

FINAL

Contact: Mo Taggart  
703/684-7848  
Jo-Anne Coe  
703/845-1714

SENATOR DOLE SCHEDULE -- APRIL 9, 1994 -- ALABAMA - LOUISIANASATURDAY, APRIL 9, 1994

- 11:15 am DEPART Watergate for National Airport/Signature Flight  
Driver: Colin Beeper: 202/224-4488  
#553
- 11:30 am ARRIVE National Airport and proceed to departing aircraft  
FBO: Signature Flight  
703/419-8440
- 11:35 am DEPART Washington for Birmingham, AL  
(EDT)  
FOB: Torchmark Hangar  
Aircraft: Hawker (Torchmark)  
Tail number: N6TM  
Flight time: 1 hour 45 minutes  
Pilots: Todd Drew (B) 1-800-217-9801  
Chic Preston  
Manifest: Senator Dole  
Meal: Lunch  
Time change: -1 hour
- 12:20 pm ARRIVE Birmingham, AL  
(CDT)  
FBO: Torchmark Hangar 205/325-2643  
Met by: Martha Foy, National Committeewoman  
Perry Hooper, National Committeeman  
Dr. Gill Wideman, Finance Chairman  
ADVANCE: Fairley McDonald, Steering Committee  
in Montgomery DFP '88  
205/834-1180  
FAX 205/834-3172
- 12:25 pm DEPART airport for Alabama State Party Fundraising  
Reception  
Driver: Dr. Gill Wideman  
Drive time: 20 minutes  
Location: Home of Lyndra and Bill Daniel  
2716 South Wood Road
- 12:45 pm ARRIVE Daniel's Home and proceed to VIP Reception with  
sponsors and hosts 205/870-1654  
NOTE: Use lower level entrance  
Location: Lower level - Den  
Attendance: 12-15 sponsors - \$5,000 ea  
hosts - \$1,000 couple  
Event runs: 12:45 - 1:00 pm  
Facility: None  
Format: Mix and mingle - No remarks  
Informal photos

SATURDAY, APRIL 9, 1994 (cont'd)PAGE TWO

1:00 pm DEPART VIP Meeting for Alabama State Party Fundraising Reception  
Location: Upper level - den & living room

1:05 pm ATTEND Alabama State Party Fundraising Reception  
Location: Upper level - den & living room  
Attendance: 100-200 \$250/Couple  
Event runs: 1:00 - 1:45 pm  
Press: Closed  
Facility: None  
Format: Mix and Mingle  
Perry Hooper introduces Senator Dole  
Senator Dole gives brief remarks (2-5 minutes)  
Contact: Elbert Peters 205/961-4722  
205/859-3186

1:45 pm DEPART Reception for Statewide Rally  
Driver: Perry Hooper, National Committeeman  
Drive time: 10 minutes  
Location: Homewood Park & Recreation Center  
1632 Oakmoor Road

1:55 pm ATTEND/SPEAK at Statewide Rally 205/877-8668  
205/877-8681  
Location: Outside - Homewood Park & Recreation Center  
Attendance: 800  
Event runs: 12:30 - 3:00 pm  
Press: Open  
Facility: Stage, podium and mic  
Format: 2:00 pm Congressman Spencer Bachus introduces Senator Dole  
2:05 pm Senator Dole gives remarks  
Contact: Elbert Peters 205/961-4722  
205/859-3186

2:30 pm DEPART stage exiting through crowd

2:45 pm DEPART Rally for Birmingham Airport/Torchmark Hangar  
Driver: Elbert Peters, Chairman  
Dr. Gill Wideman, Finance Chairman  
Drive time: 20 minutes

3:05 pm ARRIVE airport and proceed to departing aircraft  
FBO: Torchmark Hangar 205/325-2643

SATURDAY, APRIL 9, 1994 (cont'd)PAGE THREE

3:10 pm DEPART Birmingham, AL for New Orleans, LA/Lakefront  
Airport  
FBO: Aero Services 504/245-1140  
Aircraft: Hawker (Torchmark)  
Tail number: N6TM  
Flight time: 1 hour  
Pilots: Todd Drew  
Chic Preston  
Manifest: Senator Dole

4:10 pm ARRIVE New Orleans, LA  
Met by: Quentin Dastugue, State  
Representative  
FBO: Aero Services 504/245-1140

4:15 pm DEPART airport for Petroleum Club  
Driver: Quentin Dastugue  
Drive time: 25 minutes  
Location: 1100 Poydras Street

4:40 pm ARRIVE Petroleum Club and proceed to brief interview for  
Republican Leadership 2,000 cable TV show  
ADVANCE: Mark Romig 504/866-8442  
Location: Offices - 38th Floor (B) 504/552-0007

4:45 pm- Interview for Republican Leadership 2,000  
4:50 pm Location: Offices - 38th Floor

4:50 pm DEPART interview for OPTIONAL Press  
Conference  
Location: North Slote Room - 38th Floor  
ADVANCE: Mark Romig 504/866-8442  
(B) 504/552-0007

4:55 pm OPTIONAL Press Conference  
YES \_\_\_\_\_ NO \_\_\_\_\_

5:10 pm DEPART Press Conference for High Donor Reception for  
Louisiana Republican Legislative Delegation  
Location: Jay Room - 38th Floor

5:15 pm ATTEND High Donor Reception for Louisiana Republican  
Legislative Delegation 504/524-3203  
Location: Jay Room  
Attendance: 20-30  
Event runs: 5:00 - 6:00 pm  
Press: Closed  
Facility: None  
Format: Photo-op upon arrival  
Mix and mingle - no remarks  
Contact: State Rep. Quentin Dastugue  
Brenda Trammell 504/582-2100

SATURDAY, APRIL 9, 1994 (cont'd)PAGE FOUR

- 5:45 pm DEPART High Donor Reception for General Reception for Louisiana Republican Legislative Delegation  
Location: Bay Marchand/Caillou Island Room
- 5:50 pm ATTEND/SPEAK General Reception for Louisiana Republican Legislative Delegation  
Location: Bay Marchand/Caillou Island Room  
Attendance: 200-300  
Event runs: 5:45 - 7:30 pm  
Press: Open  
Facility: Riser, Podium and mic  
Format: Mix and mingle  
Senator John Hainkel introduces State Rep. Quentin Dastugue  
Quentin Dastugue will introduce Senator Dole  
Senator Dole gives remarks  
State Rep. Quentin Dastugue  
Contact: Brenda Trammell 504/582-2100
- 6:35 pm DEPART Reception for Louisiana State Republican Party Trust Reception  
Location: Wyldcatter Room
- 6:40 pm ATTEND Louisiana State Republican Party Trust Reception  
Location: Wyldcatter  
Attendance: 20-30 Trust members (\$1,000 donors)  
Event runs: 6:30 - 7:30 pm  
Press: Closed  
Facility: None  
Format: Mix and mingle  
Contact: Jim Owens 504/383-7234  
NOTE; Jimmy Coleman, SR. may attend. Previous owner of Windsor Court Hotel.
- 6:50 pm DEPART reception for Lakefront Airport/Aero Services  
Driver: Mark Romig  
Drive time: 25 minutes  
ADVANCE: Sam Moreau (assisting with car)
- 7:15 pm ARRIVE airport and proceed to departing aircraft  
FBO: Aero Services 504/245-1140

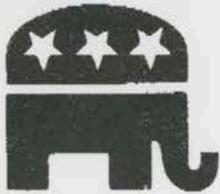
SATURDAY, APRIL 9, 1994 (cont'd)PAGE FIVE

7:20 pm DEPART New Orleans, LA for Washington/National Airport  
(CDT) FOB: Signature Flight  
Aircraft: Hawker (Torchmark)  
Tail number: N6TM  
Flight time: 2 hours 45 minutes  
Pilots: Todd Drew  
Chic Preston  
Manifest: Senator Dole  
Meal: Dinner  
Time change: +1 hour

11:05 pm ARRIVE Washington National Airport  
(EDT) FBO: Signature Flight 703/419-8440

11:10 pm DEPART airport for Watergate  
Driver: Colin Beeper: 202/224-4488 #553

11:25 pm ARRIVE Watergate



## The Republican Party of Louisiana

### MEMORADUM VIA FAX

TO: Suzanne Helmann  
FR: George M. Bonnett, Jr. *A*  
DT: 8 April 1994  
RE: Event attendance list

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Following is a list of confirmed attendees as of 1:45 this afternoon. Some others should be added later. If you need anything else, please call at (504) 383-7234.

Charles Lane & Guest  
Gary & Susan Pearson  
Patrick O'Keefe & Guest  
Billy Nungesser & Guest  
Mike & Diane Francis  
Barry Kern & Guest  
George Schneider & Guest  
Hugh Hyman & Guest  
Charles Dunbar & Guest  
Roger Villere & Guest  
Polly Thomas & Guest  
Betsy Stout & Guest  
Frank Walk & 3 Guests  
Nick Giamballuca, Sr. & Guest  
Gary Blaize & Guest

Harvey Koch & Guest  
Pam Atiyeh & Guest  
Robert Jackson & Guest  
Harry Pastuzek & Guest  
Dud Lastrapes (State Party Chairman)  
Lynn Cheramie & Guest  
Vic DeBouchel & Guest  
Bart Pepperman & Guest  
Ann Hein & Guest  
Will & Jane Griffin  
Joan Sheehan & Guest  
Chip Martin & 2 Guests  
Anne Marie Wandeweghe & Guest  
Nick Giamballuca, Jr.

**Briefing**  
**Prepared for Senator Bob Dole**  
**Louisiana Visit**  
**April - 1994**

## Louisiana's Political Climate

For over a century, political control in Louisiana has rested with Democrats. Democrats have held an unbroken majority in the state legislature and the judicial branch of state government since Reconstruction. And with the exception of the administrations of Dave Treen (1980-84) and Buddy Roemer (switched to GOP in middle of his term, 1988-1992), Democrats have held the governor's mansion. Current Governor Edwin Edwards is the standard bearer of the Democrat machine and its crippling ideology of dependence on government which has been solidly in place since the days of Huey Long's practical dictatorship. Louisiana government has often resembled that of a third world country than that of a state in the World's greatest democracy.

### Governor Edwin Edwards

Edwin Edwards is a masterful politician. A classic populist, he was first elected as a reformer in 1972. However, he soon proved to be a clever tactician of "politics as usual." Relying on the state's rich oil and gas revenues, Edwards doled out pork and political favors to allies and cronies for two terms until he was banned from running for a third term because of constitutional restrictions.

In 1979, Dave Treen was elected Louisiana's first Republican governor since Reconstruction. However, his efforts at reform were hindered at every opportunity by Edwards allies who still controlled the legislature. In addition, Louisiana began to feel the effects of the oil bust which hit the energy states in the early 1980's. These factors led to Edwards' election to a third term. However, through the mid-1980's, even Edwards was unable to survive the tough times of the oil bust. Facing sure defeat in 1987, he dropped out of a gubernatorial run-off with then-conservative Democrat Congressman Buddy Roemer, who placed first in the primary. Roemer switched his party affiliation to Republican in the middle of his term.

The 1991 election can only be described as "stranger than fiction." Edwards (who's tremendous pull within Cajun and black communities almost guarantees him 30% of the vote) was back to face Roemer (backed by President Bush) and Congressman Clyde Holloway (the endorsed GOP candidate). The addition of former Klansman David Duke created a volatile atmosphere which generated nationwide attention in an election which saw Edwards and Duke squeeze out Roemer. Holloway finished fourth.

For the run-off election, dubbed "The Race from Hell," Louisianians held their noses and voted for Edwards to insure the defeat of Duke. Shortly thereafter, "Fast Eddie's" fourth term began.

Edwards' previous three terms, involved numerous investigations and the conviction of some of his political allies. Edwards himself has been indicted in the past, but he has escaped conviction.

Enclosed press clippings detail questionable Edwards activities during his current term.



While Republicans in Louisiana still disagree about the role of gambling in building the state's economy, most Republicans agree that Edwards and the Democrats have let oversight of the industry get out of control and it is highly susceptible to corruption. A recent study by the University of Nevada-Las Vegas confirms this.

Concerns over ethics start right at the top. Articles have focused on the fact that Edwards' own finance records show he earned more personal income from gambling winnings than he did as the state's chief executive last year. Newspaper reports say he's played poker in the Governor's mansion with people seeking gambling business in Louisiana. Some accounts put amounts on the table in the thousands of dollars.

Edwards' son, Stephen, has been questioned by a grand jury for doing business with gambling interests in the state, although he and all the Edwards children signed an ethics commission agreement not to do so after a previous public outcry. There are more than 10,000 lawyers in Louisiana, but four of fifteen riverboat gambling companies chose Edwards' son to represent them. One pays Stephen Edwards \$130,000 a year for part-time work (The Baton Rouge Advocate 2/24/94). It just doesn't look right.

Although Edwards claimed he was "the new Edwin Edwards" during the 1991 election, people are fed up with what has turned out to be the "same old Edwin Edwards." Polls show potential GOP candidates burying Edwards 2 to 1 in a run-off situation. However, Edwards presses on. Despite pledging during the election it would be his last term, Edwards has announced he will seek a fifth term. A \$1,000 per plate fund-raiser with allies and political beneficiaries at a New Orleans hotel last fall raised over one million dollars for Edwards in one night!

### **The Democrat Machine**

The strongpoint of the Democratic machine in Louisiana has been its control of legislative and local offices. Even when the governor's mansion was held by Republicans or reform Democrats, the machine has been able to stymie their efforts. For many years people were often told they could not vote unless they were Democrats.

In Louisiana as in Washington, key to building a new future will be not only winning high statewide office, but legislative and local races. Republicans will have to win in Louisiana through "bottom-up" efforts (as Haley Barbour calls them).

The majority of Louisianians are conservative by nature and hardworking. They are ready for Republican leadership to replace the liberal, welfare-minded policies which have put our state at the bottom of the "good" lists and at the top of the "bad" lists (ie, Louisiana is among the national leaders in homicides per capita, high school drop-out rates and teenage pregnancy). The Democrats have controlled Louisiana for more than a century and the state has not reached its enormous potential, despite abundant natural resources, three of the nation's top ports (New Orleans, Baton Rouge and Lake Charles) and a workforce ready for good, honest jobs. But the factionalism and division of past Republican efforts will have to be laid to rest in order for Louisiana to

truly become a two-party state and to break the bonds of the "Edwin Edwards Democrats."

