

**Testimony of Charles A. Meloy
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Good morning, and thank you Chairman Brady and Vice Chair Klobucher for the pleasure of speaking with the Joint Economic Committee this morning about “The Economic Impacts of the Natural Gas Revolution.”

We are indeed in the midst of an energy re-boot in America, unlike any I’ve seen in my career – a re-boot that is driven by innovation and technology, and the dedicated men and women in the oil and natural gas industry.

In terms of technology, the confluence of two time-tested, proven techniques, horizontal drilling and hydraulic fracturing (fracking), served as a game-changer in opening access to shale and other tight-rock formations.

America’s new-found abundance of cleaner natural gas is only possible through the combination of these technologies. In other words, without fracking and horizontal drilling there is no 1) new age of energy self-sufficiency in America, which is very important given the current geo-political instability in places like Russia, Iraq, Syria and others; 2) material carbon reductions from greater utilization of natural gas that have resulted in the U.S. lowering its total carbon emissions to levels not seen since 1994; 3) lower consumer costs for the benefit of each and every American, amounting to \$1,200 per household per year; and 4) substantial taxes, royalties, and leases paid by the industry to the tune of \$85 million each day, which help governments pay for important public services including education.

It wasn’t that long ago, America was contemplating LNG import terminals to meet natural gas demand. How times have changed, as today, we’re expanding our ability to export natural gas, enhancing our nation’s global influence and balance of trade. Every barrel of oil or molecule of gas we produce here is one less we have to import.

I’m proud to say the natural gas revolution has also spawned a U.S. manufacturing renaissance and tremendous growth in the chemicals industry, because of the cheaper natural gas feedstock.

In addition, if you think back to 2005 when Hurricanes Rita and Katrina hit the Gulf, natural gas prices spiked to more than \$14 per MMBTU (million British thermal units), demonstrating how dependent the U.S. was on natural gas from the Gulf of Mexico. Shales have provided a geographic diversity that has stabilized supply and significantly dampened price volatility.

Production of natural gas in the U.S. has increased by 30 percent since that time, and whereas the EIA, back in 2009, projected natural gas prices to be near \$13 per MMBTU by 2035, the newest projections show prices will more likely be around \$6 per MMBTU. This is outstanding news for consumers, manufacturers, electricity providers and others and is an economic engine that can bolster the US economy for decades.

Thanks to the natural gas revolution, the American economic recession has been muted in many sectors of the economy. Our industry is adding jobs. Plus, for every oil and natural gas job that's created, an additional three jobs are created in other sectors of the economy.

The company I work for, Anadarko, is currently the third-largest natural gas producer in the U.S. We are the largest natural gas producer in Senator Mike Lee's home state of Utah, and we've invested more than \$4 billion developing natural gas from the Marcellus Shale in Senators Toomey's and Casey's home state of Pennsylvania.

Among the achievements I'm most proud of, is that as we perfect the technologies we're also optimizing how we deploy people, equipment and best practices to drive efficiency gains in every aspect of our business. This translates into fewer days on location drilling and completing a well. Our innovations in Utah's Greater Natural Buttes field have resulted in six Utah Earth Day Awards.

We've achieved 40-percent reductions in the amount of surface space needed to develop oil and natural gas in Colorado's Wattenberg field. By expanding gathering and pipeline infrastructure, we've eliminated more than 10 million truck miles and avoided more than 450,000 truckloads in the Wattenberg field, significantly reducing traffic and associated emissions. We continue to invest in technology to reduce emissions, detect methane leaks and source, transport and recycle water.

We're also working collaboratively with all stakeholders. This includes Anadarko's work with the Clean Air, Clean Jobs Act in Colorado in 2010, which was a state-based solution to federal air quality requirements. It also includes our work with Colorado Governor John Hickenlooper, industry partners and the Environmental Defense Fund (EDF) resulting in new air-quality regulations in Colorado, and our efforts with federal and state regulators, tribal leaders and the Southern Utah Wilderness Alliance on the 2012 Greater Natural Buttes yielding a Record of Decision and project approval to develop the extensive resources of Utah.

The key going forward for our industry is for our elected leaders to keep working together toward solutions, refusing to perpetuate a climate of obstruction and the demonization of an industry that is fundamental to modern life. It means recognizing that a vibrant oil and natural gas industry makes other industries more productive – fueling the economy that creates opportunity.

We recognize the need for comprehensive and consistent state-based regulations. They provide legitimacy for our activities and help build public trust. This is why Arkansas, Colorado, Louisiana, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, Texas, Utah, West Virginia, and Wyoming continue to benefit from shale and tight-sands development. Yet, these activities are relatively stagnant on federal lands due to the costly and uncertain federal regulatory environment.

Our industry can do so much more with reasonable access to federal lands. Consider the oil and natural gas industry more than pays for the cost of all leasing, permitting, monitoring, and inspecting activities by returning almost \$89 for every dollar BLM spends administering the onshore program.

Enabling infrastructure and pipeline expansions will help ensure we stay ahead of other parts of the world that have shale resources but no infrastructure to move it to market. Creatively partnering with industry to expand compressed natural gas (CNG) fueling stations can help put more natural gas in the gas tanks of America's fleet vehicles, meaning cleaner cars, cheaper fuel and even less reliance on foreign oil.

We don't have to choose between a future with fossil fuel development or a future with a cleaner environment. We can choose to have both. It is solely dependent upon our ability to continue to collaborate, rely upon sound science, streamline access, and not just identify problems, but do what our industry has been doing for decades – use human ingenuity to find solutions. Thank you.