

Opening Statement – Rep. Tim Murphy (PA-18)
Congressional Natural Gas Caucus Hearing
“State of U.S. Natural Gas Today”
Wednesday, October 21, 2009 – 10:00 a.m.

A few years ago, while I was driving through my district I met with a farmer who was barely making ends meet - a farmer whose family has been struggling for generations to feed his family and make a living from tilling the land and helping to feed the world. I recently drove past the same farm and noticed a new tractor, a new coat of paint on the barn, and a greenhouse so he could plant year round. No, the farmer didn't sell his land. The difference is that natural gas was found on his land and now he was making money.

The story is not just about the farmer's newfound income, but the jobs that were created by the exploration. The jobs are numerous - the truck driver that hauled the supplies, the steelworker that built the pipes, the painter who put a new coat on barn, the pump manufacturer that hired another worker, the UAW member who forged the tractor engine, and the chemical manufacturer that decided to stay in the U.S. because of the increased supply of natural gas. The list of jobs goes on.

Today, we will have the opportunity to hear about the jobs to be created from the goal of clean energy independence. We will listen to testimony from a distinguished set of witnesses that include leaders from production and industry, to academia and government.

Our country is faced with several major problems that include:

1. Not enough jobs;
2. Too much deficit spending;
3. Energy money that's funding foreign governments at war against us;
4. And increasing demands for energy;

With over 15 million Americans unemployed and another 9 million working part-time and looking for full time work — and an unemployment rate not seen in nearly 30 years — America needs jobs now. Good paying jobs that can support a family.

The Pennsylvania State University recently released a study about the Marcellus Shale's economic development, which lead to \$2.3 billion in economic activity and 29,000 jobs last year. By 2020, industry around the Marcellus shale will generate 175,000 new jobs and add \$13 billion to the economy. These are real jobs and economic growth producing American energy independence.

This year, the federal government's deficit swelled to over \$1.4 trillion and the national debt is approaching \$12 trillion. In fact, a recent analysis by the American Energy Alliance said that increased exploration and production of America's oil and natural gas resources would generate 1.2 million new annual jobs, \$70 billion more in annual wages, and an additional \$8 trillion in economic output.

Last year, Americans sent over \$450 billion to foreign countries to buy oil, allowing our enemies to finance terrorist acts. Meanwhile the government spent \$136 billion to fight the War on Terrorism.

By 2030, electricity demand will increase by 30 percent. If America gets serious with a real energy policy, we can meet this increased demand with American energy.

The choice is clear. We can either keep sending money to OPEC and making them fabulously wealthy - financing indoor, downhill ski villages in the middle of the desert and working on development of nuclear weapons. Or we can explore for natural gas and create jobs here.

This Congress keeps talking about what we can do to get to clean transportation. Well, we can use the abundant American resource of natural gas to power a clean energy future in transportation. Imagine being able to fuel up at home with an outlet in your garage with American natural gas instead of foreign oil.

The past 10 years America has lost half of its fertilizer production and the U.S. now imports, from countries with more stable natural gas prices, over 50 percent of the nitrogen and 80 percent of the potash needed to fertilize America's crops.

The chemical industry is the single largest user of natural gas, for powering their facilities and as the "feedstock", or raw material, for manufacturing of chemicals. The chemical industry cites a loss of 120,000 U.S. jobs due to volatile gas prices. This is unacceptable; America has the resources to produce natural gas and compete for these jobs. This is critical towards keeping an industrial manufacturing base. In fact, 96 percent of manufactured goods come from chemical products, which can be traced to natural gas. Everything from float glass for solar panels and insulation for our homes to hybrid batteries and the microphone I'm speaking into.

We don't want to see stories where Dow Chemical shuts plants in the U.S. when natural gas prices go past \$8 and then opens up a plant in the Middle East. In fact, Dow's CEO a few short years ago said their strategy will be "accessing low-cost feedstocks in places like the Middle East and the Far East. So yes, you'll see more asset investments in higher-growth markets. America needs an energy policy that can compete for these jobs. This must include natural gas.

Producers are hurt and are unable to plan for long term production with volatile prices. The rig count, which is a barometer for drilling in the gas industry, is down 53% from a year ago. This means layoffs and lower American energy production.

This is an important time to form this caucus as we have seen significant changes in the U.S. natural gas industry over the last few years. Just three short years ago we were talking about the need to increase imports on liquefied natural gas (LNG) in order to meet domestic needs. Since then, America has watched as new technologies have opened up unconventional gas fields in the lower 48 states. With the recent estimates of 1,836 trillion cubic feet of technically-recoverable natural gas reserves, there is enough domestic supply to power America for more than 100 years. And, this number continues to grow as technology advances.

This summer, after meeting with natural gas stakeholder and seeing the potential of natural gas for jobs, economy and clean energy, I looked at joining a Natural Gas Caucus and found there was not one. In fact one of the witnesses, Ray Walker, was one of the people I met with. So, I decided it was time to start a Natural Gas Caucus. Naturally, I asked Rep. Boren to join me as the co-chair and we've been recruiting members and workings towards building an effective Congressional caucus.

The 45 member Natural Gas Caucus will be active in promoting:

1. Responsible exploration;
2. Reliable and safe transmission;
3. Expanded uses in manufacturing, transportation, and generation;
4. Stable prices to maintain both gas production and manufacturing in the U.S

The story of American natural gas is yet to be written. However, I am certain that it will be one that will result in more American jobs and help move us towards energy independence. I look forward to hearing the testimony from each of the witnesses and appreciate all of you taking your time to help us work on issues vital to the United States.