### Talking Points

- \* Louisianians are open to Republican messages relating to low taxes, welfare reform and economic development and job creation.
- \* Crime. Louisiana's per capita homicide rate is among the nation's highest. Louisiana U.S. Rep. Bob Livingston sponsored "3 strikes and you're out" legislation in the House.
- \* How NAFTA will help create Louisiana jobs may be a good focus. Louisiana's ports and the petro-chemical industries employ hundreds of thousands of state residents.
- \* U.S. Senator John Breaux of Louisiana and U.S. Rep. Jim Cooper of Tennessee are presenting an alternative health care plan. Senator Dole may wish to offer Republican alternatives to the Cooper/Breaux and Clinton health care plans.

### Quick Facts:

- \* Louisiana GOP voter registration is approximately 19.2%.
- \* After recent New Orleans City Council races, two Republicans will sit on the Council for the first time ever. Peggy Wilson, who previously held the District A Council seat, won an At-Large Council position. She was the first Republican since Reconstruction to win a city-wide race in New Orleans. In addition, Suzanne Haik Terrell won the District A seat vacated by Wilson. Both did a tremendous job!
- \* By winning just one more U.S. House seat in this fall's elections, the GOP can hold a majority of Louisiana's U.S. House seats for the first time since Reconstruction.
- \* Louisiana's current Republican U.S. Representatives (3 of 7 total)  
:  
Bob Livingston (1st District, Metairie)  
Richard Baker (6th District, Baton Rouge)  
Jim McCrery (5th District, Shreveport)

**OUR VIEWS**

**Guv's associates cut gambling pot**

The headlines keep on coming. Despite pledges to do no more riverboat casino business, Gov. Edwin Edwards' son still collects \$10,833 a month from a casino firm for government relations advice and legal services and is listed as a consultant to others.

A Shreveport firm with ties to close Edwards associate Gus Mijalis stands to knock down \$26 million from a New Orleans riverboat casino company.

The news stories, coming on consecutive days this week, were simply the latest in a line of similar accounts of people close to the governor profiting from the state's fledgling gambling industry.

It was a fear of news stories such as this that caused many people in the state to resist the legalization of gambling.

And what many had feared has been splashed in an almost continuous barrage of headlines.

Critics of gambling predicted it would happen. Louisiana, with its history of political deal-making, would not be able to initiate and operate gambling ventures without the usual horrible stench of corrupt influencing.

Gov. Edwards' family and friends would cut the cream off the top of the lucrative gaming ventures leaving the general populace with only the dregs of problems with which it must contend, the wags said.

Last fall Stephen Edwards and his brother and sisters signed a consent agreement with the Board of Ethics for Elected Officials in which they agreed not to provide goods and services to riverboat casinos.

Louisiana Department of Revenue officials noted in a report issued to state police that Stephen Edwards received a total of \$62,499 for services rendered to the operators of the Crescent City Queen riverboat casino between July 20 and Dec. 24, 1993.

The report said the one-year contract, signed last July, pays Edwards \$10,833 a month for legal assistance and government relations advice, or \$129,996 over the course of a year.

Edwards' attorney, Lewis Unglesby, told the ethics board that the practice of law is different, and wasn't covered by the consent decree. He said the ethics board could not stop Edwards from practicing law, and that the Supreme Court is the body responsible for overseeing attorneys. The ethics board's staff was instructed to investigate the matter.

Is Stephen Edwards such a great lawyer that his part-time advice and assistance is worth \$130,000 a year?

Isn't it curious that with more than 10,000 lawyers in Louisiana, Stephen Edwards also was selected to represent three other New Orleans area riverboat casinos?

Of course, Stephen Edwards is not the only person close to the governor who has converted the new gambling laws into his own personal enrichment laws.

Consider Mijalis, longtime close associate of the governor and an Edwards appointee to the state Board of Regents.

Capital Gaming International of Atlantic City, N.J., the parent company of the firm developing the Crescent City Queen, signed a partnership agreement April 8, 1993, with Republic Corporate Services, a Shreveport firm owned by Mijalis' nephew, Sammy Mijalis. Gus Mijalis is listed as consultant to Republic.

From the time the agreement was signed through December, Capital paid Republic almost \$50,000.

But that's chicken feed. As future compensation, the Mijalis firm is entitled to almost 20 percent of pre-tax profits from the boat, or alternatively could be paid \$26 million over an eight-year period in a buyout arrangement.

A company official has indicated it's most likely Capital will opt for the buyout as the cheaper way to meet its responsibility.

In return for the money, the contract calls for Republic to act as a "strategic consultant" in the gambling/boat venture.

Capital Gaming executives said they hired Republic

close to the governor who <http://dolearchives.ku.edu>  
gambling laws into his own personal enrichment laws.

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Capital Gaming executives said they hired Republic because Louisiana was unfamiliar territory and they would have been hard pressed to forge vital business contacts without a local partner.

"We wouldn't have known how to get to the (New Orleans) Dock Board," Capital's chief executive officer said.

He also said, "Gus put me personally in touch with every university head in New Orleans, and I contacted them and told them what our needs were in terms of training." Could this mean Mijalis is using his influence as an appointed member of the Board of Regents to help the gambling firm?

A company official told the New Orleans Times-Picayune that the firm no longer needs Republic's help now that it is familiar with the state's business environment, but will wait until it has a license and a berthing lease with the New Orleans Dock Board before buying out the Mijalis firm.

The appearance is that the firm bought political influence to smooth the way in its efforts to land one of the boat-based casinos in the state.

The law limits the total number of riverboat casinos in the state to 15, creating stiff competition among those wanting to cash in on the lucrative business.

Which set the stage for some high-stakes deal-making.

## Sunday Advocate

NO. 149 AVENUE, BATON ROUGE, LA 70802

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NOT

DOUGLAS MANSHIP JR.  
WILLIAM BANKSTON  
LARRY DICKINSON  
FAVETTE TOMPKINS

Sunday, Feb. 27, 1994

# EWE defends his Mansion poker games

By **CARL REDMAN**  
and **TIM TALLEY**  
Advocate staff writers

Gov. Edwin Edwards said Tuesday he sees nothing wrong with playing high stakes poker games in the Governor's Mansion or that some games have included players who have connections to Louisiana's burgeoning gambling industry.

Although District Attorney Doug Moreau said some of Edwards' poker partners will be questioned about the games when they appear before a grand jury probing the riverboat gambling industry, Edwards said he has no plans to stop the games.

"As a matter of fact, I hope from the publicity I'll have some volunteers because some of these people have fallen by the wayside," Edwards said at a news conference in the Capitol.

Edwards was reluctant to answer questions about the poker games, in which pots reportedly reach \$10,000, and ended the news conference before reporters could press him on the issue.

Edwards said poker games at the mansion began when Buddy Roemer was governor and that some current players also played while Roemer was governor.

At least two with ties to the gambling industry reportedly have played at the man-

sion since Edwards took office.

Edwards said Robert Guidry, who has interests in video poker and is seeking a license to operate a riverboat casino in Kenner, has played.

And Edwards' friend Gus Mijalis of Shreveport, who is connected to both riverboat gambling and video poker, also reportedly has played poker at the mansion.

Edwards said Guidry was in the poker game long before he got involved with riverboats.

Moreau said Tuesday that riverboat gaming applicants, including those who rou-

□ See **EDWARDS**, Page 4A

BR. Advocate 2/9/94

## Edwards

CONTINUED FROM 1A

timely play poker with Edwards, are part of an ongoing grand jury investigation into the state's riverboat gaming industry.

"Necessarily, these people are within the scope of the investigation," Moreau said. "The fact that they play a poker game with the governor is another area that you'd want to inquire into."

As the investigation progresses, subpoenas will be issued to applicants for riverboat casinos to testify before the grand jury, the district attorney said.

"You can naturally conclude that they are going to be asked about the card games," Moreau said.

Moreau said he is not trying to use the grand jury probe to interfere with the governor's personal entertainment.

"I'm not mad at him for playing cards," Moreau said. "That's his business."

The grand jury meets today, but none of the governor's poker partners is scheduled to testify.

Edward attacked the media for calling attention to his poker games when they did not make much out of Roemer's poker games.

"It's the one thing that I did following what Roemer did, and it's not surprising that for four years nothing was said about it while he was

governor," Edwards said. "... I made the mistake of following the tradition he had."

Edwards said he played with Roemer "on a number of occasions early on, but not recently."

Roemer has said that while he was governor he did not play with anyone who did business with the state, and games were not for the high stakes for which Edwards plays.

Edwards said playing poker at the mansion, even high stakes poker, isn't illegal because no one is making a profit from running the game.

However, Edwards quipped he plays to make a profit.

# N.O. man with Edwards ties gets riverboat license

By SCOTT DYER  
Top of news here.

Despite testimony about late taxes, a \$4 million buyout and fines for casino reporting violations, state police agreed Thursday to license a riverboat casino owned mostly by a businessman with ties to Gov. Edwin Edwards.

Norbert Simmons of New Orleans will control 53.1 percent of the riverboat after a \$4 million buyout of his partner, New Orleans businessman Vernon Shorty.

The other 48.9 percent of the riverboat will be held by Bally's Manufacturing Corp., which also operates casinos in New Jersey, Nevada and Mississippi.

Simmons is an Edwards appointee to the Board of Regents and a former Edwards appointee on the Louisiana Airport Authority.

Capt. Mark Oxley, who heads the state police gaming enforcement division, denied that Bally's or Simmons were advised to drop Shorty in order to obtain a license.

"We do not conduct our business in that fashion. We strictly are following our mission to determine the suitability of the applicants," Oxley said.

"It's up to the applicant to make sure that the persons and entities with whom they involve themselves are beyond reproach."

Simmons told Oxley and the other two members of the licensing panel that Shorty, executive director of the Desire Narcotics Rehabilitation Center, opted to sell his interest in the riverboat because "he did not have the time for the enterprise."

Shorty also is a partner with state Rep. Sherman Copelin, D-New Orleans, in Reality Treatment Center, an alcohol and drug rehabilitation company that reportedly has been the focus of an investigation by the FBI and Orleans Parish District At-

torney Harry Connick.

Under the riverboat buyout, Simmons has put up \$1,000 to buy Shorty's interest in the project and agreed to pay an additional \$4 million after the project receives a gambling license.

Bally's Casino Holdings agreed to advance the money to buy out Shorty in exchange for increasing the portion of the riverboat held by Bally's Louisiana Inc. from 45 percent to 49.9 percent.

Because Simmons controls most of the riverboat, it will become the first black-owned casino in the United States.

According to a report filed by the state Department of Revenue and

Taxation, Simmons is responsible for putting up \$550,000 of the \$70 million project, with Bally's Louisiana Inc. providing an additional \$14.45 million.

All financing will be provided by Bally's Casino Holdings Inc., the financial report said.

During Thursday's licensing hearing, Simmons downplayed the significance of a \$10,000 fine levied by the National Association of Securities Dealers against First Commonwealth Securities for a reporting discrepancy in 1989 when Simmons was executive vice president of that firm.

Simmons said the fine was the only one that First Commonwealth

received in seven years, and said it was not really an issue because the firm had no customers.

Investigators also testified that First Commonwealth is involved in a fact-finding investigation by the Securities and Exchange Commission for splitting commissions from a bond sale.

As part of the financial review of the riverboat project, state Department of Revenue and Taxation Secretary Ralph Slaughter contacted the SEC and was told that no conclusion has been reached concerning any violations of federal securities laws by Simmons.

Simmons did not pay his 1991 state income tax until a few weeks

ago, said Earl Millet Jr., regional director for the Department of Revenue and Taxation.

Simmons told the licensing panel that he did not realize the state had not received the \$800 tax payment, prepared by accountants, until revenue agents called it to his attention.

After reviewing Bally's finances, Millet said he is certain that Bally's has adequate assets to finance the \$70 million project.

The riverboat is under construction at Avondale Industries in Westwego and is slated to begin operations in early 1995 on the Mississippi River in downtown New Orleans.

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## EASTER VALUES



April 7, 1994

TO: SENATOR DOLE  
FROM: NINA OVIEDO ~~ADO~~ MACHIDA  
SUBJECT: GAMBLING TAX UPDATE

Administration's Proposal - The gambling tax proposal would be a 4 percent excise tax on net gambling revenues that would exempt state lotteries. The proposal would also increase federal withholding taxes on gambling winnings (currently, the rate is 28 percent). An estimated \$4.16 billion over five years is expected from this proposal. It is unclear whether or not Indian Gaming establishments will be exempt. As of March 24, this proposal is reported to still be a viable option. The Welfare Reform plan is expected to cost between \$10 - \$15 billion over the first five years, and \$35 billion over ten years).

Opposition - The Nevada delegation has already urged the White House to drop this proposal. The Nevada Gaming Control Board reports that the casinos that would be affected by this tax provide 29,466 jobs in Nevada. It is rumored that the Kentucky delegation will most likely do the same. A group of 30 travel associations and companies have also weighed in against the tax stating, "it is unfair to look to one segment of the economy to help fund welfare reform, especially when the result could be layoffs of thousands of hotel and casino workers."

Breaux - Senator Breaux has publicly stated (March 30, 1994, Gannett News Wire Service) that the proposed gambling tax should be considered along with other options to pay for a needed overhaul of the nation's welfare system. "A gambling tax is just one option," he said. "It's not something that I'm advocating, but it's an option like anything else." Breaux noted both a Republican proposal and a House conservatives welfare reform plan also show reform costs in the beginning. Breaux elaborated that the extra funding was needed in the beginning to provide the day and housing care needed to change the program. According to a news article, in Louisiana, three gambling riverboats grossed about \$51.8 million from October 1993 through this February. After total taxes of about \$9.6 million, that means the proposed tax would have brought in about \$1.7 million. Currently, Louisiana has no land casinos (although, at least two land casino proposals are being studied), but has approximately 15 riverboat casinos.

Moynihan - Senator Moynihan, speaking on March 6 on CBS News's "Face the Nation," said a tax on casinos could be a "useful source of revenue" for a welfare reform bill.

