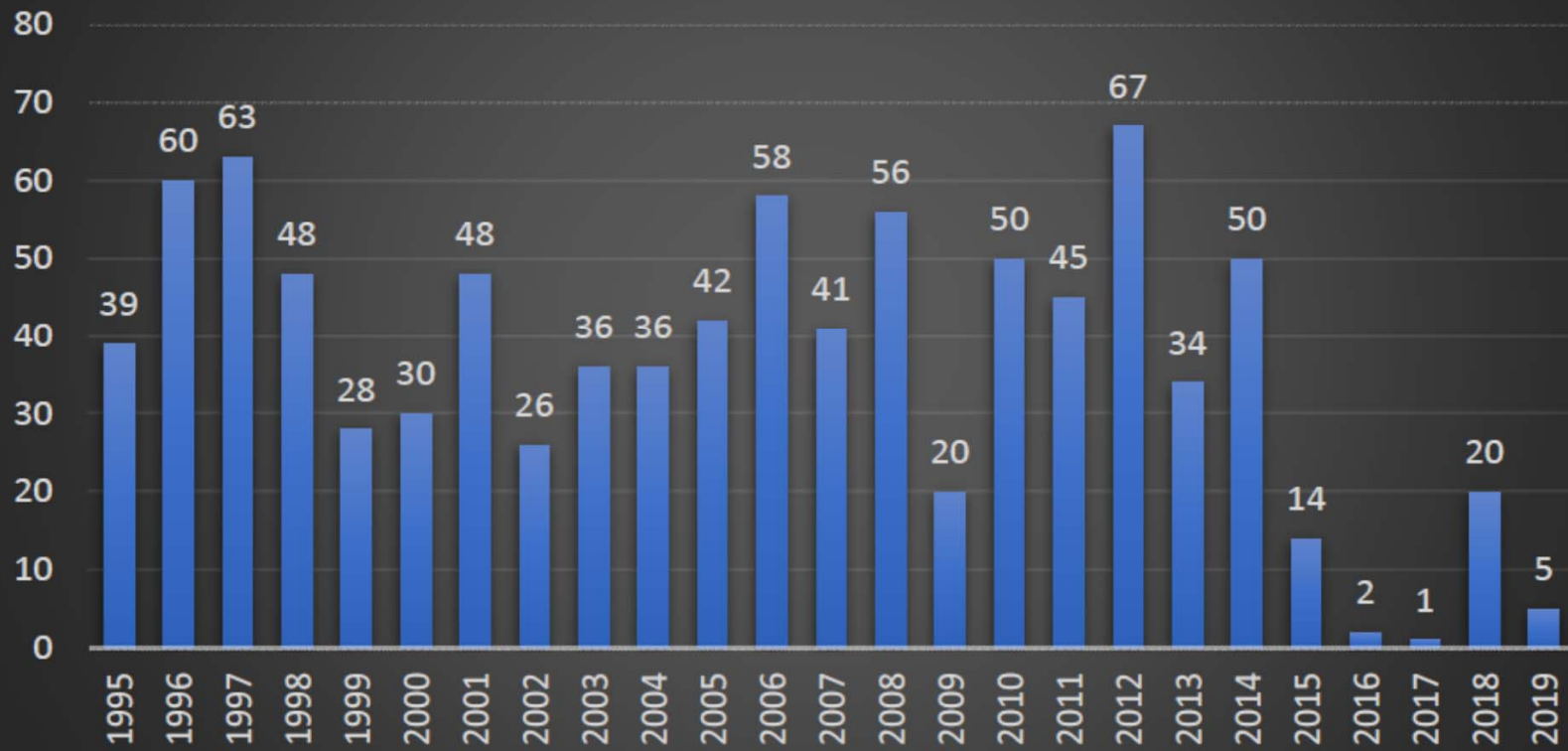
Plaquemines Parish - Well Count 1995-2019



