



NEWS

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NGSA.org or NaturalGas.org

Natural Gas Drilling Will Continue To Help Consumers *But Association Warns About Impact of Climate Change Legislation*

(Washington, DC) A spokeswoman for the natural gas industry said Monday that record drilling activity in the United States and increased supplies of imported liquefied natural gas (LNG) will continue to benefit U.S. consumers for the next few years.

But she cautioned that federal climate change regulations could cost customers more in the long run if clean air legislation is not accompanied by increased access to new natural gas supplies.

“With U.S. production increases and LNG import supply additions, coupled with an anticipated, relatively small increase in natural gas demand over the next two years, there should be an easing of the tight balance between supply and demand which should place downward pressure on natural gas prices,” said Jenny Fordham, director of energy markets and government affairs for the Natural Gas Supply Association.

Fordham spoke Monday to the National Association of Regulatory Utility Commissioners (NARUC) and said that while natural gas production in the Gulf of Mexico has declined by 39 percent in the past five years, it has been offset by increases in natural gas drilling and production in other parts of the country.

“The producer’s focus on unconventional areas that, in the past, were either technically impossible or simply uneconomical to reach, has diversified U.S. supply. Those gains will continue to more than offset the declines from the Gulf of Mexico region for many years to come,” Fordham said.

But she warned that federal climate change legislation could increase demand for natural gas.

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“Carbon regulation is likely to place upward pressure on natural gas demand and consequently on prices, and the industry and regulators will be left to explain this to consumers,” Fordham said. “Because natural gas has the lowest carbon emissions of any fossil fuel, it is increasingly the energy source of choice for new electricity production and serves as a preferred back-up for renewable sources of energy, such as wind power and solar generation facilities.”

Fordham encouraged the state public service commissioners to help educate federal officials and consumers about the potential impacts of climate change legislation on natural gas markets.

“We need to work together to help ensure that carbon regulation policy includes access to new sources of natural gas. Current federal restrictions apply to more than 250 trillion cubic feet of potential natural gas resources. LNG imports and unconventional sources will not be enough to make up for the increases in natural gas demand that are likely in a carbon constrained economy,” Fordham warned.

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NGSA represents integrated and independent companies that produce and market domestic natural gas. Established in 1965, NGSA encourages the use of natural gas within a balanced national energy policy, and promotes the benefits of competitive markets to ensure reliable and efficient transportation and delivery of natural gas and to increase the supply of natural gas to U.S. consumers.