House side - Freshman Representative Cleo Fields (D-La.), said while he hasn't had a chance to study the proposal, "in terms of the general philosophy of taxing gambling for welfare reform, it's something that certainly warrants debate."

Missouri Vote - Voters in Missouri defeated a referendum to legalize all forms of gambling in Missouri and sent casino stocks tumbling in the stock markets. The State Supreme Court had ruled that the state constitution prohibits some forms of gambling - so-called "games of chance," such as slot machines, craps and roulette. The referendum was not successful in legalizing these "games." As a result, casino stocks tumbled in the market. St. Louis based President Riverboat Casinos Inc stock plunged by almost 88 percent. Another referendum vote is expected as early as August.

INDEPENDENT PETROLEUM



ASSOCIATION OF AMERICA

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**MEMORANDUM**

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April 7, 1994

**FROM:** Roy Willis

**TO:** Jim Whittinghill  
Office of Republican Leader

**RE:** Louisiana oil and gas update

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The Louisiana Governor's Energy Committee just last month issued an update on the oil and gas industry in Louisiana (enclosed). The Energy Committee recommended a package of new state tax incentives (exemptions from the state's severance tax) to maintain existing production from stripper wells and to encourage new drilling. Highlights of the Energy Committee's report:

**I. IMPACT OF THE INDUSTRY ON STATE REVENUES AND EMPLOYMENT**

- oil and gas industry accounts for 15 to 17 percent of state general fund revenues.
- oil refining accounts for 17 percent of all value-added manufacturing in the state.
- the oil and gas industry (E&P, refining, transportation and marketing) accounts for more than 108,000 jobs with an annual payroll of more than \$4.3 billion.
- oil and gas E&P (exploration and production) generates more than \$558 million in several taxes and another \$245 million in bonuses, royalties and rentals, and employs 45,000 people in Louisiana.
- every oil and gas job generates between four and six additional jobs in the state.

**II. RECENT INDUSTRY STATISTIC FOR LOUISIANA**

- drilling rates in Louisiana have declined at a greater rate than in the rest of the country, dropping by more than half since 1986, when 2,734 wells were drilled, compared to 1,233 wells in 1992.
- drilling costs in Louisiana for onshore natural gas wells are four times higher for onshore wells than the national average; offshore natural gas wells cost



eight times more than the national average.

- Oil production in Louisiana has been declining for nearly 20 years, down from its peak of 500 million barrels per year to 100 million barrels per year; natural gas production has also decreased, from a peak of 5 trillion cubic feet per year to 1.6 trillion cubic feet per year.
- Louisiana is principally a natural gas producer, roughly producing twice as much natural gas as oil and a BTU equivalent basis.

### III. STRIPPER WELLS

- Louisiana has approximately 18,000 stripper wells and another 3,000 inactive wells,
- Stripper well production value was about \$150 million last year, with an overall economic impact of more than \$226 million.
- Stripper wells directly employ 1,356 people with a \$53 million payroll, provide \$700,000 in royalties to the state and pay more than \$1 billion in taxes other than severance taxes. Stripper well severance taxes are projected to be \$3.56 million this year.
- at current prices, many of these stripper wells will be plugged and abandoned.

### IV. OFFSHORE PRODUCTION

- Louisiana is the country's biggest offshore oil and gas producing state. The offshore industry directly employs 10,000 people, with another 60,000 jobs indirectly sustained by offshore oil and gas operations.
- \$5 per barrel tax credit for deep water offshore production would generate between 56,000 and 105,000 new jobs by 1998.

### V. ENERGY COMMITTEE CONCERNS

- Louisiana tax structure not competitive with other neighboring oil and gas states (Texas, Oklahoma, Mississippi) all of which have incentive programs in place or with foreign jurisdictions which have incentives, lower labor costs and less stringent environmental regulations.
- Supports federal tax credits for marginal production, deep water offshore production.
- the federal Oil Pollution Act of 1990 could have devastating impact on Louisiana's offshore industry.

VI. ENERGY COMMITTEE'S TAX INCENTIVE PROPOSALS:

The following production would be exempted from state severance taxes:

- stripper wells (producing less than 10 bpd) when average oil price is below \$20 per barrel;
- idle wells brought back into production would be exempt for five years.
- horizontally drilled wells or deep wells (exceeding 15,000 feet) exempt until project payback is achieved or 24 months, which is earlier.
- exploratory wells exempt until project payback.

**The Oil and Gas Industry  
In Louisiana  
Two Years Later**

**An Update to the 1992 Report  
Of the Governor's Energy Committee**

**March 7, 1994**

# Governor's Energy Committee

**John P. Laborde**  
Chairman  
Tidewater Inc.  
New Orleans

**Sandra S. Thompson**  
Vice Chairman  
SanSon Inc.  
Port Allen

**John Ales**  
Secretary  
Dept. of Natural Resources  
Baton Rouge

**Paul Benson**  
Mobil E&P USA  
Dallas, Texas

**Michael Bourgeois**  
Louisiana Landowners Assn.  
Baton Rouge

**Don Briggs**  
LIOGA  
Baton Rouge

**William Broadhurst**  
Attorney-at-Law  
New Orleans

**William Brown**  
Attorney-at-Law  
Monroe

**Dudley Callahan**  
Placid Refinery  
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**John Callon**  
Callon Petroleum  
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**Walter B. Comeaux**  
Great Southern Oil & Gas  
Lafayette

**Richard Currence**  
Tidewater Inc.  
New Orleans

**Guy Ellison, Jr.**  
El-Oil, Ltd.  
Lafayette

**Jim Flores**  
Flores & Rucks Inc.  
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**Michael Flynn**  
Exxon Company USA  
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**Clive Fowler**  
Amoco Production  
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**John J. Graham**  
Graham Resources  
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**Pamela Grantham**  
Greenhill Petroleum  
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Chevron USA Inc.  
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Badger Oil Corp.  
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**Robert T. Holleman**  
Geologist  
Lafayette

**David Hunt**  
CNG Producing Co.  
New Orleans

**Whitney Jasmine**  
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**Robert Keaton**  
State Senate Budget Office  
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Office of the Governor  
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Freeport-McMoRan  
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**Harlan Northcott**  
Northcott Exploration  
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**John Palmer**  
Palmer Petroleum  
Shreveport

**Rich Pattarozzi**  
Shell Offshore  
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**William Petmecky**  
Seneca Resources  
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**B. Jim Porter**  
Mid-Continent Oil and Gas Assn.  
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**Kevin Reilly**  
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Dept. of Economic Development  
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Dantex Oil Co.  
Dallas, Texas

**H. Leighton Steward**  
LA Land and Exploration  
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**James H. Stone**  
Stone Energy  
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**H.W. Thompson**  
Commissioner of Conservation  
Baton Rouge

**W.F. Wallace**  
Texaco USA  
New Orleans

# The Oil and Gas Industry in Louisiana Two Years Later

## An Update to the 1992 Report By the Governor's Energy Committee

Overall conditions in the Louisiana oil and gas industry have gone from marginal at best to near disastrous during the past two years. Virtually every indicator is down. New tax threats and increased regulations are common and other states and foreign countries are luring exploration dollars away from Louisiana through incentive programs and less stringent regulations.

Oil prices have fallen drastically during the past year, making new oil exploration activities within the state, with some exceptions, almost impossible because of the depressed prices. While natural gas prices have shown some improvement during the past 18 months, it has not been enough of an improvement to spur any increased development within the boundaries or territorial waters of the state.

### **Oil and Gas Still Important to Louisiana** *Petroleum Industry Accounts for 15 to 17 Percent of All General Fund Revenues*

Despite the decline in prices and other factors that will be noted, the oil and gas industry continues to be a vital part of the Louisiana economy. *The oil and gas industry still accounts for 15 to 17 percent of all state general fund revenues.* The refining segment of the industry accounts for 17 percent of all the value-added manufacturing activity in the state. The oil and gas industry is responsible for millions more in state revenues through the corporate income, franchise and sales taxes. Municipal and parochial governments also receive millions each year as a result of property taxes, sales taxes, sharing in severance tax collections and royalty collections. *The industry accounts for more than 108,000 jobs and a payroll of more than \$4.3 billion annually.*

*Louisiana is an oil and gas state.* Some efforts have been made to diversify the state's economy. However, for the most part oil and gas activity will continue to be one of the economic cornerstones of the state. Therefore, it is appropriate that the state consider actions that will not only help the industry maintain its current level of activity and investment but to grow and expand.

Louisiana must recognize that a healthy oil and gas industry can be a tremendous benefit to the economy without the enactment of excessive taxes and fees. A healthy oil and gas industry contributes to an improved business climate which will benefit the entire state.

The industry has paid and will continue to pay its fair share of taxes and fees. The industry, for example, worked closely with the Department of Natural Resources during the 1993 session.

of the Louisiana Legislature to pass Act 404, which levies fees on oil and gas production in the state to finance oilfield site restoration activities associated with the proper closing of abandoned wells. This shows the commitment of the industry to being good corporate citizens.

To accomplish the goals of revitalizing this most important industry, the state should give careful consideration to the enactment of an aggressive incentive program and avoid the imposition of any excessive taxes or fees which single out the petroleum industry and put that industry at a competitive disadvantage with other states and foreign countries.

## Industry's Value Covers Many Areas

### Each Segment of Industry Adds to Economy

The oil and gas industry can be divided up into several unique segments including exploration, production, transportation, refining and marketing. Each segment adds to the overall economy of the state.

For example:

- ◆ The marketing segment of the industry, represents the actual retail sales to customers. Gasoline and special fuel sales in Louisiana generate more than \$450 million in annual tax revenues. This segment employs more than 14,000 persons.
- ◆ The transportation or pipeline portion of the industry generates millions of tax dollars in local revenue through ad valorem tax collections. In addition, the state collects more than \$17 million annually through the natural gas franchise tax. More than 6,500 persons are employed by oil and products pipelines and natural gas utilities.
- ◆ The refining segment alone employs 11,400 persons. The 19 refineries in Louisiana account for 17 percent of all the value-added manufacturing activity in the state. Refineries pay more than \$150 million in state taxes.
- ◆ Oil and gas production generate more than \$558 million in severance taxes and another \$245 million in bonus payments, royalties and rentals. Production and exploration employees exceed 45,000 in Louisiana.
- ◆ Finally, while usually combined with the production, the exploration portion of the industry is really a unique segment. This segment of the industry generates revenue for the state even when it is not successful. (See Exhibits A, B and C)

Based on industry standards, there will be one successful well for every eight wells that are drilled. Thus, seven of every eight wells drilled will be unproductive dry holes. However, the state and local communities receive benefits from those dry wells.

Using an actual well history, it is easy to see the benefits of increased exploration activity. The actual dry-hole cost to the operator was \$816,886, which was provided by out-of-state interests but spent entirely in Louisiana with some 40 vendors.

The expenditure generated more than \$37,000 in state and local sales taxes. If eight such wells are drilled before a paying well is discovered, the state and local governments will received nearly \$300,000 in sales taxes.

In addition each well, whether it is successful or not, creates jobs (See Exhibit D). The persons working on the wells will be paying state income taxes and will also be paying state and local sales taxes on the goods and services that they purchase.

Economic studies have shown that each oil and gas job generates between four and six additional jobs in the state. Therefore, when exploration activities take place, the state benefits even if seven out of eight wells are not productive wells.

## **Adverse Conditions Growing Worse**

### ***Regulatory Climate Complicated and Restrictive***

The adverse conditions facing the oil and gas industry, as outlined in the 1992 report of the Governor's Energy Committee, are the same or worse. That report noted that the tax structure of the state was not favorable and that the severance tax on oil was the highest in the lower 48 states. *The regulatory climate has grown more complicated and restrictive.*

More jobs are being lost in the oil and gas industry. Foreign competition is increasing. Worldwide supplies of oil are increasing almost to the point of the world facing another glut of oil similar to what was faced in 1986. Federal and state regulations are continuing to mount. One proposed set of federal regulations, dealing with evidence of financial responsibility requirements for oil spills, could almost shut down the offshore industry. Many state regulations go far beyond the requirements of federal regulations in the same area.

The severity and inconsistency of the regulations often force the industry to spend millions of dollars needlessly. The regulatory climate, coupled with the incentives offered in other states and foreign countries, is driving new exploration and development dollars away from Louisiana.

## **Incentives Necessary**

### ***Lack of Incentives Puts State at Disadvantage***

The Governor's Energy Committee concluded that conditions were not favorable in 1992 and recommended several incentive measures. *A review of the situation since that time shows that conditions have declined even further.* Thus, the enactment of incentives that will allow the industry to maintain its current level of activity and investment and to later increase that activity and investment is in order.

*Texas has recently enacted a series of incentives, one of which dealing with the re-entry of inactive wells has had an immediate impact on the state. Oklahoma is expected to adopt a series of incentives this year. Incentives are under consideration in Mississippi.* This report will concentrate on the current conditions facing the industry while showing the historical perspective of those conditions. Finally, the report will offer a series of recommendations for consideration that will seek to maintain the existing industry and to help that industry grow.

## **Status of Current Industry Indicators**

### ***Virtually All Oil and Gas Indicators Pointing Downward***

The health of the oil and gas industry cannot be judged by one indicator. It is not accurate to look only at rig counts or permits issued to determine accurately the condition of the industry. Instead, it is necessary to examine as many indicators as possible and then draw a conclusion based on those indicators.

Drawing conclusions about the industry's status in Louisiana is relatively easy. All of the indicators—drilling activity, permit applications, rig count and production—are down. The only exception is price. While oil prices have been on a downward slide for several months, natural gas prices have been relatively level, with only minor downturns in the early weeks of 1994.

