



From the Alert Wire:

## US gas industry hesitant to take advantage of Gulf oil spill Washington( Platts)

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The natural gas industry, which has rarely shied away from taking shots at its competitors in the coal industry, probably won't seize on the BP oil spill in the Gulf of Mexico to champion gas' cleaner properties, industry analysts and officials said this week.

"That pitch has a lot of merit," said energy policy analyst Kevin Book of Washington-based Clear View Energy Partners. "But there are two problems with it."

The first problem is that gas producers are often oil producers as well, and becoming more so, Book said, noting that many large firms are now chasing higher-priced oil and liquids onshore while gas prices remain low. The second problem, he said, is that lawmakers don't make a big distinction between oil and gas drilling because both produce "holes in the ground."

"Congress' concern about well integrity doesn't know science," he said.

"You don't get a free pass because you're a lighter hydrocarbon."

If anything, Book said, well-integrity issues and regulatory actions will bleed from BP's leaking offshore well to leaking gas wells onshore. Even though the difference between BP's Macondo oil well in the Gulf and migrating gas wells around Dimock, Pennsylvania, are like "night and day," Book said that from a political standpoint "you can't make that comparison."

The BP spill is "too sensitive a topic to take that kind of advantage of," America's Natural Gas Alliance spokesman Dan Whitten said. ANGA, a coalition of the country's top gas producers, was formed to lead the fight to improve gas' standing in pending climate change legislation.

Beyond the sensitive nature of the issue, Natural Gas Supply Association spokeswoman Daphne Magnuson said "natural gas and oil don't directly compete" as fuel sources. "We will continue to explain the environmental benefits of natural gas," she said, but NGSA won't leverage BP's accident to improve the public image of gas.

A spokesman for Oklahoma City-based Chesapeake Energy, whose CEO Aubrey McClendon has purchased billboards calling coal "dirty" and once threatened to drill a gas well next to a coal mine to demonstrate gas' environmental advantages, said he isn't aware of any efforts to change Chesapeake's advertising and branding efforts in reaction to the oil spill.

Not all producers agree with such a passive stance. Mike Newport, CEO of Houston-based Mainland Resources, said he believes the top gas trade groups may be missing the boat. "It's a time to point out the advantages of gas," he said.

"Time to say, 'Hey, this is clear example of a clean fuel. And we have plenty of it onshore.' Gas is cleaner and more plentiful."

The BP spill is "another example of why we need to push for natural gas for fleets and trucks," Newport said.

Book said he believes ANGA and NGSA members are conflicted because many consider themselves members of the broader "oil and gas" industry. "No matter how gassy ANGA gets, its members don't want to throw the baby out with the bath water. ANGA doesn't want to crush oil," Book said.

Any push to use gas over crude will come from users further downstream, Book predicted. Oilman T. Boone Pickens, whose Pickens Plan calls for converting the transportation sector to natural gas vehicles, is one example of someone likely to discuss the issue with the oil spill as a backdrop, he said.

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