



David N. Parker
President and CEO

March 5, 2009

The Honorable Nick J. Rahall
U.S. House of Representatives
2307 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Rahall:

The 202 local utility companies that belong to the American Gas Association distribute clean burning natural gas to 65 million homes businesses for ultimate consumption by more than 171 million Americans. It is on their behalf that I write to commend you for holding a series of hearings in the House Committee on Natural Resources on the energy potential of the Outer Continental Shelf (OCS). We appreciate the open debate you have fostered during the hearings and we believe that you have succeeded in meeting the objective of hearing all sides of the issue.

AGA's members and their customers share the same interests – adequate supplies of clean natural gas, safely and reliably delivered at a reasonable price. Today, the available supply of natural gas has increased and prices are lower and less volatile than just a few years ago. This is a result, in part, of advances in technology that have led to higher levels of domestic production. But it is also because the nation's consumers are conserving energy and are using natural gas much more efficiently. On a per capita basis, homeowners annually use 32 percent less natural gas today than they did more than 25 years ago.

Energy efficiency will continue to be important as the demand for natural gas increases in the years ahead. Much of the anticipated increase in demand will come from the use of natural gas to meet an expected cap on greenhouse gas emissions in the electricity generation market. But meeting the challenge of climate change also will come from increasing the use of natural gas in homes and businesses, industrial applications and even cars, buses and trucks. Planning ahead today for future supplies—especially the

abundant supplies of natural gas found right here in America—is therefore critically important.

We agree with you that our country should take an “all of the above “ approach toward energy policy and that along with increased energy efficiency should come increased production of domestic energy supplies, especially of clean burning natural gas. An area of great new potential is the federal OCS where the U.S. Minerals Management Service estimates that 420 trillion cubic feet of technically recoverable new natural gas supplies may exist. Should these new resources be found and produced, the economic and environmental benefits to our nation would be enormous.

The Honorable Nick J. Rahall
March 3, 2009
Page Two

The 110th Congress allowed the decades-old moratorium on oil and gas leasing on the OCS to elapse, an action we wholeheartedly applauded. We urge that as much of the OCS as possible be opened for oil and natural gas, as well as alternative energy, exploration and production. The safety record of our industry is proof that these new resources can be developed without harming the environment. Recognizing that not all areas of the OCS should be opened to energy development, we urge you to seek a policy that permits coastal states to decide if and where energy development should take place. States allowing energy exploration and production on the OCS should also share in royalty revenues.

Once again, Chairman Rahall, we commend you for holding an important series of hearings. Hopefully they will result in the passage of new energy legislation that will ensure millions of Americans of future supplies of clean natural gas, produced safely from our offshore waters.

Sincerely,

David N. Parker