*Other factors which impact the industry in Louisiana include competition from other states and foreign countries for investment dollars, global politics, worldwide supply of oil, consumer demand and federal regulations.*

## Drilling Activities

### *Drilling Rate Decline Greater in Louisiana than Other States*

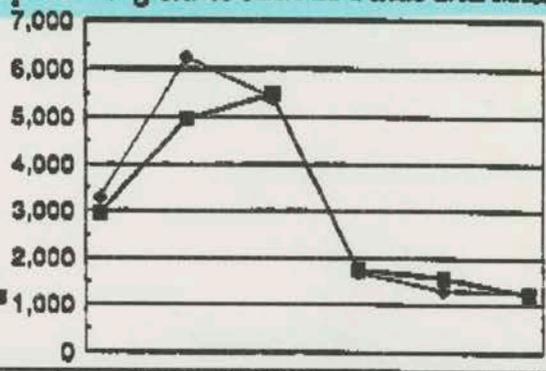
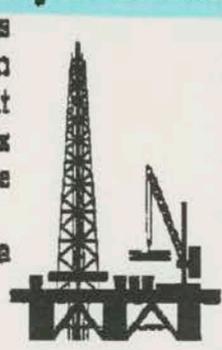
Drilling activity has declined in Louisiana and throughout the country. As the following chart shows the actual number of wells drilled in the United States has dropped from more than 37,000 in 1986 to 22,000 in 1992. *However, the rate of drilling decline has been greater in Louisiana than in the overall country and in some producing states such as Texas and Mississippi.*

The actual drilling rate in Texas is increasing. This is due at least in part to the enactment of a recent incentive providing a severance tax credit for production from inactive wells that have been re-entered.

While the incentive grants a

Wells Drilled-Selected States, 1986-1992

Year	LA	TX	MS	OK	U.S.
1986	2,734	12,894	302	4,281	37,173
1987	2,393	10,619	313	3,597	31,041
1988	2,122	9,328	341	3,067	29,741
1989	1,855	8,086	287	2,579	26,693
1990	1,740	8,487	277	2,642	26,513
1991	1,574	8,521	208	2,506	27,194
1992	1,233	7,309	185	1,895	22,338

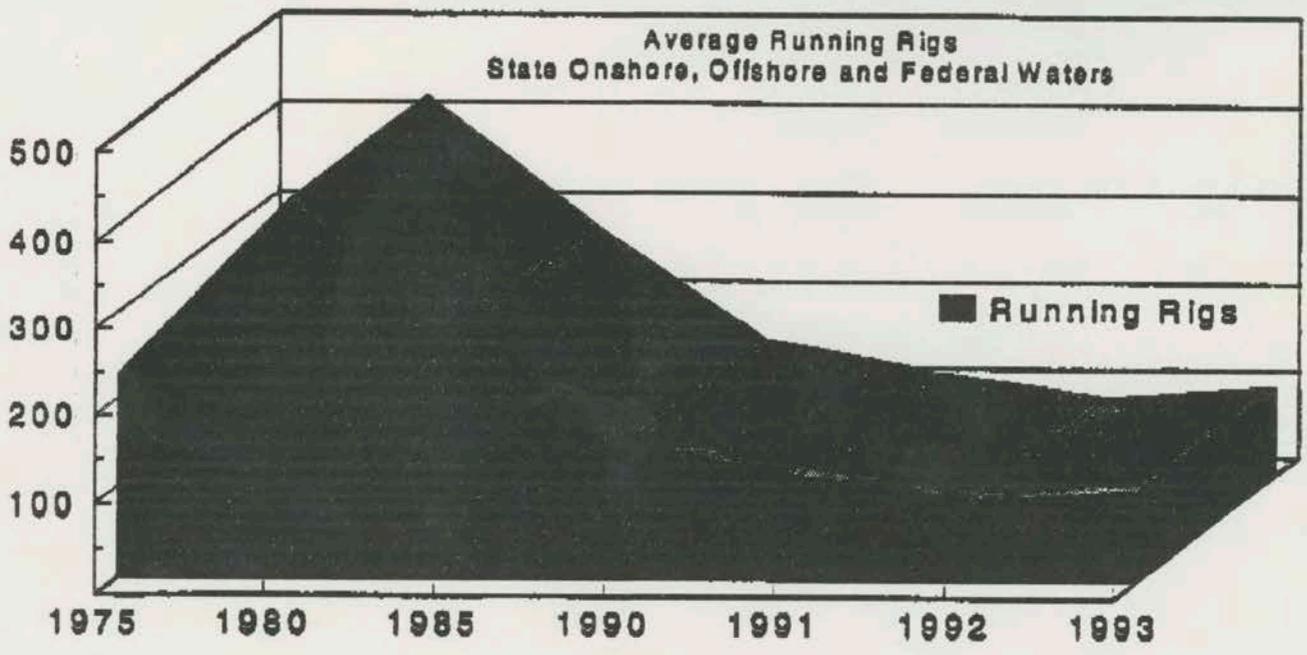


Wells vs. Permits	1975	1980	1985	1990	1991	1992
Wells Drilled*	2,951	4,970	5,486	1,740	1,574	1,233
Permit Applications	3,286	6,237	5,410	1,690	1,309	1,278

\*Includes Federal Offshore

credit against severance taxes, the benefits received as a result of royalties paid on increased production, additional employment and additional corporate income, franchise, sales and property taxes more than make up for the severance tax credit. It is also important to remember that without the incentive, much of this additional production would have never occurred. *Therefore, no revenue was actually lost as a result of the incentive.*

Louisiana's drilling rate has dropped by more than 50 percent from 2,734 wells in 1986 to





1,233 wells in 1992. However, the rate of decline in Texas has been less, dropping from 12,700 to 7,000 while Mississippi has dropped from 302 to 185.

The rate of decline has been greater in Oklahoma than in Louisiana. This can be attributed to the fact that Oklahoma has no offshore area to develop.

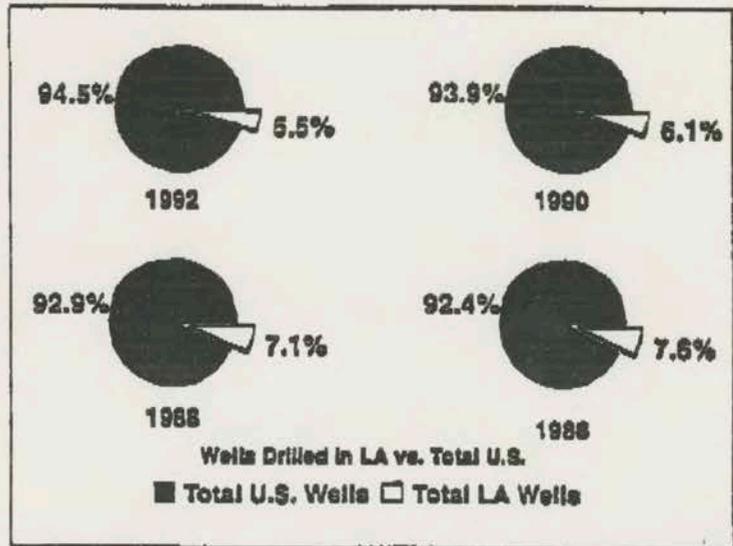
In addition more than 75 percent of Oklahoma's production is from stripper wells, or wells producing 10 barrels per day of oil or less. However, even with the greater rate of decline Oklahoma drills more wells per year than Louisiana.

All evidence indicates that the "easy to find" oil and gas has been found. Therefore, any new major or significant discoveries will be made by drilling deeper, going further offshore, or using new techniques, such as horizontal drilling.

*Drilling in Louisiana is more expensive than most other areas.* Figures compiled in the *Joint Association Survey* show that the average cost of an offshore Louisiana gas well is eight times more expensive than the U.S. average. The Louisiana onshore cost for a gas well is four times greater than the U.S. average.

Therefore, drilling a well in Louisiana is more expensive than in other states, and accordingly, the deeper a well has to be drilled the more it is going to cost. However the financial return on the oil or gas from that well will not increase.

While the typical oil well is less expensive than a typical gas well, since the drilling depth is not as great, a Louisiana offshore oil well will still cost six to seven times more than the U.S. average.



\$5,000,000

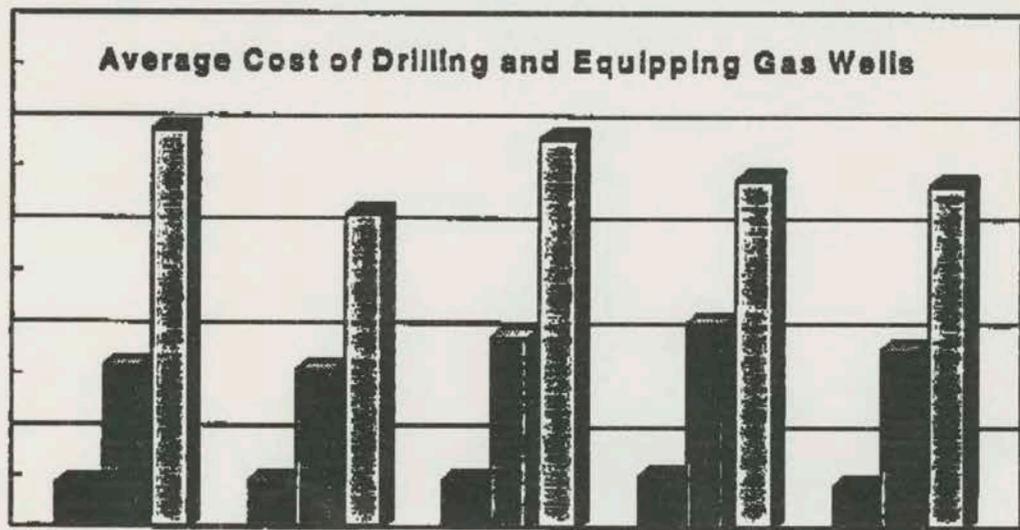
\$4,000,000

\$3,000,000

\$2,000,000

\$1,000,000

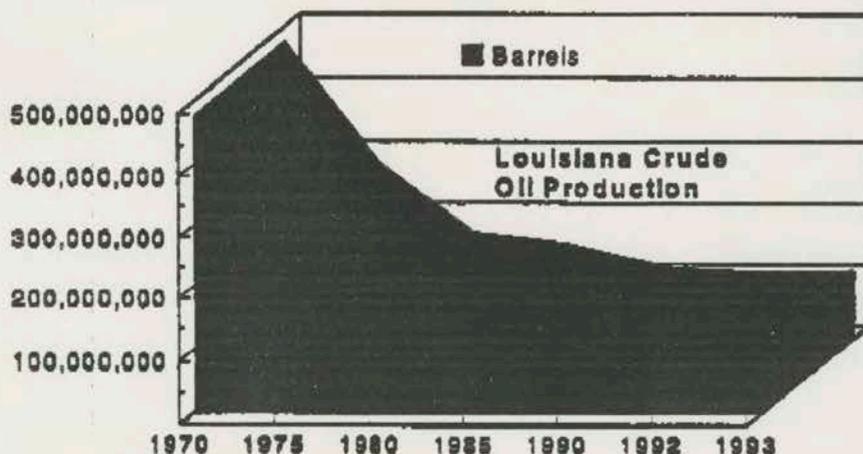
\$0



Gas Wells	1988	1989	1990	1991	1992
U.S. Average	425,376	457,790	471,280	506,575	426,114
Louisiana	1,571,490	1,535,189	1,867,004	2,004,530	1,743,747
LA Offshore	3,863,127	3,035,855	3,769,771	3,380,424	3,323,938

## Production Oil and Gas Production Declines, But More Remains to be Recovered

As noted in the original report of the Governor's Energy Committee, oil and natural gas production has been declining for 20 years. While there have been some years that were



somewhat better than the prior year, the overall trend has been downward.

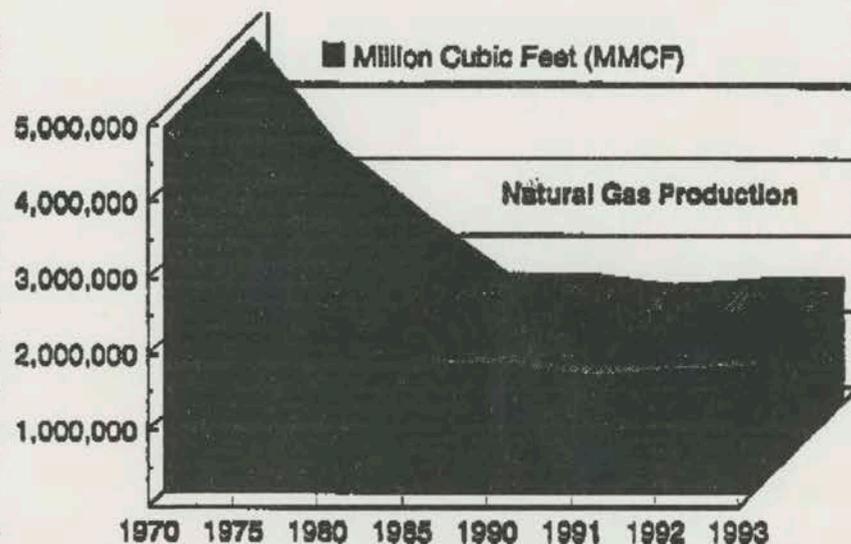
Oil production has dropped from nearly 500,000,000 barrels per year to slightly more than 100,000,000 barrels per year.

State production of natural gas (excluding federal OCS) has dropped from 5 trillion cubic feet to approximately 1.6 trillion cubic feet.

The decrease in production can be attributed to two factors. The first and most obvious is that Louisiana is a mature oil and gas province. *The production of oil and gas has been a part of this state for all of this century and even before that.*

Because of the long production history in the state, it is logical to assume that there is not as much oil and gas left to be found.

However, that assumption is only partially correct. Typical technology does not allow for total or 100 percent recovery from a reservoir. Rates of recovery can vary from as little as 20 percent to more than 50 percent nationwide. In south Louisiana recovery rates are at the 55 percent level.



While the recovery rates are good, the abnormal pressure that allows that recovery rate also creates additional problems that must be addressed in the drilling and production stages.

Today, there is still a considerable amount of oil and gas left in the state reservoirs. It is just not technically or economically feasible to recover some portions of it. A portion of those reserves are being recovered through stripper production, which will be discussed in a later section.

The recovery of much of this oil and gas will require the use of innovative and expensive production techniques which demand a much higher price than the current market will allow.

