America's Oil and Natural Gas Industry

Energizing America:
Facts for Addressing Energy Policy

Table E-1. Total Contribution of the Oil and Natural Gas Industry to the U.S. Economy, 2007

Item	Amount	Percent of U.S. Total
Operational Impact		
Employment*	7,818,437	4.4%
Labor Income ($ millions)**	477,249	5.4%
Value Added ($ millions)	915,370	6.6%
Capital Investment Impact		
Employment*	1,418,944	0.8%
Labor Income ($ millions)**	81,012	0.9%
Value Added ($ millions)	121,690	0.9%
Total Impacts		
Employment*	9,237,381	5.2%
Labor Income ($ millions)**	558,260	6.3%
Value Added ($ millions)	1,037,060	7.5%

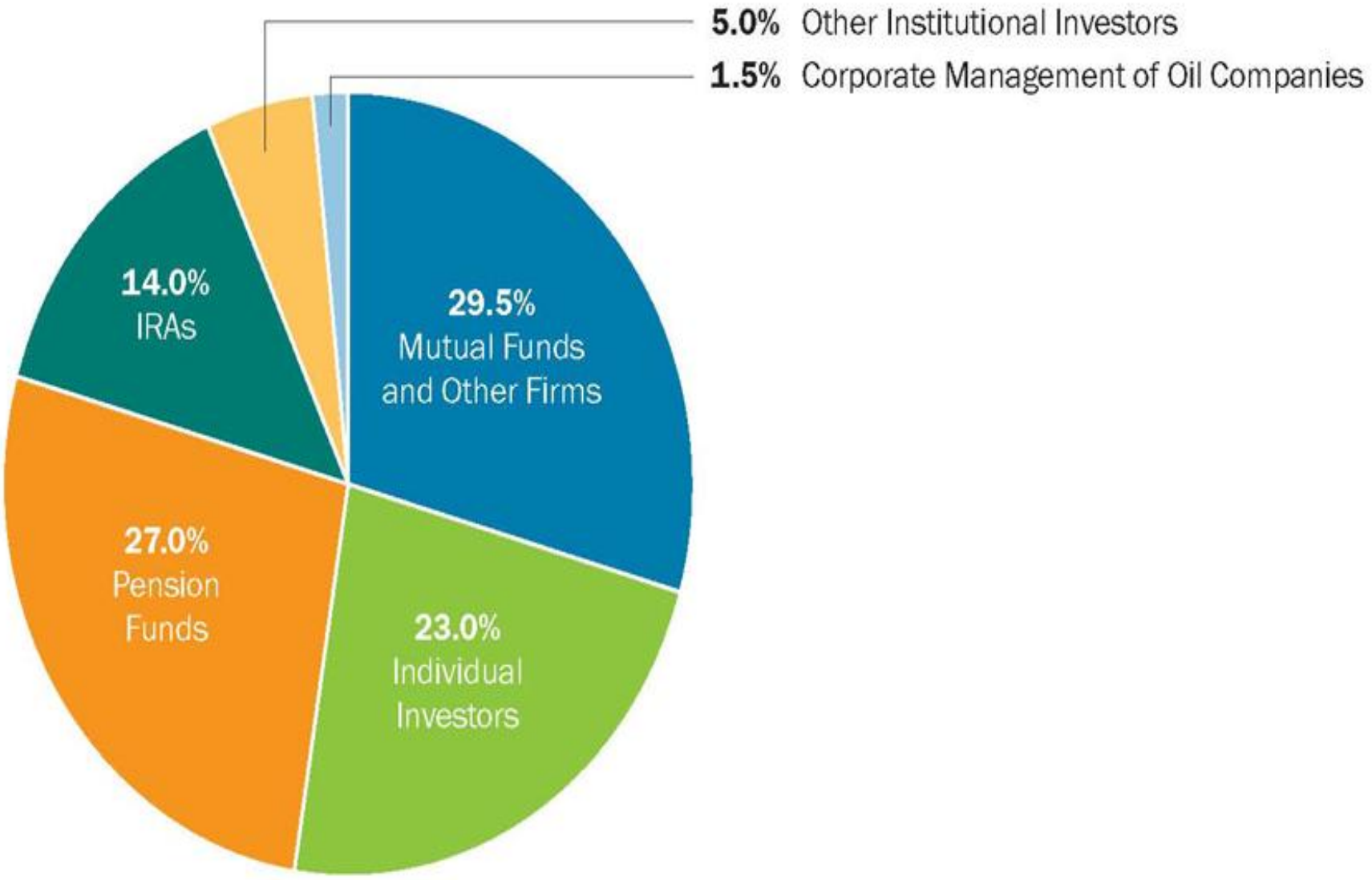
Source: PricewaterhouseCoopers calculations using IMPLAN modeling system (2007 database).

Numbers may not add to total due to rounding.

* Employment is defined as the number of payroll and self-employed jobs, including part-time jobs.

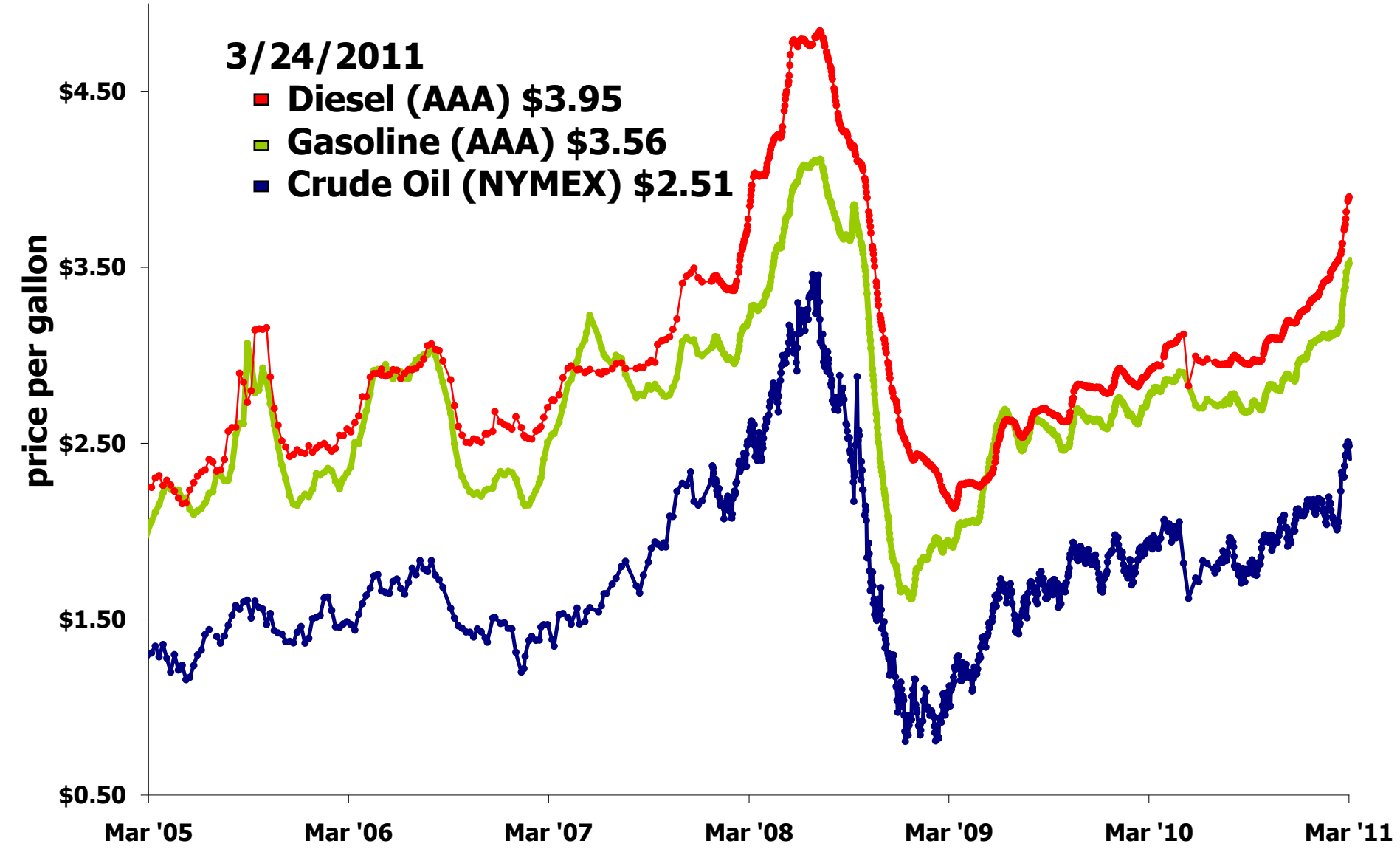
** Labor income is defined as wages and salaries and benefits as well as proprietors' income.

Who Owns "Big Oil?" (Holdings of Oil Stocks, 2007)

