

Vinson&Elkins

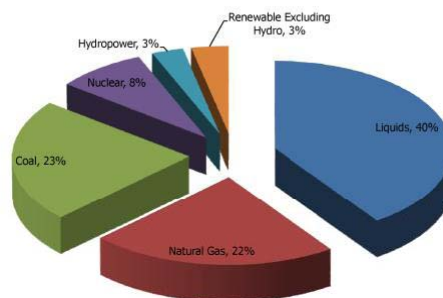
Shale Play Environmental Issues

Presentation at Offshore E&P, and
Shale Gas Development Conference
December 2, 2010

Larry W. Nettles
Vinson & Elkins L.L.P.
1001 Fannin Street, Suite 2500
Houston, TX 77002
713.758.4586; lnettlaw@velaw.com

Why is shale development a big deal?
- a quick primer on natural gas

- Natural gas provides 22% of U.S. energy demands



Source: EIA, 2008.

Why is shale development a big deal?

- a quick primer on natural gas

- Natural gas is affordable
 - 1 barrel of oil = \$85.24 (Nov. 29, 2010; NYMEX Crude Future)
 - 1 MMBtu of gas = \$4.22 (Nov. 29, 2010; NYMEX Henry Hub Future)
 - 1 barrel of oil equivalent (BOE) = 5.8 MMBTU
 - Price of 1 BOE of natural gas = \$24.48



= \$\$\$\$



= \$

3

Why is shale development a big deal?

- a quick primer on natural gas



- Natural gas is clean

Combustion Emissions
(lbs / Billion Btu Energy Input)

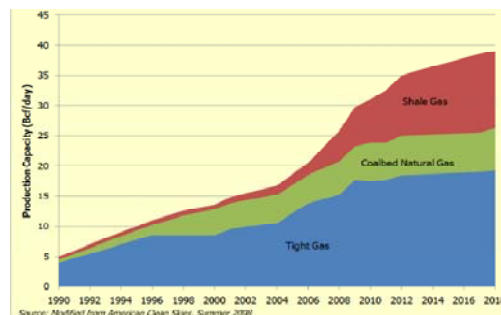
Air Pollutant	Natural Gas	Oil	Coal
Carbon dioxide (CO ₂)	117,000	164,000	208,000
Carbon monoxide (CO)	40	33	208
Nitrogen oxides (NO _x)	92	448	457
Sulfur dioxide (SO ₂)	0.6	1,122	2,591
Particulates (PM)	7	84	2,744

4

Why is shale development a big deal?

- a quick primer on natural gas

- Natural gas is plentiful
 - Unconventional sources have dramatically increased U.S. reserves.
 - EIA estimates that U.S. has more than 1,744 trillion cubic feet (tcf) of technically recoverable natural gas, a 120 year supply.
 - Deloitte estimates that unconventional natural gas (shale and coal-bed methane) will grow from 17% of U.S. production to 34% by 2030.



5

Increasing prominence of shale gas

- Wide distribution of organic shales with vast resources of natural gas are found in lower 48 states



6

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](http://utcle.org/elibrary)

Title search: Shale Play Environmental Issues

First appeared as part of the conference materials for the
2010 Offshore E&P, and Shale Gas Development session
"Shale Play Environmental Issues"