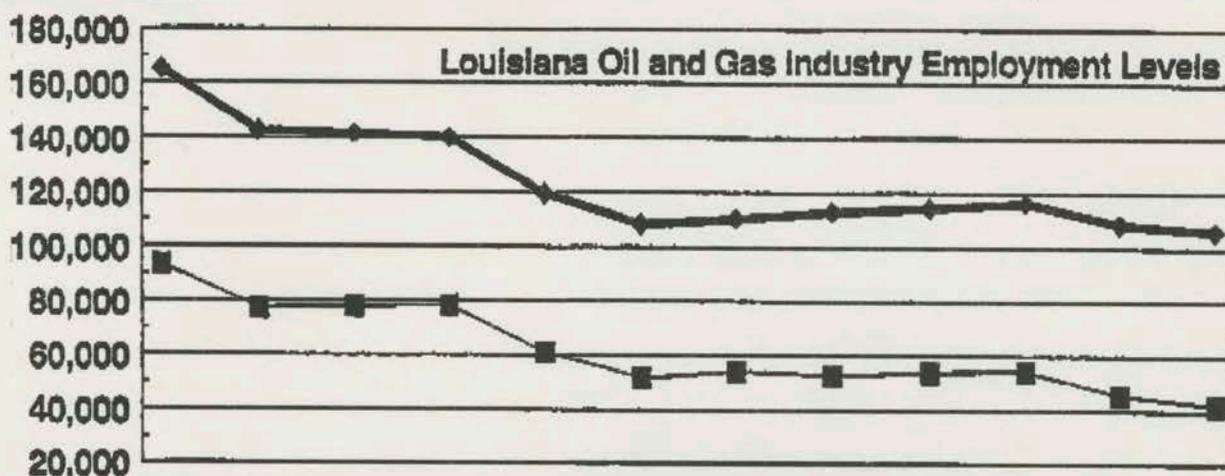
However, some of this oil and gas can be recovered more feasibly. This category includes the oil and gas that is recovered through the operation of stripper and incapable wells, horizontal drilling, reactivation of inactive wells, deeper wells and through the use of 3-D seismic technology.

## Employment

### *Oil and Gas Job Loss Greater Than Steel and Auto Industries*

While most residents of Louisiana know that the oil and gas industry work force has declined over the past few years, many do not realize how massive the decline has been.

Exploration and production jobs within the state of Louisiana have been reduced by more than half from 93,500 in 1982 to 45,749 in 1992. It is estimated that the 1993 numbers, once finally calculated, will show an even further decline to as few as 42,000 exploration and production jobs.



	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993* Estimate
E&P	93,500	77,300	78,000	78,500	60,900	51,600	54,000	52,700	53,700	54,400	45,700	42,000
Total Industry	165,300	142,700	141,600	140,300	119,400	108,200	110,400	112,800	114,200	116,400	108,600	106,000

Overall, the oil and gas industry has gone from 165,000 high-paying quality jobs in 1982 to 108,600 in 1992. Therefore, while more than 47,000 jobs were lost in the exploration and production sector, another 8,000 jobs were lost in other sectors, such as refining, marketing, pipelines and related utilities.

As the Wall Street Journal noted in its Dec. 16, 1993 edition, "When prices started their steep descent in the early '80's, employment in the extraction and refining stage of the business began a decline that has halved the work force from its (national) peak of 920,000. That's as bad as any of the more widely publicized Rust Belt (steel and auto industries) downsizings."

A comparison of employment to drilling activity and production levels shows that as exploration and production activity decline so does employment. Accordingly, if steps are taken to increase production and exploration and to make those activities more attractive in Louisiana, the number of jobs in the state will increase.

Each oil and gas related job results in four to six other jobs being created. A recent study by Louisiana Mid-Continent Oil and Gas Association, dealing with the economic impact of the offshore oil and gas industry, revealed that 10,000 Louisiana residents are employed by the offshore industry. In addition, 4,000 companies throughout the state do business with the offshore industry. These 4,000 companies employ 60,000 people.

Thus increased oil and gas activity not only stimulates the oil and gas industry employment, it also stimulates the service sector activity.

## Investment

### Industry Maintaining Domestic Investment

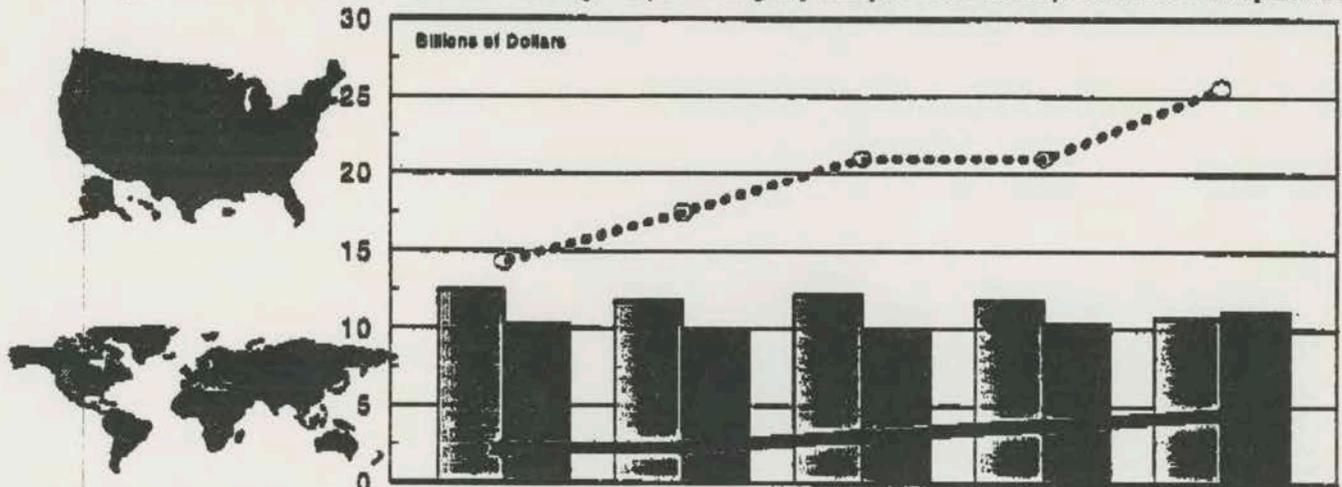
Although oil and gas production is declining in Louisiana, and for the entire nation, the exploration and production segment is still maintaining a considerable investment in Louisiana and the United States.

A review of data compiled by Arthur Anderson and Co. by the LSU Center for Energy Studies, shows that both major and independent companies have maintained an average domestic investment of \$22 billion.

The foreign investment by both majors and independents has been increasing. Thus it would appear that the industry is maintaining its current presence in the country, but new growth is being directed to international markets.

This diversion can be explained by several reasons. First, foreign countries welcome exploration and production activities. Secondly, lifting and operating costs are less because of lower labor costs and environmental regulations are less stringent. Also, there are large quantities of oil and gas to be found in foreign countries. In addition foreign incentives offered by various countries are attracting United States capital.

Comparison of Domestic and Foreign Spending by Major and Independent Companies



Investment	1988	1989	1990	1991	1992
Majors Domestic	12.5	11.8	12.2	11.8	10.8
Independents Domestic	10.3	9.9	10.0	10.4	11.2
Majors Foreign	14.3	17.5	21.0	21.0	25.6
Independents Foreign	2.2	2.3	3.1	3.8	4.5

## Prices

### Prices are a Function of Global Market and Political Conditions

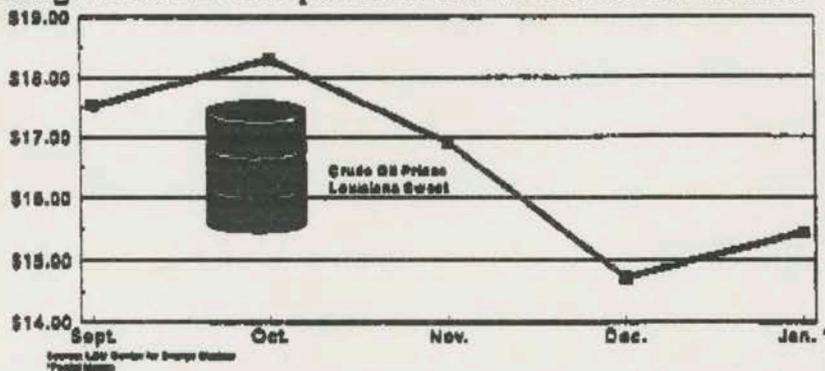
The one indicator that draws the most attention is the price paid for oil and natural gas. Prices have to be viewed from two perspectives.

Viewed on the short term, prices do not readily reflect the health or strength of the oil and gas industry in Louisiana. Prices are a function of global market and political conditions.

Any disturbance in the Middle East can cause oil prices to skyrocket because financial traders will speculate that some type of shortage or supply disruption might be occurring.

Natural gas prices at the present time do not react as quickly to political changes. This is because the international trade in natural gas is of a much lower magnitude than oil.

Some natural gas is imported from Canada and Mexico. However, most natural gas used in the United States is produced within the jurisdiction of the nation, with the largest single source being the federal OCS production in the U.S. Gulf of Mexico.



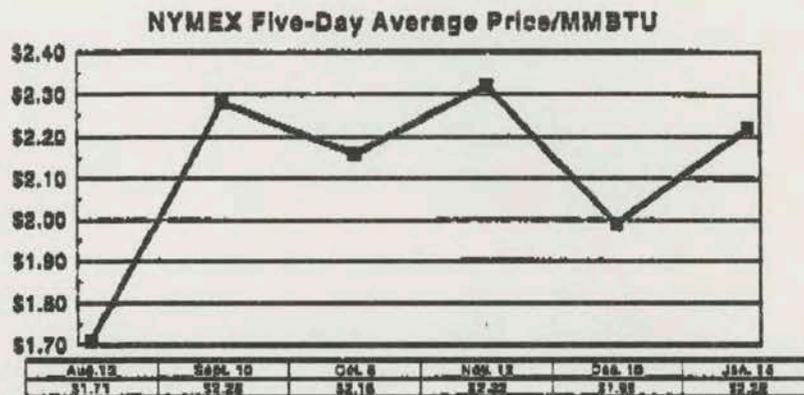
When viewed over the long term, oil and gas prices become much more important. Oil prices have for a number of years hovered between \$17 and \$20, and recently dropped down to the \$14 range, which is the price paid at the refinery.

This price includes transportation costs. Therefore, the price at the wellhead could be even lower. Natural

gas prices were, until last year, at such a level that the return on the investment was not enough to justify the new investments.

When prices, particularly oil prices, are viewed over a longer term then it becomes evident that the revenues from production have not kept up with other industries. When compared on a barrel to barrel basis, oil is cheaper than bottled water, ice cream and soft drinks.

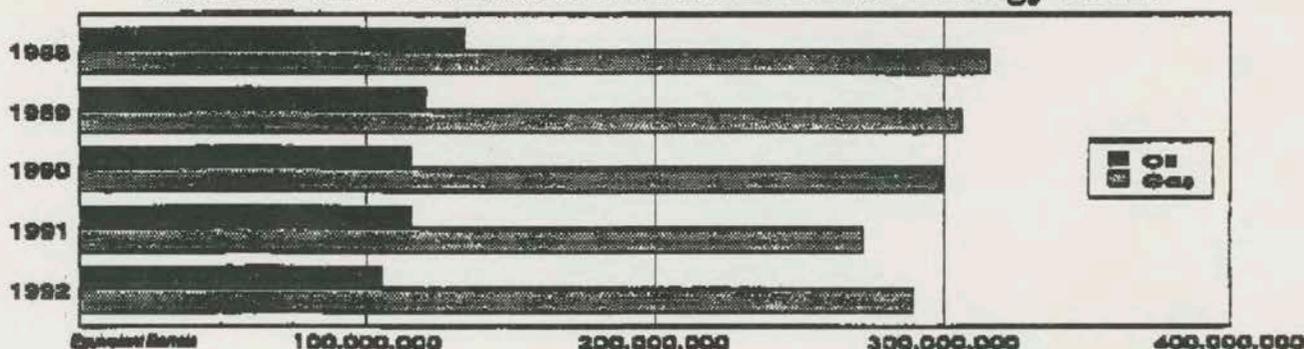
Despite the low prices experienced by oil and gas in recent months and years, the industry has maintained a constant investment and level of activity



in the state and nation. Therefore, it would appear that enactment of any incentives that can have the result of increasing the revenue received from oil and gas operations can only increase the current level of petroleum activity in the state.

A final point related to both price and production is the fact that Louisiana produces more natural gas on an energy equivalent basis than oil. The ratio of natural gas production to oil when compared on a BTU (British Thermal Unit) basis is more than two to one. This is significant since natural gas is viewed as an environmentally accepted fuel. One of the recommendations of the Governor's Energy Committee in 1992 was the creation of a Natural Gas Marketing Board. The efforts of that board to seek out new markets for Louisiana natural gas should continue and be intensified. Creation of a greater demand will increase price and exploration activities.