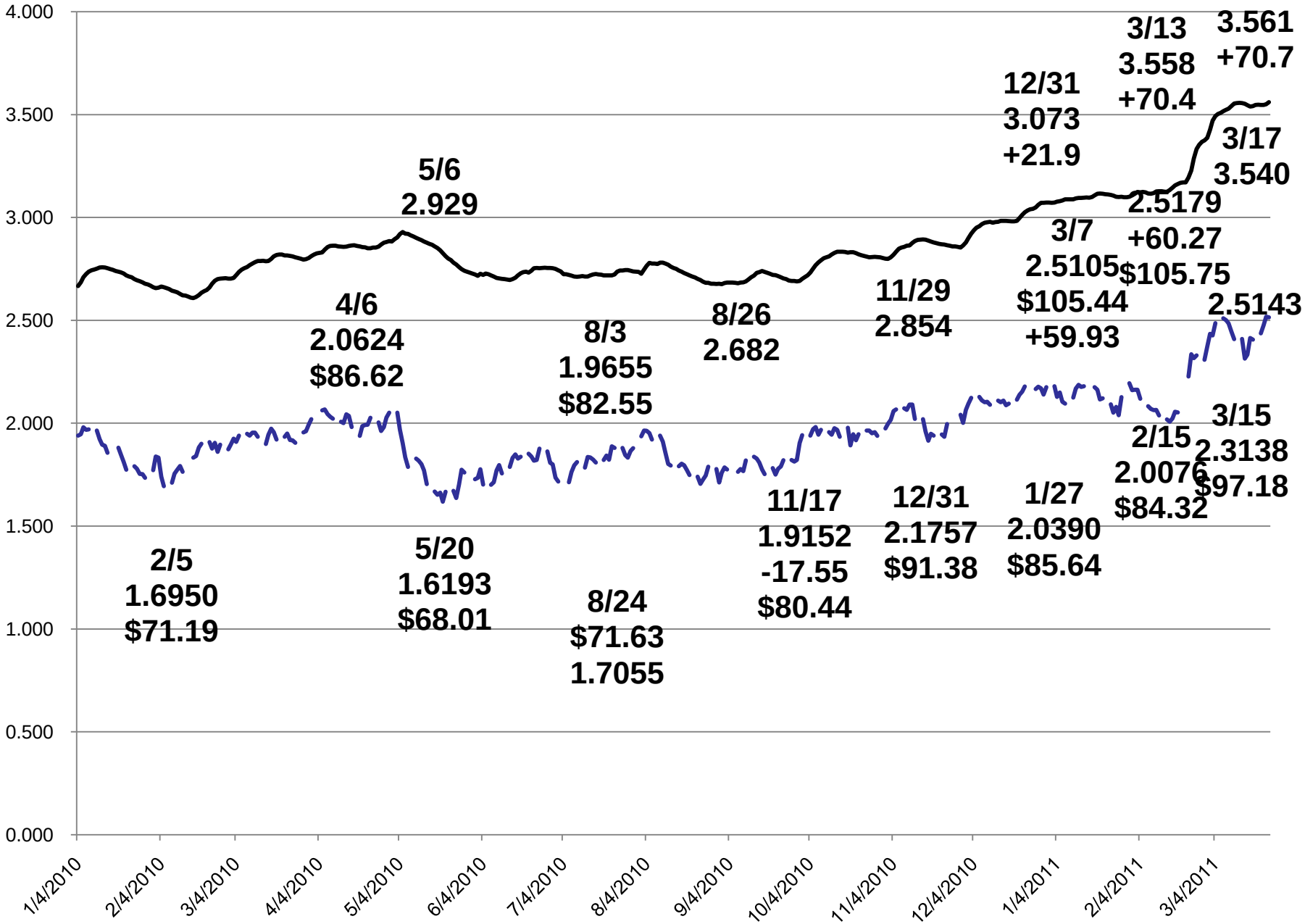


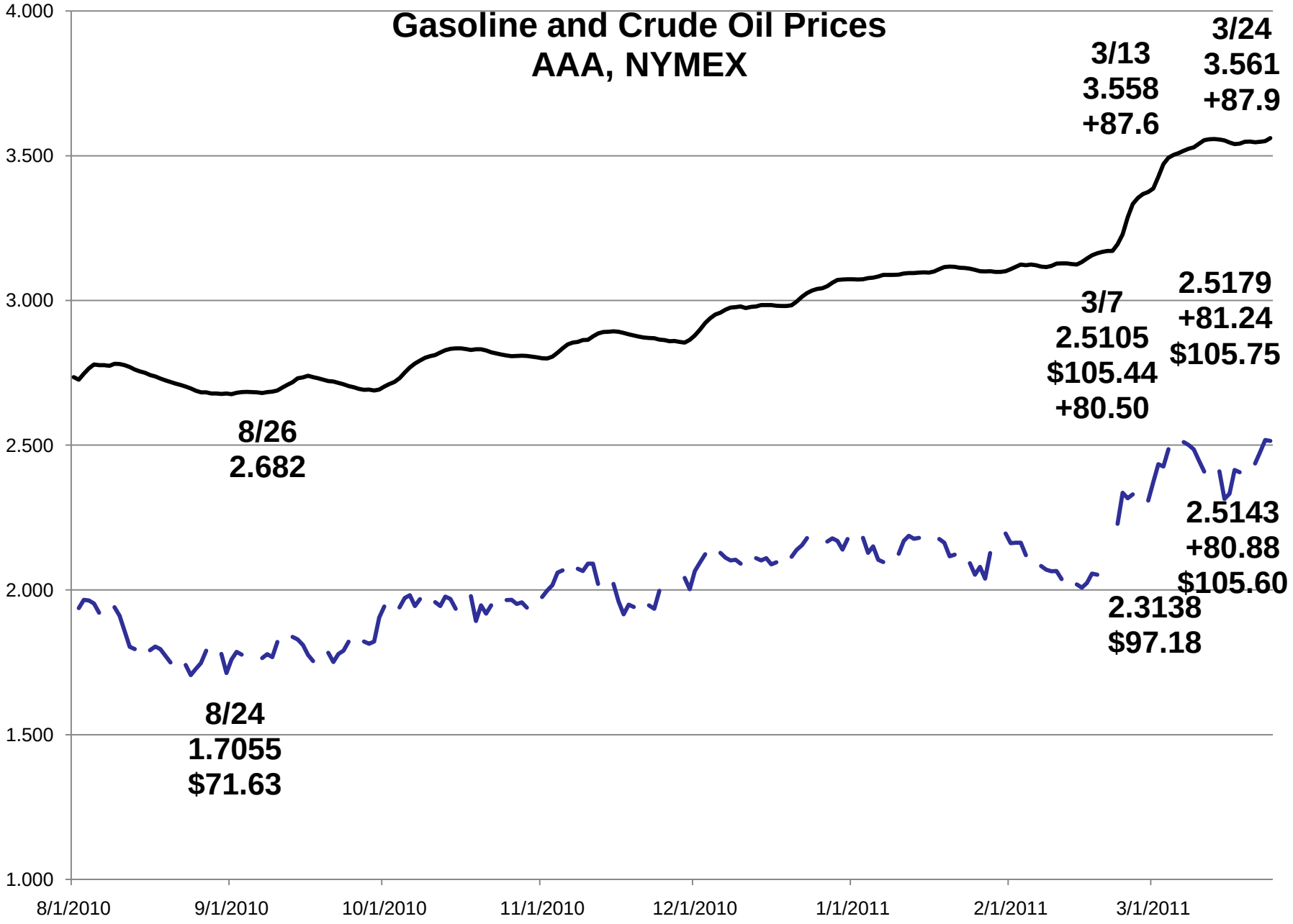
Source: *The Distribution of Ownership of U.S. Oil and Natural Gas Companies*, SONECON, September 2007