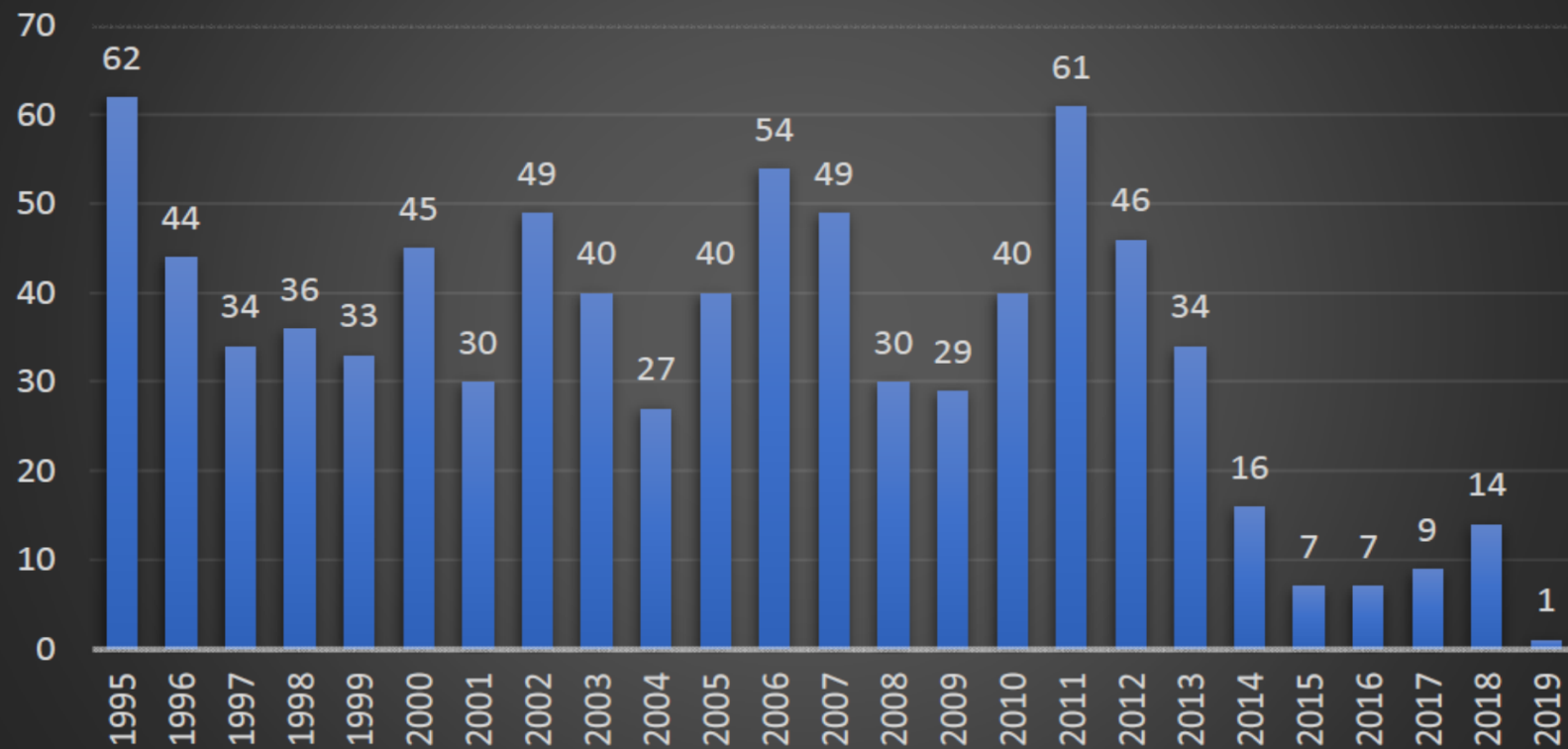
Terrebonne Parish - Well Count 1995-2019



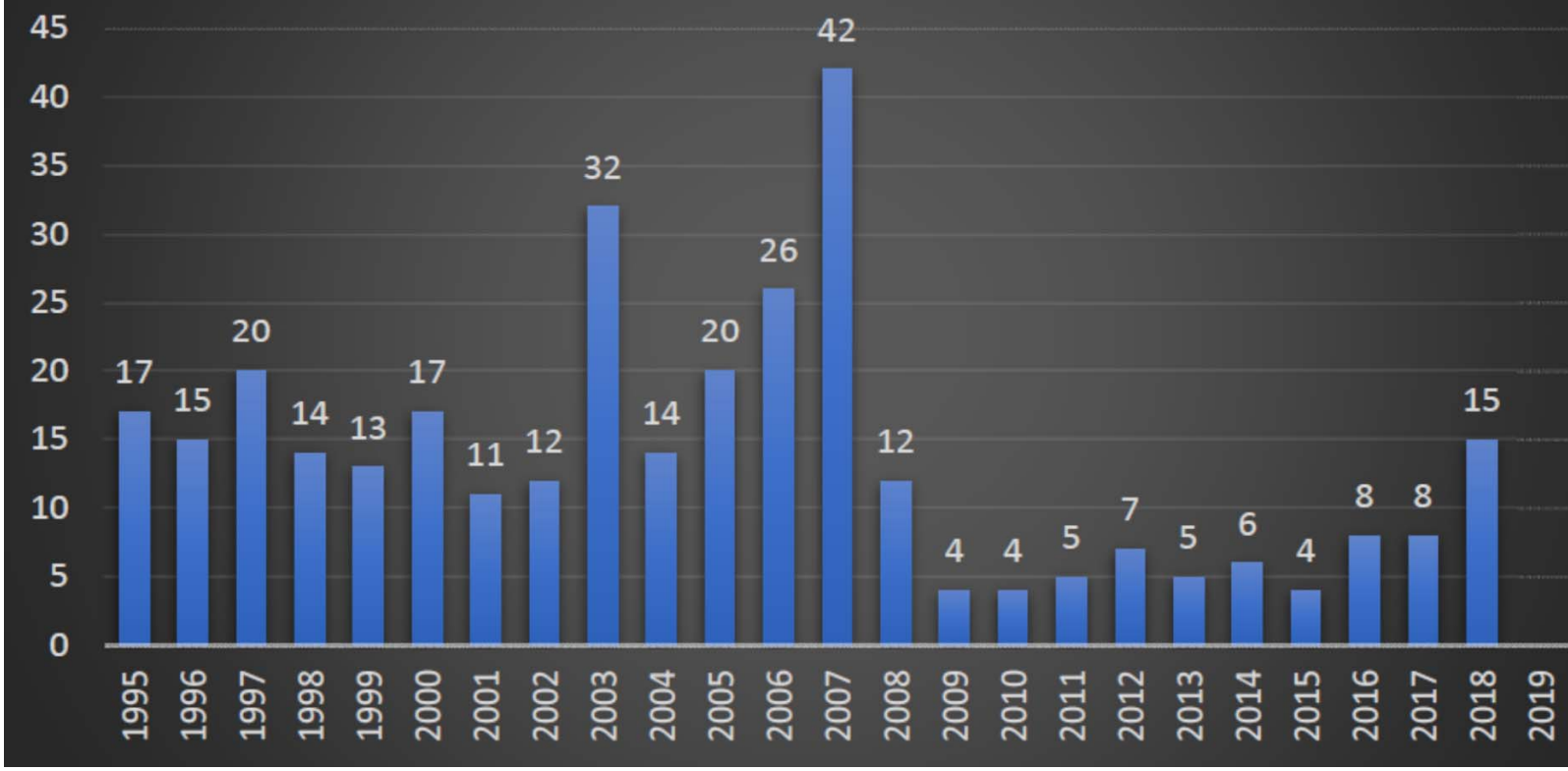
Lafourche Parish - Well Count 1995-2019



Cameron Parish - Well Count 1995-2019



Jefferson Parish - Well Count 1995-2019



State of Louisiana



KATHLEEN BARBEAUX BLANGO
GOVERNOR

SCOTT A. ANGELLE
SECRETARY
JAMES H. WELSH
COMMISSIONER OF CONSERVATION

DEPARTMENT OF NATURAL RESOURCES OFFICE OF CONSERVATION MEMORANDUM

May 21, 2007

TO: All Concerned Parties
FROM: James H. Welsh, Commissioner of Conservation *JHW*
SUBJECT: JEFFERSON PARISH DRILLING PERMITS POLICY

