

# *DISCOVERING AMERICA'S ABUNDANT, LOW-CARBON, SECURE NATURAL GAS*



AMERICA'S  
**NATURAL GAS**  
ALLIANCE

Center for Strategic & International Studies  
**Crossing the Natural Gas Bridge:  
The Changing Outlook and Implications**

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Washington, D.C.

June 24, 2009

# AMERICA'S NATURAL GAS ALLIANCE

- 26 Independent North American E&P Companies
  - 8 – 9 TCF of production
  - More than 30% total N. American natural gas production
  - Creators of and dominant players in all N. American unconventional natural gas plays
- Founded March 2009



# MISSION

- The Alliance is dedicated to increasing the understanding of the environmental, economic and national security benefits of clean, abundant, dependable and efficient American natural gas. ANGA's educational initiatives seek to inform and engage a wide range of energy decision-makers and stakeholders, including electric power utilities, commercial enterprises, NGOs, federal and state policy makers, energy regulators and, the ultimate beneficiaries of the many uses of our domestic natural gas, America's consumers.



# AMERICA'S NATURAL GAS: FOUNDATION FOR ENERGY AND ENVIRONMENTAL POLICY

- Principles of the Administration's Energy Policy\*
  - Energy Independence
  - American Opportunity
  - Reality of Climate Change
- Natural Gas substantially contributes to each element of this policy

*\* Secretary of Interior Salazar, March 2009*



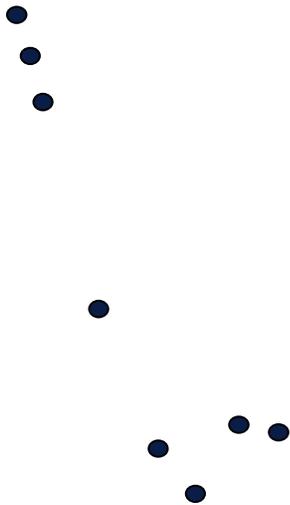
# POLICY IMPLICATIONS

- Natural Gas is Abundant and it's American
  - Technology has led to the discovery of game-changing unconventional natural gas plays throughout the N. America
  - 32 of 50 states and six Canadian provinces produce natural gas (*it's not just TX, LA & OK*)
  - 100+ year supply
  - Annual production has substantially increased and can readily be further increased to satisfy demand from increased power generation and natural gas vehicles



# CANADA & USA NATURAL GAS FUTURE IS CHANGING (CANADA & USA RESOURCE MAP)

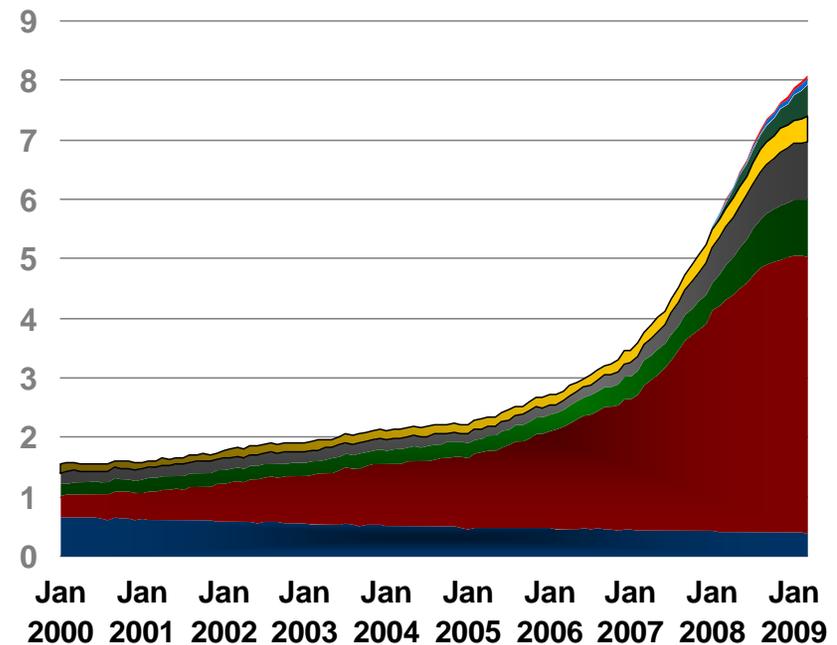
● Indicates EnCana plays



Canada & USA Emerging Plays	
Bakken Shale	Horn River Basin Shale
Barnett Shale	Huron Shale
Baxter	Marcellus Shale
Deep Basin	Montney Sandstone
Eagleford Shale	Pearsall Shale
Fayetteville Shale	Utica Shale
Haynesville Shale	Woodford Shale

