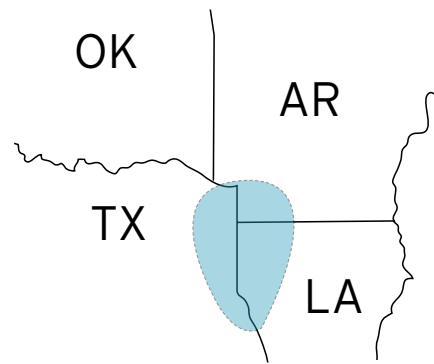




Field of Dreams: Haynesville Shale



■ Haynesville Shale Drilling Activity

Haynesville Shale is being called the fourth largest natural gas field in the world.

It may be the largest natural gas field in the United States. Only time will tell when it comes to determining the Haynesville Shale's true economic potential.

A geologic formation encompassing up to four million acres across 16 North Louisiana parishes, the Haynesville Shale is being called the fourth largest natural gas field in the world. Conservative estimates suggest the field contains 160 trillion cubic feet of recoverable natural gas – almost seven times the nation's annual consumption. More optimistic estimates range as high as 250 trillion cubic feet. Already, energy companies are competing for drilling leases around the state's northwest corner at mind-bending rates.

Local landowners are signing leases with such companies as Chesapeake Energy and Petrohawk at \$10,000 to \$30,000 an acre, according to news reports. Many energy companies are paying steep signing bonuses, minting new local millionaires.

These figures leave many Louisiana leaders optimistic about the opportunity for increased state revenues, potentially creating an annual fiscal stimulus to state coffers as high as \$715 million if the 2007 figures for Texas' Barnett Shale are any indication. But many opportunities depend on factors that will take a year or more to realize, such as whether an area is drilled, if gas is found and whether market prices hold steady.

Advances in drilling technology that allow for horizontal drilling have made formations such as the Haynesville Shale commercially viable. But drilling here, with wells costing \$6 million to \$8 million each, is more expensive than conventional natural gas sources.

News accounts speak to a \$10 billion total annual stimulus in the Fort Worth area associated with the Barnett Shale. The possibility for big dividends in Louisiana is already evident. The DeSoto Parish Police Jury recently found itself contemplating a \$28.7 million deposit – nearly one and a half times the annual parish budget. It remains to be seen how much more will come out of the ground and into individual, local, parish and state pockets. Look for updates in future issues of *EQ*. **EQ**

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Louisiana makes Military Advances

Military operations in Louisiana are vital economic engines for many communities across the state. In 2001, officials in the New Orleans area recognized the potential risks associated with reduced military presence and began discussions with the U.S. Department of the Navy to create a unique public-private venture for the Naval Support Activity (NSA) on the New Orleans West Bank.

In 2005, the U.S. Department of Defense (DOD) recommended the closure of several facilities, including NSA. Fortunately, a coalition of state and local leaders achieved the near impossible. They presented an innovative, cost-effective partnership, coupled with a significant financial commitment from the state, and convinced the Base Relocation and Closure (BRAC) Commission to remove NSA from the closure list.

The BRAC decision resulted in the relocation of New Orleans-area military commands to Federal City, along with the Marine Corps Support Activity from Kansas City, Mo. This decision will retain 1,663 jobs and create 300 new jobs for the region.

In return, the state of Louisiana committed up to \$100 million to make Federal City a viable project with unique benefits to DOD. To accommodate increased construction costs resulting from Hurricane Katrina in 2005, the state's commitment

rose to \$150 million. To meet BRAC requirements, the state needed to have funds in place and commence construction by September.

Members of Louisiana's congressional delegation and other state, federal and local officials broke ground on the Marine Force Reserves Headquarters, Federal City's anchor tenant, on September 30, meeting the BRAC deadline.

Repurposing an installation adds jobs, economic stimulus.

The headquarters, along with various improvements and upgrades, is expected to be mostly complete by June 2011.

By committing to make Federal City a success, state leaders hope this demonstrates to federal officials that Louisiana is serious about its commitment to strategic partnerships with DOD and other federal agencies, contractors and suppliers. **EQ**

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