In regard to the issuance of drilling permits for wells or test wells located within Jefferson Parish, Louisiana, the Commissioner of Conservation hereby declares that the following Policy is in effect:

I.

Prior to submitting an application to drill, or no later than ten (10) days after an application has been made to the Office of Conservation for a drilling permit for a well or test well located within Jefferson Parish, Louisiana, the applicant shall notify in writing by certified mail or hand delivery with receipt to the clerk of the parish governing authority of said application. The notification shall include the location plat for the proposed well or test well including the municipal address of the well or test well, if applicable.

II.

The parish governing authority shall notify the Commissioner of Conservation with any specific written concerns regarding the application within fourteen (14) days of receipt of said notification. No drilling permit will be approved by the Commissioner of Conservation for wells or test wells located within Jefferson Parish, Louisiana, until comments timely submitted by the parish governing authority of Jefferson Parish, Louisiana have been considered.

III.

If the parish governing authority does not timely submit comments to the Commissioner of Conservation, such will operate as no objection.

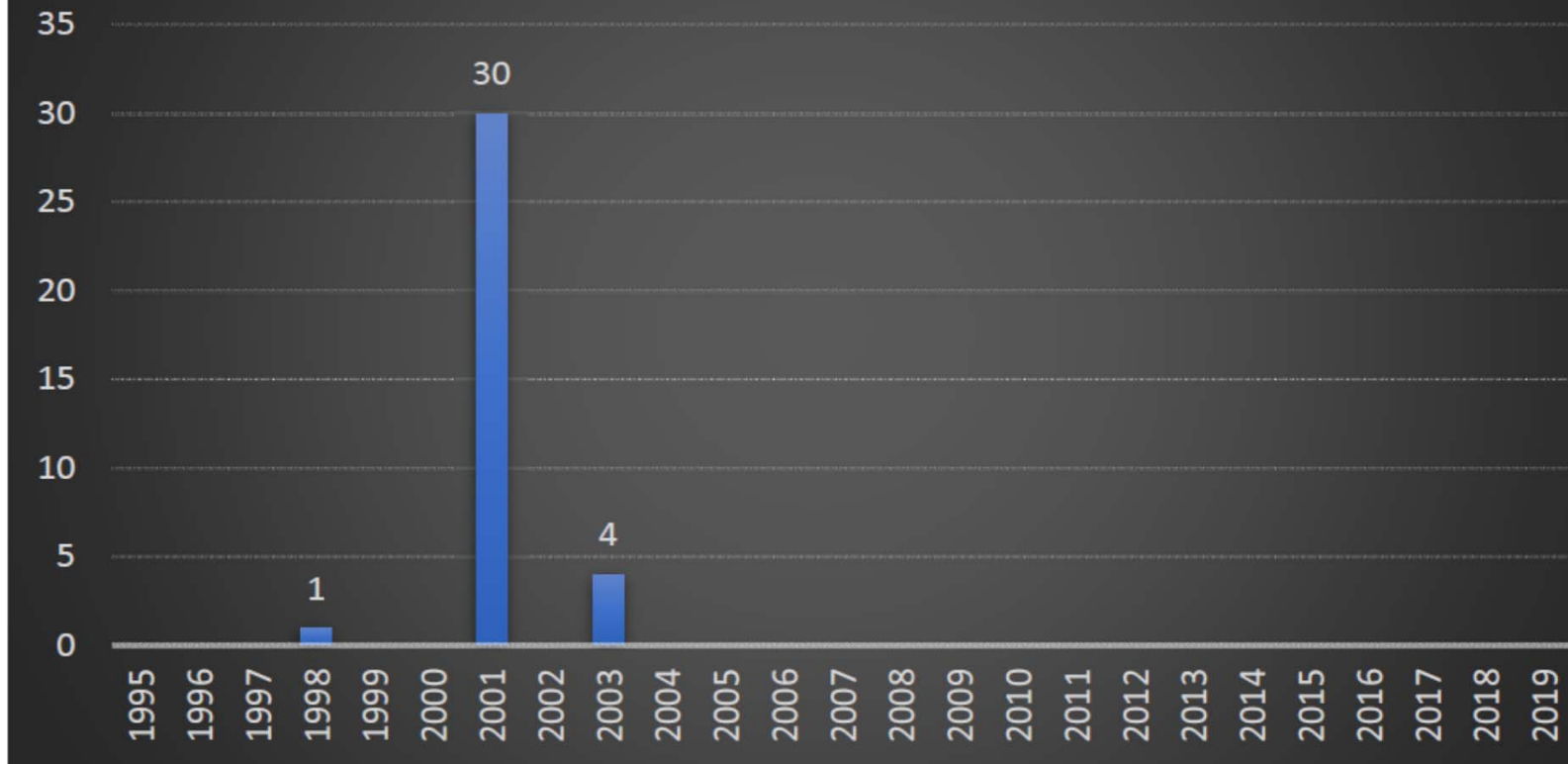
JHW/jhw

P. O. BOX 94175 • BATON ROUGE, LOUISIANA 70804-9275 • 617 NORTH THIRD STREET • 5TH FLOOR • BATON ROUGE, LA 70802
PHONE: (225) 342-5540 • FAX: (225) 342-5785 • WEB: <http://www.dnr.state.la.us/conservation>
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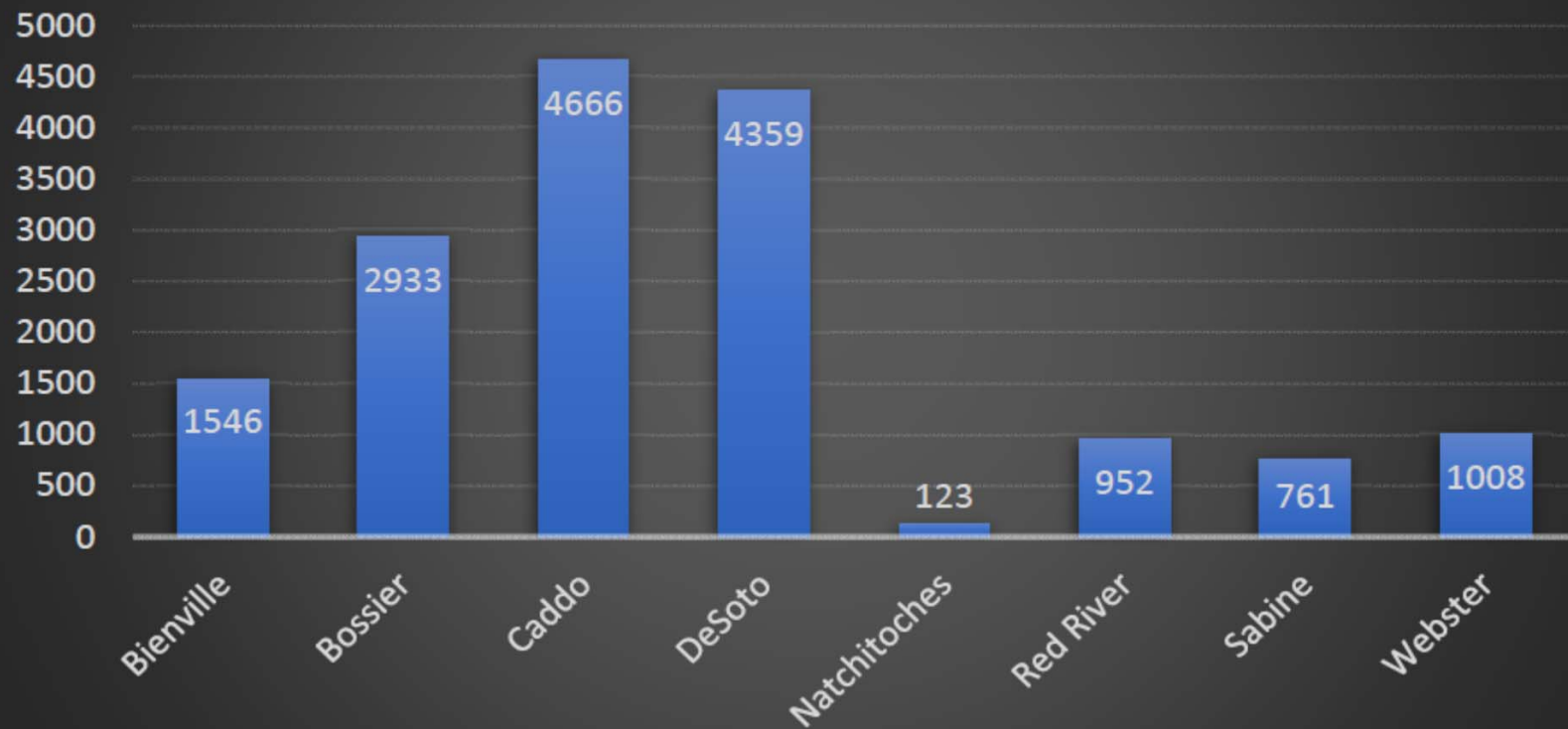


