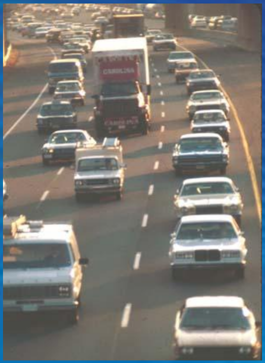

America's Oil and Natural Gas Industry

Policy and Domestic Oil and Natural Gas

Sara Banaszak, Senior Economist
American Petroleum Institute
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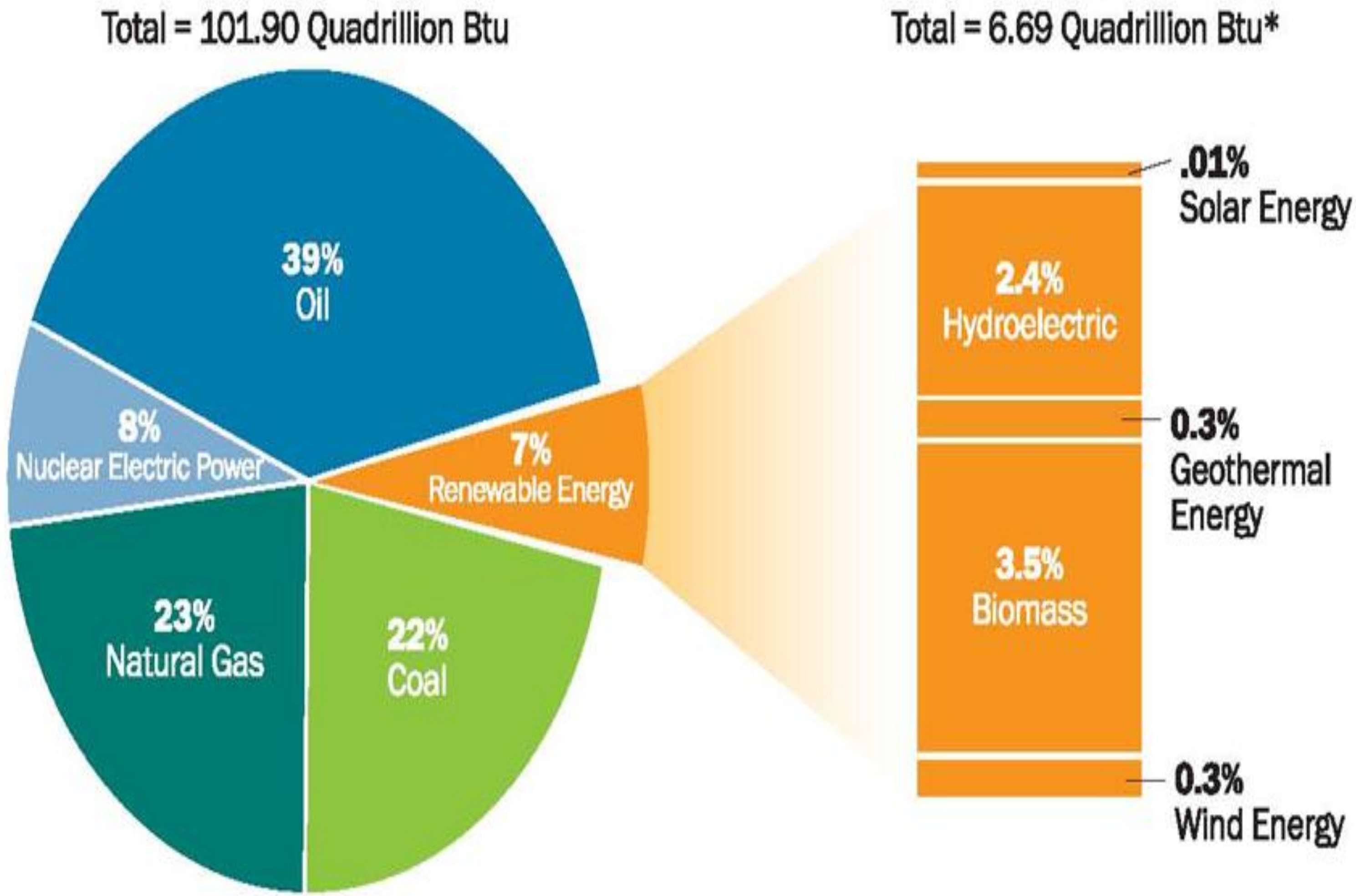
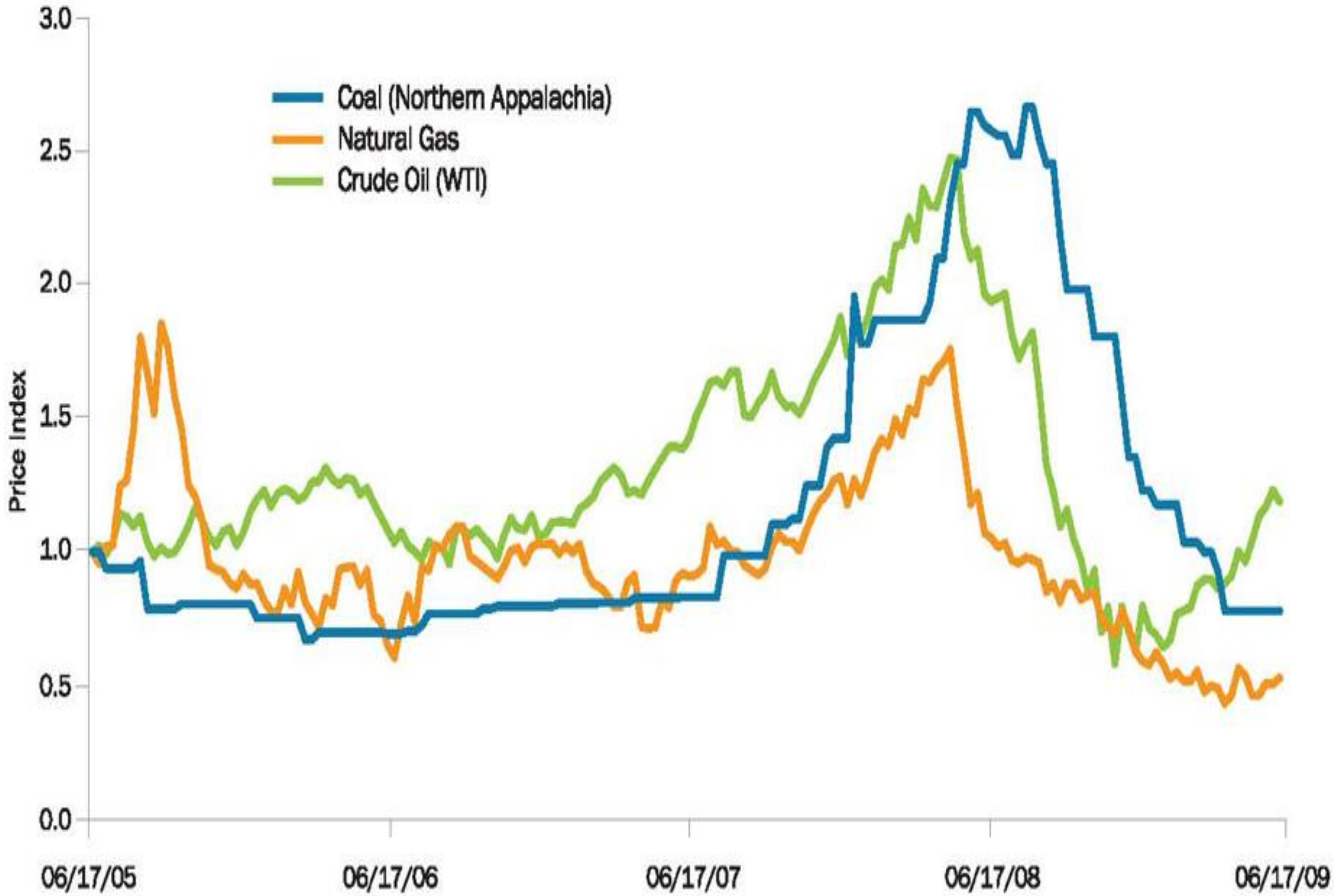
The Role of Renewable Energy Consumption in the Nation's Energy Supply, 2007



