

## **Unconventional natural gas developments in the US**

The merger between ExxonMobil and XTO Energy heralds a fundamental shift in US energy markets, according to House Energy and Environment Subcommittee Chair Edward Markey. ExxonMobil is now the largest company in America, worth US\$328 billion with US\$45 billion in annual profits. Last month, ExxonMobil announced a US\$41 billion merger with XTO Energy, one of America's largest natural gas producers and a pioneer in the production of natural gas trapped in shale rock formations and other unconventional sources. "The combined entity will be, by far, the country's largest natural gas producer and largest holder of natural gas reserves," says Markey. He points out that ExxonMobil is not the only big company getting into this space. "Today, six of the seven largest publicly-traded companies in the world are oil and gas companies." With this merger and a recent joint venture agreement, all six will be significantly invested in unconventional natural gas development in the US. Markey says the transformation in the industry is having a major impact on the forecast for US energy supplies. "Last year, the Potential Gas Committee – a group of academics and industry experts – increased its estimate of US natural gas reserves by 35 per cent over the estimate from just two years before. That increase was due mostly to shale gas, which now accounts for one third of estimated US reserves. The brightening outlook for domestic natural gas supplies changes the backdrop against which we consider energy policy here in Congress," he says. According to Markey, natural gas will play a critical role as a "bridge fuel" – a lower-carbon alternative to coal and oil that helps the US transition from a high-carbon past to a clean energy future. "An abundant domestic supply of natural gas – together with robust investment in efficiency and renewables – can help make crossing that bridge faster and less costly."

Source: esaa news Issue 3 (25 January, 2010)