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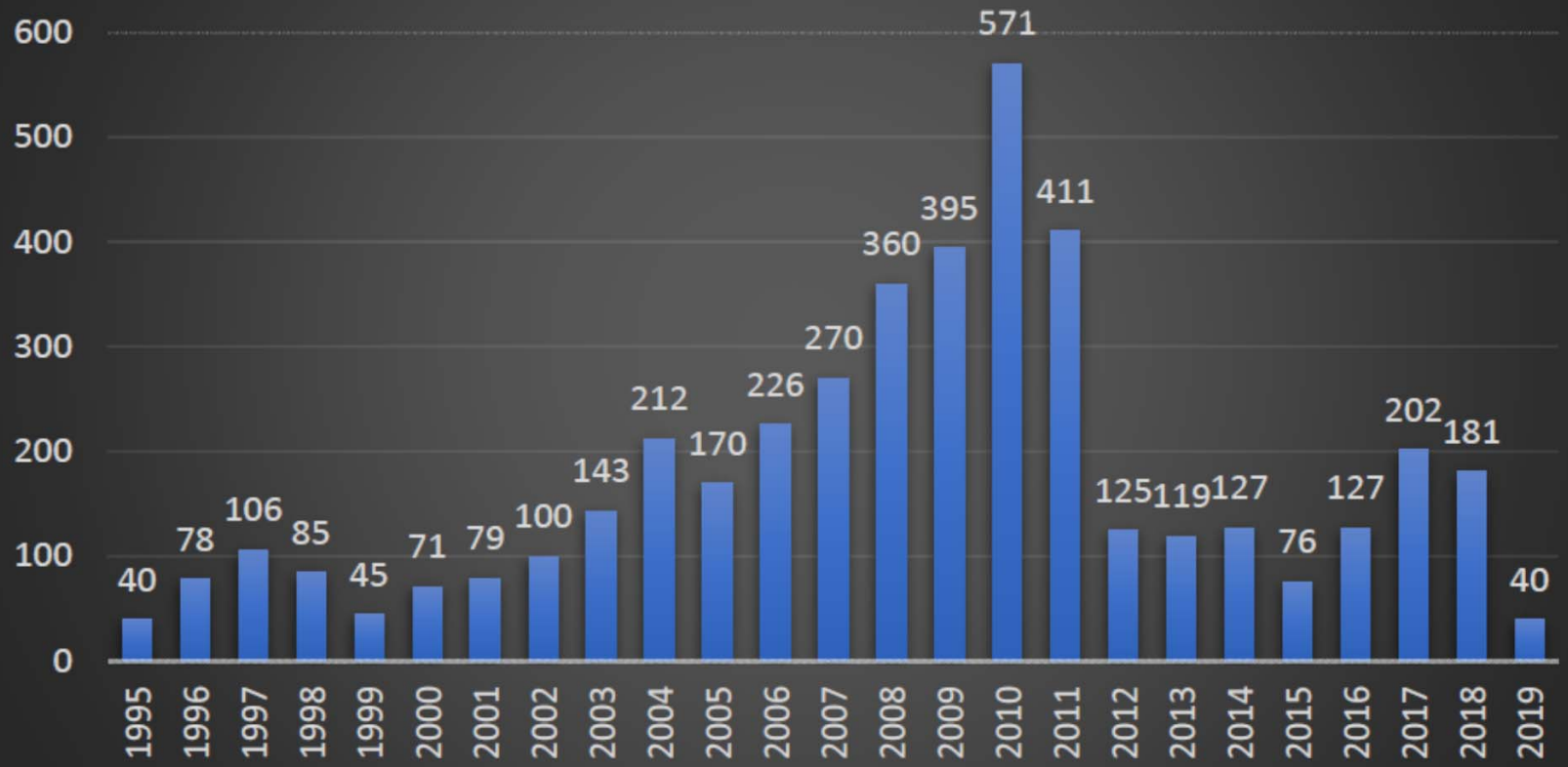
Orleans Parish - Well Count 1995-2019



