Additron Technologies, Inc. Releases This Years AnnualTProjected Energy Production and Imports Report.

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Industry: Energy

Press Release Summary: Alexander Chen, of Additron Technologies, Inc. reports that "Net imports of energy are expected to continue to meet a major share of total U.S. energy demand".

Press Release Body: TOKYO, Japan, March 13, 2008, -- In 2007, the net import share of total U.S. energy consumption is slightly less than in 2006.

Rising fuel prices over the projection period (2008-2030) are expected to spur increases in domestic energy production and to moderate the growth in demand, tempering the projected growth in imports.

The projection for U.S. crude oil production in 2008 is higher than in 2007, primarily due to more production from the expansion of enhanced oil recovery (EOR) operations and, to a lesser extent, higher crude oil prices.

U.S. projected crude oil production in 2008 increases from 5.1 million barrels per day in 2006 to a peak of 6.4 million barrels per day in 2019, with production increases from the deep waters of the Gulf of Mexico and from onshore EOR projects.

Domestic production subsequently declines to 5.6 million barrels per day in 2030, as increased production from new smaller discoveries are inadequate to offset the declines in large fields in Alaska and the Gulf of Mexico.

Total domestic liquids supply, including crude oil, natural gas plant liquids, refinery processing gains, and other refinery inputs (e.g., ethanol), generally increases throughout 2008, as growth in CTL production offsets the decline in crude oil production after 2019.

Total domestic liquids supply grows from 8.2 million barrels per day in 2006 to 10.2 million barrels per day in 2030.

In 2008, the net import of total liquids supplied, including crude oil and refined products, drops from 60 percent in 2006 to 55 percent in 2010, stays relatively stable through 2020, and then increases to 59 percent in 2030.

Net crude oil imports in 2030 are 1.3 million barrels per day lower, and net product imports are 0.3 million barrels per day lower, in 2008 than in 2007.

The primary reason for the difference between 2008 and O2007 projections for net imports of liquid fuels is the lower level of total liquids consumption in 2030 in 2008.

Total domestic natural gas production, including supplemental natural gas supplies, increases from 18.6 trillion cubic feet in 2006 to 20.2 trillion cubic feet in 2021 before declining to 19.9 trillion cubic feet in 2030.

The projections are lower in 2007, primarily because of the higher costs associated with exploration and development and, particularly in the last decade of the projection, lower demand for natural gas.

In 2008, lower 48 offshore natural gas production shows a pattern similar to that in 2007, growing from 3.0 trillion cubic feet in 2006 to a peak of 4.5 trillion cubic feet in 2019 as new resources come online in the Gulf of Mexico.

After 2019, lower 48 offshore production declines to 3.5 trillion cubic feet in 2030. After a small near-term increase, onshore conventional production of natural gas in 2008 declines steadily, as it did in 2007.

Onshore production of unconventional natural gas in AEO2008 is expected to be a major contributor to growth in U.S. supply, increasing from 8.5 trillion cubic feet in 2006 to 9.5 trillion cubic feet in 2030.

In 2007, most of the increase in unconventional production is projected to come from gas shale, which more than doubles over the projection, from 1.0 trillion cubic feet in 2006 to 2.3 trillion cubic feet in 2030.

The Alaska natural gas pipeline is expected to be completed in 2020 because of delays in the resolution of issues between Alaska's State government and industry participants.

After the pipeline goes into operation, Alaska's total natural gas production increases to 2.0 trillion cubic feet in 2021 (from 0.4 trillion cubic feet in 2006) and then to 2.4 trillion cubic feet in 2030 as the result of a subsequent expansion.

The pipeline connecting the MacKenzie Delta in Canada to the United States is not constructed in the AEO2008 reference case, unlike in AEO2007, because cost estimates recently filed by the industry substantially exceed the estimates in 2007, and as a result the project is not economical with 2008 prices.

Net pipeline imports of natural gas from Canada and Mexico, predominantly from Canada, fall from 2.9 trillion cubic feet in 2006 to 0.5 trillion cubic feet in 2030.

The difference in projections for 2030 is largely a result of increased exports to Mexico.

The higher level of exports to Mexico is the result of a lower assumed growth rate for Mexico's natural gas production.

Net imports from Canada also decline, reflecting resource depletion in Alberta and Canada's growing domestic demand, which are offset in part by increases in unconventional natural gas production from coal seams and tight formations.

Total net imports of liquified natural gas (LNG) to the United States increase from 0.5 trillion cubic feet in 2006 to 2.9 trillion cubic feet in 2030, as compared with 4.5 trillion cubic feet in 2030..

The lower projection is attributable to two factors: higher costs throughout the LNG industry, especially in the area of liquefaction, and decreased U.S. natural gas consumption due to higher natural gas prices, slower economic growth, and expected greater competition for supplies within the global LNG market.

U.S. LNG re-gasification capacity increases from 1.5 trillion cubic feet in 2006 to 5.2 trillion cubic feet in 2009 with the addition of five new re-gasification facilities that are currently under construction (four along the Gulf Coast and one off the coast of New England).

Given global LNG supply constraints, overall capacity utilization at the U.S. LNG import facilities is expected to remain under 35 percent through 2013, after which it is expected to increase to 57 percent in 2017 and remain in the range of 55 to 58 percent through 2030.

The future direction of the global LNG market is one of the key uncertainties with many new international players entering LNG markets, competition for the available supply is strong, and the supplies available to the U.S. market may vary considerably from year to year.

Current market dynamics could change considerably as worldwide LNG markets evolve.

As domestic coal demand grows, U.S. coal production increases at an average rate of 1.1 percent per year, from 23.8 quadrillion Btu (1,163 million short tons) in 2006 to 31.2 quadrillion Btu (1,595 million short tons) in 2030 reference case. Production from mines west of the Mississippi River provides the largest share of the incremental coal production.

On a Btu basis, 60 percent of domestic coal production originates from States west of the Mississippi River in 2030, up from an estimated 49 percent in 2006.

Typically, trends in U.S. coal production are linked to its use for electricity generation, which currently accounts for 91 percent of total coal consumption.

Slower growth in overall electricity demand, combined with more generation from nuclear and renewable energy, underlies the reduced outlook for electricity sector coal consumption.

Disclaimer: These are projections only.

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