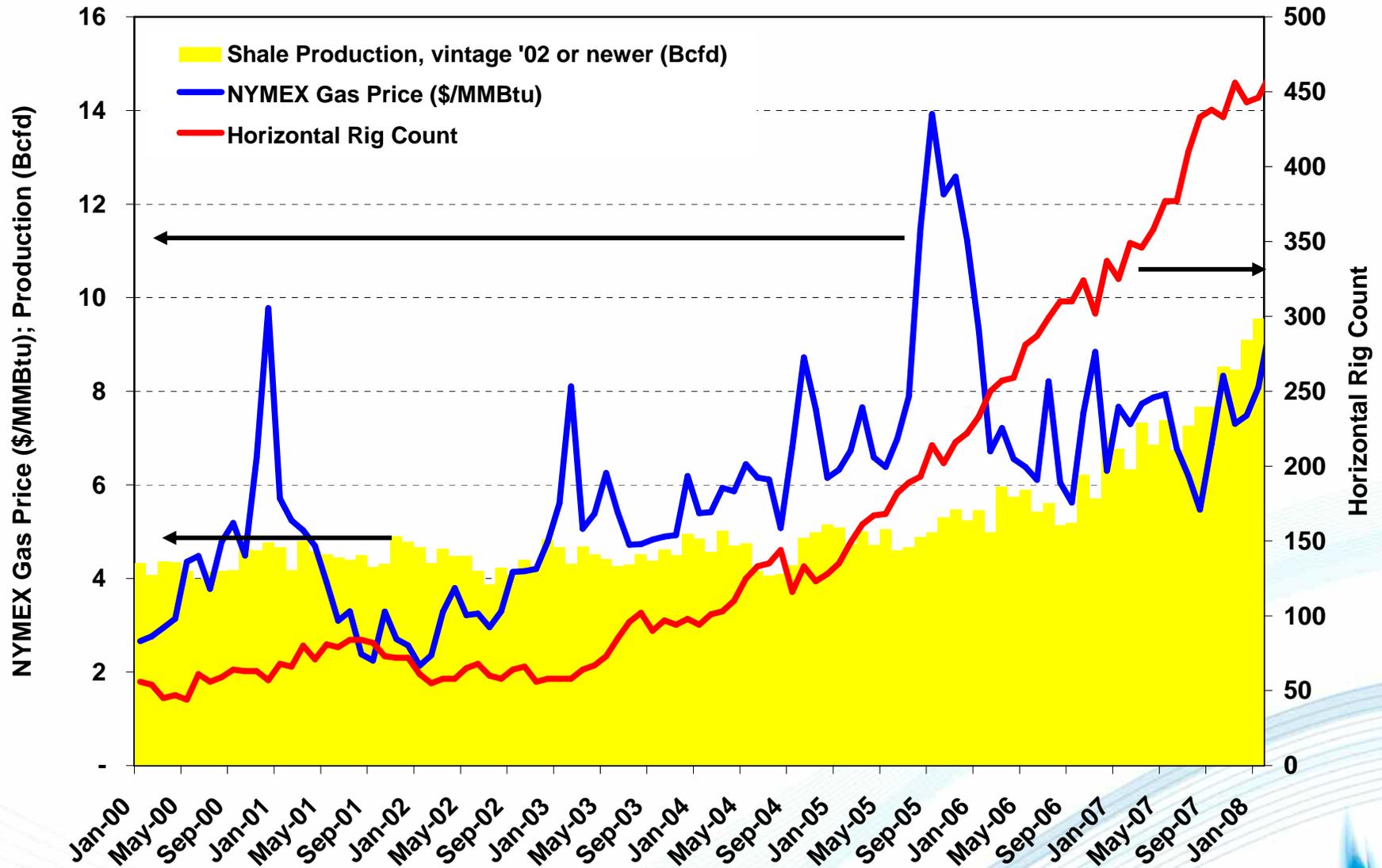
Currently 11% of Total Canada & USA Production

