



LOUISIANA MID-CONTINENT OIL AND GAS ASSOCIATION

801 NORTH BOULEVARD, SUITE 201, BATON ROUGE, LA 70802-5727
TELEPHONE (225) 387-3205 FAX (225) 344-5502

August 31, 2006

Mr. Scott A. Angelle
Secretary
La, Department of Natural Resources
P.O. Box 94396
Baton Rouge, LA 70804-9396

Subject: Support for Jefferson Island Storage & Hub Expansion

Dear Secretary Angelle:

During this week when we are all reflecting upon the devastation wrought by Hurricanes Katrina and Rita, I'm sure you have devoted energy and thought to -- not just assisting in the human recovery to the tragedy - but the health of Louisiana's economy as well. As a tireless spokesman for the state's energy sector, we are very appreciative of your efforts to try and improve the state's business climate. (As I'm sure you were, I was deeply disturbed by the recent media reports that *Forbes* magazine has ranked Louisiana last in its list of "Best States for Business.")

In these trying times, I'm sure you agree that we must do everything possible to promote new economic activity in the state. As such, I write to you in support of the proposed expansion of the Jefferson Island Storage & Hub salt dome cavern located in Erath.

It is my understanding that the economic impact of this project is approximately \$ 160 million and that, according to a further analysis by LSU-Shreveport:

- Additional property taxes from land improvements would total an estimated \$628,000 per year for Iberia and Vermilion Parishes combined
- An estimated \$962,000 in sales tax receipts from the materials portion of construction costs to Vermilion Parish and \$1.4 million in sales tax receipts to Louisiana during the construction period projected to continue through 2011
- Creation of new temporary and permanent jobs. This will result in an estimated total payroll of \$5.2 million during the construction of the facility.

As you know first-hand from the serious concerns about gas delivery a year ago, salt dome cavern storage facilities play a key role in providing gas service to the residents and businesses of Louisiana. During Hurricanes Katrina and Rita, our state relied on natural gas storage facilities such as JISH to meet the demands of our state. An expanded facility can only help mitigate any potential disruptions in the future.

Clearly this project will benefit the state and the public on a number of fronts. Further, given Louisiana's unique geological makeup, we should expect more entities willing to invest in salt dome storage caverns in our state. Considering that the United States Department of Energy reports that this type of storage is safer than any other storage method, we should welcome these investments and not delay permitting. Accordingly, it is our hope that you and your full administration works to ensure that the proposed expansion at JISH moves forward in an expeditious manner.

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I thank you in advance for your consideration. Again, thanks for your continued efforts on behalf of Louisiana's oil and gas industry. Please do not hesitate to contact me if I can be of any assistance to you.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Jim Porter". The signature is stylized and cursive. Below the signature, the initials "B.J.P." are written in a smaller, blocky font.

B. Jim Porter

President