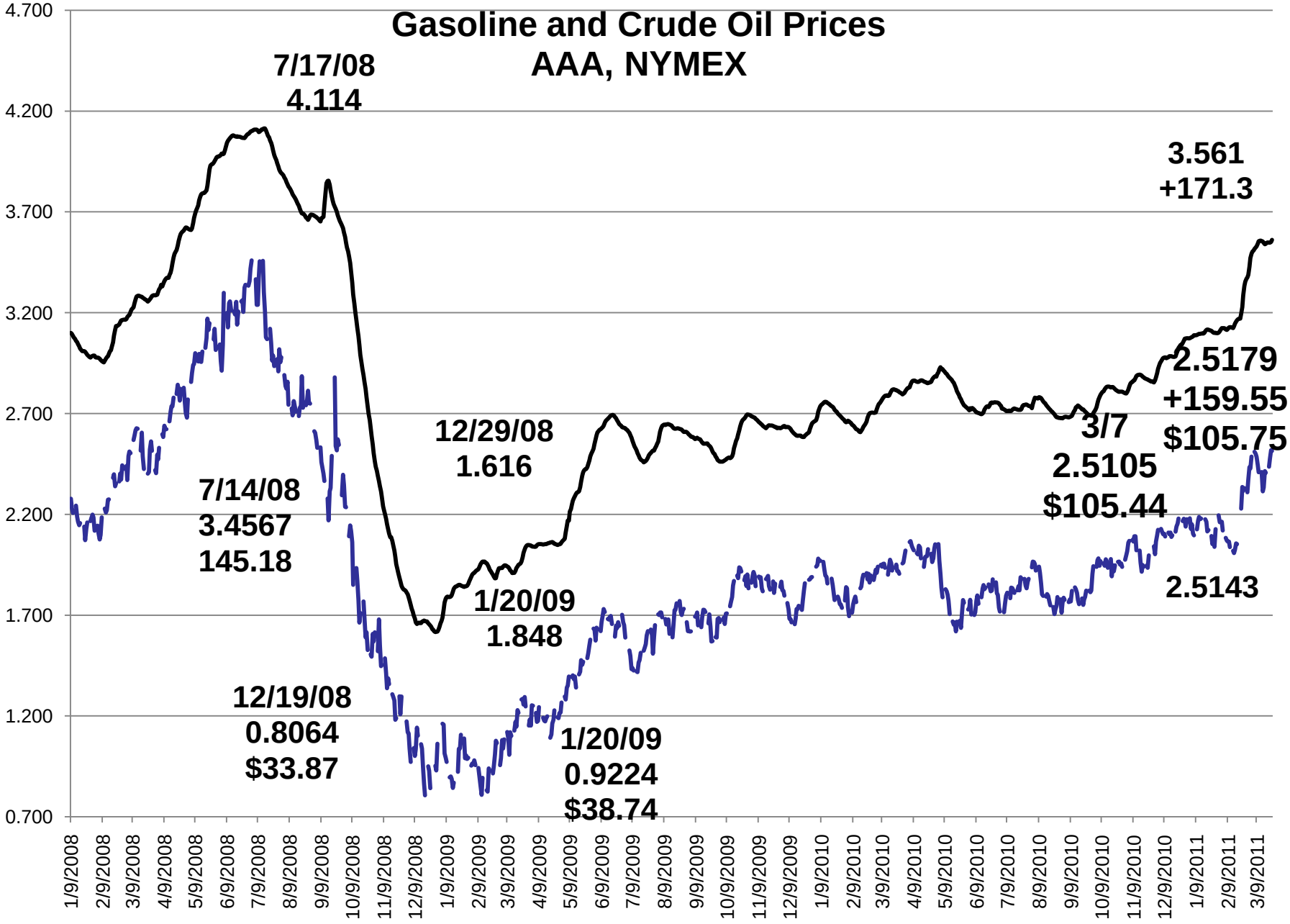
Diesel, Gasoline and Crude Prices



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

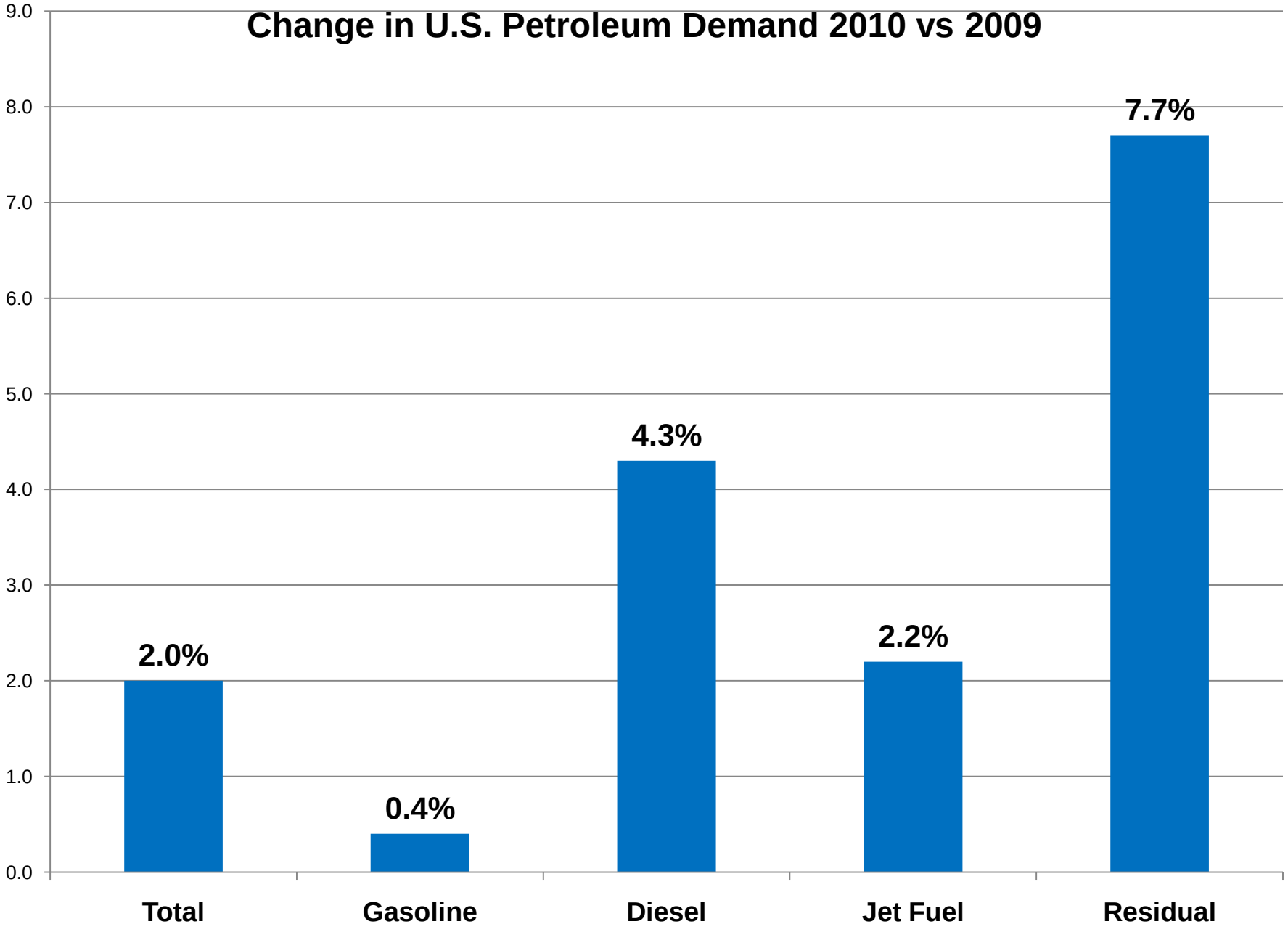

4.000
3.500
3.000
2.500
2.000
1.500
1.000
0.500
0.000
1/4/2010
2/4/2010
3/4/2010
4/4/2010
5/4/2010
6/4/2010
7/4/2010
8/4/2010
9/4/2010
10/4/2010
11/4/2010
12/4/2010
1/4/2011
2/4/2011
3/4/2011
2/5
1.6950
$71.19
4/6
2.0624
$86.62
5/6
2.929
5/20
1.6193
$68.01
8/3
1.9655
$82.55
8/24
$71.63
1.7055
8/26
2.682
11/17
1.9152
-17.55
$80.44
11/29
2.854
12/31
2.1757
$91.38
12/31
3.073
+21.9
1/27
2.0390
$85.64
3/7
2.5105
$105.44
+59.93
2/15
2.0076
$84.32
3/13
3.558
+70.4
2.5179
+60.27
$105.75
3/15
2.3138
$97.18
3/17
3.540
3.561
+70.7
2.5143

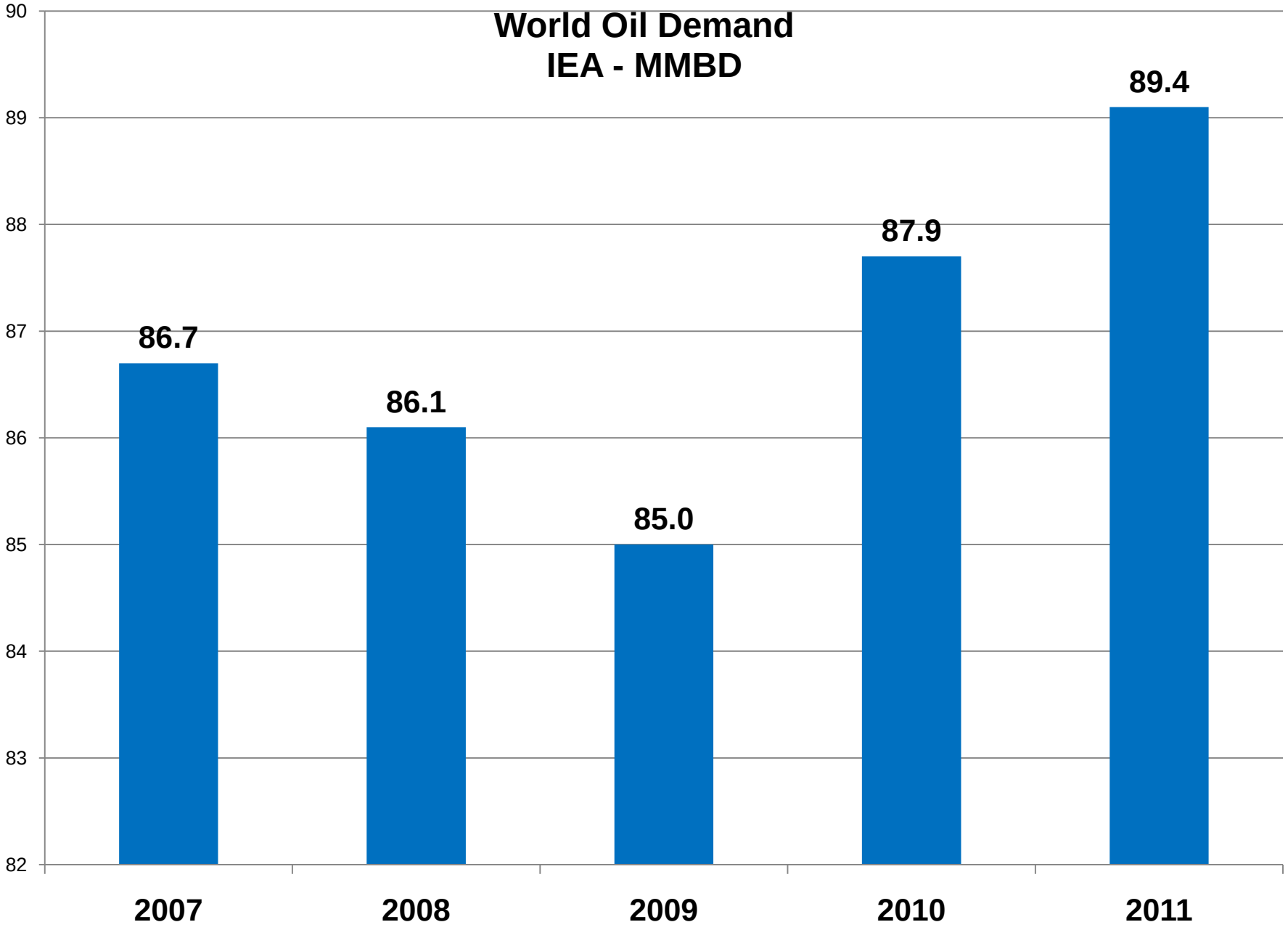

Gasoline and Crude Oil Prices
AAA, NYMEX
4.000
3.500
3.000
2.500
2.000
1.500
1.000
8/1/2010
9/1/2010
10/1/2010
11/1/2010
12/1/2010
1/1/2011
2/1/2011
3/1/2011
3/13
3.558
+87.6
3/24
3.561
+87.9
3/7
2.5105
$105.44
+80.50
2.5179
+81.24
$105.75
8/26
2.682
2.5143
+80.88
$105.60
2.3138
$97.18
8/24
1.7055
$71.63


Gasoline and Crude Oil Prices
AAA, NYMEX
7/17/08
4.114
3.561
+171.3
2.5179
+159.55
$105.75
12/29/08
1.616
3/7
2.5105
$105.44
7/14/08
3.4567
145.18
2.5143
1/20/09
1.848
12/19/08
0.8064
$33.87
1/20/09
0.9224
$38.74
4.700
4.200
3.700
3.200
2.700
2.200
1.700
1.200
0.700
1/9/2008
2/9/2008
3/9/2008
4/9/2008
5/9/2008
6/9/2008
7/9/2008
8/9/2008
9/9/2008
10/9/2008
11/9/2008
12/9/2008
1/9/2009
2/9/2009
3/9/2009
4/9/2009
5/9/2009
6/9/2009
7/9/2009
8/9/2009
9/9/2009
10/9/2009
11/9/2009
12/9/2009
1/9/2010
2/9/2010
3/9/2010
4/9/2010
5/9/2010
6/9/2010
7/9/2010
8/9/2010
9/9/2010
10/9/2010
11/9/2010
12/9/2010
1/9/2011
2/9/2011
3/9/2011

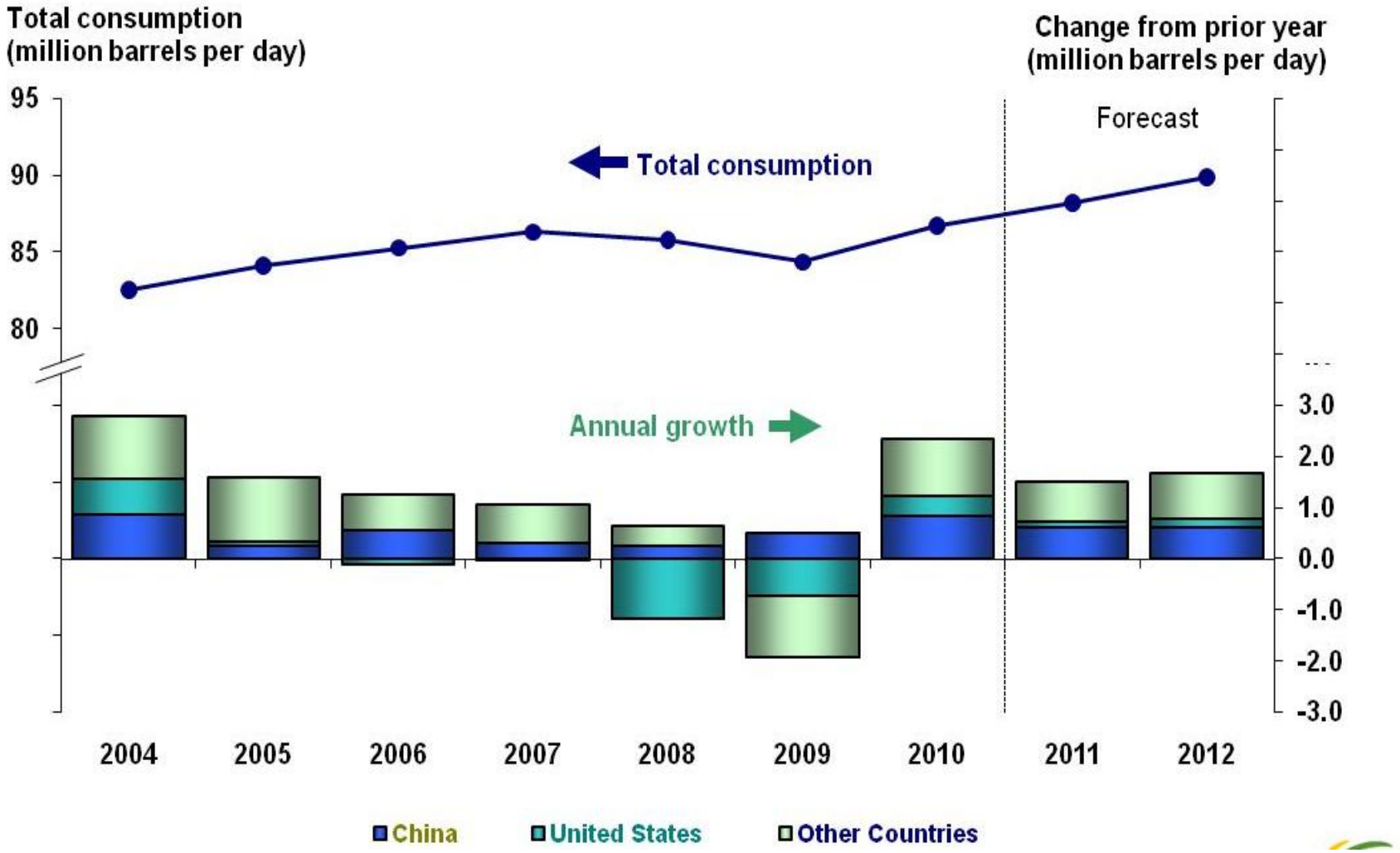
Oil prices relate to many uncertain factors