Note: Sum of components may not add exactly to 100 percent due to rounding.
*Includes non-marketed renewable energy from residential and commercial sectors.
Source: EIA, Revised AEO 2009 Tables A1 and A17

Changes in the Price of Coal, Natural Gas and Crude Oil (Price Index: June 17, 2005 = 1.0)



Source: NYMEX (Crude Oil and Natural Gas) and EIA (Coal)

Gasoline, Diesel and Crude Oil Prices

Source: NYMEX (WTI crude oil) and AAA (gasoline and diesel)

Policies affecting *access* to resources…

OCS Lower 48 “Moratoria” Resources (Undiscovered, Technically Recoverable Federal Resources)

Pacific Coast*

Current Resource Estimate:
Oil (Bbbls) = 10.53
Gas (Tcf) = 18.29

Share of Resources Located:

0–50 miles
Oil = 90.8%
Gas = 91.7%

50–100 miles
Oil = 6.4%
Gas = 6.3%

Over 100 miles
Oil = 2.8%
Gas = 2.1%

Gulf of Mexico**
Oil (Bbbls) = 3.7
Gas (Tcf) = 21.5

Atlantic Coast*

Current Resource Estimate:
Oil (Bbbls) = 3.82
Gas (Tcf) = 36.99

Share of Resources Located:

0–50 miles
Oil = 27.5%
Gas = 25.9%

50–100 miles
Oil = 33.6%
Gas = 32.2%

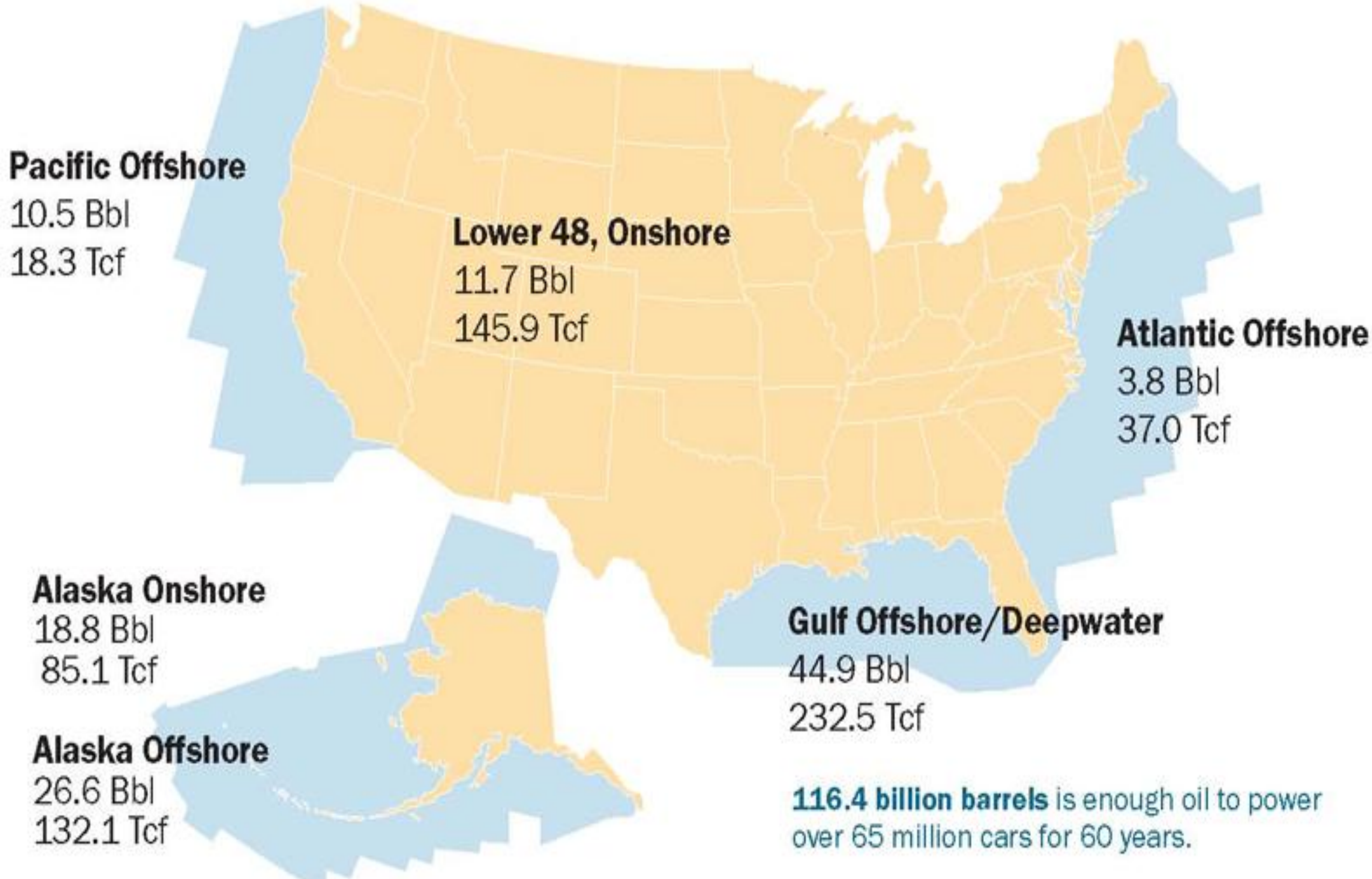
Over 100 miles
Oil = 38.9%
Gas = 42.0%

* Moratoria removed as of October 1, 2008
** Off limits until 2022

Source: API projections based on MMS resource estimates by water depth for the Outer Continental Shelf.

