



# Confidence remains high in the Gulf

We could be seeing a light at the end of the tunnel. Since 2015, global crude oil prices have been in a freefall as the world experiences a glut in supply, and the impact on Louisiana businesses, Louisiana workers and the Louisiana economy has been very painful. As of this writing, however, crude oil has climbed to around \$50 a barrel, still nowhere near the \$100 per barrel mark we enjoyed in 2014, but higher than the prices we saw this time last year.

## Energy companies are emerging from one of the longest downturns in recent memory with bold investments in the Gulf.

Through it all, long-term investment by producers in the deepwater Gulf has symbolized the hope this industry has in this important energy province. Even during what is still considered to be a low crude oil price environment, oil and gas companies are

finding ways to improve efficiencies while prioritizing safe operations and continuing their investments in the Gulf.

Recent announcements by major industry players and LMOGA members confirm the industry's commitment to innovation and its continued confidence in the Gulf as America's oil and gas powerhouse.

- BP started up a Thunder Horse expansion project in February 2017, 11 months ahead of schedule. The subsea production system is expected to boost production at the offshore field by 50,000 boe/d. According to BP, the first new well for the project tapped into the highest amount of hydrocarbon-bearing sand seen to date at the Thunder Horse field. Richard Morrison, regional president of BP's Gulf of Mexico business, said the project's quick start-up shows the effectiveness of the company's strategy to focus on its existing asset base. "The Thunder Horse South Expansion project proves that deepwater can be done in a cost-effective way, while keeping a relentless focus on safety," Morrison said. Discovered in July 1999, Thunder Horse is one of the largest deepwater producing fields in the Gulf of Mexico.

- BHP Billiton, with partners BP and Chevron, has approved a \$2.2 billion investment to develop the Mad Dog Phase 2 project, located in the Green Canyon area of the deepwater Gulf. The project includes a new floating production facility located about 190 miles south of New Orleans, with capacity to produce up to 140,000 gross barrels per day from up to 14 production wells. Production is expected to begin in 2022. The current Mad Dog platform has the capacity to produce up to 80,000 barrels per day and 60 MMcf per day of natural gas.

- In March, Anadarko announced that it expects to invest approximately \$1.1 billion in its Gulf of Mexico and international assets in 2017. In the Gulf, the company plans to drill approximately seven development tiebacks during the year, and also anticipates benefiting from a full year of production from Freeport-McMoran properties that Anadarko acquired in 2016. In that deal, Anadarko purchased 91 drilling blocks in the Gulf, allowing the company to double its output in the Gulf to more than 160,000 boe/d by the end of last year.

- Royal Dutch Shell will develop its

Kaikias deepwater field in the Gulf of Mexico, the first new oil and gas project approved by the Anglo-Dutch company since July 2015. Production at Kaikias is expected to start in 2019, about 130 miles from the Louisiana coast.

At the beginning of this year, consultant group Wood Mackenzie said that it expected oil and gas companies to increase spending in 2017 and more than double new project developments as the two-year price slump appears to be coming to an end. As these announcements indicate, energy companies around the world are emerging from one of the longest downturns in recent memory with bold investments in the Gulf.

This is good news for American energy, but it's even better news for Louisiana. New and continued investments benefit hundreds of Louisiana oil and gas service companies, thousands of Louisiana workers and our fragile coast, which depends on offshore mineral revenues dedicated to coastal restoration. Confidence in the Gulf pays great dividends for us all.

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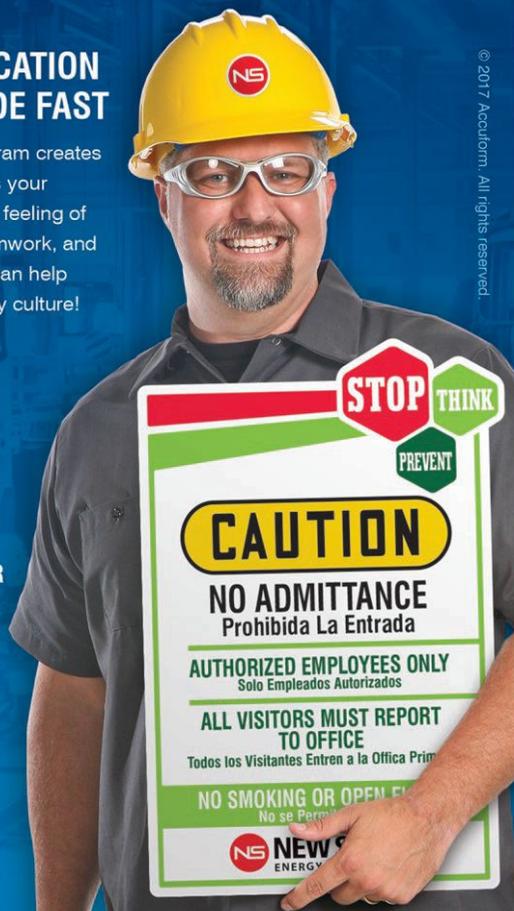
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