

# OUR QUALITY OF RELIES

THE LIFESTYLE U.S. CITIZENS ENJOY, THE ENVY OF MUCH OF THE world, was built in large measure on reliable, affordable oil and natural gas supplies. Over the past century, these valuable resources have been instrumental in transforming America's economy from agrarian to industrial to high-technology, steadily improving our standard of living. • Energy remains the lifeblood of our economy, powering our factories and communities, heating and cooling our homes, and moving people and goods. We rely on oil and gas to supply two-thirds of our energy needs. Fuels derived from oil and gas provide virtually 100 percent of our transportation demand, and an ever-increasing proportion of our electricity.



EXPLORATION



DRILLING AND COMPLETION



PRODUCTION



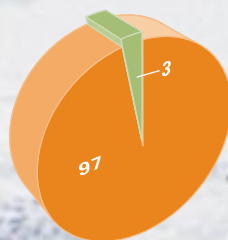
SITE RESTORATION



OPERATIONS IN SENSITIVE ENVIRONMENTS

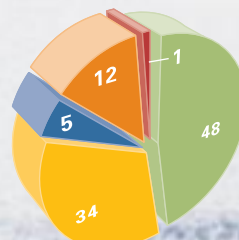
## THE U.S. RUNS ON OIL AND GAS

TRANSPORTATION



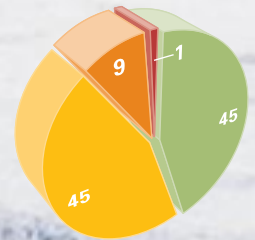
100% Oil and Gas

RESIDENTIAL



64% Oil and Gas\*

BUSINESS



60% Oil and Gas\*

Oil Gas Electricity Hydro/Renewables Coal Nuclear

\*Electricity share is prorated.

Source: Energy Information Administration



# LIFE ON OIL AND GAS

**FUELS, PLASTICS, POWER  
...AND MUCH MORE**

AMERICANS DEPEND ON THE benefits of oil and gas without always being aware of the vital role these resources play in their daily lives. The use of petroleum-based products extends far beyond fuels and power for our homes, cars, and factories. The strength, durability, and flexibility of petroleum-based plastics, resins, and foams make them an inexpensive, resilient, and lightweight alternative to non-petroleum materials such as wood, iron, and steel.

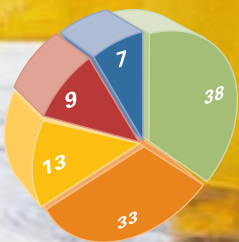
Petroleum products touch our lives hundreds of times in a typical day. When we wake to a digital clock, brush our teeth, take a vitamin, see our kids off for school in their vinyl raincoats, and commute to work... When we work on computers, use our credit cards, play golf, and fertilize the garden... When we cook dinner, touch up paint on the shutters, and tuck the kids into bed in their flame-retardant pajamas. In all of these activities, we rely on products derived from petroleum.



Photo: Wait Seng

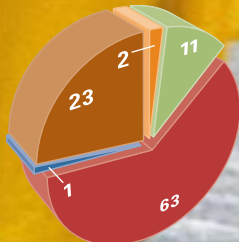
*In thousands of products— as diverse as food preservatives, clothing, toys, sports equipment, antiseptics, and computers— we rely on petroleum-based materials.*

**INDUSTRY**



72% Oil and Gas\*

**ELECTRICITY**



13% Oil and Gas



OUR QUALITY *of* LIFE  
RELIES ON OIL AND GAS

# DEMAND FOR NATURAL GAS AND OIL CONTINUES TO GROW

## Providing Abundant Supplies at Reasonable Prices

EVEN AS INDUSTRY, GOVERNMENT, and academia conduct research and development on alternative sources of energy, reliance on oil and natural gas for fuels, electric power, and other products will continue into the foreseeable future. With the potential of technology to affordably meet almost any need, American consumers demand the convenience and benefits of gas- and petroleum-based fuels in abundant quantities, at reasonable prices, and with minimal environmental impact.

The U.S. Energy Information Administration (EIA) projects that U.S. demand for refined petroleum products will grow by over 35 percent in the next two decades, increasing from 18.0 million barrels per day in 1996 to 24.6 million barrels per day by 2020. Natural

gas demand is expected to rise even faster, by at least 45 percent, from 22 trillion cubic feet (Tcf) per year in 1996 to between 32 and 37 Tcf in 2020. Actual rates of growth will depend on the effects of ongoing electric utility restructuring, more stringent air emission controls, advances in transportation technology and infrastructure, and efforts to minimize the potential impacts of global climate change.