U.S. Crude Oil (Bbl) and Natural Gas (Tcf) Resources

(Undiscovered Technically Recoverable Federal Resources)*

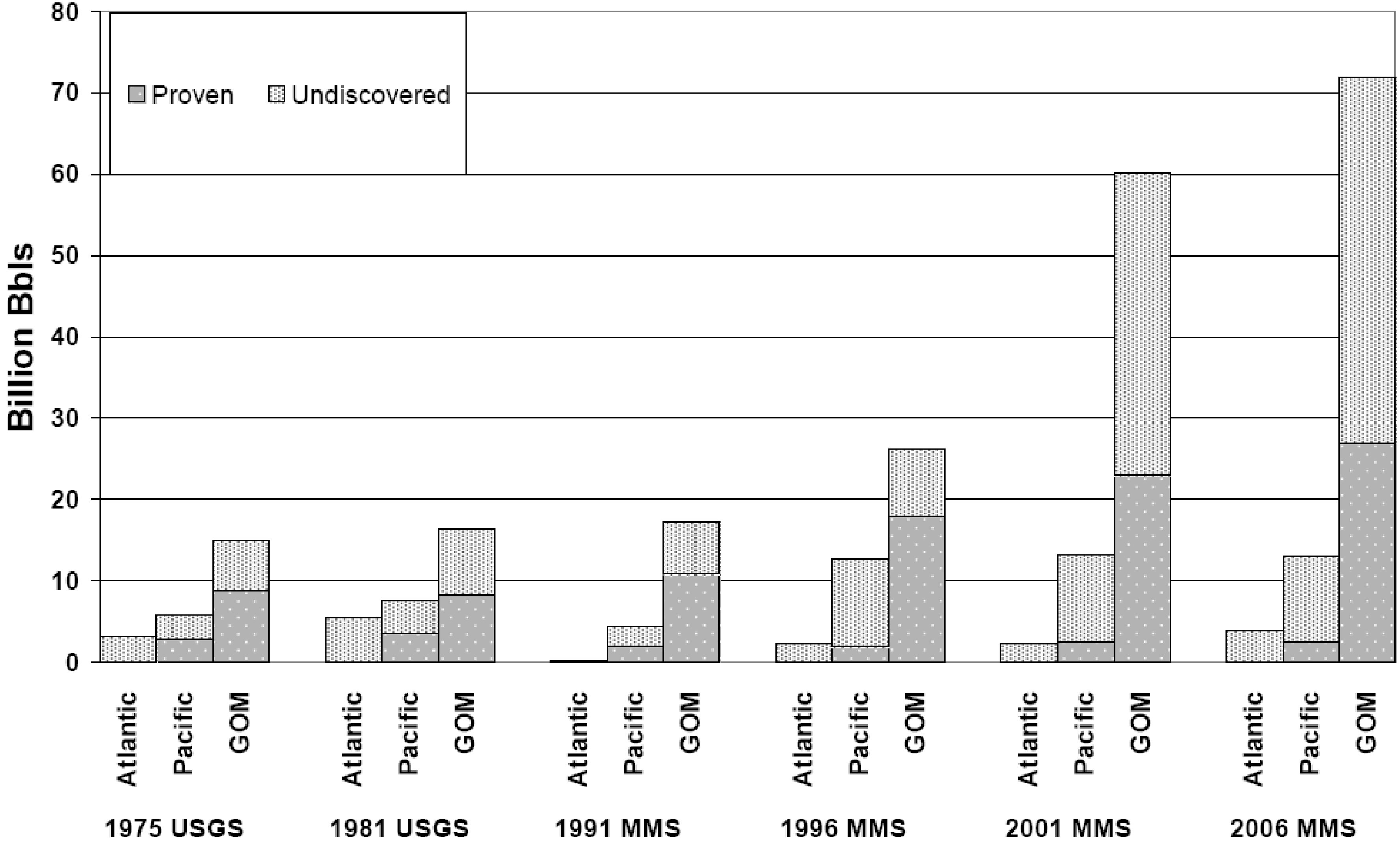


116.4 billion barrels is enough oil to power over 65 million cars for 60 years.

650.9 trillion cubic feet is enough natural gas to heat 60 million homes for 160 years.

*Figures may not add exactly to total due to rounding.
Source: MMS, BLM, and API calculations

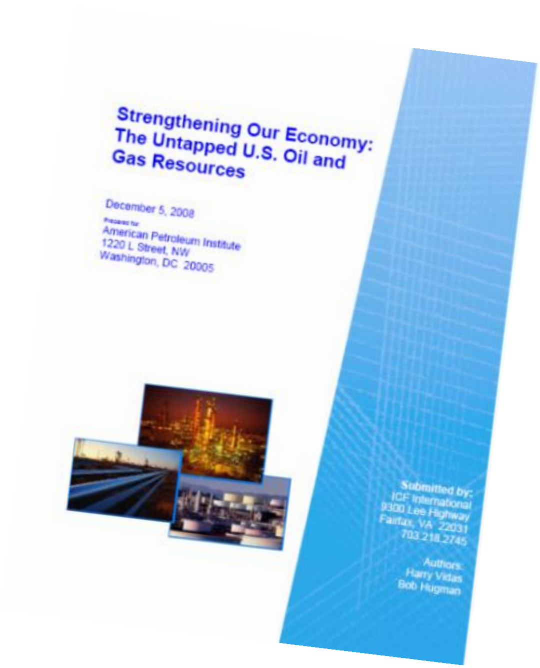
History of MMS Oil Assessments



ICF International study available at www.api.org

ICF Int'l on untapped resources

http://www.api.org/Newsroom/icf_study.cfm



- **Roughly a doubling of oil and gas produced from OCS and ANWR (replaces roughly a fifth of oil imports)**
- **Government revenues triple; reaches $1.7 trillion for OCS, ANWR & Rockies, $1.4 trillion for OCS alone**
- **Fifty percent increase in related employment**

