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“HARD TRUTHS” ABOUT GLOBAL ENERGY
DETAILED IN NEW STUDY
BY THE NATIONAL PETROLEUM COUNCIL

WASHINGTON, D.C., July 18, 2007 – “Accumulating risks to the supply of reliable, affordable energy” require an integrated national strategy, according to a major new report by the National Petroleum Council (NPC).

“Over the next 25 years, the United States and the world face hard truths about the global energy future,” that will require “all economic, environmentally responsible energy sources to assure adequate, reliable supply,” the NPC advises in a 422-page report delivered today to the Secretary of Energy.

Unique in its scope, the 18-month study of global energy to 2030 involved more than 350 experts from diverse backgrounds and organizations—the majority of them from outside the oil and gas industry.

Facing the Hard Truths about Energy: A Comprehensive View to 2030 of Global Oil and Natural Gas “is different from other studies,” said Energy Secretary Samuel W. Bodman, who requested the NPC to conduct this global study, when receiving the report today. “Your input is a valuable part of our long-term strategic planning as we try to ensure America’s current and future energy security and economic prosperity while meeting the challenges a growing world economy poses for the world’s energy security. These are hard facts... and hard facts require us to plan for wise choices, now and in the future.” (The complete remarks of the Secretary can be accessed at www.energy.gov)

“The world is not running out of energy resources,” the NPC study concludes, “but many complex challenges could keep the world’s diverse energy resources from becoming the sufficient, reliable, and economic energy supplies upon which people depend. These challenges are compounded by emerging uncertainties: geopolitical influences on energy development, trade, and security; and increasing constraints on carbon dioxide emissions that could impose changes in future energy use. While risks have always typified the energy business, they are now accumulating and converging in new ways.”

Reviewing a broad range of more than 100 outlooks based on public and aggregated proprietary data, the Council study found that total global demand for energy is projected to grow from today's huge base by 50-60 percent to 2030—the result of rising incomes around the world and population growth.

“There is no single, easy solution to the global challenges ahead,” said the NPC report, which proposed integrated strategies for the United States that “must be initiated now and sustained over the long term to meet the accumulating risks to the supply of reliable, affordable energy” to 2030 and beyond.

The report identifies **five core strategies** for meeting future energy challenges:

- Moderate the growing demand for energy by increasing efficiency of transportation, residential, commercial, and industrial uses.
- Expand and diversify production from clean coal, nuclear, biomass, other renewables, and unconventional oil and natural gas; moderate the decline of conventional domestic oil and gas production; and increase access for development of new resources.
- Integrate energy policy into trade, economic, environmental, security, and foreign policies; strengthen global energy trade and investment; and broaden dialogue with both producing and consuming nations to improve global energy security.
- Enhance science and engineering capabilities and create long-term opportunities for research and development in all phases of the energy supply and demand system.
- Develop the legal and regulatory framework to enable carbon capture and sequestration (CCS). In addition, as policymakers consider options to reduce CO₂ emissions, provide an effective, global framework for carbon management, including establishment of a transparent, predictable, economy-wide cost for CO₂ emissions.

“Energy is crucial for America’s prosperity, but energy needs cannot be solved only on a national basis,” said former Deputy Secretary of Defense John J. Hamre, a Vice Chair of the study and President of the Center for Strategic & International Studies. “This is an international problem. Adopting these strategies will place the United States on a solid domestic footing that will give us credibility to pursue broad international objectives.”

“The study demonstrates that energy efficiency is a very near-term energy resource, and tapping it is essential to national energy strategy,” said Daniel Yergin, Vice Chair of the study and Chairman of Cambridge Energy Research Associates. “The challenge is that it involves thousands and thousands of decisions, not a few big decisions. But there is a focus on efficiency in the United States and around the world at a level never seen before. The study helps point the way.”

The United States and the world face **hard truths** about the global energy future over the next 25 years:

- Coal, oil, and natural gas will remain indispensable to meeting total projected energy demand growth.
- The world is not running out of energy resources, but there are accumulating risks to continuing expansion of oil and natural gas production from the conventional sources relied upon historically. These risks create significant challenges to meeting projected energy demand.
- To mitigate these risks, expansion of all economic energy sources will be required, including coal, nuclear, renewables, and unconventional oil and natural gas. Each of these sources faces significant challenges—including safety, environmental, political, or economic hurdles—and imposes infrastructure requirements for development and delivery.
- “Energy Independence” should not be confused with strengthening energy security. The concept of energy independence is not realistic in the foreseeable future, whereas U.S. energy security can be enhanced by moderating demand, expanding and diversifying domestic energy supplies, and strengthening global energy trade and investment. There can be no U.S. energy security without global energy security.
- A majority of the U.S. energy sector workforce, including skilled scientists and engineers, is eligible to retire within the next decade. The workforce must be replenished and trained.
- Policies aimed at curbing CO₂ emissions will alter the energy mix, increase energy-related costs, and require reductions in demand growth.

“*Facing the Hard Truths about Energy* is not a forecast of supply, demand, or price,” said Alan Kelly, Chair of the study’s Coordinating Subcommittee. “Rather, it is a forewarning that we need to balance actions to meet long-term economic, environmental, and energy security goals—moreover, we need to start now and stay committed for decades. Using this rich analytical study and its in-depth review of energy technologies, we hope that countries around the world will be able to assess and develop energy strategies for the future.”

Facing the Hard Truths was approved by the NPC at its 117th meeting today, and formally presented to the Energy Secretary. The study is available on the NPC website www.npc.org where a webcast of the meeting and press conference are also available.

The NPC is a federal advisory committee to the Secretary of Energy. From 1946 until the implementation of the U.S. Department of Energy Organization Act of 1977, the NPC served as an advisory body to the Secretary of the Interior. The sole purpose of the Council is to advise, inform, and make recommendations to the Secretary of Energy, at his request, on matters relating to oil and natural gas or to the oil and natural gas industries.

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(EDITOR'S NOTE: If you would like to receive copies of the *National Petroleum Council News* by e-mail, please let us know.)