U.S. Energy Information Administration


Change in U.S. Petroleum Demand 2010 vs 2009
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
2.0%
0.4%
4.3%
2.2%
7.7%
Total
Gasoline
Diesel
Jet Fuel
Residual

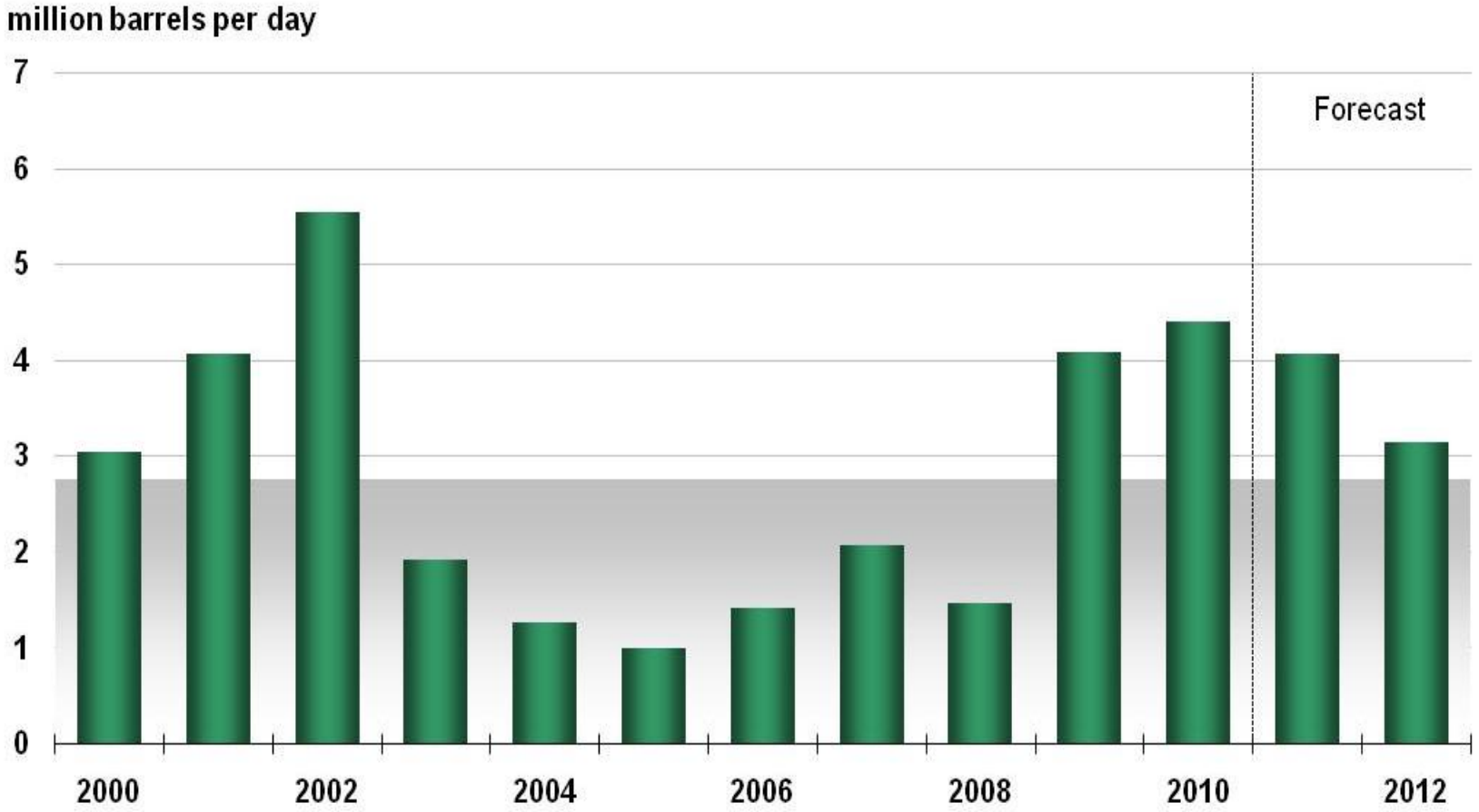

World Oil Demand
IEA - MMBD
90
89
88
87
86
85
84
83
82
86.7
86.1
85.0
87.9
89.4
2007
2008
2009
2010
2011

World Liquid Fuels Consumption



EIA, Short-Term Energy Outlook, March 2011

OPEC Surplus Crude Oil Production Capacity



Note: Shaded area represents 2000-2010 average (2.8 million barrels per day)

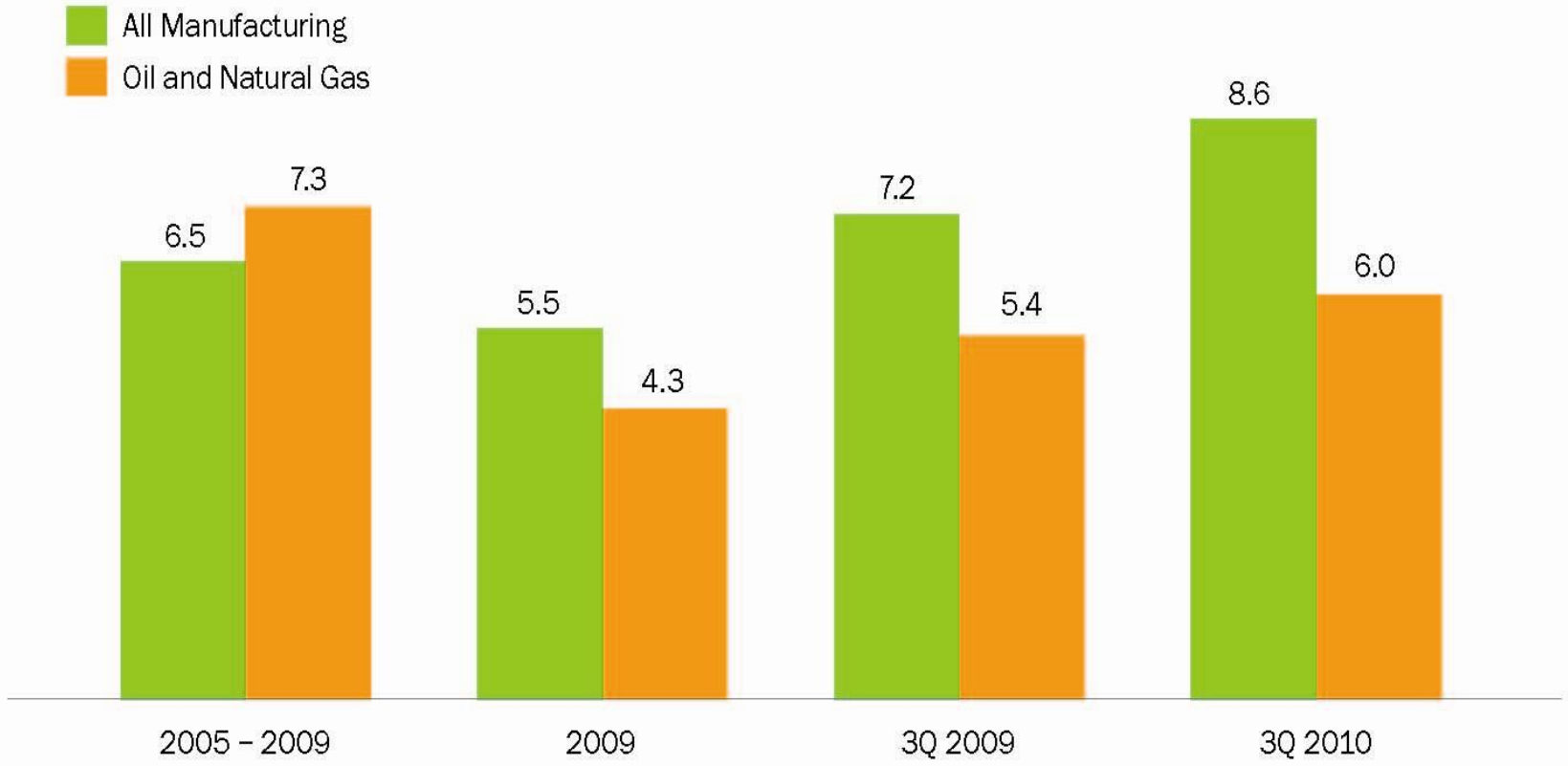
EIA, Short-Term Energy Outlook, March 2011

What Consumers are Paying for at the Gasoline Pump

*This percent combines the Distribution and Marketing and Refinining data reported by EIA.

Source: Average of gasoline components from January through November 2010 as reported by EIA.

Earnings (cents per dollar of sales)



Source: U.S. Census Bureau for U.S. manufacturing and *Oil Daily* for the oil and natural gas industry.

