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U.S. Gas Fields Go From Bust to Boom

By BEN CASSELMAN

CADDO PARISH, La. -- A massive natural-gas discovery here in northern Louisiana heralds a big shift in the nation's energy landscape. After an era of declining production, the U.S. is now swimming in natural gas.

Even conservative estimates suggest the Louisiana discovery -- known as the Haynesville Shale, for the dense rock formation that contains the gas -- could hold some 200 trillion cubic feet of natural gas. That's the equivalent of 33 billion barrels of oil, or 18 years' worth of current U.S. oil production. Some industry executives think the field could be several times that size.

"There's no dry hole here," says Joan Dunlap, vice president of [Petrohawk Energy Corp.](#), standing beside a drilling rig near a former Shreveport amusement park.

From Rock to Gas



Jared Moossy/Redux

Huge new fields also have been found in Texas, Arkansas and Pennsylvania. One industry-backed study estimates the U.S. has more than 2,200 trillion cubic feet of gas waiting to be pumped, enough to satisfy nearly 100 years of current U.S. natural-gas demand.

The discoveries have spurred energy experts and policy makers to start looking to natural gas in their pursuit of a wide range of goals: easing the impact of energy-price spikes, reducing dependence on foreign oil, lowering "greenhouse gas" emissions and speeding the transition to renewable fuels.

A climate-change bill being pushed by President Barack Obama could boost reliance on natural gas. The bill, which could emerge from the House Energy and Commerce Committee in May, is expected to set aggressive targets for reducing emissions of carbon dioxide, the most prevalent man-made greenhouse gas.

Meeting such goals would require quickly moving away from coal-fired power plants, which account for substantial carbon emissions. President Obama wants the U.S. to rely more on renewable energy such as wind and solar power, but those technologies aren't ready to shoulder more than a fraction of the nation's energy burden. Advocates for natural gas argue that the fuel, which is cleaner than coal, would be a

logical quick fix. In addition, billionaire energy investor T. Boone Pickens has been touting natural gas as an alternative to gasoline and diesel for cars and trucks.

Mr. Pickens has spent millions promoting an energy plan that aims to, among other things, convert thousands of big-rig trucks to run on natural gas. Mr. Pickens has large investments in natural gas and stands to benefit if his plan is adopted. In TV ads, Internet videos and speeches, he emphasizes a different goal: reducing U.S. dependence on foreign oil.

Environmental Capital

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Mr. Pickens arrived for a recent speech in Dallas in a natural-gas-fueled Honda Civic with a bright blue "Pickens Plan" logo. He told a packed auditorium that the U.S. is importing two-thirds of its oil even as the country is "absolutely overwhelmed with natural gas." If the reverse were true, he said, he would favor burning oil.

Some environmentalists have embraced Mr. Pickens's plan as a way to fight climate change. Carl Pope, executive director of the Sierra Club, says he sees natural gas as a "bridge fuel" that could help the U.S. burn less coal and oil until renewable sources of energy are ready to take over.

The dual message of energy security and environmental responsibility has helped Mr. Pickens win powerful allies, including Senate Majority Leader Harry Reid, House Speaker Nancy Pelosi and dozens of elected officials from both parties. A bipartisan bill providing tax incentives for natural-gas cars looks likely to pass this year.

Not everyone shares Mr. Pickens's enthusiasm for natural-gas vehicles. Major users of natural gas, such as utilities and chemicals companies, are concerned the plan would drive up prices -- an outcome that would benefit producers.

Energy Secretary Steven Chu and some other policy makers have expressed doubts about the practicality of retrofitting hundreds of thousands of service stations to offer natural gas. Some environmental groups, including the Natural Resources Defense Council, have argued that natural gas is better used to replace coal for power generation, and that cars should run on electricity generated by the sun, wind and natural gas.

Market forces are already helping natural gas make inroads against coal and oil. Gas is now cheaper than coal in many parts of the country, leading utilities to burn more gas. Of the 372 power plants expected to be built in the U.S. over the next three years, 206 will be fired by gas and just 31 by coal, according to the Energy Information Administration.

Natural gas is gaining market share far more slowly in transportation. Earlier this year, AT&T announced it would convert up to 20% of its truck fleet to run on natural gas, largely because it has been cheaper than gasoline in recent years. Cities including New York, Los Angeles and Atlanta have converted part of their bus fleets to run on natural gas, for air-quality reasons.

Shreveport could be the next city to make the switch. In March, Mayor Cedric Glover announced that the oil capital turned natural-gas boomtown would abandon diesel and convert its bus fleet to natural gas.