### Natural Gas Production Exceeds Oil on Energy Basis

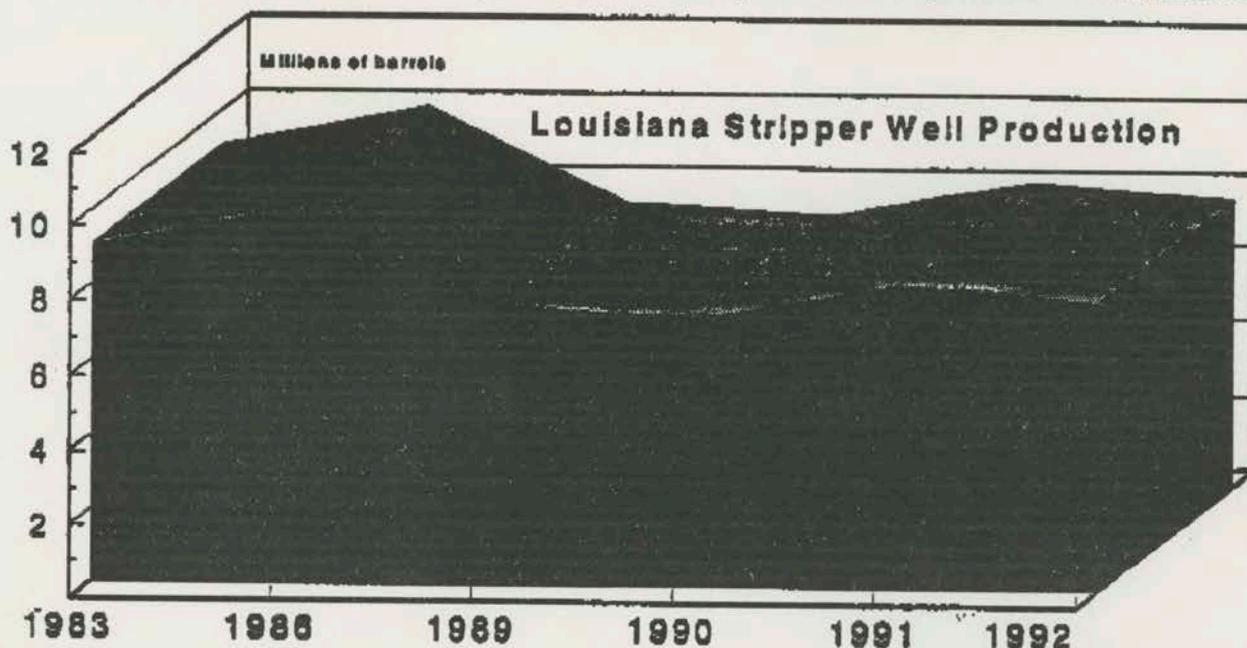


## Stripper Wells

### *Stripper Wells Involve Low Volumes and are Therefore More Vulnerable to Price Changes and Increase Operating Costs*

Part of the existing production stream in Louisiana is the large number of stripper wells operating in the state. Approximately 18,000 stripper wells in 51 parishes are currently operating at an average rate of 1.1 barrels of production per day. An additional 3,000 stripper wells are inactive.

The value of the stripper production in Louisiana was slightly less than \$150 million in FY 92/93. The stripper production, according to models used by the U.S. Department of Commerce, the



Interstate Oil and Gas Compact Commission and the LSU Center for Energy Studies, shows a broader economic activity value in Louisiana of \$226.1 million.

The stripper well production is directly responsible for 1,356 jobs with an estimated payroll of \$53 million. The stripper production provided \$700,000 in royalty income to the state and directly paid \$1,080,000 in taxes other than severance taxes.

Severance taxes are collected at a rate of 3.125 percent on stripper production. The tax is projected to generate approximately \$3.56 million for FY 1994/95.

Since stripper production is so low, there is little room or cushion to offset operating costs when oil prices drop to low levels. A stripper well producing 33 barrels per month at \$20 generates \$660. From that severance taxes, royalties, property taxes, labor, electricity and other overhead expenses are paid. If the price of oil drops to \$15 per barrel, the revenue from that same well drops to \$495 per month or a total decline of \$165. However, expenses, such as labor and electricity, do not drop at the same rate.

An incentive that would eliminate the severance tax on stripper production would have a fiscal impact on the state. However, failure to grant the incentive may have an even greater impact on the state. If oil prices do not rebound to the \$20 level, many stripper wells may be plugged and abandoned. If this happens, all of the associated benefits resulting from the stripper production, as noted above, will be lost including royalties, sales taxes, employment local property taxes and other benefits.

Eight states currently exempt stripper wells from all severance taxes.

## Related Federal Issues

### *Louisiana Benefits from OCS Activity*

The Louisiana oil and gas industry does not operate in a vacuum. Therefore, it is necessary to consider federal issues when examining the status of the oil and gas industry.

As previously noted, most of the so called "easy" oil and gas has been found in Louisiana. Therefore, the search for new reserves is not only going deeper into the earth, but farther out into the Gulf of Mexico.

Louisiana benefits tremendously from the exploration and production activities in the federal offshore area of the Gulf of Mexico. As previously noted, a recent *Louisiana Mid-Continent Oil and Gas Association* study shows that 10,000 persons are directly employed by the offshore oil and gas industry. That industry utilizes 4,000 vendors in the state. Those 4,000 vendors employ 60,000 or more persons. Offshore production operations spend approximately \$2.4 billion annually with the 4,000 Louisiana vendors. Any increased activity in the Gulf of Mexico would therefore benefit the Louisiana service and supply industry, which would then have a positive impact on the total state economy.

A recent study, National Economic Impacts of an Oil/Gas Production Tax Credit to Stimulate Deep Water Drilling by DRI/McGraw Hill, concluded that a federal tax incentive of \$5 per barrel of oil equivalent would have a tremendous impact. The study findings show that such a credit would create 56,000 to 105,000 new jobs in 1998.

Such a credit would also have positive impacts on federal revenues, would help reduce the federal debt and have virtually no impact on near-term annual inflation rates.

Therefore, it would be to the benefit of the state for the Governor and the Legislature to encourage the Congress of the United States to proceed with the granting of a tax credit to encourage deep water drilling.

Also, because of the importance of the offshore activity in the federal area of the Gulf of Mexico, the state should take whatever steps it can to encourage deep water development and not erect any barriers or obstacles to the offshore industry operating in Louisiana.

## Need for New Incentives

### *Viable Incentives Can Lead to Increased Oil and Gas Activity*

Louisiana's history of offering exploration and production incentives has been limited at best. Previously offered incentives have either been inadequate or not allowed to run their full course, such as the STEP and LEAP programs instituted in the mid-1980's.

Some parts of the severance tax code dealing with incapable and stripper wells are viewed by some as incentives. These sections of the law, while reducing the severance tax rate on oil and gas wells with low production, do not fully take into account market conditions, and accordingly, are often not adequate to keep a marginal well on line. This has been made especially true in the past few years with the enactment of the state's produced water regulations.

Low production wells typically yield a large amount of produced water. Prior to the enactment of the state regulations, this water was discharged into nearby salt water bodies. This produced water must now be either treated or disposed of through injection wells, thus increasing the operating cost of these low-producing wells.

Further, the state's regulations dealing with the storage and disposal of NORM (Naturally Occurring Radioactive Material) is also making it more expensive to operate virtually all oil and gas wells. These conditions are aggravated for the low-producing wells, since the yield of oil or gas is so small that it does not provide the revenue needed to comply with these regulations, pay other overhead expenses, pay royalties and still return a profit for the operator.

## **Incentive Relief is in Order Incentives Will Encourage Development, Create Jobs, and Generate Revenues**

Based on the conditions facing the oil and gas industry in Louisiana today, it is clearly evident that some type of incentive relief is in order.

*Neighboring states, the federal government and foreign countries are offering, or have offered, incentives to encourage increased exploration and production. However, none of these incentives have been applicable to Louisiana in the past. Therefore, some action in this area is needed.*

Enactment of incentives dealing with horizontal drilling, deep wells, stripper wells, exploratory wells and reactivation of inactive wells is expected to increase drilling and production activity. Such increased activity will benefit the industry, the service industry, the state and individual royalty owners.

The Louisiana oil and gas industry is, in some respects, a developing industry. It has rebuilt itself from the ground up. Accordingly, the state should treat the oil and gas industry as a developing industry and offer the same incentives and encouragement it would offer to any industry it was trying to attract and encourage.

By offering incentives and reducing the regulatory burden, Louisiana will begin to attract new investment dollars. That will lead to jobs being created, people being hired and the economy benefiting.

However, it is important to remember that operators must receive a price for the oil and gas produced that will allow them to meet all expenses and show a competitive return on the investment. As wells mature, production may decline, but production costs do not drop at the same rate and, in some cases, may possibly increase because of the associated costs already noted.

There are many areas that could be addressed through incentives. The Governor's Energy Committee has focused on those incentives that can offer the greatest benefit for the state and industry.

### **Recommendations of the Governor's Energy Committee**

1. Production from wells returned to service after being inactive for two or more years, or having had 30 days or less of production during the past two years, shall be exempt from state severance taxes for a period of five years.
2. Crude oil produced from wells having production of 10 barrels or less per day, hereinafter referred to as stripper wells, shall in any month in which the average posted price for a 30 day period is less than \$20 per barrel, be exempt from severance taxes.
3. Production of oil, natural gas, or oil and natural gas from any horizontally drilled well, or any well drilled to a true vertical depth of more than 15,000 feet from which production commenced after the effective date of the legislation, shall be exempt from severance taxes pursuant to the following:
  - A. The exemption shall be from the beginning date of production until project payback is achieved. However, the exemption will not exceed 24 months commencing with the month of initial production.
  - B. Project payback shall be determined as of the date of completion of the well and shall not include any expenses beyond the completion date of the well.



4. Production of oil, natural gas, or oil and natural gas from any new exploratory well completed after the effective date of this legislation, shall be exempt from all severance taxes until payback.
5. Activities in the federal OCS area of the Gulf of Mexico are vital to the state. Therefore, it is recommended that the Louisiana Legislature enact a concurrent resolution urging the federal government to grant a tax credit for deep water drilling.

### **Justification for Incentives**

Each of the above listed incentives represents an economic advantage to the state. The advantage comes from the economic activity with each new barrel of energy production. Royalty owners benefit. Jobs are created. Salaries are paid. Payroll, corporate income, sales taxes and local ad valorem taxes are paid. Without the incentives listed above, many potential barrels of reserves and production will not be developed.

### **Inactive Wells**

#### *Re-Entry of Inactive Wells Will Have Positive Spin Off*

Wells that are currently inactive, but not yet formally plugged and abandoned, offer a tremendous resource to the state if the proper incentives are provided.

Re-working an inactive well to force out new production is a risky and expensive proposition. As with most oil and gas projects there is no guarantee of success. During the 1992/1993 fiscal year, operators in Louisiana re-entered 264 inactive wells. Of that number, 79 were unsuccessful ventures. Of the remaining amount, 98 were oil wells and 87 were gas wells. The 98 oil wells included 25 stripper wells producing ten barrels of oil per day or less. Clearly, there is increased production to be gained from re-entering inactive wells, but because of the risk involved and the possible low return, some incentive is in order.

Currently, these inactive wells yield no revenue for anyone. By offering an incentive to encourage the reactivation of these wells, the state will be creating an economic stimulus for the creation of new jobs and related economic activity.

Reactivation will also prevent many inactive wells from becoming "orphaned wells" that will then have to be properly plugged and abandoned by the state with revenues provided by the Oilfield Restoration Act of 1993.

This incentive program is currently being used successfully in Texas. (See Exhibit E)

### **Stripper Wells**

#### *Low Volume Stripper Wells Need Some Protection Against Low Prices*

Stripper wells are those wells which have less than 10 barrels of production per day. As previously noted, these low-producing wells carry a tremendous overhead cost as a result of normal operating requirements and state regulations.

Because the yield from these wells is so small, there is less opportunity to recoup operating costs. Thus, if the operating costs begin to exceed the financial return from the well, it becomes prudent on the part of the operator to shut in the well and cease production.

When production is halted the state loses the severance taxes accruing from that well permanently. The state and other landowners lose the royalties resulting from that well. In addition, the associated economic benefits are also lost forever. Parishes also lose property and sales taxes.

By allowing a severance tax incentive when oil prices fall to a predetermined level, the state is helping to assure that the royalties and associated economic benefits will continue. The state is also providing itself with a better chance of collecting future severance taxes after the price of oil rises above the predetermined threshold.

## **Deep Well Drilling**

### ***Incentive Would Help Make Drilling Cost in Louisiana Competitive With Other States***

The incentive dealing with wells drilled to a depth of more than 15,000 feet will result in additional wells being drilled in the state. Wells of this depth are more expensive than the average depth wells.

Figures compiled by the Joint Association Survey reveal that the cost of drilling wells in Louisiana is more expensive than other parts of the nation because of the unique geology of the state. Accordingly, the deeper a well has to be drilled, the more expensive it is going to be.

Horizontal wells represent a fairly new technological innovation. The horizontal well is particularly useful in tighter oil and gas formations because more of the productive reservoirs are exposed to the wellbore through the horizontal drilling. However, horizontal wells are also more expensive and drilling conditions are again complicated in Louisiana because of the state's unique geology.

Also important to note is that oil and gas production in Louisiana is declining. All of the so called "easy to find" oil and gas has been found. Thus the search for marketable quantities of hydrocarbons has to go deeper into the earth.

Yet, regardless of the cost associated with finding and developing oil and gas from a particular reservoir, that oil and gas must compete in the marketplace with oil and gas from other states and other countries that was much less expensive to find and produce.

Thus, the state must allow some type of severance relief for deep well projects if it wants new reserves of oil, and particularly natural gas, to be developed.

## **Exploratory Drilling**

### ***Increased Exploration Through Drilling Benefits State***

An incentive that would encourage exploratory drilling by eliminating severance taxes until project payback would benefit the state through increased sales tax collections and associated economic activity.

For each successful exploratory well, a total of eight wells have to be drilled. The state receives no severance on the unproductive wells or dry holes. However, it does receive sales tax collections on the money spent to drill and equip the wells. Thus an incentive to encourage greater exploration activity could prove beneficial to the state. (See Exhibits A and B)

## Exhibit A

### *Impact of Severance Tax Credit*

#### *Well Case Study--Deep Onshore Well--13,000 Feet*

### Facts

1. Actual Dry Hole Cost to Operator	\$816,886.00
2. Parish Sales Tax Generated	17,832.00
3. State Sales Tax Generated	19,638.00
4. Total Sales Tax Generated	37,468.00
5. Severance Tax Paid if Well is Dry Hole	0

The industry standard is that there will be one successful well in every eight wells drilled. Therefore, if a total of eight wells are drilled, the parish and state sales taxes will total \$299,744.

Amount of severance tax lost by the state if the tax is omitted until payout, or for two years, whichever comes first, based on the following assumptions:

1. Completed well cost to be \$1,700,000.00
2. Production rate:
  - 3,000 MCF of natural gas/day
  - 75 barrels of condensate/day
3. Price for gas is \$2.25 per MCF, condensate price is \$15 per barrel
4. Net revenue interest is 75 percent
5. Severance tax--12.5% for condensate, 7.5 cents per MCF for gas
6. Operating expenses are \$150 per day

The net cash flow per day and days to payout with severance tax included:

3,000 MCF of natural gas x \$2.25 per MCF x 75% NRI minus \$168 in severance tax per day equals \$4,894 per day.

75 barrels of condensate per day x \$15 per barrel x 75 % NRI minus \$105 in severance tax per day equals \$739.