Bcf/d



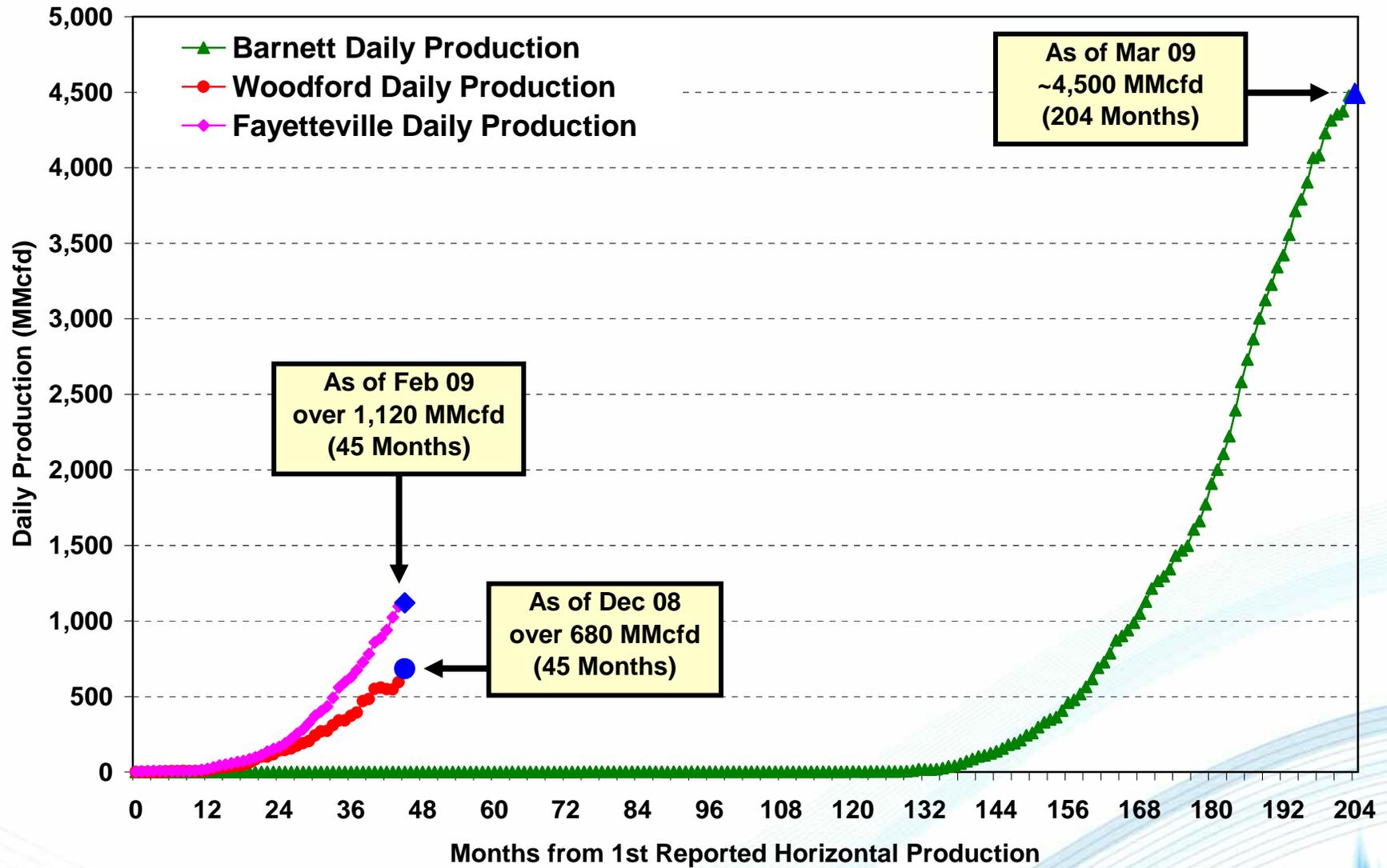
Source: Baker Hughes, PI Dwigths, Bloomberg

## Horizontal Production Growing due to Producer Investment



Source: PI Dwights

## Shale Production Growth (Monthly)



# POLICY IMPLICATIONS

- Natural Gas employs 1.8 million Americans and supports at least another 3 million indirect job
- The natural gas industry is a major contributor to Federal and State Treasuries (royalties, rents, fees and various taxes)
- These economic drivers will increase with the expansion of the use and development of America's natural gas resources



# POLICY IMPLICATIONS

- Low carbon, highly efficient source of energy
  - 44% less CO<sub>2</sub> than Coal
  - Virtually none of SOX, NOX, metals or other emissions generated by coal power plants
- 450 GW of existing natural gas fired power generation; connected to grid
  - Utilized only about 25%
- Integral to Wind and Solar Power Generation



# THREATS TO NATURAL GAS

- Climate Change legislation which does not recognize the benefits of natural gas
- Increased Government Take (taxes, royalties, etc.) = Fewer jobs, Less natural gas
  - Independents spend > 100% of Cash Flow
- Over Regulation – Well Stimulation at the Federal level
- Unreasonable restraints on risk management (hedging)

# ABUNDANT, CLEAN, DEPENDABLE AMERICAN NATURAL GAS

- America has the resource; Industry can increase production to contribute to energy security and environmental policy
- Development of America's natural gas means more American jobs and more revenues to all levels of government
- Developments requires cooperation among all Stakeholders – Industry, Government and Consumers





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