



## **NEWS**

**Contact: Laurie Cramer**

**[lcramer@ngsa.org](mailto:lcramer@ngsa.org)**

**Phone: (202) 326-9316**

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### **Producers Optimistic About Long-Term Supply**

#### **The question is at what price?**

(Washington, D.C.) "I want to emphasize the optimism about the long-term supply of natural gas," asserted Michael L. Johnson, Vice President & General Manager, Conoco Inc., who testified today before Congress on behalf of the Natural Gas Supply Association (NGSA).

"There are estimates of U.S. natural gas supply. All are highly positive," continued Johnson. "The reasons for this growth are the new technologies and new methods of locating resources that the industry has developed and implemented."

Johnson testified on behalf of the Natural Gas Supply Association today in a hearing on future U.S. energy needs. The hearing was held by the U.S. House Energy and Power Subcommittee of the Committee on Commerce.

"At the same time," Johnson said, "The Energy Information Administration (EIA) sees natural gas [demand] as rising from today's 23 percent to almost 27 percent of our total energy market. As natural gas demand projections are rising above previous expectations, the entire energy industry is becoming more competitive. The result has been high volatility in energy prices."

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Johnson outlined several factors that affect natural gas prices, citing:

- “Restructuring: natural gas wholesale and retail markets are changing;
- “Planning capital investments: Wall Street has at times been wary of our industry, making it difficult for some our companies to raise capital required to expand exploration and production;
- “Depletion rates: some reservoirs, such as the Western Gulf of Mexico, deplete more rapidly than originally projected;
- “Volatile oil prices: a majority of natural gas producers also depend on revenue from oil production.”

Johnson continued, “Many of the market forces bringing about these changes are beyond the appropriate scope of U.S. government policy. But there are several major policy areas that will, in the long run, determine the price America will pay for the energy on which our economy rests.”

“There is no question that the U.S. has vast natural gas resources and that our producers can bring these resources to market. That information does not, however, answer the question: How much will that gas cost?”

“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 gas in ways that are environmentally sensitive, and we are committed to that goal. It is in all of our best interests to ensure that Americans have access to the energy they need at the lowest possible cost: low-cost in terms of price, and low-cost in terms of environmental impact.”

Johnson concluded, “Thus, denying access to public lands can only lead to two consequences – fuel switching, to the extent that is possible, and higher costs to future generations. We do not think either of those choices are good alternatives.”

*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.*