Revenue Generated Per Day	\$5,633	(\$4,894 + \$739)
Operating expenses/Day	<u>150</u>	
Net Revenue	\$5,483	

Assuming the \$1.7 million complete cost and revenues of \$5,483 per day, it would take 310 days to achieve payout. With severance tax collections at \$273 per day, the state would lose \$84,630 during the payout period.

Since the success rate is one of eight, the encouragement of drilling of wells actually increases collections by the state and parish by \$299,744 in sales tax revenues less \$84,630 in state severances taxes for net collections of \$215,114 plus severances taxes of \$28,344 paid by landowners for total collections of \$243,448.

The lost severance tax revenue would be regained by the state through increased sales tax collections that would result from increased drilling activities. In addition, other revenues are generated including fees, corporate income taxes, personal income taxes on employees' wages and salaries and the sales taxes paid by the employees on the goods and services they purchase.

## Exhibit B

### *Impact of Severance Tax Credit Well Case Study--25 Barrels Per Day*

#### Facts

1. Actual Dry Hole Cost to Operator	\$148,384.03
2. Parish Sales Tax Generated	1,843.15
3. State Sales Tax Generated	3,686.31
4. Total Sales Tax Generated	5,529.00
5. Severance Tax Paid if Well is Dry Hole	0

The industry standard is that there will be one successful well in every eight wells drilled. Therefore, if a total of eight wells are drilled, the parish and state sales taxes will total \$44,232.

Amount of severance tax lost by the state if the tax is omitted until payout, or for two years, whichever comes first, based on the following assumptions:

1. Completed well cost to be \$300,000
2. Production rate is 25 barrels per day
3. Price for oil is \$15 per barrel
4. Net revenue interest is 75 percent
5. Oil severance tax rate is 12.5 percent of value
6. Operating expenses are \$50 per day

The net cash flow per day and days to payout with severance tax included:  
25 barrels of oil per day x 15 per barrel times 75 percent net revenue interest minus \$35 per day severance tax equals \$246 per day.

Revenue Generated Per Day	\$246
Operating expenses/Day	<u>50</u>
Net Revenue	\$196

Assuming the \$300,000 complete cost and revenues of \$196 per day, it would take 1,530 days or 4.2 years to achieve payout. In this case the two-year maximum exemption takes effect, thus the severance tax lost to the state during payout would amount to \$35 per day times 730 days (two years) or a total of \$25,550.

Since the success rate is one of eight, the encouragement of drilling of wells actually increases collections by the state and parish by \$44,232 in sales tax revenues less \$25,550 in state severances taxes for net collections of \$18,682 plus severances taxes of \$8,554 paid by landowners for total collections of \$27,236.

The lost severance tax revenue would be regained by the state through increased sales tax collections that would result from increased drilling activities. In addition, other revenues are generated including fees, corporate income taxes, personal income taxes on employees' wages and salaries and the sales taxes paid by the employees on the goods and services they purchase.

## Exhibit C

### *Impact of Severance Tax Credit Well Case Study--60 Barrels Per Day*

#### **Facts**

1. Actual Dry Hole Cost to Operator	\$146,384.03
2. Parish Sales Tax Generated	1,843.15
3. State Sales Tax Generated	3,686.31
4. Total Sales Tax Generated	5,529.00
5. Severance Tax Paid if Well is Dry Hole	0

The industry standard is that there will be one successful well in every eight wells drilled. Therefore, if a total of eight wells are drilled, the parish and state sales taxes will total \$44,232.

Amount of severance tax lost by the state if the tax is omitted until payout, or for two years, whichever comes first, based on the following assumptions:

1. Completed well cost to be \$300,000
2. Production rate is 60 barrels per day
3. Price for oil is \$15 per barrel
4. Net revenue interest is 75 percent
5. Oil severance tax rate is 12.5 percent of value
6. Operating expenses are \$50 per day

The net cash flow per day and days to payout with severance tax included:  
60 barrels of oil per day x 15 per barrel times 75 percent net revenue interest minus \$85 per day severance tax equals \$590 per day.

Revenue Generated/Day	\$590
Operating Expenses/Day	<u>50</u>
Net Revenue	\$540

Assuming the \$300,000 complete cost and revenues of \$540 per day, it would take 555 days to achieve payout. With severance tax collections at \$85 per day, the state would lose \$47,175 in severance tax revenues.

Since the success rate is one of eight, the encouragement of drilling of wells actually increases collections by the state and parish by \$44,232 in sales tax revenues less \$47,175 in state severances taxes for revenue collections (loss) of -\$2,943 plus severances taxes of \$15,540 paid by landowners for total net collections of \$12,597.

The lost severance tax revenue would be regained by the state through increase sales tax collections that would result from the increased drilling activities. In addition, other revenues would be generated including fees, corporate income taxes, personal income tax on employees' wages and salaries and the sales taxes paid by the employees on the goods and services they purchase.

**Exhibit D*****Persons Partially or Wholly Employed during  
drilling of an 11,000 foot onshore well in South Louisiana***

1. Rig Move	5 truckdrivers, one supervisor
2. Rig employees	19 men, 1 supervisor, 2 salesmen
3. Mud Products	1 truckdriver, 1 engineer, 1 supervisor, 1 salesman
4. Mud Logger	2 men, 1 truckdriver, 1 salesman
5. Logging	3 men, 1 dispatcher, 1 salesman
6. Cement	4 men, 1 engineer, 2 warehousemen, 1 supervisor
7. Casing	2 truckdrivers, 1 salesman, 2 yardmen
8. Float Equipment	1 truckdriver, 1 salesman, 2 warehousemen
9. Bits	1 salesman, 1 delivery
10. Rentals (Choks)	1 salesman, 1 rigup man, 1 truckdriver
11. Rentals (PVT-Flo-Show)	1 salesman, 1 rigup man, 1 trucker
12. Board Road	3 truckdrivers, 10 workmen, 1 supervisor, 1 backhoe operator, 1 dozer operator, 1 dragline
13. Stabilizers	1 truckdriver, 1 salesman, 1 welder, 1 warehouseman
14. Geologist	2
15. Geophysicist	1
16. Draftsman	1
17. Petroleum Engineer	1
18. Wellsite Foremen	2
19. Landmen	2
20. Abstractor	1
21. Fundraiser	1
22. Permit and Reg. Affairs	1
23. Accountant	1
24. Secretary	1
25. Survey Crew	3
26. Signmaker	1
27. State Employees	3 to regulate operations
28. Telephone	1 salesman, 1 installation man
29. Fuel	1 truckdriver, 1 dispatcher
30. Rig Supplies	1 truckdriver, 1 dispatcher
31. Casing Crew	1 truckdriver, 3 crewmen
32. Drive Pipe	1 truckdriver, 2 crewmen

- A. Total men working on one 11,000 foot well drilled over a 30-day period = 120.  
 B. Average Salary = \$2,500 per month--times 120 employees equals \$300,000.  
 C. Assume 20 percent of each man's time in this month is attributed to this well.  
 D. Payroll generated by one 11,000 foot well over 30 days drilling time equals \$60,000.

BOB DOLE

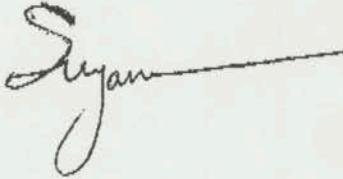
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JOYCE:

Please include in Sen. Dole's briefing materials for Louisiana that Rep. Clyde Holloway and his wife, Cathy and son, Mark will be attending the event.

A handwritten signature in cursive script, appearing to read "Suzanne", with a long horizontal line extending to the right.

Enclosed you will find the following information:

- o Information on Leadership 2000
- o Briefing from the LA Republican Party
- o List of attendees
- o News clips
- o LA GOP Leadership
- o LA DFP list
- o District map



April 8, 1994

MEMORANDUM TO THE LEADER

FROM: SUZANNE HELLMANN *SM*

RE: LOUISIANA

ISSUES OF CONCERN

- o There is a large rift among the Republicans in Louisiana. Rep. Dastugue, discouraged by the State Party's ineffectiveness, started his own group - "Leadership 2000." Campaign America was initially invited by this group, but also received a request from the State Republican Party. The battle continues but we have chosen to ignore it and let them work it out. You will be attending events for both groups. (Enclosed is information on "Leadership 2000").
- o Remapping district -- a special legislative session could begin on 4/18 to redraw the congressional lines.
- o Gambling is a growing industry in LA. Most GOPers don't like the fact that it's on the rise. Also, the Clinton welfare-reform proposal to increase the tax on gambling revenues to 4% will obviously concern many.
- o The State GOP has invited you to attend their 1995 convention in January or February where they will nominate gubernatorial and other candidates.
- o Jimmy Coleman, Sr., who will be escorting you from the Dastugue event to the Trust event, offered the use of his former hotel, the Windsor Court Hotel, now owned by his best friend. You will recall that this hotel was used by you during the Republican convention in 1988.

State Legislature

House:	Republicans	16
	Democrats	88

Senate:	Republicans	13
	Democrats	24

1992 Presidential vote

Bush	41.6%
Clinton	46.3%
Perot	12.0%

# R E P U B L I C A N LEADERSHIP 2000

## CONSERVATIVE CORNER



Rep. Quentin Dastugue

In the past three years I've traveled throughout Louisiana, meeting with thousands of Republicans, conservatives and business leaders, promoting our Party, its candidates and ideals. While each person I have met has his or her own experiences and special perspective on the future of Louisiana and the Republican Party's role in that future, there is a common concern and frustration that seems to blind everyone.

Across the state, lifelong contributors and volunteers, dedicated elected officials and long time Party activists have tired of the infighting and issues "lithmus" tests which have come to dominate our Party's agenda.

They are unhappy with poor communication and with the constant requests for time, energy and money without seeing any returns on their investments. Most of all, they are tired of losing state, local, and national elections to weak, unqualified Democrats - year in and year out.

I've heard these complaints, and I share these important concerns. That is why I formed Republican Leadership 2000.

Republican Leadership 2000 is designed to elect Republican candidates. We're a registered state political action committee (PAC) comprised of people like you - volunteers, donors, women's club members, Young Republicans, state central committee and parish executive committee members, elected officials and others who are fed up with losing and are ready to win.

To reach our goal - to become the majority party of taxpayers, students, the elderly, small business owners by the year 2000, we need you to help us help you.

All contributions to Republican Leadership 2000 are dedicated to recruiting, training, funding and electing candidates at the local and legislative levels. Your support comes directly back to your town and to candidates you help us identify and elect. It's that simple.

Republican Leadership 2000 needs your generous financial support - \$35, \$50, \$100, \$500 - but we also need your help and advice. Take time today to make a list of people you know who would be good Republican candidates in your town or parish. Give us their addresses and phone numbers if you can. We'll follow-up with them to encourage their involvement.

You can use the membership/response form on page 3 to contact us. Or call 504/582-2283 or 524-3342 for more information.

Join us! Let's build a Party as dedicated to winning as you are!

Sincerely,

Quentin Dastugue

### If you're still not convinced.....

During 1991 the state Democratic Party (DEMOPAC) raised and spent nearly \$1 million to defeat Buddy Roemer, Clyde Holloway, Fox McKeithen, dozens of good Republican legislative candidates, local officials and candidates.

By contrast, the state Republican Party reported only \$7,500 in direct candidate aid.

What's more, Fast Eddie Edwards reports a campaign surplus of about \$1 million which he will use liberally (how else?) to elect his hand-picked constitutional convention delegates, special election legislative candidates and other cronies.

Until Republicans can match that massive spending power, how can we expect our candidates to compete?

Act today! Join Republican Leadership 2000!



Rep. Quentin D. Dastugue, Chairman

About Republican Leadership 2000 and  
"Leadership Louisiana"

Republican Leadership 2000 was founded in early 1992 by Representative Quentin Dastugue of Jefferson Parish, to promote the development of a strong, viable two-party system in Louisiana. Today, this state registered committee has **over 500 contributing members** throughout Louisiana, and commits its resources to voter education, local candidate recruitment, and governmental problem-solving efforts.

"Leadership Louisiana" is a high quality 60 minute public affairs television program produced by Cox Cable of Jefferson Parish. It is designed to present Republican and conservative opinions on problems facing federal, state and local governments, and to help educate Louisianians on the many complex economic, educational and social issues confronting government today.

Representative Quentin Dastugue will serve as host of this show which will be produced monthly. Production begins April 1st. Featured guests will include elected officials, journalists, academics, and state and national leaders of the conservative movement.

While "Leadership Louisiana" will have no advertising, each show will include a number of PSA's and "bumpers."

Republican Leadership 2000 will make "Leadership Louisiana" available at no charge each month to interested cable stations, and will help publicize programming in communities where "Leadership Louisiana" is aired.

Planned, and soon to be produced programs include:

- The state's recurring budget crisis (April)
- Reorganization of state government (May)
- The role of women in the GOP
- Conservative plans to improve federal government
- Prospective Republican Presidential candidates for 1996

## Lamar Alexander Boosts Republican Leadership 2000

Former U.S. Secretary of Education and Tennessee Governor Lamar Alexander rallied the support of nearly 200 Louisiana Republicans for the "significant and successful efforts" of Republican Leadership 2000 at a March 6th cocktail reception fundraiser in New Orleans.

The event, which drew Republicans from as far away as Lake Charles, Shreveport and Monroe netted nearly \$16,000 for the important candidate support activities of Louisiana's only Republican PAC.

As special guest of Republican Leadership 2000 and Representative Quentin Dastugue, Alexander brought to Louisiana a message of "optimism and progress, rooted in traditional Republican beliefs: fiscal responsibility, efficient management of government resources, and limited government interference in the daily lives of all Americans".

Alexander urged Louisiana Republicans to use their "creativity, energy, existing vehicles for progress such as Republican Leadership 2000, and the tax and spend policies of state and national Democrat administrations to further the



Lamar Alexander and Quentin Dastugue

cause of Republicanism."

Alexander served as Tennessee's first two-term Republican Governor from 1979 to 1987, establishing a national reputation for his efforts to improve education, success in attracting foreign investment, creating jobs in the private sector, and enhancing the economic climate of Tennessee. He served as Chairman of the National Governors' Association in 1985 and 1986.

