

MEETING AMERICA'S ENERGY NEEDS



THE ROLES OF CONVENTIONAL AND ALTERNATIVE ENERGY RESOURCES



CURRENT ENERGY DEMAND

- In 2001, U.S. consumption was 96.3 quads, down 2.5% from 2000
- Current rate for 2002 is down an additional 1.5%
 - Most of that decline has been in the industrial sector
 - The commercial sector has been flat
 - Residential and transportation sectors have had small increases



DOMESTIC PRODUCTION AND IMPORTS

- Domestic production provided about 75% of demand in 2001
- While demand has continued to decline in 2002, domestic production is supplying 72% of that demand
- These imports primarily are crude oil, refined petroleum products, and natural gas



TRANSPORTATION: OUR ACHILLES HEEL?

- Imports of crude oil and refined products are now approaching 60% of demand
- One-half of that supply comes from the Middle East
- A major disruption of that supply would present a significant problem for the U.S.



TRANSPORTATION ISSUES

- Truck transportation is an essential component in feeding America and maintaining our domestic economy
- The motor vehicle still is the primary means of getting people to and from their jobs
- The Strategic Petroleum Reserve cannot offset a loss of Persian Gulf oil



THE ROLE OF ALTERNATIVE ENERGY

- While solar and wind can make some contribution to our electrical needs, they cannot contribute much to our transportation needs
- Ethanol can make a modest contribution to transportation at a significant economic and environmental cost



POTENTIAL SOLUTIONS

- Diversify our sources of crude oil and refined products
 - Increased production from sources within the U.S.
 - Expand our involvement in Central and South America
- Focus attention on “gas-to-liquids” technologies



CONCLUSIONS

- Production of crude oil and natural gas can be increased in the United States
- External sources of crude oil can be diversified
- “Gas-to-liquids” technologies should be pursued aggressively
- Or, we can forget the lessons from recent history and continue business as usual