



NEWS

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NGSA.org or NaturalGas.org

New Report Says Natural Gas Production Could Drop Under Global Warming Legislation

(Washington, DC) A new report issued today by the American Petroleum Institute (API) indicates that natural gas production in the United States could drop substantially if clean air legislation now being considered by the U.S. Senate is adopted as-is.

"API's study of the Lieberman-Warner legislation is deeply troubling and we hope Congress will pay attention to it and modify the bill to bring more supply online," said R. Skip Horvath, president and CEO of the Natural Gas Supply Association. "During the same time frame that API's analysis shows production dropping by six percent, our studies indicate that the U.S. will need approximately 20 percent more natural gas."

The API study found that the legislation's impact on investment in new wells would cause annual per well operating costs to double by 2030 and increase other costs as well. According to the report, higher costs would in turn reduce the incentive to drill for natural gas, especially in marginal wells.

"Congress should be looking for ways to increase natural gas production and we're willing to work with elected officials to do just that," Horvath said. "Less natural gas and increasing demand will mean upward pressure on prices in coming years. That's an inconvenient truth, but it's something we can fix by making more natural gas available."

Horvath noted that the cost of natural gas has already increased from \$7.60 per million BTUs in April of 2007 to approximately \$10 today. Just five years ago natural gas was selling for \$5.26.

"Natural gas is an extremely important source of energy for reducing pollution and maintaining a clean and healthy environment. It's becoming the energy of choice because it is so clean, which is part of the price trend we see," Horvath said.

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The Natural Gas Council, which is a consortium of natural gas industry associations, is expected to release its own analysis of S. 2191 at the end of this month. Unlike the API study which looked at supply, the Council's analysis of the legislation will project natural gas demand.

The Senate is expected to vote on "America's Climate Security Act of 2007" (S. 2191) during the first week of June.

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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.