Following two years as President of the University of Tennessee at Knoxville, President George Bush selected Alexander to serve as Secretary of Education.

Alexander is acknowledged by many as a potential front running candidate for the Republican Party's 1996 presidential nomination.

## Republican Leadership 2000 Mission Statement

Republican Leadership 2000 is committed to making the Republican Party Louisiana's majority Party by the year 2000. Members of Republican Leadership 2000 are dedicated to identifying, recruiting, training and supporting Republican candidates for local and legislative offices throughout Louisiana, and to a return to the tried and true

principles of grassroots political development.

Republican Leadership 2000 is a registered state political action committee. The actions and efforts of Republican Leadership 2000 are governed by a state Board of Directors. Representative Quentin Dastugue serves as Chairman of Republican Leadership 2000.

### Cable TV cont. from page 1

ment or local access channels in all parts of the state will agree to air "Leadership 2000" two or more times per month.

Total costs associated with the program for 1993 will be near \$9500. Corporate sponsorships and other donations are presently being sought. For more information on "Leadership 2000", please call Greg Beuerman at 504/524-3342. To tune in "Leadership 2000" please call your local cable operator.

## 1993 Elephant Stomp and Invitational Golf Tournament Set for May 17

The Louisiana Republican Legislative Delegation's Elephant Stomp will take place Monday, May 17 at 7:30 p.m. at the Country Club of Louisiana in Baton Rouge. It will honor Haley Barbour, Chairman of the Republican National Committee.

Event Chairman, Rep. Charles Lancaster, promises a good time for all with music by Oliver "Lafa" Morgan and Special Guest Ernie K-Doe. Preceding the celebration will be the annual golf tournament beginning

with a shotgun start at 8:30 a.m. followed by an awards banquet at 12:30 p.m. For more information regarding these events or for tickets please call June Peay in the Delegation office at (504) 342-6287.

ROLL CALL 1/7/94

## Political Briefing

### Louisiana: Edwards May Call Special Session to Redo Map

With Louisiana's Congressional campaigns still on hold after a federal court threw out the state's districts, there's a new chance that the redistricting fracas could be settled out of court in a special session of the state legislature perhaps as early as this month.

Louisiana is appealing to the Supreme Court the ruling in December by a panel of three federal judges that declared the state's districts "null and void" after a challenge to Rep. Cleo Fields's (D) majority-black 4th district, a zigzagging seat the judges compared to the "sword of Zorro."

But, even with Louisiana's last-in-the-nation Oct. 1 Congressional primaries, politicians are worried the dispute may not be resolved in time. Now, says an aide to Louisiana Gov. Edwin Edwards (D), a special session to deal solely with redistricting may be scheduled by the governor for the five days before the legislature convenes for its regular session April 25.

"If the Congressional delegation can come up with a reapportionment plan everyone can agree on, he would like to include that in the schedule," said Edwards's spokesperson. "But he's not going to call them in to sit around and argue."

A new map recently proposed by state legislators is said to be under current consideration. Under this plan Fields's district would be cut from 63 percent to 55 percent

black voter registration and a larger percentage of black voters would be incorporated into surrounding white districts — particularly the 5th, now represented by GOP Rep. Jim McCrery.

"The plan that the plaintiffs in the original litigation held out is not favorably looked upon by the Congressional delegation, but [this] plan has gotten a more favorable response," said GOP Rep. Richard Baker. "And I think everybody agrees that having a court-appointed expert draft a plan is probably the least desirable outcome."

However, Fields, himself a former state Senator whose newly created 4th district touched off the dispute, has yet to give his approval to any alternate plan. "Right now he hasn't decided," said a spokesperson in Fields's Baton Rouge office.

— Alice A. Love

HOTLINE 4/4/94

\*18 REDISTRICTING: LA TO HOLD SPECIAL SESSION?

LOUISIANA: A special legislative session to redraw congressional district boundaries could begin 4/18. State Senate Pres. Pro Tem Dennis Bagneris (D), said Gov. Edwin Edwards (D) "appears willing to consider a special session before the fiscal-only session [4/25] if lawmakers have a workable redistricting plan." Bagneris "said he told Edwards that a new plan realigning most of the congressional districts but leaving the three in the New Orleans area unchanged is acceptable." Bagneris: "I think this can be sold to both the House and the Senate" (Anderson, N.O. TIMES-PICAYUNE, 3/30). Under the header, "Officials say map shorts North La. ... Plan centers 6 districts in the south," Monroe NEWS STAR's Allen writes "Northern Louisiana is getting cheated under the latest congressional redistricting proposal for the state, some area lawmakers who've seen the plan say. All but one of the proposed districts is partially in South Louisiana and all but one of the current incumbents lives in South Louisiana." LA's 93-page appeal to the U.S. Supreme Court, their '92 remap was ruled unconstitutional by a three-judge federal panel 12/93, "was filed [3/28] and released to the public" 3/29 (3/30).

NORTH CAROLINA: "The charges may be over racial gerrymandering, but testimony in a federal lawsuit over the state's congressional districts ... indicated that the real culprit in how the lines were drawn was old-fashioned politics. The pork barrel. Personal favors between politicians. And Democrats' determination to keep Democrats in office." Gerry Cohen, the state's "top bill-drafter and map-maker" testified before the three-judge panel: "All lines in this case were politically driven. ... Voting rights issues played a very secondary role." Cohen "testified how the state bent congressional lines to benefit incumbents, their staff or potential future candidates." His testimony came in the third day of a lawsuit filed by five white voters from Durham. ... They charge that their due process rights are violated by the black-majority 12th District" (Neff, Raleigh NEWS & OBSERVER, 3/31).

HOTLINE 3/1/94

\*15 LOUISIANA: LEGISLATURE TO HOLD SPECIAL SESSION ON REMAP

Before the final gavel fell on a special session of the Legislature to approve an emergency appropriation for the state prison system, Gov. Edwin Edwards (D) "said another session is in the works -- this one to tackle congressional reapportionment." Edwards, after addressing a labor group in Baton Rouge: "There is nothing firm now on the dates, but the fact that there will be a session is firm ... Interested legislators are trying to devise a complete plan that will be acceptable to a majority of the legislature and to members of Congress. ... If we can get together a plan, I will include it in a special session as soon as possible." When asked if the plan would keep the two black-majority districts, Edwards: "I hope so." State Rep. Sherman Copelin (D) "confirmed" that a redistricting plan is being drafted. He said it "won't be released until the seven Louisiana congressmen have a chance to study it and make comments." A "source familiar with reapportionment problems said the plan likely will involve modifications to the sprawling 4th district to give it 50 percent to 58 percent black voter registration. The district now is 63 percent black, but a three-judge federal panel ruled that its configuration constitutes racial gerrymandering. The court has ordered the district redrawn, "which is expected to change all or most of the other six districts," before the 94 election (N.O. TIMES-PICAYUNE, 2/26). NPR's Naylor on current lawsuits against redistricting: "If the challenges are upheld, the district boundaries will most likely be thrown out and redrawn. ... Not all of those suing to overturn the majority black districts are civil rights opponents." Naylor reported that Grambling City Councilman Eddie Adams, who is black, "joined in the effort to throw out" the LA district: "There was a whole age of people that fought for equality ... and fought for integration, and now that we've got it, we're using that vote to re-segregate ourselves" ("Morning Edition," 3/1).



HOTLINE 2/28/94

LOUISIANA: Rep. Cleo Fields' (D-04) z-shaped minority-CD was ruled unconstitutional by a three-judge panel in federal court 12/93 and is now being appealed to the U.S. Supreme Court. The DoJ has also filed friend-of-the-court briefs in LA's case. Fields, on the DoJ action: "The Justice Department must step up to the line and defend the Voting Rights Act" (L.A. TIMES, 2/23).

HOTLINE 3/29/94

\*19 LOUISIANA: NEW MAYOR CONFRONTED WITH PAST

"Contrary to his denials during the campaign that he was ever hospitalized for drug abuse," New Orleans Mayor-elect Marc Morial "sought treatment" at an emergency room in '86, telling the medical staff that he had "snorted cocaine," according to hospital records and a nurse who was there. The records were provided to the N.O. TIMES-PICAYUNE two days before the 3/5 runoff between Morial and atty. David Mintz. After being shown the records, Morial "emphatically denied that the incident ever took place." He called the records, "a thousand times false." After being told that emergency room nurse Deborah Duhon had recently verified the accuracy of the records, Morial issued a statement: "I have not been shown the story by the Times Picayune. However, it appears to be the same false account with which I was confronted two nights before the election. ... I denied it then, I denied it on election day, and I deny it today. It is a lie." But last week, Duhon "gave a first-hand account" of Morial's admission to the hospital. Duhon: "He came toward the desk and said his heart was racing. He said he'd snorted cocaine. We treated him immediately" (TIMES-PICAYUNE, 3/26). A TIMES-PICAYUNE editorial: "There is no pleasure in being the bringers of bad news. But there can also be no choice for news organizations when it comes to reporting on matters of public interest. The public has a right to know, and we have a duty to inform. After years of lethargy, New Orleans desperately needs strong political leadership and vision. If he is to provide these, Mr. Morial must first show that he can offer the integrity, born of honesty, that is the cornerstone of true leadership" (3/26).

HOTLINE 3/10/94

\*21 LOUISIANA: EDWARDS GOES BEFORE GRAND JURY

Gov. Edwin Edwards (D) was to appear before a grand jury "to field questions from high-stake poker games at the Governor's Mansion to his children's past business dealings with riverboat casino operators." Edwards didn't "seem especially anxious about his grand jury appearance": "I'm perfectly willing as governor to appear at any time it is felt ... it is advantageous to the grand jury proceedings and give them the benefit of what information I have" (Nicholas, N.O. TIMES-PICAYUNE, 3/9). Edwards kicked off the "Governor's Straight Talk Line" -- a 3-minute radio address that stations are invited to replay. Edwards: "Because many important events are happening in [LA] which do not get the proper attention in the daily major media, I am taking this means ... to try to keep you informed about what's happening in [LA]" (3/9).

LANDRIEU: TIMES-PICAYUNE's Wardlaw writes "more than a little Moon ... showed through" as Treas. Mary Landrieu held a press conference and "pointedly let reporters know when she was through answering questions on one topic and was ready to move on to the next." Landrieu, whose father was ex-N.O. Mayor/Carter Trans. Sec. Moon Landrieu, "stopped short of announcing for governor in the 1995 race but said 'in all likelihood' she'll run": "I wouldn't get into the race unless I thought I had a great chance to win." Wardlaw's prediction: "She's running" (3/9). Sec/State Fox McKeithen (R) has already announced. Other possibles: Ex-Gov. BUddy Roemer (R), '91 GOP nominee David Duke.

## **LOUISIANA**

### **Dud Lastrapes Chairman**



#### **Present**

Chairman, Republican Party of Louisiana, elected - November  
14, 1992  
Member, Policy Advisory Committee, Minerals Management  
Rotary Club  
Founding Member, Acadiana Right to Life Committee  
Dud Lastrapes Enterprises

#### **Previous**

Parish Chairman, 1980 - 1988  
Member, State Central Committee, 1976 - 1988  
Lafayette Parish School Board, 1972 - 1980  
Mayor, City of Lafayette, 1980 - 1992  
Former Member of the Board, National League of Cities

#### **Personal**

Children: Two; four grandchildren  
Education: University of Southwestern Louisiana

416 Doucet Road, No. 5-E  
Lafayette, LA 70504

(318) 234-2265 (o)  
(318) 234-2613 (f)

## **LOUISIANA**

**Marilyn Thayer**  
**National Committeewoman**



### **Present**

National Committeewoman, Louisiana, elected - November 14,  
1992  
Board of Directors, National Federation of Republican Women,  
1978 -  
National Membership Chairman, NFRW

### **Previous**

Unit Club President, 1975 - 1979  
Republican Parish Executive Committee, 1979 - 1987  
White House Fellowships, 1981 - 1984  
President, Louisiana Federation of Republican Women, 1987 -  
1991  
Executive Committee Member at Large, NFRW, 1989 - 1991  
Republican State Central Committee, 1992

### **RNC Activity**

Delegate, Republican National Convention, 1976, 1980, 1984,  
1988, 1992  
Platform Committee, 1980, 1984, 1988  
Member, Executive Committee of the Platform, 1984, 1988

### **Personal**

Spouse: Stuart  
Children: Two  
Education: Fellow, Institute of Politics, Loyola University;  
American Institute of Banking, Boston

(cont.)

(cont.)

7925 Nelson Street  
New Orleans, LA 70125

(504) 866-0393 (h)

(504) 865-0010 (f)

## **LOUISIANA**

### **Roy Brun National Committeeman**



#### **Present**

National Committeeman, Louisiana, elected - November 14, 1992  
Member, Louisiana House of Representatives, 1987 -  
Member, Caddo Parish Board of Election Supervisors, 1980 -  
Member, Caddo Parish Republican Executive Committee, 1976 -  
Member, Republican State Central Committee, 1979 -

#### **Previous**

4th Congressional District Chairman, Reagan for President, 1976, 1980, 1984  
State Chairman, Louisiana Young Republican Federation, 1978 - 1980  
Chairman, Caddo Parish Republican Executive Committee, 1979 - 1987  
Secretary, Louisiana Republican Party, 1979 - 1983  
Treen for Governor, 1979  
Presidential Elector, 1984  
Co-Chairman, Northwest Louisiana for Bush, 1988

#### **RNC Activity**

Delegate, Republican National Convention, 1976, 1980, 1984  
Member, Committee on Rules, Republican National Convention, 1976, 1984  
Member, Platform Committee, Republican National Convention, 1980  
Member, National Republican Legislators' Association  
Member, RNC Rules Committee, 1993 -

*(cont.)*

(cont.)

**Personal**

Spouse: Kimberly

Children: Two

Education: B.A. and J.D., Louisiana State University

630 Lane Building  
Shreveport, LA 71101

(318) 424-1802 (legislative office)

(318) 424-1441 (law office)

(318) 676-7901 (f)

(318) 688-6520 (h)



LOUISIANA DFP

Rep. Quentin Dastugue (hosting events)  
Sen. John Henkel (also involved in hosting events)  
Greg Beuerman, Executive Director  
Martha Belchic

### Louisiana - Congressional Districts

