



## ***Industry Momentum Benefits From D.C. Inertia***

AUSTRALIA

ARGENTINA

CANADA

EGYPT

NORTH SEA

U.S. CENTRAL

U.S. GULF



**Obie O'Brien – VP Governmental Affairs  
and Corporate Outreach**

# Overview

- ◆ The Industry Momentum
- ◆ Political Landscape Changes
- ◆ Fighting Inertia
- ◆ Political Landscape Changes, Part 2
- ◆ Looking Forward

# *The Momentum*

- ◆ Shale reserves of 827 TCF, up from 347 TCF in 2009
- ◆ Potential total natural gas resources of 2,552 TCF, with a U.S. consumption rate of 22.8 TCF/year = 110 year supply
- ◆ U.S. crude oil production increased 7% in 2009, first time since 1970
- ◆ These numbers due in part to technologies developed in a more “industry friendly” political, pricing environment

# *Political Climate Change, Part 1*

- ◆ 2008 - Obama elected; joins Democrat-controlled Congress in Washington, D.C.
- ◆ Climate change and energy legislation move to the top of the agenda
- ◆ Congressional natural resource and energy committees become ideological posts
- ◆ Continuing economic slump stifles growth
- ◆ Macondo

I'M FROM THE  
GOVERNMENT,  
I'M HERE  
TO HELP



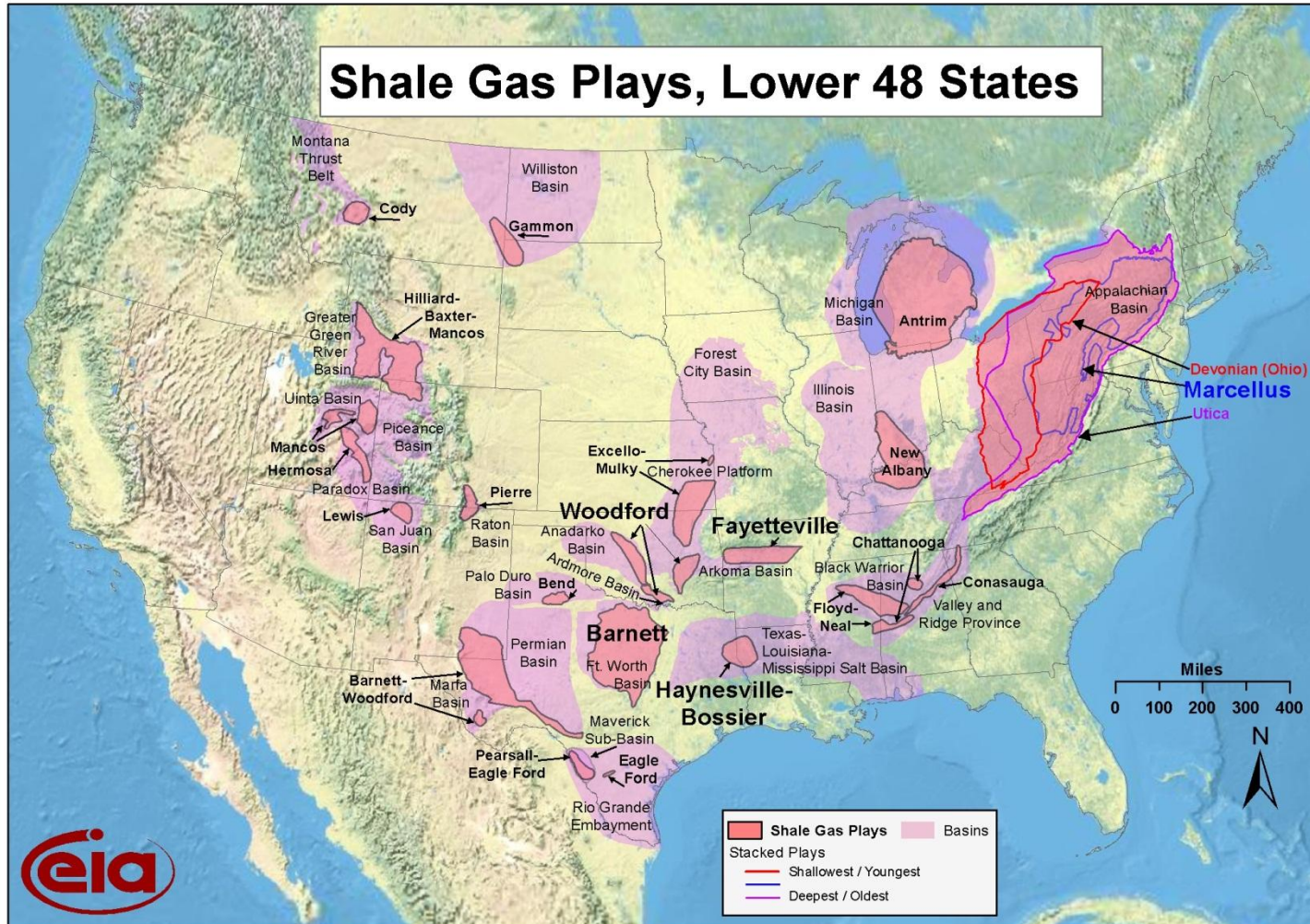
## *D.C. inertia enemy of industry momentum*

- ◆ Two years of fighting
- ◆ Obama budget proposals – 2009, 2010, and now 2011?
  - ◆ Repeal independent producer tax provisions worth \$31B
  - ◆ Incentivize and subsidize new “Green Economy”
  - ◆ Completely ignore benefits of clean, domestic natural gas
- ◆ EPA attempts to assume state regulatory roles
  - ◆ Hydraulic fracturing – front and center; numerous attempts to regulate, study , and force disclosure
  - ◆ Water – ground water usage and produced water disposal
  - ◆ Air – emission testing

# *Political Climate Change, Part 2*

- ◆ 2010 elections change political landscape; divided power
- ◆ Common ground and compromise, or gridlock?
- ◆ Economic recovery slow, but present
- ◆ Supply contractions from regulatory actions have consequences
- ◆ Macondo & Beyond

# Producing States – Not Just the Proud Few



Source: Energy Information Administration based on data from various published studies.  
 Updated: March 10, 2010



# *Looking Forward*

- ◆ Shale revolution leads to increased number of producing states:
  - ◆ More allies in D.C., but more opponents as well
  - ◆ More everyday Americans positively & negatively impacted by industry
- ◆ Push to increase natural gas demand
  - ◆ Transportation fuel: passenger cars and long-haul trucks
  - ◆ Electric generation
  - ◆ Industrial consumption

**QUESTIONS?**