Global Insight: Effects of regulating hydraulic fracturing

http://www.api.org/Newsroom/hf-rules-usecon.cfm

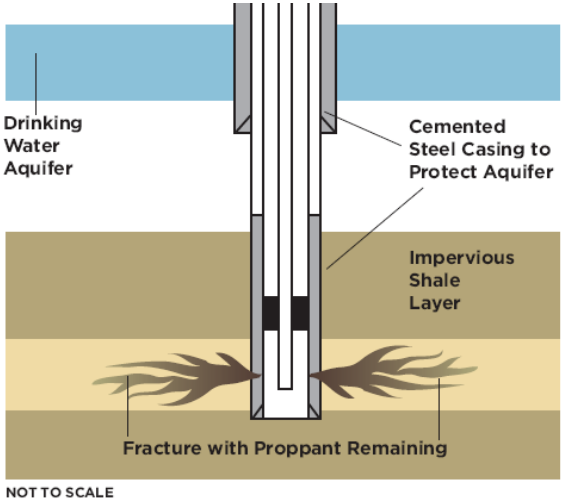
	2010	2012	2014
Change in Real GDP from Reference Case (Billion 2008 dollars)			
UIC Compliance	-22	-56	-84
Fluid Restrictions	-44	-115	-172
No Fracturing	-141	-255	-374
Change in Real GDP from Reference Case (Percent Change)			
UIC Compliance	-0.2%	-0.4%	-0.5%
Fluid Restrictions	-0.3%	-0.8%	-1.1%
No Fracturing	-1.0%	-1.7%	-2.3%
Change in Employment from Reference Case (thousand jobs)			
UIC Compliance	-140	-416	-635
Fluid Restrictions	-285	-859	-1298
No Fracturing	-922	-1859	-2869
Change in Employment from Reference Case (Percent Change)			
UIC Compliance	-0.1%	-0.3%	-0.4%
Fluid Restrictions	-0.2%	-0.6%	-0.9%
No Fracturing	-0.7%	-1.3%	-2.0%

Change in Natural Gas Production
(Trillion Cubic Feet)

	2008	2014	Change From Reference: Change	Change From Reference: Percent Change
Global Insight Reference	20.9	20.4		
UIC Compliance		18.3	-2.1	-10%
Fluid Change		16	-4.4	-22%
No Fracturing		11.3	-9.1	-45%
No Drilling		7.2	-13.2	-65%

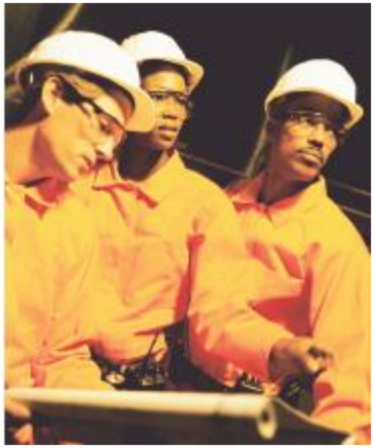
Change in Crude Oil Production
(Million Barrels per Day)

	2008	2014	Change From Reference: Change	Change From Reference: Percent Change
Global Insight Reference	4.91	4.87		
UIC Compliance		4.66	-0.21	-4%
Fluid Change		4.48	-0.39	-8%
No Fracturing		4.02	-0.85	-17%
No Drilling		2.05	-2.82	-58%



PWC: Oil and gas in the economy:

http://www.api.org/Newsroom/industry-supports.cfm



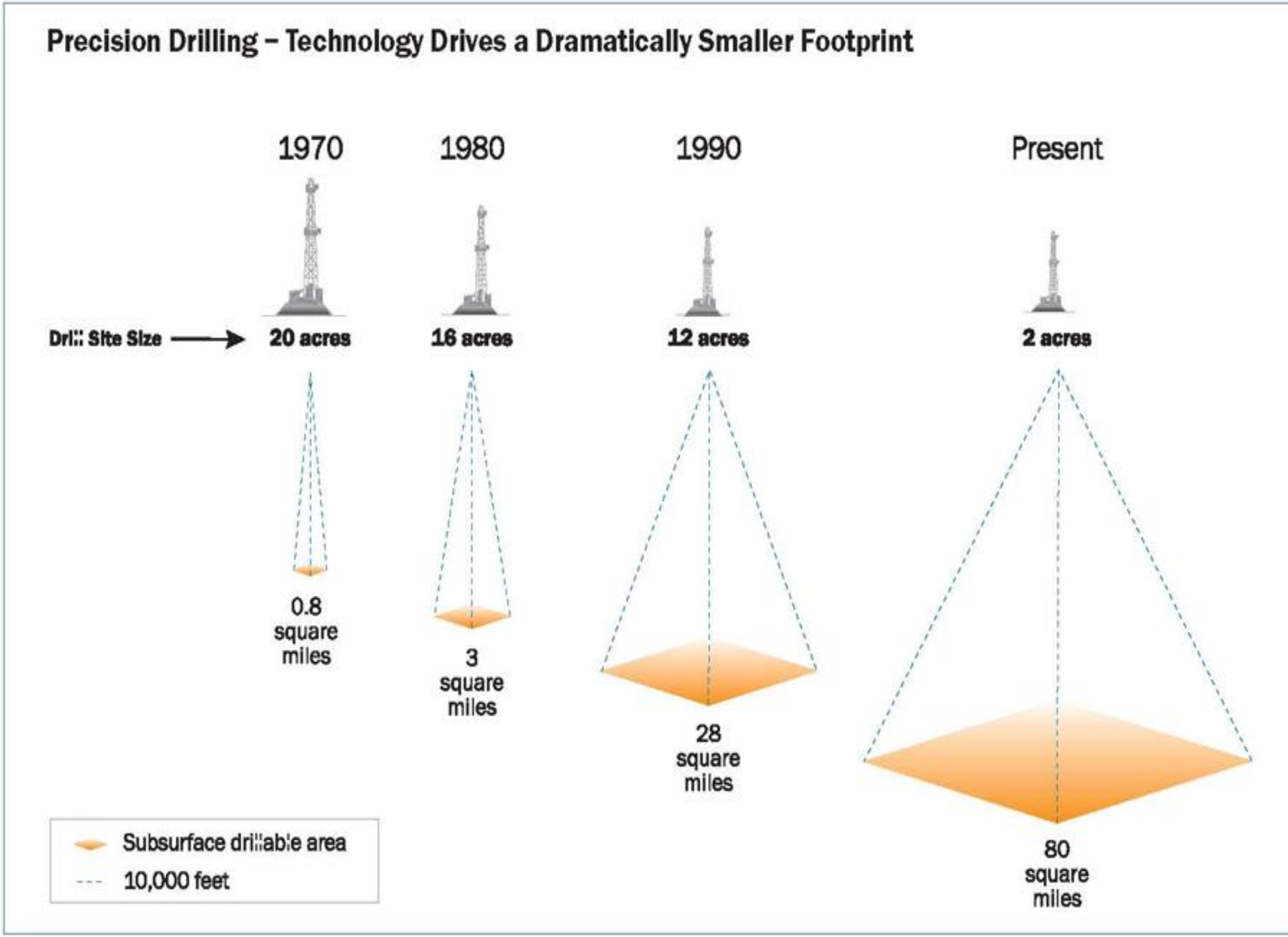
The Economic Impacts of the Oil and Natural Gas Industry on the U.S. Economy in 2007 by Industry

Industry	Employment[1]	Labor Income[2] ($ millions)	Value Added[3] ($ millions)
Direct Impact[4] of the Oil and Natural Gas Industry	**2,123,291**	**$199,344**	**$456,971**
Indirect[5] and Induced Impacts[6] on Other Industries	**7,114,090**	**358,916**	**580,089**
Services	3,399,474	149,462	181,720
Wholesale and Retail Trade	1,174,762	49,711	80,915
Finance, Insurance, Real Estate, Rental and Leasing	828,904	47,487	144,302
Manufacturing	680,834	49,936	73,322
Transportation and Warehousing	276,492	13,892	18,746
Construction	220,923	11,185	13,722
Information	165,859	15,206	29,324
Agriculture	122,542	2,193	5,197
Utilities	26,272	4,309	14,652
Mining	10,898	1,037	2,068
Other	207,130	14,499	16,122
Total Impact	**9,237,381**	**$558,260**	**$1,037,060**
As a % of U.S. Total	**5.2%**	**6.3%**	**7.5%**

Source: PricewaterhouseCoopers calculations using IMPLAN modeling system (2007 database).

