Prudent Development

Realizing the Potential of North America’s Abundant Natural Gas and Oil Resources

A Comprehensive Assessment to 2035 with Views through 2050

International Energy Agency
World Energy Outlook Workshop
March 7, 2012
# National Petroleum Council (NPC)

<table>
<thead>
<tr>
<th><strong>Origins</strong></th>
<th>Continuation of WWII government / industry cooperation</th>
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<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td>Sole purpose of NPC is to advise U.S. Secretary of Energy and Executive Branch by conducting studies at their request</td>
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<td><strong>Organization</strong></td>
<td>A Federally chartered, self-funded Advisory Committee; Not an advocacy group, does not lobby</td>
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<td><strong>Membership</strong></td>
<td>Broad and balanced. Approximately 200 members from all segments of the oil and gas industries and many outside interests</td>
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<tr>
<td><strong>Study Participants</strong></td>
<td>Diverse interests and expertise relating to the topic being addressed</td>
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<td><strong>Study Reports</strong></td>
<td>All NPC advice is provided in reports approved by its members and is available to the public. Reports can be viewed and downloaded at no cost from the NPC website – <a href="http://www.npc.org">www.npc.org</a></td>
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Prudent Development Study Objectives

• Assess the N. American resource base – natural gas and oil
  – Conventional
  – Unconventional

• Describe the role of technology
  – Environmental
  – Operational

• Assess N. American supply and demand
  – Through 2035
  – With a view to 2050

• Identify the potential role of natural gas to lower emissions

• Meet national objectives: economic, environmental, security
Diverse Study Participation

Study Committee, CSC, Task Groups, Subgroups

Over 400 Participants

- OIL AND GAS INDUSTRY: 47%
- GOV'T - FEDERAL AND STATE: 14%
- CONSULTANT/FINANCIAL/LEGAL: 14%
- NGO: 7%
- END USERS: 7%
- ACADEMIA AND PROFESSIONAL SOCIETIES: 6%
- Consultant/Financial/Legal: 14%
- Academia: 7%
- End Users: 7%
- NGO: 12%
- Gov't - Federal and State: 14%
Four Major Findings

• First, the potential supply of North American natural gas is far bigger than was thought even a few years ago

• Second – and perhaps surprising to many – America’s oil resources are also proving to be much larger than previously thought

• 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

• Fourth, realizing the benefits of natural gas and oil depends on environmentally responsible development
Prudent Development

In order for the U.S. to realize the benefits of substantial resource abundance, development must be done prudently.

Prudent development is:

- Essential for public trust and confidence
- Required for continued and expanded access
- Fundamental for long term industry success
Core Strategies and Recommendations

- Support prudent natural gas and oil resource development and regulation
  - Councils of Excellence
- Better reflect environmental impacts in markets and fuel/technology choices
- Enhance the efficient use of energy
- Enhance the regulation of markets
- Support the development of intellectual capital and a skilled workforce