

EXECUTIVE SUMMARY: Lawsuits Continue to Undermine Louisiana's Energy Economy

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This report updates the Pelican Institute's 2019 study, *The Cost of Lawsuit Abuse*, to quantify how Louisiana's coastal litigation climate has significantly impacted the state's energy economy. Using comparative economic data, causal inference, and state–federal production trends, the analysis finds that the economic harm from coastal lawsuits is now measurable, structural, and directly contributed to Louisiana's decade-long decline in oil and gas investment and output. Since 2013, more than 40 lawsuits have been filed by state and local governments against hundreds of energy producers, seeking retroactive damages for activities that were legal and federally permitted. The persistent litigation risk created by coastal lawsuits has acted as a “shadow tax” on investment in the state—diverting capital, jobs, and revenue away from Louisiana and toward more predictable jurisdictions.

LITIGATION RISK HAS CAUSED A STRUCTURAL COLLAPSE IN OFFSHORE INVESTMENT

- Following the wave of coastal lawsuits beginning in 2013, new offshore wells in Louisiana state waters fell by 53–74 wells (based on the 2019 difference-in-differences estimate, carried forward here).
- Offshore reserves have declined 42% since 2009, compared with just a 4.6% decline in federal Gulf waters.
- Offshore production has dropped 56%, while federal offshore output grew 15%.
- Louisiana's share of U.S. offshore production has plunged from 12% in 2009 to 4.6% in 2024. Taken together, these declines illustrate how litigation risk has triggered a lasting shift in investment to lower-risk regions.



LOUISIANA'S OIL AND GAS SECTOR HAS SHRUNK FAR FASTER THAN THE NATION'S

- The state's oil and gas GDP share has dropped from more than 7% to less than 3% of the U.S. total.
- Employment in the sector has fallen 37% since 2009, compared to a 24% national decline.
- Average wages have dropped from roughly 90% to below 80% of the national average.
- Because oil and gas payrolls are 3.5–3.9 times more concentrated in Louisiana than in the U.S. overall, each lost job or well produces an outsized local impact.

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MASSIVE FISCAL AND ECONOMIC LOSSES

- State mineral royalties averaged \$404 million per year (2009–2013) but only \$190 million annually since 2014—a decline exceeding 50%.
- The state collected \$2.1 billion less than it would have if pre-2013 levels had continued.
- Oil and gas payrolls have lost roughly \$1.1 billion since 2014, resulting in an estimated \$70 million in foregone state and local tax revenue, assuming an effective tax rate of 6.5%.
- Louisiana's share of U.S. GDP fell from 1.4% in 2009 to 1.1% in 2024. If the state had merely maintained its 2009 share, it would have generated over \$600 billion (chained 2017 dollars) in additional output between 2010 and 2024.

Conclusion

Coastal litigation has already cost Louisiana dearly—driving a 42% collapse in offshore reserves, 56% drop in production, 37% loss in energy jobs, and over \$600 billion in foregone economic growth since 2010. While federal waters in the same Gulf saw reserves hold and output grow, Louisiana's capital fled to safer harbors. But the data also reveal a clear, urgent opportunity. The world's oil fields are aging fast—90% of global upstream spending now just maintains supply, and new projects take 20 years to come online. Louisiana can do better—and faster. With its unmatched infrastructure, skilled workforce, and Gulf access, the state is uniquely positioned to lead the next energy investment cycle. The fix is simple and straightforward: bring an end to the coastal lawsuits and reduce litigation risk in Louisiana. By shutting down this fruitless litigation once and for all, Louisiana can restore legal certainty, reverse the “shadow tax” on investment, recapture billions in capital, revive high-wage jobs, and reclaim its rightful place as a cornerstone of America's energy economy.

KEY TAKEAWAYS



**More
Lawsuits**



**Fewer
Wells**



42%
Decline in Reserves



56%
Drop in Production



37%
Fewer Energy Jobs



\$600B
Lost Economic Activity