Policies affecting economics: Taxes

- Repeal expensing of IDC ($4.1-7B).
  Option since tax code inception
- Repeal Sec. 199 for Oil and Gas ($10.8-13.3B)
- Repeal percentage depletion ($7.1-9B).
  Used for over a century to simplify investment cost recovery as mineral is produced
- Total exceeding $80 billion



Precision Drilling – Technology Drives a Dramatically Smaller Footprint
1970
1980
1990
Present
Drill Site Size
20 acres
16 acres
12 acres
2 acres
0.8 square miles
3 square miles
28 square miles
80 square miles
Subsurface drillable area
10,000 feet

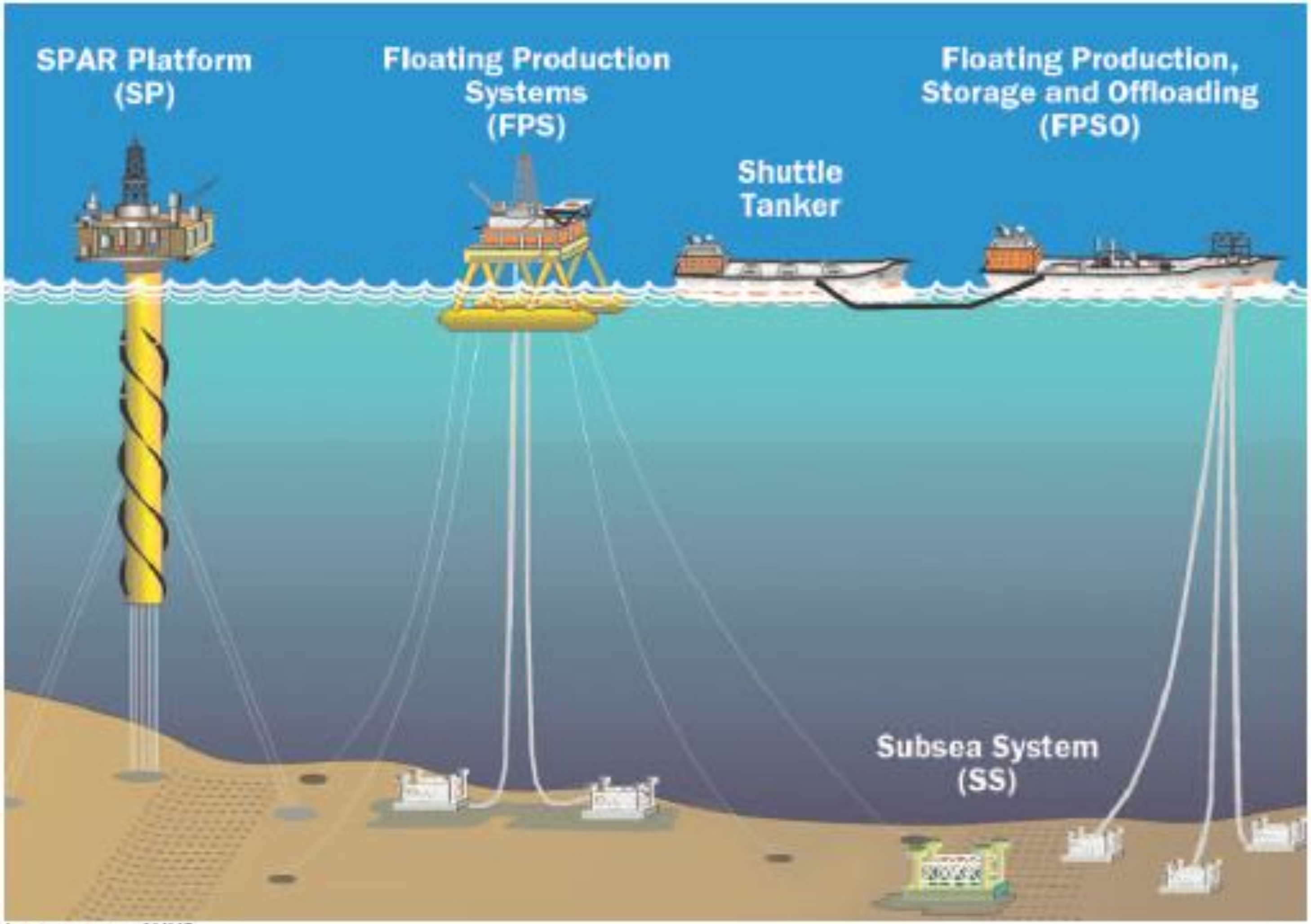


Image courtesy of MMS

Thank You

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