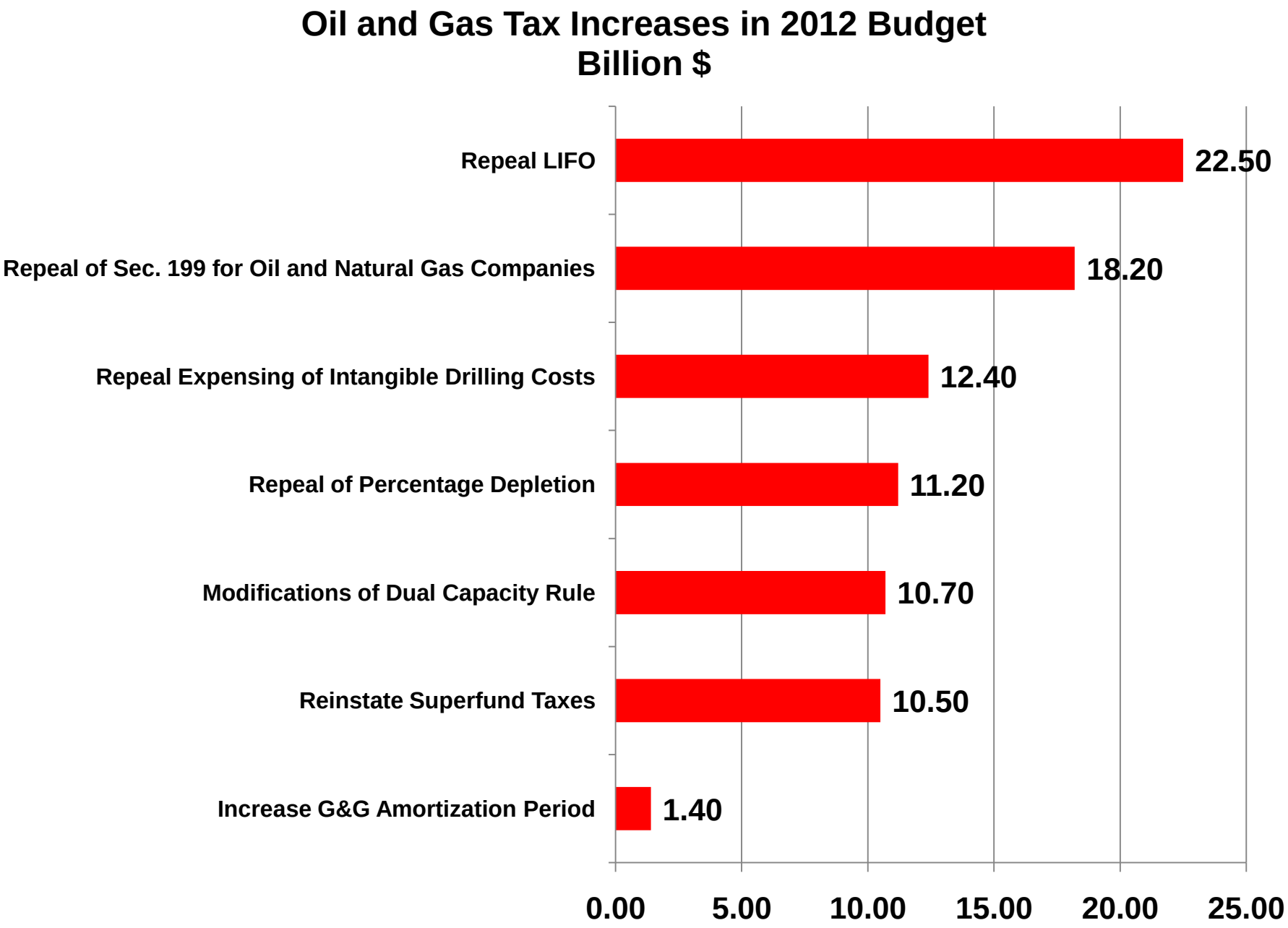
					Percent Change		
	2009	2010	2011	2012	09-10	10-11	11-12
WTI Crude[a] ($/barrel)	**61.65**	**79.4**	*101.77*	*104.75*	**28.8**	*28.2*	*2.9*
Gasoline[b] ($/gal)	**2.35**	**2.78**	*3.56*	*3.57*	**18.4**	*27.9*	*0.5*
Diesel[c] ($/gal)	**2.46**	**2.99**	*3.81*	*3.82*	**21.5**	*27.4*	*0.2*
Heating Oil[d] ($/gal)	**2.52**	**2.97**	*3.7*	*3.9*	**17.7**	*24.6*	*5.3*
Natural Gas[d] ($/mcf)	**12.12**	**11.18**	*11.2*	*11.92*	**-7.8**	*0.2*	*6.4*
Electricity[d] (cents/kwh)	**11.55**	**11.58**	*11.69*	*11.74*	**0.2**	*1*	*0.5*

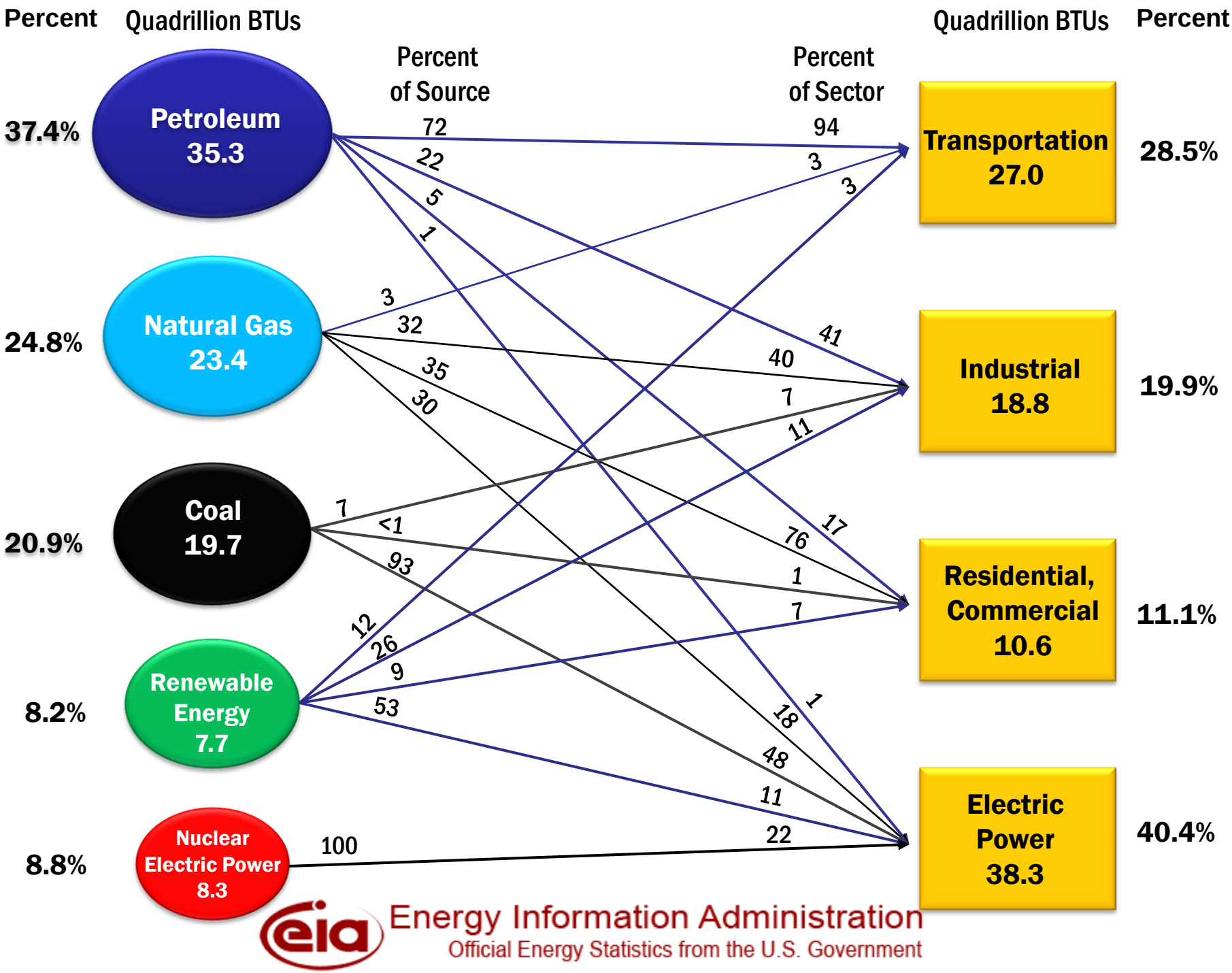
[a] West Texas Intermediate. [b] Average regular pump price.
[c] On-highway retail. [d] U.S. Residential average.

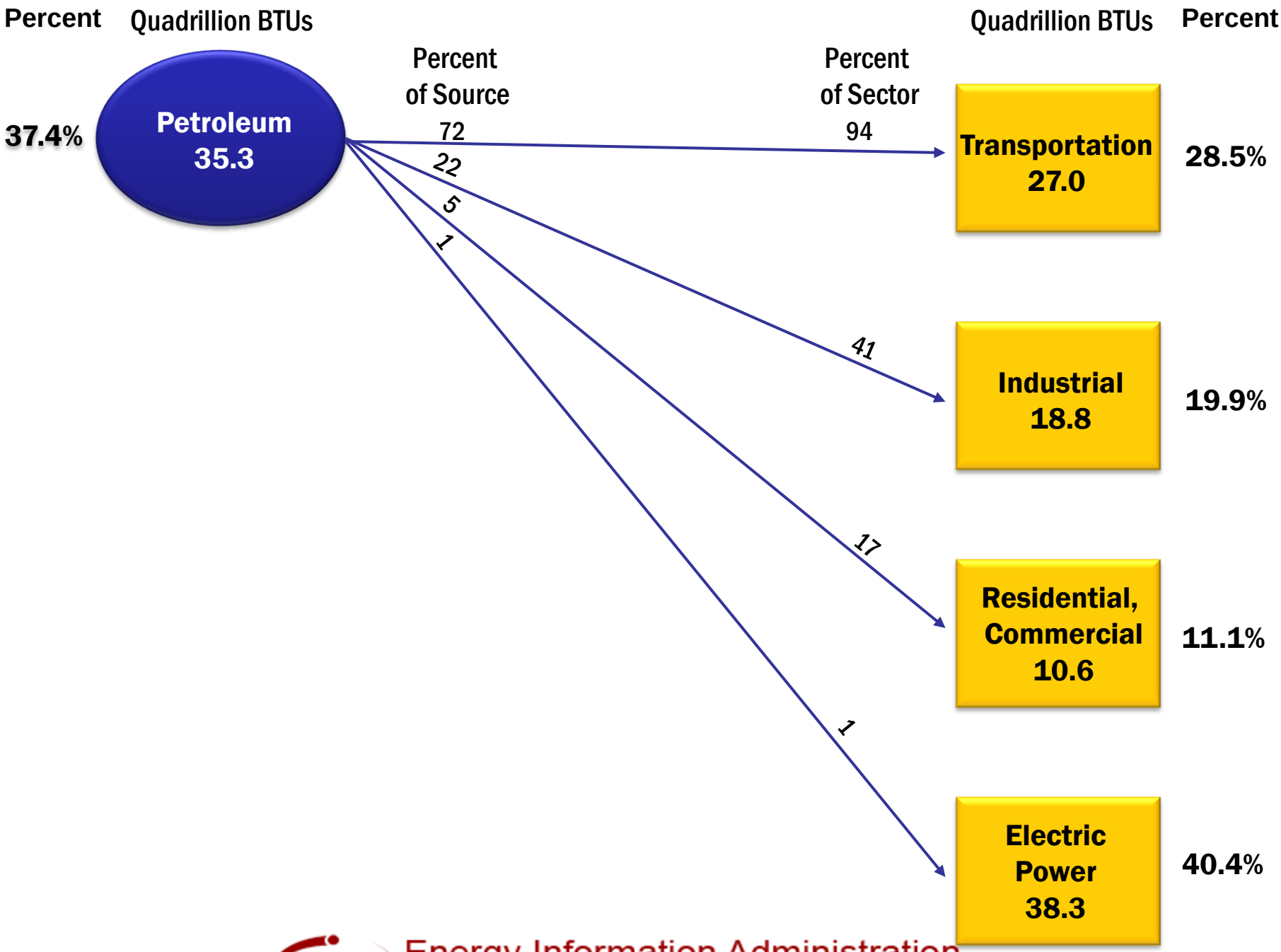
Source: EIA, Short-Term Energy Outlook, March 2011