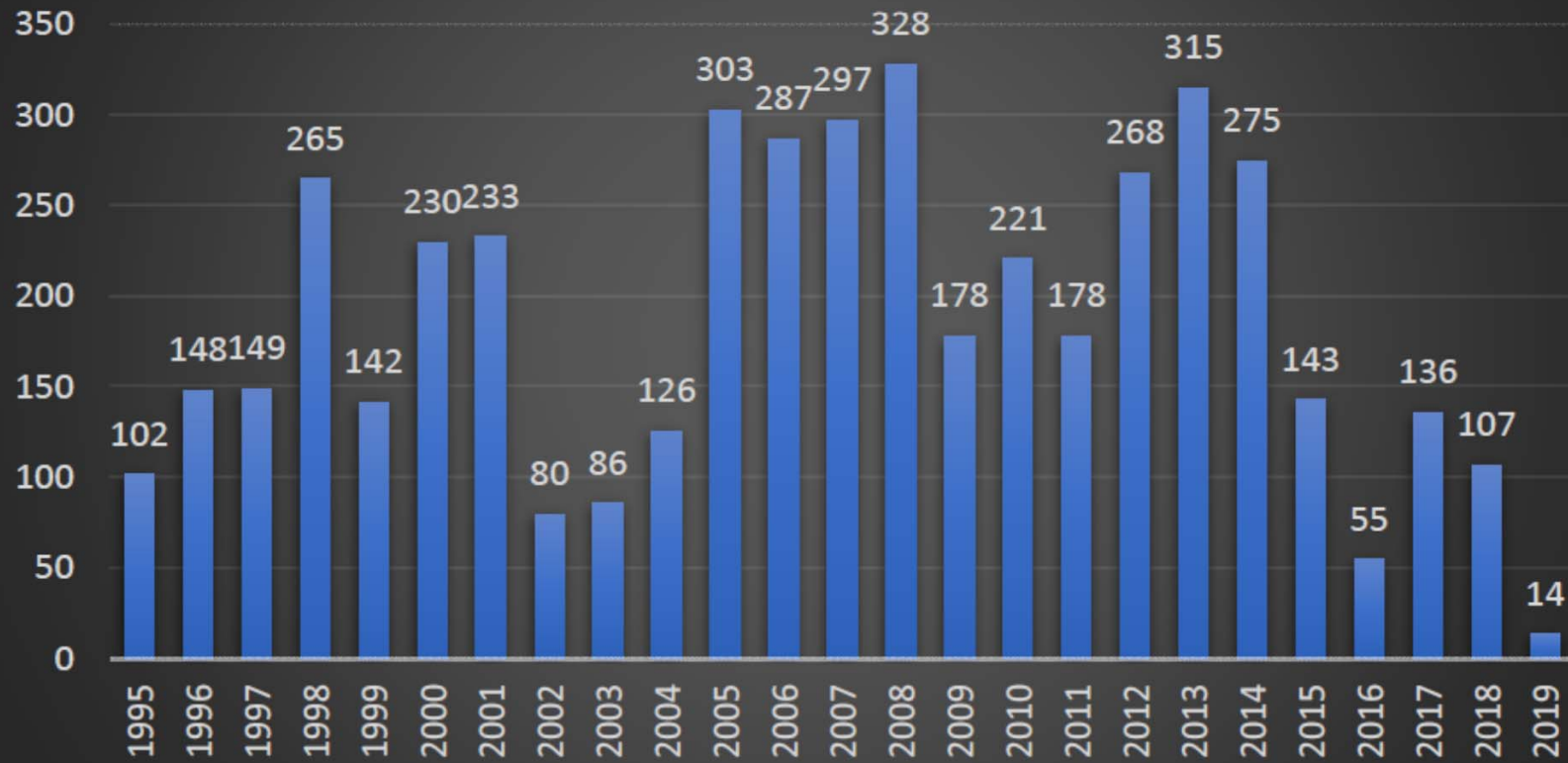
Wells 1995-2019



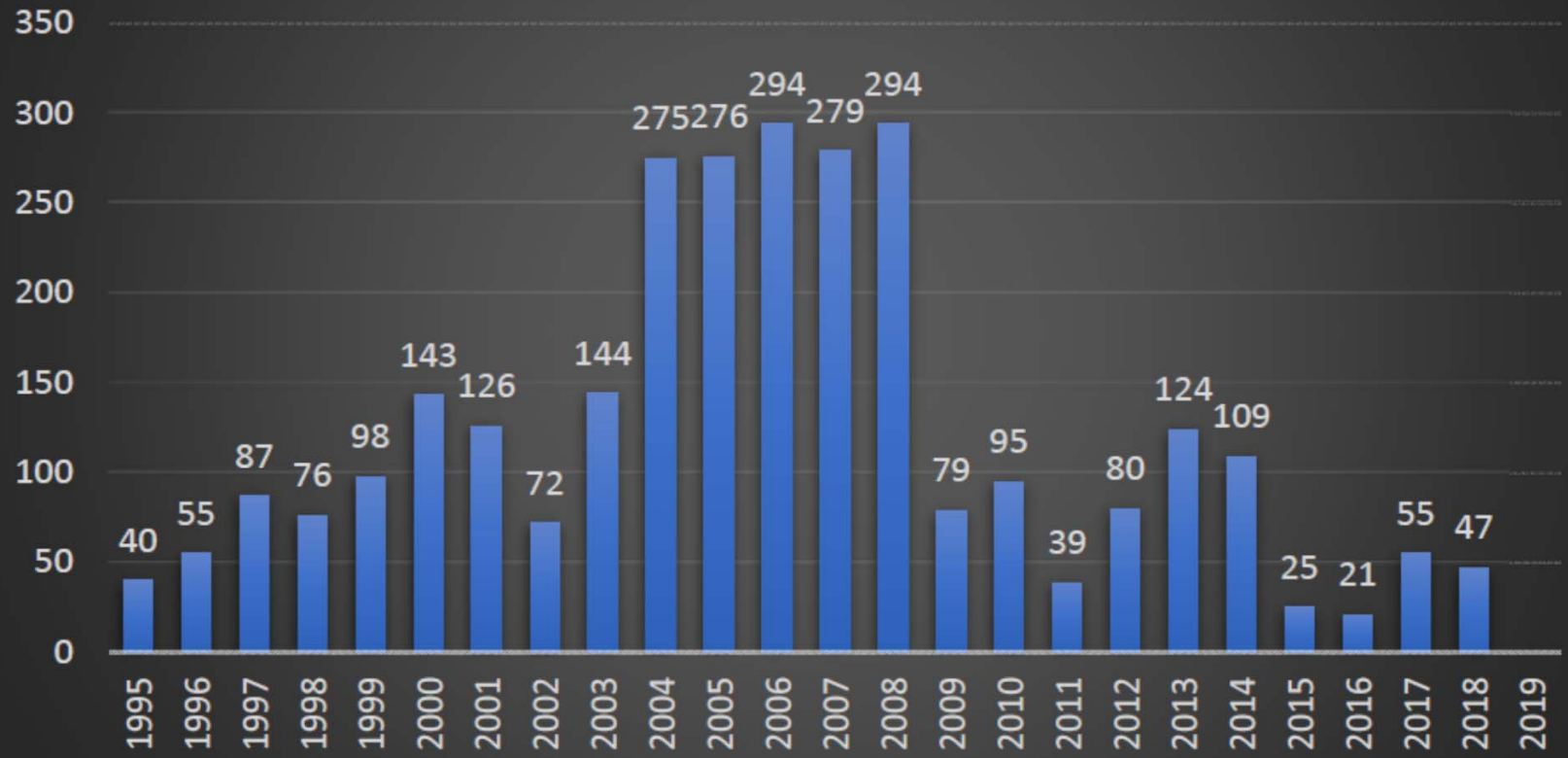
DeSoto Parish - Well Count 1995-2019



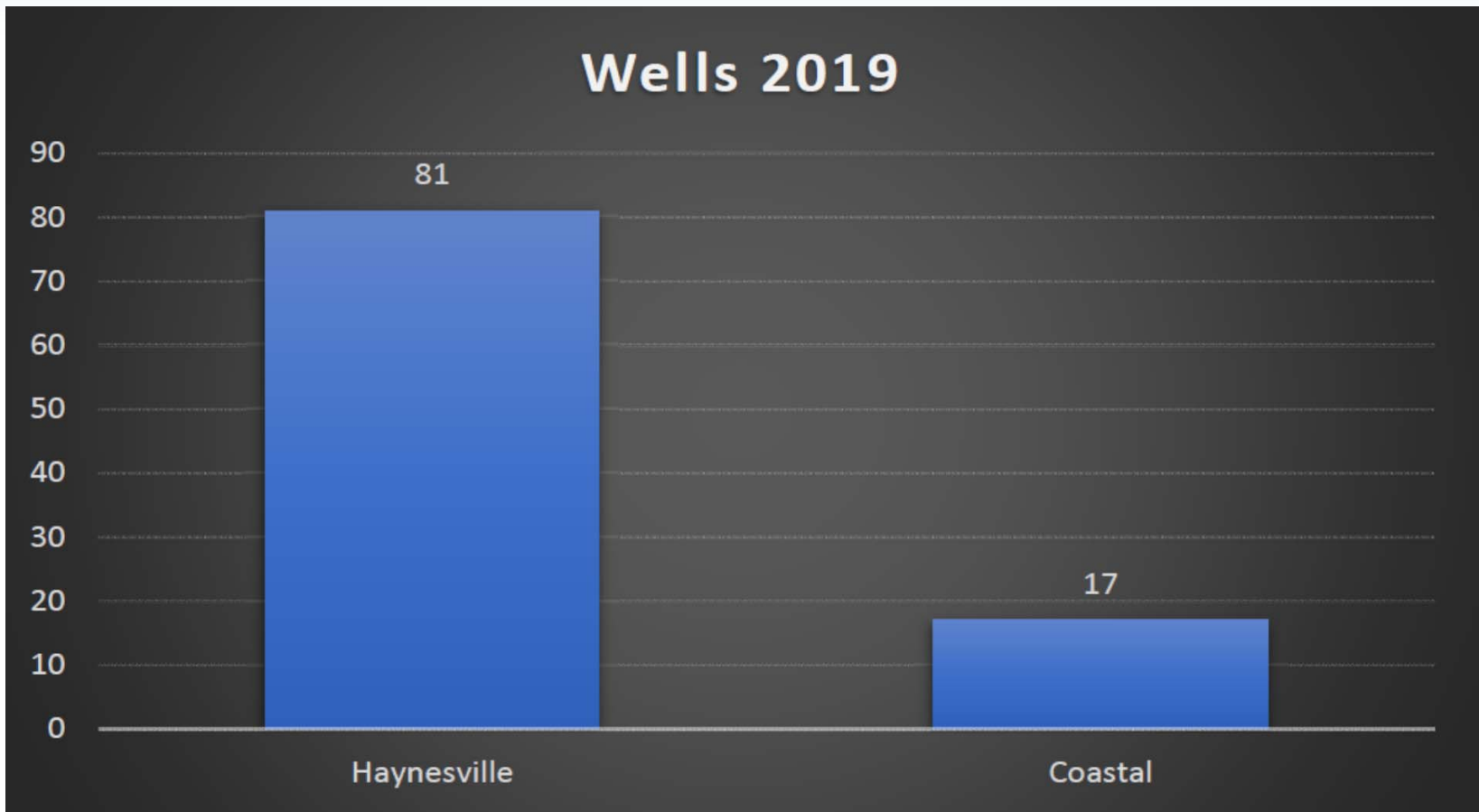
Caddo Parish - Well Count 1995-2019



Bossier Parish - Well Count 1995-2019



Wells 2019



Economic Implications



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LSU Center for Energy Studies 2016 report by Gregory Upton

