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## **Why Western Oil & Natural Gas?** <sup>[1]</sup>



### **Western Oil & Natural Gas: America's Energy Future**

Western Energy Alliance represents the exploration & production (E&P) or "upstream" sector of the industry that discovers, develops, and produces oil and natural gas in 13 western states. Western producers are proud to provide 21% of the nation's oil and 25% of natural gas production while impacting less than 0.07 percent of public lands.

The western E&P industry supports 268,110 jobs and generates \$84.3 billion in annual economic impact nationwide. The E&P industry supports thriving rural communities across the West with revenue for schools, roads, safety and other vital public services, while promoting additional activity in many other industries such as agriculture, recreation and manufacturing.

#### **Natural Gas**

American natural gas producers have created an abundant supply of natural gas that is keeping prices low for consumers while attracting manufacturing jobs back from overseas. As recently as 2005, we were preparing to import natural gas as proved reserves ran low, but natural gas is now being viewed by industry analysts as a foundation on which our nation will rely to generate electricity, heat our homes, and power our businesses for many decades to come. Increased demand for natural gas will enable western producers to maintain competitiveness and continue to provide jobs and economic activity in the West.

Low prices and increased production enable more uses for natural gas in our economy. Natural gas vehicles help imports of foreign oil. The manufacturing sector is planning new facilities in the U.S. to take advantage of our low prices, and Europe and Asia hope to import our cheaper liquefied natural gas.

Because of the oversupply of natural gas, spare capacity is available in the Green River, Piceance, Powder River, San Juan, Uinta, and other basins in the West. Meanwhile, greater amounts of associated gas from oil wells in the Bakken and Permian basins are being captured. This spare capacity means that producers are able to quickly ramp up production in response to any increased demand while still keeping prices affordable.

#### **Oil**

The dramatic increase in U.S. oil production over the last few years caused imports to drop from 60% of total consumption in 2005 to just 42% in 2012.<sup>[1]</sup> <sup>[2]</sup> The U.S. produced over 2.7 billion barrels in 2013, the highest since 1989.<sup>[2]</sup> <sup>[3]</sup> with the West providing about 21% of the production.<sup>[3]</sup> <sup>[4]</sup> Two of the most exciting oil plays in the West have been the Bakken in North Dakota and Montana, and the Niobrara in Colorado and Wyoming (see *Unconventional Resources*). Increased production is improving the U.S. trade imbalance and increasing energy security.

The U.S. imported most of its crude oil from five countries in 2012.<sup>[4]</sup> <sup>[5]</sup> The countries in the top five change each year, but Canada is always our biggest source of imports.

- Canada (28%)
- Saudi Arabia (13%)
- Mexico (10%)
- Venezuela (9%)

- Russia (5%)

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**Quick Facts:**

- Western exploration & production (E&P) generates \$84.3 billion annually in total economic impact and supports additional industries, such as agriculture, construction, real estate and manufacturing in all 50 states.
- 90 percent of oil and natural gas wells in America are drilled by companies whose names you may never know. These companies, known as independents, are small businesses with an average of 15 employees.

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