Energy Issues

- Taxes
- SPR
- Price gouging
- Speculators
- Use it or lose it
- Exports
- Electric vehicles
- Middle East
- Japan
- Oil sands


Oil and Gas Tax Increases in 2012 Budget
Billion $
Repeal LIFO
22.50
Repeal of Sec. 199 for Oil and Natural Gas Companies
18.20
Repeal Expensing of Intangible Drilling Costs
12.40
Repeal of Percentage Depletion
11.20
Modifications of Dual Capacity Rule
10.70
Reinstate Superfund Taxes
10.50
Increase G&G Amortization Period
1.40
0.00
5.00
10.00
15.00
20.00
25.00


Percent
Quadrillion BTUs
Percent of Source
Percent of Sector
Quadrillion BTUs
Percent
Petroleum 35.3
37.4%
Natural Gas 23.4
24.8%
Coal 19.7
20.9%
Renewable Energy 7.7
8.2%
Nuclear Electric Power 8.3
8.8%
Transportation 27.0
28.5%
Industrial 18.8
19.9%
Residential, Commercial 10.6
11.1%
Electric Power 38.3
40.4%
72
22
5
1
3
32
35
30
7
<1
93
12
26
9
53
100
94
3
3
41
40
7
11
17
76
1
7
1
18
48
11
22
Energy Information Administration
Official Energy Statistics from the U.S. Government



Energy Information Administration
Official Energy Statistics from the U.S. Government

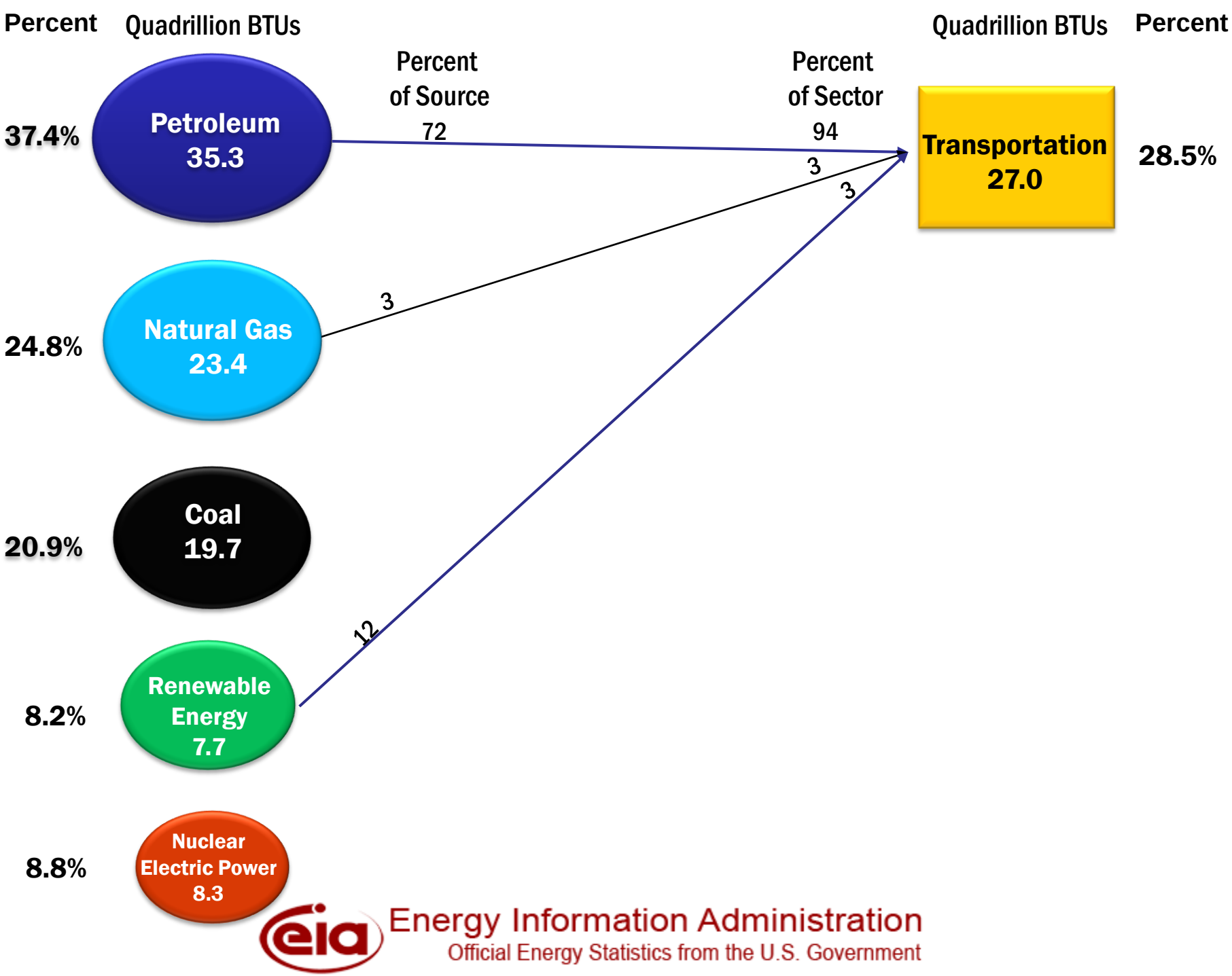
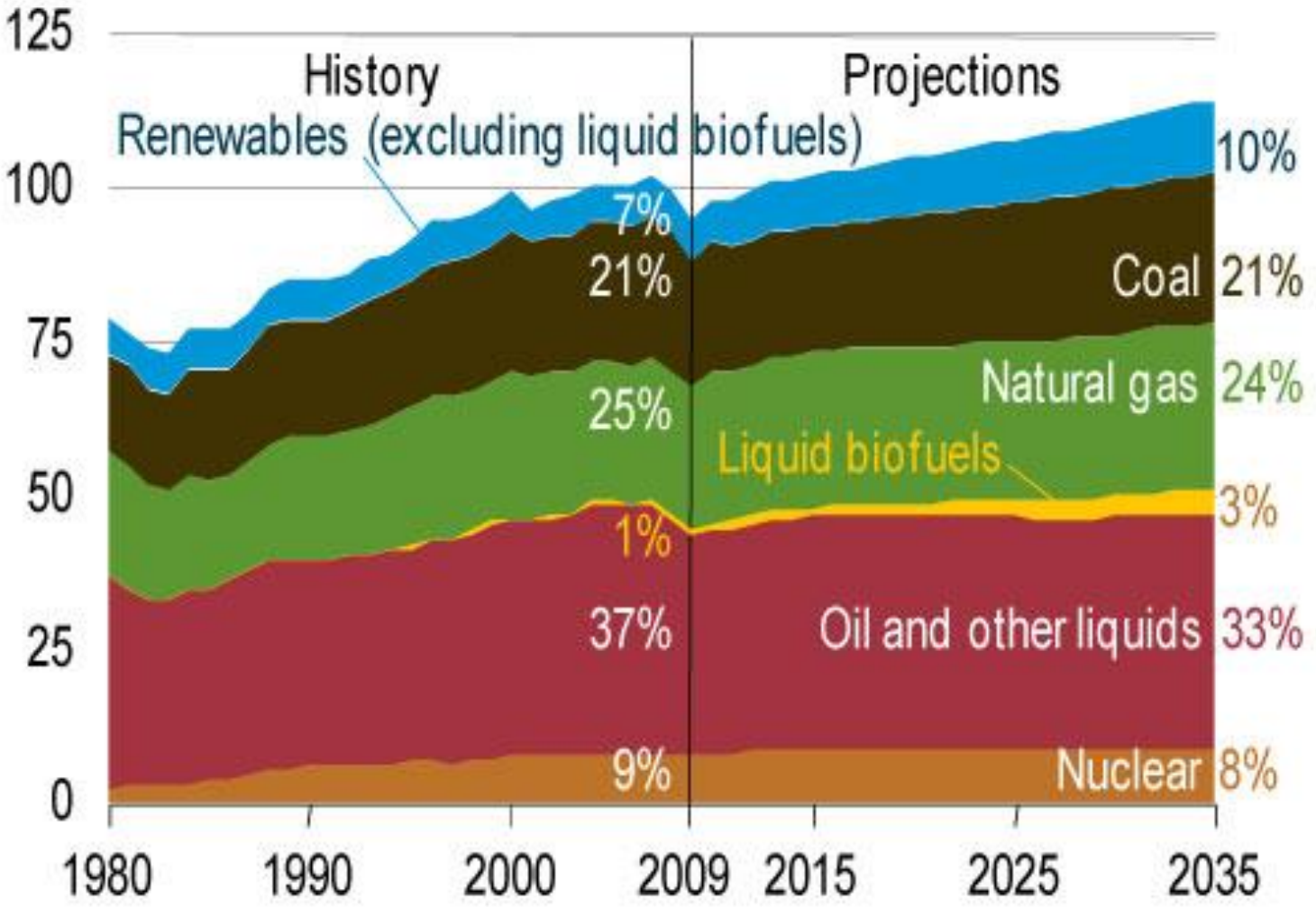
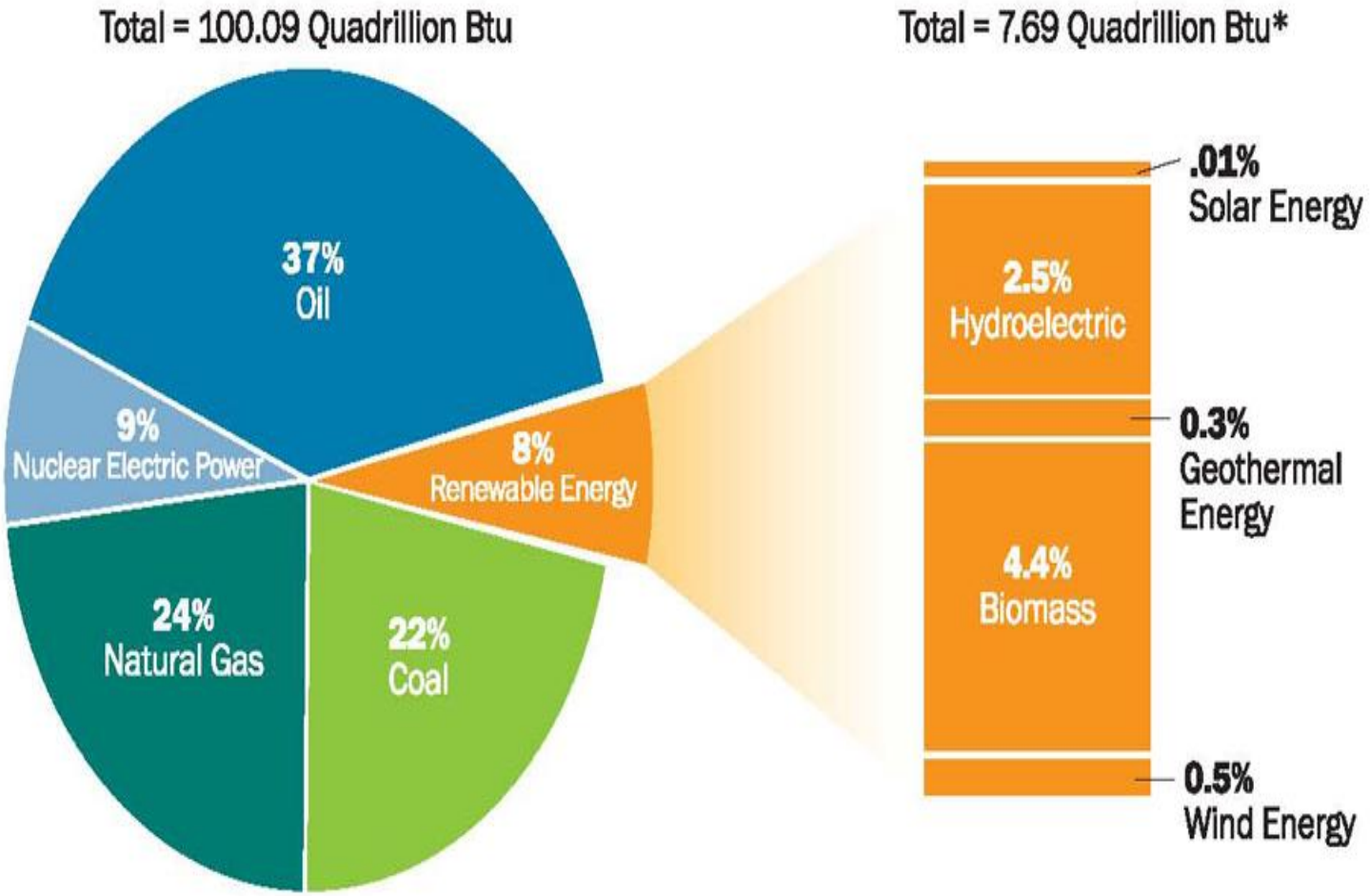

