



American Gas Association

NEWS

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**Natural Gas Consumers Would Benefit From Expanded Offshore Production,
AGA Says as Interior Department Seeks Input on Five-Year Plan**

Washington, D.C. – With wholesale natural gas prices on the rise and the continuing prospect of further increases in demand for natural gas, the American Gas Association said today it plans to recommend that the federal government expand the offshore areas available for natural gas production, in order to help ease prices for consumers.

AGA's comment comes as the U.S. Department of the Interior sought initial public comments on the development of its five-year (2007-2012) leasing plan for energy development on the Outer Continental Shelf (OCS).

"The futures price of natural gas is inching toward \$10 for September deliveries – a clear indication that demand for natural gas is outpacing production capabilities. We plans to recommend that the Interior Department expand the offshore areas available for natural gas production, in order to help ease prices for consumers," said AGA President and CEO David Parker.

Parker added, "Americans want a stable, reliable source of environmentally friendly fuel that is produced in North America. They find it in natural gas. Given the projected 40 percent growth in demand for natural gas by 2025 – about two-thirds of which will go to generate electricity – many areas of the Outer Continental Shelf currently off-limits to natural gas production must be opened up."

Parker noted that public opinion supports offshore energy production, especially if coastal states have greater control over offshore development and receive a portion of the revenues from energy leases, according to surveys conducted for AGA in June. The surveys were conducted in California and in five Southeastern states: Virginia, North Carolina, South Carolina, Georgia and Florida.

Confidence in technology remains high, the AGA survey also found. "People understand that the United States is unsurpassed in innovation. After all, jet skies and other pleasure craft were responsible for as much oil in offshore waters (about 2 percent of all annual spills) as were oil and gas production, according to a recent report by the U.S. Commission on Oceans," Parker said.

More than 25 percent of the natural gas produced in the United States already comes from the Outer Continental Shelf (mostly from the western Gulf of Mexico), and the majority of future natural gas and oil resources are found beneath U.S. offshore areas, according to the U.S. Minerals Management Service. Yet more than 85 percent of the OCS in the lower-48 states is off-limits to energy development, under current federal restrictions.

NOTE: *Click here to learn more about public support for offshore energy production:*
http://www.aga.org/Template.cfm?Section=AGA_News1&template=/ContentManagement/ContentDisplay.cfm&ContentID=16661

The American Gas Association represents 195 local energy utility companies that deliver natural gas to more than 56 million homes, businesses and industries throughout the United States. Natural gas meets one-fourth of the United States' energy needs.