## Natural Gas... the Cleaner Choice

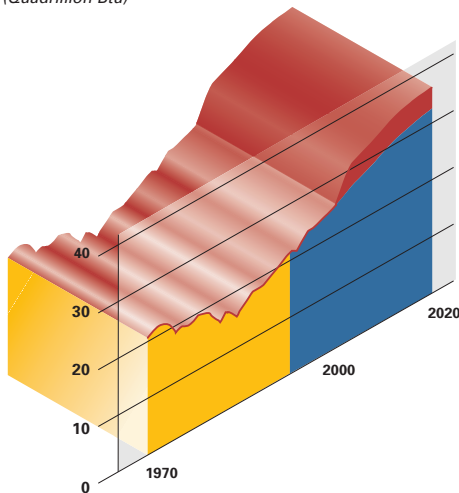
AS CONCERNS ABOUT GREENHOUSE gas emissions and global climate change have intensified, cleaner-burning natural gas has become the fuel of choice. Though coal and oil will remain the dominant fossil fuels for decades to come, natural gas will certainly play an increasing role in the Nation's energy future. Whether discovered and produced in

isolation or in association with crude oil production, natural gas has always been an economical and popular fuel for heating, lighting, and cooking.

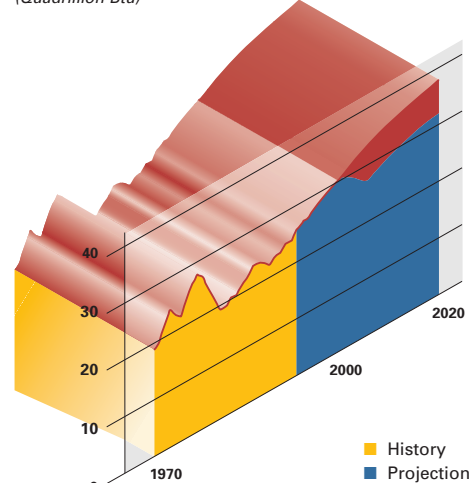
Unlike oil and refined liquids, however, natural gas must be transported by pipeline. Until recently, where pipelines were not technically or economically feasible, wells where only gas was discovered were frequently plugged and abandoned.

Fortunately, in recognition of its environmental desirability, natural gas use has grown. Major advances in natural gas technology and supply have occurred over the past 25 years. New technology for finding, producing, transporting, storing, and using natural gas has been developed. Increasingly higher estimates of economically producible natural gas resources have improved the market's confidence in the reliability of long-term supplies.

**Projections of U.S. Natural Gas Consumption, 1970–2020**  
(Quadrillion Btu)



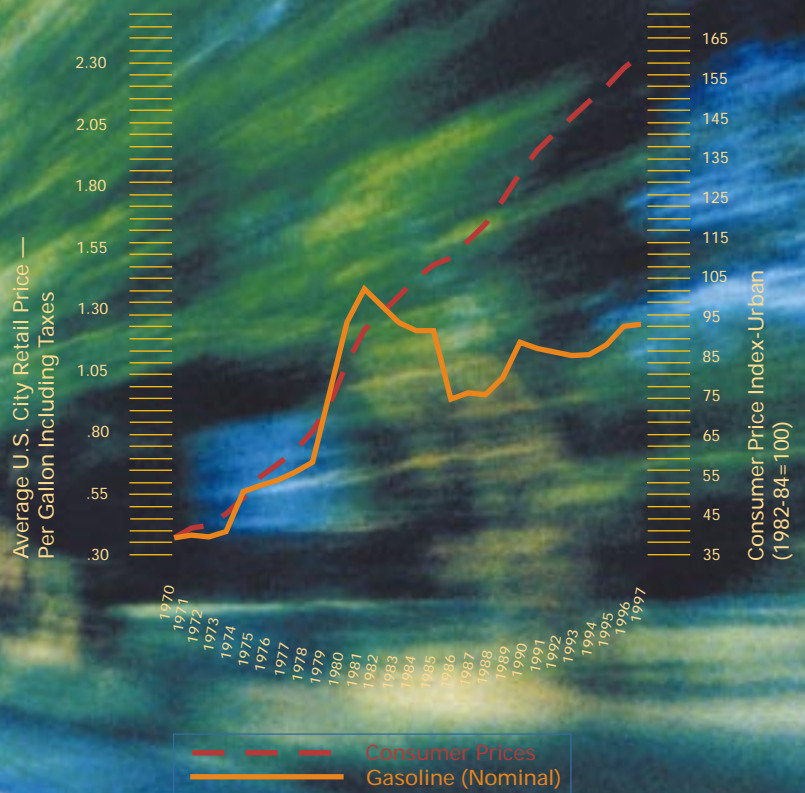
**Projections of U.S. Petroleum Consumption, 1970–2020**  
(Quadrillion Btu)



Source: Energy Information Administration, 1998



## Motor Gasoline Prices vs. General Consumer Prices: 1970-1997



Source: American Petroleum Institute and Bureau of Labor Statistics

### Fueling a Mobile Society

A quarter of a century after the 1973 Arab Oil Embargo, when Americans waited in lines for gasoline, crude oil and refined products (in real terms) are relatively inexpensive. In fact, gasoline prices declined by 6 percent in real terms between 1970 and 1997.

An "unscientific comparison pricing" survey released in April 1998 demonstrates just how great a bargain petroleum-based fuels are compared to other widely used consumer products. The survey—by Connecticut-based research firm John S. Herold Inc.—found that a barrel of crude oil (\$15.25) or gasoline (\$45.36) is significantly cheaper than Coca Cola® (\$78.38), milk (\$126.00), Evian® water (\$189.80), or orange juice (\$251.16). Visine® topped the list at \$238,133 per barrel.

Source: Oil and Gas Investor, June 1998