Percent
Quadrillion BTUs
Percent of Source
Percent of Sector
Quadrillion BTUs
Percent
37.4%
Petroleum 35.3
72
94
Transportation 27.0
28.5%
3
3
24.8%
Natural Gas 23.4
3
20.9%
Coal 19.7
12
8.2%
Renewable Energy 7.7
8.8%
Nuclear Electric Power 8.3
Energy Information Administration
Official Energy Statistics from the U.S. Government

Figure 7. Energy consumption by fuel, 1980-2035

Primary energy consumption (quadrillion Btu per year)



The Role of Renewable Energy Consumption in the Nation's Energy Supply, 2008



Note: Sum of components may not add exactly to 100 percent due to rounding.
*Excludes non-marketed renewable energy from residential and commercial sectors.
Source: EIA, AEO 2010 Tables A1 and A17.

Capital Spending

WHERE FUNDS WILL GO FOR US PROJECTS

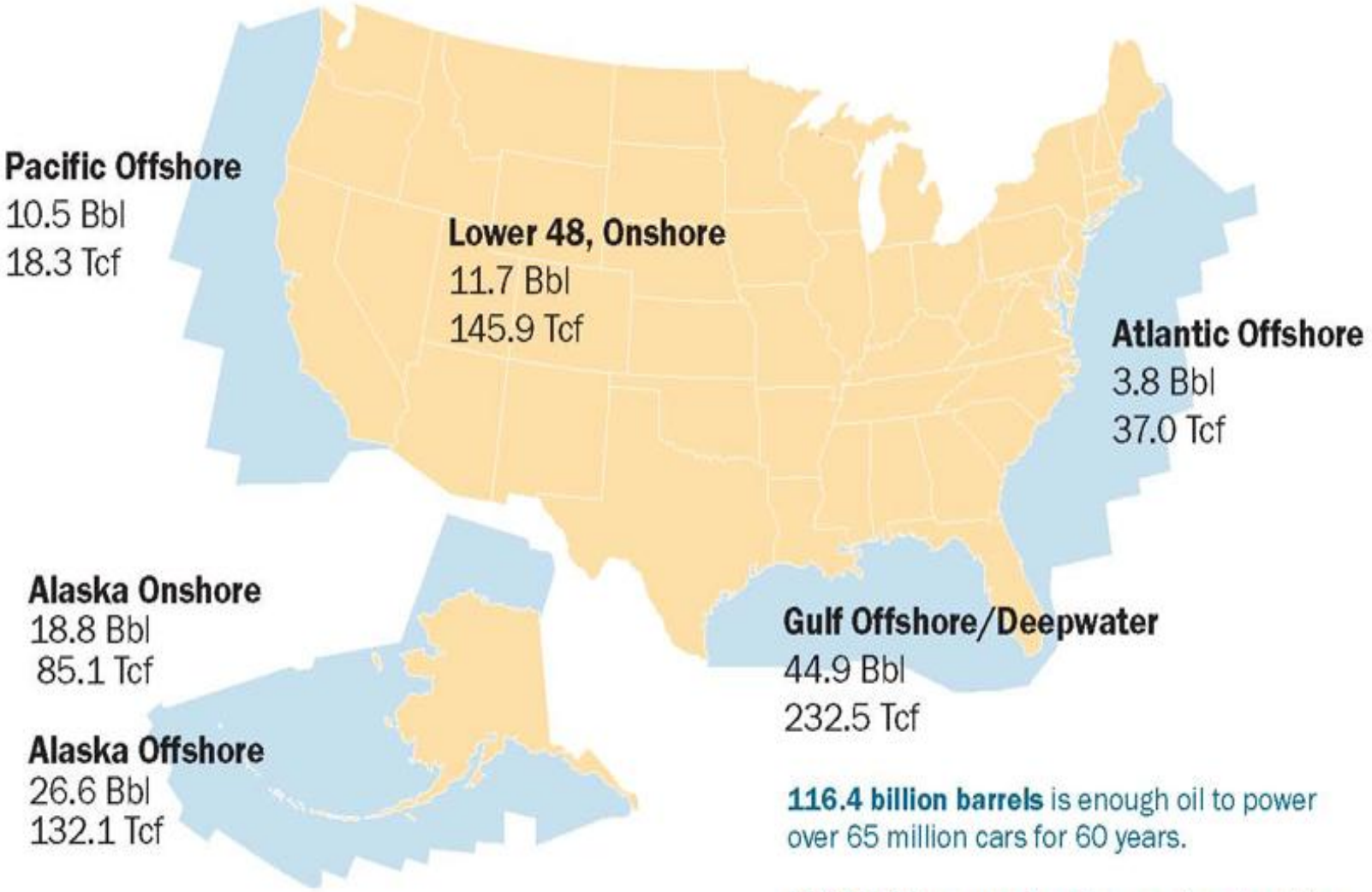
Table 1

	2011, million $	Change 2011-2010, %	2010, million $	Change 2010-2009, %	2009, million $
Exploration-production					
Drilling-exploration	217,532	6.2	204,806	17.0	175,070
Production	41,331	6.2	38,913	17.0	33,263
OCS lease bonus	0	–100.0	1,300	62.3	801
Subtotal	**258,863**	**5.7**	**245,019**	**17.2**	**209,134**
Other					
Refining	9,200	73.6	5,300	–47.7	10,140
Petrochemicals	300	0.0	300	–14.3	350
Marketing	2,900	6.2	2,730	40.0	1,950
Crude and products pipelines	1,408	–83.6	8,563	–5.9	9,104
Natural gas pipelines	5,348	74.7	3,062	–74.3	11,907
Other transportation	1,100	15.8	950	13.1	840
Mining, other energy	1,000	0.0	1,000	11.1	900
Miscellaneous	4,000	0.0	4,000	6.7	3,750
Subtotal	**25,256**	**–2.5**	**25,905**	**–33.5**	**38,941**
Total	**284,119**	**4.9**	**270,924**	**9.2**	**248,075**

Source: Oil and Gas Journal, March 7, 2011

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

(Undiscovered Technically Recoverable Federal Resources)*



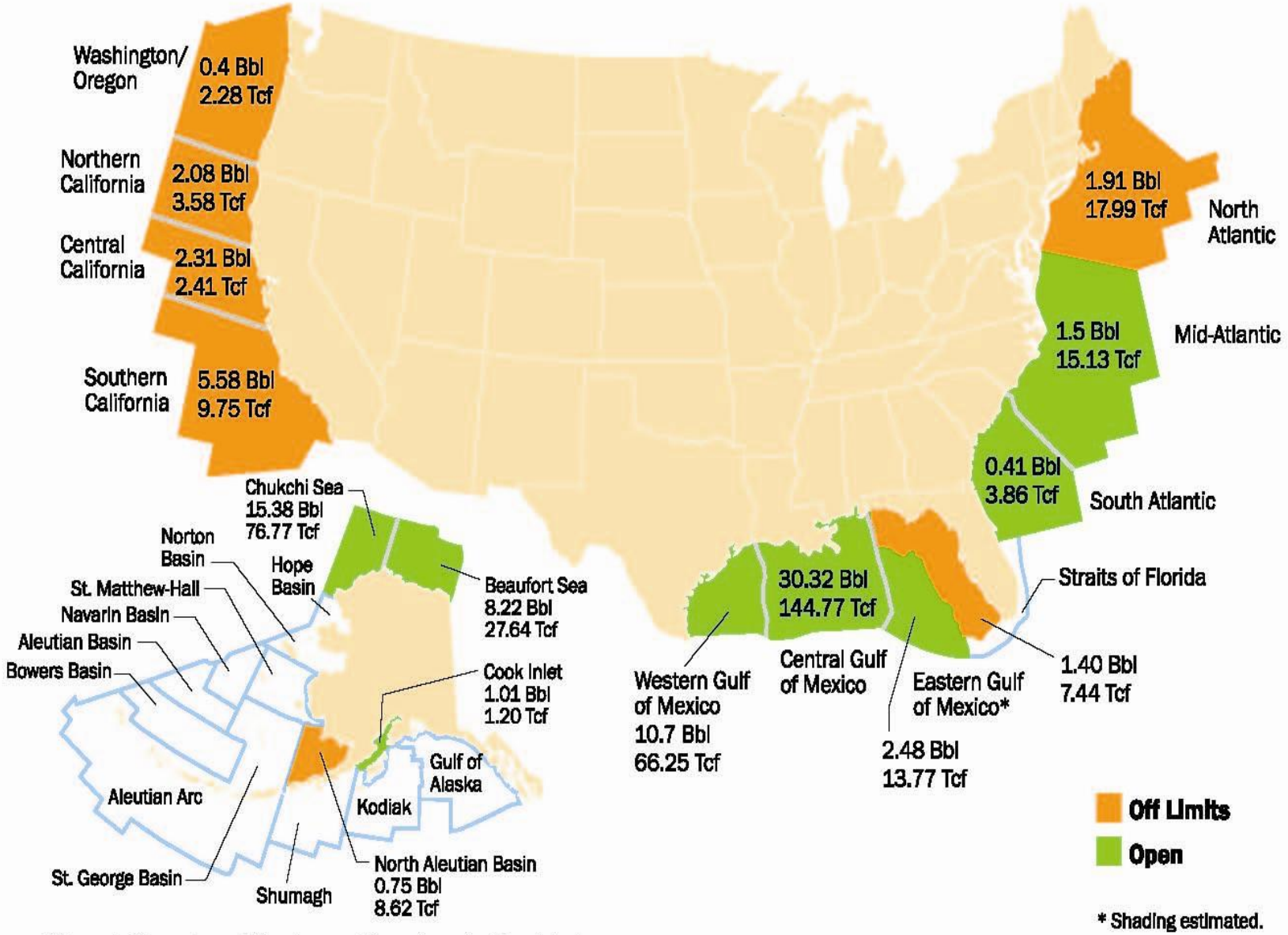
116.4 billion barrels is enough oil to power over 65 million cars for 60 years.