As a share of total employment and state payroll, the oil and gas industry has remained relatively steady over the past 20 years or so, employing about 5 percent of Louisiana's workforce and contributing almost 10 percent of aggregate payroll. Direct mineral revenues (from severance taxes, royalties, bonuses and rentals), while experiencing significant variations from year to year, have accounted for on average between 10 and 15 percent of state tax revenues over this time period.



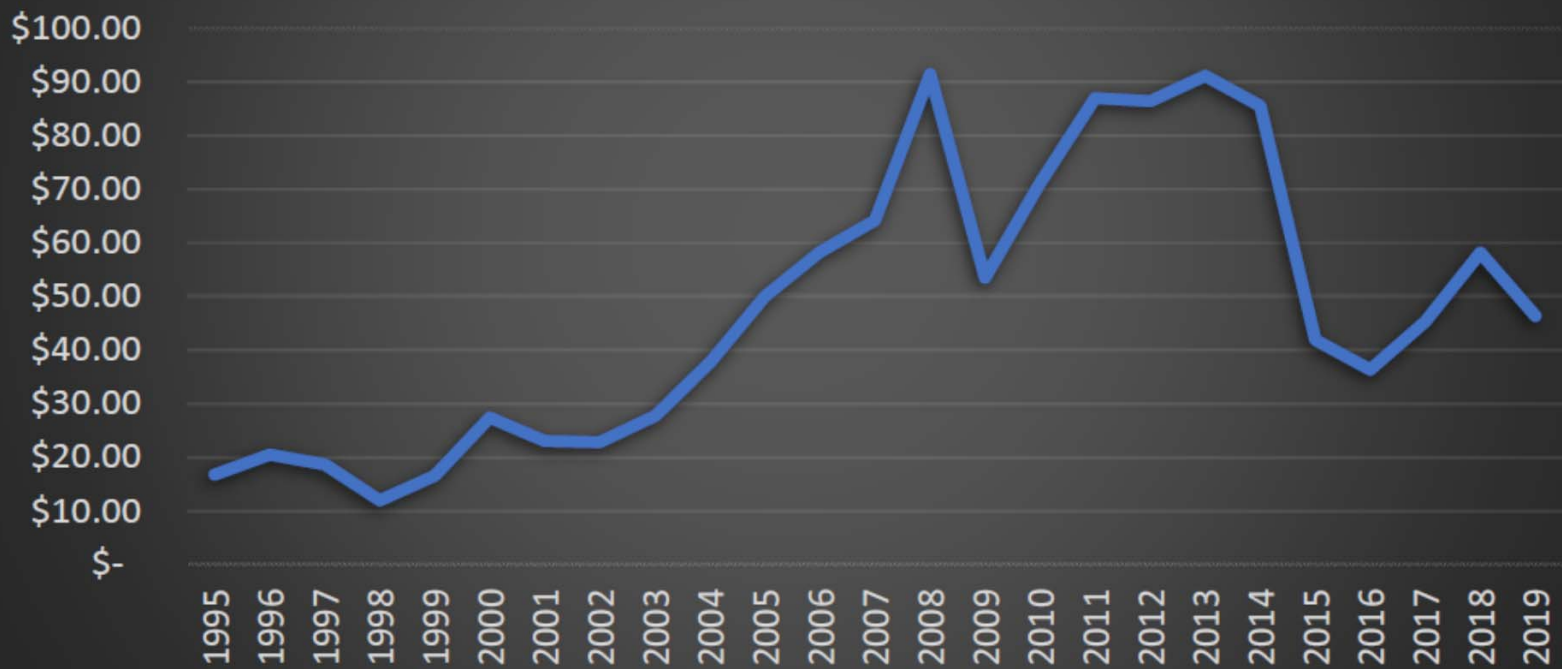
In February of 2016, just one month after taking office, Gov. John Bel Edwards gave a historically unprecedented 13-minute televised speech to address the looming fiscal challenge. In this address, Gov. Edwards stated:

"This year's \$940 million budget deficit is made up of two different categories:

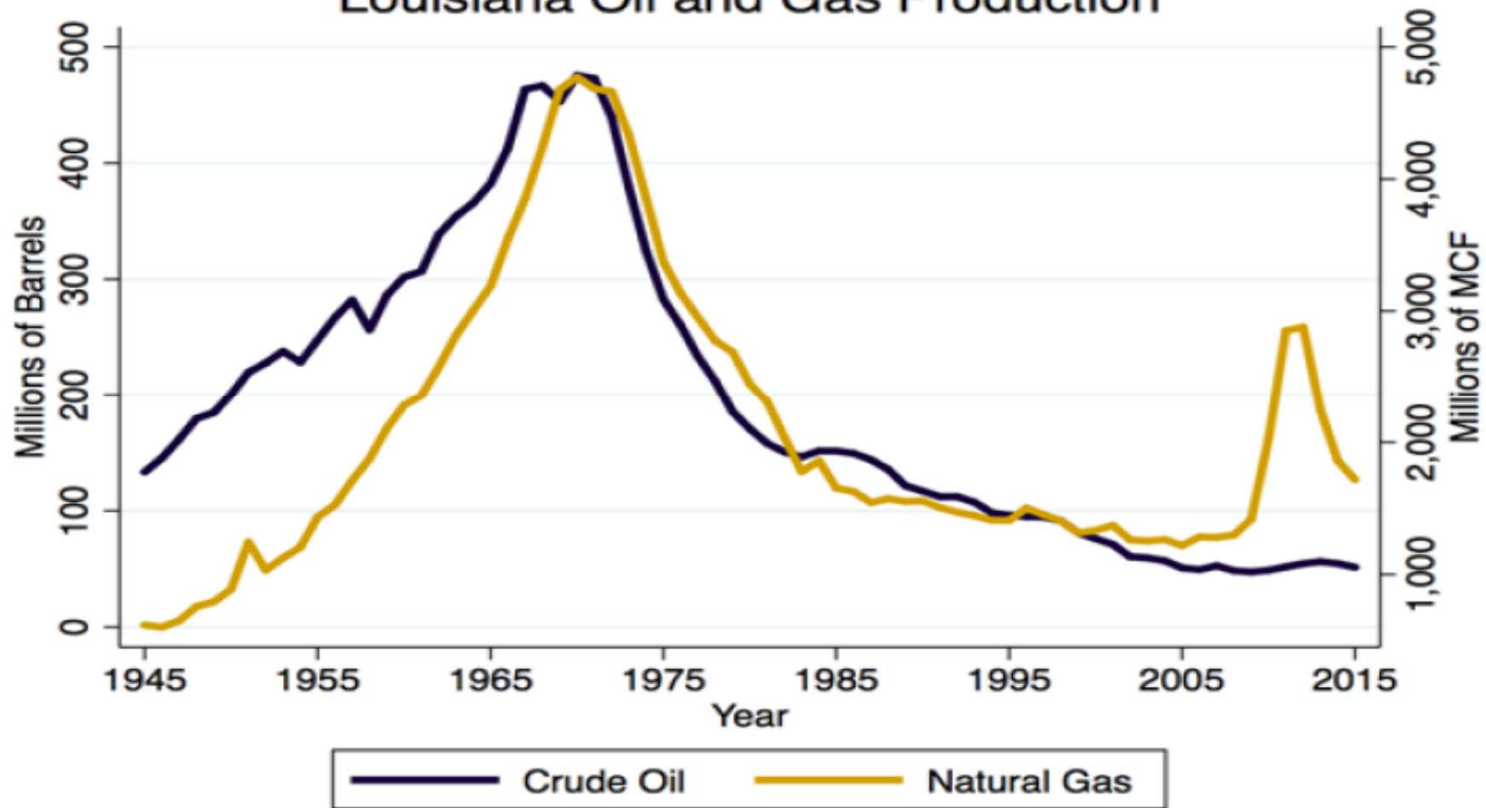
First, the Revenue Estimating Conference - the panel of economists and financial experts our legislature relies on - met yesterday and told us that we are \$570 million short of the revenue we originally expected for the year. That's the first part of the problem. This is due, in part, to the drop in oil prices and a slowdown in sales and corporate tax collections. . ."



Oil Prices - 1995-2019 Yearly Average per bbl



Louisiana Oil and Gas Production



Peak Oil

- T. Boone Pickens and Matt Simmons both predicted “peak oil” in 2004/2005.
- In 2005, Daniel Yergin, founder of Cambridge Energy Research Associates, discounted the Boone/Simmons predictions asserting that energy companies would develop technologies to discover new sources of oil and extract oil from old sources.
- Shale Revolution

