

FOR IMMEDIATE RELEASE

**“PRUDENT DEVELOPMENT” OF NORTH AMERICAN NATURAL GAS AND OIL RESOURCES DETAILED IN NEW STUDY BY THE NATIONAL PETROLEUM COUNCIL**

WASHINGTON, D.C., September 15, 2011—“Significant technology advances have unlocked abundant natural gas and oil resources,” but the potential benefits “can only be realized if developed prudently,” according to a major new report by the National Petroleum Council (NPC) titled *Prudent Development: Realizing the Potential of North America’s Abundant Natural Gas and Oil Resources*.

“This landmark study represents a comprehensive and candid view of our nation’s energy future that we hope will serve as an important tool in creating an informed energy policy for America,” said Jim Hackett, Chairman and CEO of Anadarko Petroleum Corporation and Chair of the NPC’s Resource Development Committee, which conducted the study at the request of U.S. Secretary of Energy, Dr. Steven Chu. “Prudent development of our domestic energy resources, particularly natural gas and oil, drives economic development, creates jobs, and enhances our nation’s energy security, and this report recognizes those opportunities, as well as candidly addresses the challenges and potential solutions. It also suggests that natural gas is a good near-term answer for reducing America’s carbon footprint.”

The 18-month study of North American natural gas and oil resources involved more than 400 experts from diverse backgrounds and organizations, the majority of them from outside the oil and gas industry. Energy Secretary Steven Chu, who asked the NPC to conduct this study, expressed his appreciation for the broad diversity of participants and extensive outreach efforts in its development.

The study came to four major conclusions.

First, **the potential supply of North American natural gas is far bigger than was thought even a few years ago.** As late as 2007, it was thought that the United States would have to become increasingly dependent on imported liquefied natural gas, owing to what appeared to be a constrained domestic supply. That is no longer the case. It is now understood that the natural gas resource base is enormous and that its development – if carried out in acceptable ways – is potentially transformative for the American economy, energy security, and the environment, including reduction of air emissions. These resources have the potential to meet even the highest projections of demand reviewed by this study.

Second – and **perhaps surprising to many – America’s oil resources are also proving to be much larger than previously thought.** The North American oil resource base offers substantial supply for decades ahead and could help the United States reduce, but not eliminate, its requirements and costs for oil imported from outside of North America. The United States and Canada together produce 4% more oil than Russia, the world’s largest producer. However, as the NPC’s *Hard Truths* report stated, “energy independence is not realistic in the foreseeable future,” although economic and energy security benefits flow from reducing imports through

efficiency and increasing domestic production. Realizing the potential of oil, like natural gas, in the future will depend on putting in place appropriate access regimes that can allow sustained exploration and development activity to take place in resource-rich areas.

Third, **we need these natural gas and oil resources even as efficiency reduces energy demand and alternatives become more economically available on a large scale.** Even presuming that the United States uses energy much more efficiently, diversifies its energy mix, and transitions to a lower carbon fuel mix, Americans will need natural gas and oil for much of their energy requirements for the foreseeable future. Moreover, the natural gas and oil industry is vital to the U.S. economy, generating millions of high-paying jobs and providing tax revenues to federal, state, and local governments.

Fourth, **realizing the benefits of natural gas and oil depends on environmentally responsible development.** In order to realize the benefits of these larger natural gas and oil resources, safe, responsible, and environmentally acceptable production and delivery must be ensured in all circumstances. Many natural gas and oil companies are committed to such goals and work hard to achieve them. The critical path to sustained and expanded resource development in North America includes effective regulation and a commitment of industry and regulators to continuous improvement in practices to eliminate or minimize environmental risk. These steps are necessary for public trust. Recognizing that access to available resources can be undermined by safety and environmental incidents, all industry participants must continually improve their environmental, safety, and health practices, preserving the benefits of greater access for the industry, consumers, and all other stakeholders.

Daniel H. Yergin, Chairman IHS-CERA and NPC study Vice Chair, noted the study demonstrates that “rapid advances in technology are dramatically increasing domestic production in ways not expected a few years ago, thus enhancing U.S. energy security.” Philip R. Sharp, Resources for the Future President and NPC study Vice Chair, said “this report affirms the importance to the country of developing our resources in a prudent way, and builds on the proactive efforts of industry to mitigate environmental, health, and safety concerns.”

In making these core findings, the NPC examined a broad range of energy supply, demand, environmental, and technology outlooks through 2050. The study participants addressed issues relating to public health, safety, and environmental risks associated with natural gas and oil production and delivery practices, as well as opportunities for natural gas to reduce emissions from energy use.

Using the fundamental concepts of economic prosperity, environmental sustainability, energy security, and prudent development as lenses for viewing the potential of natural gas and oil as energy sources, and the potential of gas to help reduce greenhouse gas emissions, the NPC proposed five core strategies:

- Support prudent development and regulation of natural gas and oil resources through such measures as councils of excellence covering environmental, safety, and health practices; corporate and regulatory commitment to advancing environmental performance; engaging affected communities; reducing methane emissions; and structuring policies to support prudent development of and access to resources.
- Better reflect environmental impacts in markets and fuel/technology choices by recognizing that the United States will find it difficult to reduce greenhouse gas emissions further without a mechanism for putting a price on greenhouse gas emissions that is economy-wide, market-based, predictable, transparent, and part of a global

framework; keeping options open for carbon capture and sequestration; and developing information and methodologies on environmental footprints and full fuel cycle impacts.

- Enhance the efficient use of energy through policies that support continued progress to adopt cost-effective efficiency standards for buildings and appliances; remove the disincentives for utilities to deploy efficiency measures; and eliminate barriers to combined heat and power as a way to increase the efficiency of electricity production.
- Enhance the functioning of energy markets through policies and regulations that improve mechanisms for utilities to manage the impacts of price volatility; harmonize market rules and service arrangements between the wholesale natural gas and wholesale electric markets; and increase environmental regulatory certainty affecting investments and fuel choices in the power sector.
- Support the development of a skilled workforce through increased public and private financial support for educational and training activities.

The *Prudent Development* study was approved by the NPC at its 121st meeting today, and formally presented to the Energy Secretary. The study is available on the NPC website, [www.npc.org](http://www.npc.org), where a webcast of the meeting and the press conference are also available.

The NPC is a federal advisory committee to the Secretary of Energy. The sole purpose of the Council is to advise, inform, and make recommendations to the Secretary of Energy, at his request, on matters relating to natural gas and oil or to the natural gas and oil gas industries.

###

(EDITOR'S NOTE: If you would like to receive copies of the *National Petroleum Council News* by e-mail, please let us know.)

Contact: Carla Scali Byrd  
Information Coordinator  
(202) 393-6100  
[cbyrd@npc.org](mailto:cbyrd@npc.org)