



NEWS

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NGSA Cautions Legislators Not to Overreact to Market Conditions “We have already seen the negative results of government intervention in a competitive market,” asserts Mike Johnson, Conoco, Inc.

(Washington, D.C.) The Natural Gas Supply Association testified today on Capitol Hill that, “While we must communicate expectations accurately to American families and businesses to help them plan their own energy use, it is important not to over-react – as the United States did, for instance, during the Carter era – with unwise national policies that result in restricted supplies and unnecessarily volatile prices,” said Mike Johnson.

Mike Johnson, Vice President and General Manager of Conoco, Inc., testified today on behalf of NGSA to the Senate Energy and Natural Resources Committee. The Committee said the purpose of the hearing was to consider America’s natural gas supply.

In his testimony, Johnson said, “A competitive, free marketplace works to everyone’s advantage. History has shown that over the long term, consumers benefit from a competitive natural gas market through lower prices and reliable service. During the past 15 years, since Congress opened the natural gas market, demand for natural gas has grown while the prices paid by consumers for natural gas declined in real terms from \$4.10/MMBtu in 1983, when the government regulated natural gas prices, to \$3.05/MMBtu in 2000 under competition (1998 dollars).

“Producers of natural gas are individually working as hard as they can to bring more natural gas to the market. In fact, there are twice as many rigs today as there were in April 1999, when prices and rigs were at their lowest in recent history, indicating a tremendous response by producers.

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“Congress has already chosen the right path for consumers and the right path for the natural gas industry. We must be careful not to inject artificial market prices into this highly competitive working market. There will be enough natural gas to fuel the winter market and to fuel many markets in the future, but we must allow the market to play itself out.

“If there is action to be taken, I encourage Congress to support producers in gaining access to now restricted government lands. There is no question that the U.S. has vast natural gas resources and that our producers have the technical and financial ability, as well as the goal, to bring these resources to market. That information does not, however, answer the question: Will producers be able to bring these resources to market? Specifically, will the policies of the U.S. government cause vitally needed resources to remain unproduced? Will Americans be forced to turn to energy sources other than domestically produced natural gas to fill their needs?

“America’s richest natural gas resources – the resources we can produce most cost-effectively – lie under onshore and offshore federal lands. Our industry can produce this natural gas in ways that are environmentally sensitive, and we are committed to that goal. Advances in our industry have reduced the impact of gas production on the environment, and dozens of environmentally sensitive technologies are being employed daily by the industry.

“Lessons from the past have taught us not to rely on any one fuel. While I am here today representing natural gas producers, I am at the same time keenly aware that the nation relies on a host of energy sources. We cannot permit any of them – especially natural gas – to be undermined through thoughtless federal policies.”

Johnson concluded, “Thus, I ask for your continuing efforts to fashion a balanced energy policy that is based on fact, not fiction, and that includes natural gas as an important tool toward our common economic and security goals.”

NGSA represents integrated and independent companies that produce and market the majority of the natural gas produced in the United States. NGSA is actively involved in pursuing regulatory and legislative issues that affect the association’s members. Established in 1965, NGSA encourages expanded use of natural gas and supports regulatory and legislative actions that foster competitive markets.