

CES NEWSLETTER FALL 1992

DR. ILEDARE JOINS CES STAFF

The Center for Energy Studies has added a new member to its staff-Dr. Wumi O. Iledare, Assistant Professor-Research. He joins CES as an energy policy analyst. He holds a B.S. degree in Petroleum Engineering from the University of Ibadan, Nigeria, an M.S. degree in Energy Resource Technology and Policy from the University of Pittsburgh and a Ph.D. degree in Mineral Resource Economics from West Virginia University. Dr. Iledare taught quantitative economics for three years at Fayetteville State University. He also worked as a reservoir engineer for Shell Petroleum Development and as a petroleum engineer for Mobil Producing in Nigeria and briefly with the California Energy Commission as an associate energy specialist. His research interest is in oil and gas economics and policy.

CNG PROVIDES GRANT FOR OIL AND GAS TAX ANALYSIS UPDATE

The Center for Energy Studies has received a grant from the CNG Corporation to provide an update of Louisiana's wellhead tax competitiveness. The update will build upon a previously completed study that was funded on a joint basis with state funds and a grant from BP, America. The previous study indicated that Louisiana's taxes on exploration and development were cumulatively competitive with most other producing states on a dollar per barrel basis. The study has been the basis for inquiry and testimony in at least five producing states and a version was published in the Oil and Gas Journal.

The CNG grant will permit CES to evaluate the taxes on a percent of value basis and will permit the addition of another year of analysis. The additional year will be 1990 which was generally a more profitable year than the previous three years examined. The study will also be inclusive of the effects of new tax laws; chief among them being Louisiana's change in natural gas severance from a volume basis to a value basis. The study is expected to be completed before the end of the year.

MOTOR FUEL TAXES BY PARISH AVAILABLE

CES recently updated its estimates of motor fuel taxes generated on a per parish basis. The update was in response to a proposed constitutional amendment to provide for a local option motor fuel tax. The original estimates were provided as background material for the Transportation Trust Fund in response to a formal request from the City of New Orleans. The new version uses an updated retail trade census of motor fuel sales and the 1990 population census. Jefferson Parish is the leading parish in generating motor fuel taxes and more than half of statewide collections are generated by only five parishes (Jefferson, Orleans, E. Baton Rouge, Caddo and St. Tammany). To receive the two page report and accompanying table depicting revenue estimates by parish, please send a self-addressed business envelope.

1992-93 ROBERT BROOKSHER/LA. MIDCONTINENT OIL AND GAS ASSOCIATION SCHOLARSHIP

This full-tuition scholarship was awarded this year to Jacqueline D. Awadzi. Ms. Awadzi is currently a Junior in the Department of Petroleum Engineering at LSU and is the top-rated minority P.E. student. She is very active in the student chapter of the Society of Petroleum Engineers and served as secretary for the 1991-92 year in addition to being an active participant in numerous other extracurricular activities. Bob Brookaher and Mr. James Porter of the LMOGA presented Ms. Awadzi with the scholarship on August 20, 1992.

DOE INNOVATIVE ENERGY CONSERVATION AWARDS

CES recently completed the technical review for the national competition for U.S. Department of Energy Innovative Energy Conservation Awards. Some sixty-four submissions in five categories were reviewed from throughout the United States. Ms. Diane Smith and Ms. Lisha Ellis of the Louisiana Department of Natural Resources coordinated the reviews with the U.S. DOE, CES, and the State Energy Officers group.

NATURAL GAS PRICING STUDY

CES is studying the price residential and commercial consumers pay for natural gas in Louisiana. The study is a response to two different concerns.

First, for some time, natural gas producers have complained that the lower prices they have been receiving for their product have not been passed along to residential and commercial customers. And high prices in these markets, they claim, is one reason that the demand for Louisiana's abundant, clean burning natural gas is not increasing as much as the forces of supply and demand indicate that it should.

The second concern is an out-growth of the apparent paradox that, although Louisiana is one of the nation's leading producers of natural gas, the average price paid per btu of gas consumed by Louisiana's residential consumers has been above the U.S. average since 1986 and the disparity seems to be increasing. Some of the paradox can be explained by factors such as Louisiana's relatively low consumption per customer-which means more of the fixed costs have to be spread over fewer cubic feet of consumption than in colder states.

However, other factors are involved. Those that the study will consider include: how the system is regulated, how much it pay for gas and from whom it acquires the gas it sells. The study uses data for each gas distribution system that is available for the first time this year from the U.S. Dept. of Energy. As is our practice, we are working with an industry group of experts to review the analysis and provide additional data if needed.

GRADUATE STUDENT TRADES BATON ROUGE FOR NATION'S CAPITOL

Sriram Chakrapam, who has worked at CES for the past two years, completed his master's degree in industrial engineering and has accepted a highpaying job with an energy and environmental consulting firm located in Washington, DC. 'Chaki's' thesis analyzed changes in the high-level nuclear waste management system that were proposed in the recently enacted National Energy Strategy. Allan Pulsipher of CES was his thesis advisor.