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.

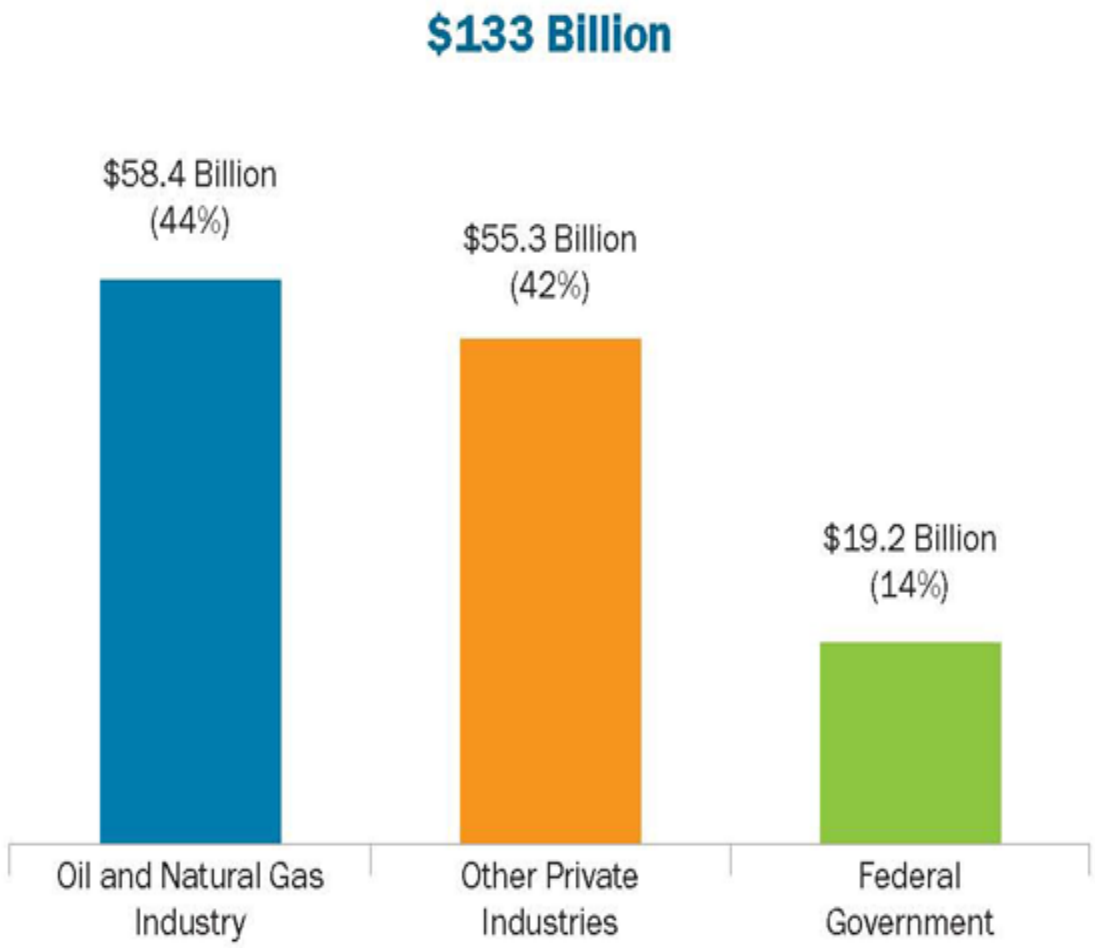
Source: MMS, BLM, and API calculations

Offshore Undiscovered Technically Recoverable Federal Oil (Bbl) and Natural Gas (Tcf) Resources



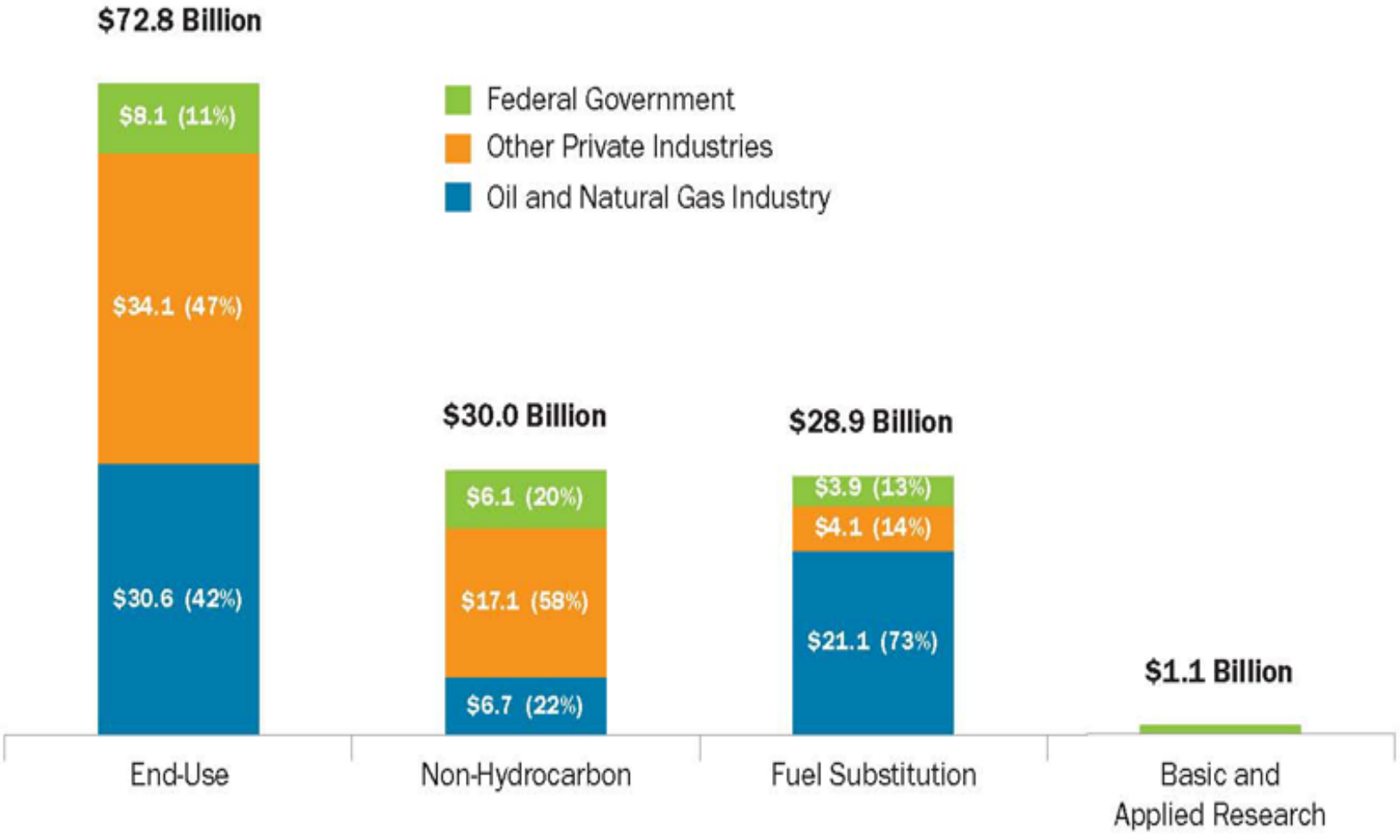
Source: Minerals Management Service and Department of the Interior.

Carbon Mitigation Investment by Investor Group (2000-2008)



Source: T2 & Associates and CEE, June 2009

Carbon Mitigation Investments by Technology and Investor Group (2000-2008)



Source: T2 & Associates and CEE, June 2009

Highway and Nonroad Diesel Fuel Standards

Who	Covered Fuel	2006	2007	2008	2009	2010	2011	2012	2013	2014
	Highway Diesel Fuel	80% 15 ppm/ 20% 500 ppm				100% 15 ppm				
Large Refiners/ Importers	*NR*		500	500	500	15	15	15	15	15
Large Refiners/ Importers	*LM*		500	500	500	500	500	15	15	15
	NRLM w/ credits (not in NE or AK)		HS	HS	HS	500	500	500	500	15
Small Refiners	*NRLM (not in NE, w/ approval in AK)*		HS	HS	HS	500	500	500	500	15
Transmix Processor & In-use	*NR (not in NE or AK)*		HS	HS	HS	500	500	500	500	15
Transmix Processor & In-use	*LM (not in NE or AK)*		HS	HS	HS	500	500	500	500	500

*Dates for **HW diesel fuel** are: June 1 for refiners, July 15 for downstream parties, and September 1 for retails and wholesale purchaser-consumers*

For 2006 ONLY, these dates are: June 1 for refiners, September 1 for downstream parties, and October 15 for retailers and wholesale purchaser-consumers

*Dates for **NR diesel fuel** are: June 1 for refiners, August 1 for terminals, October 1 for retailers, and December 1 for in-use*

***** Anti-downgrading provisions begin October 15, 2006 *****

Policy Choices Needed to Ensure Future Energy Security

- Increase, not decrease energy production by promoting all sources.
- Encourage energy efficiency as a core American principle.
- Encourage investment in advanced technologies and long-term energy initiatives.
- Allow market forces to allocate products and adjust to changing conditions.
- Refrain from new taxes that make it more expensive to develop our domestic supplies.
- Support the need to participate actively in global energy markets rather than isolate the U.S.