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David H. Hawk, Chairman, Remington Oil & Gas Corporation, Boise, ID

Are Those Who Guard the Door Keeping You Out or In, Energy Economics 2002-?

Comprehensive deregulation of an energy form only occurs when commodity prices are market based and consumers have a choice of supplier and transportation and distribution services can be taken in their name. The producer must have access to space available transportation capacity and/or the choice to develop the same.

Natural gas moving in interstate commerce became partially price deregulated in 1978. Vintaged and frozen pricing has now given way to market forces. In 1985, at the urging of independent producers and industrial endusers, open access to suppliers and pipeline space began on a limited basis. Today, those who make and modify the rules seldom have to live and work within their structure. The factors effecting commodity discovery, production, transportation, usages, and pricing must be understood by those on both sides of the equation. National and local commodity supply and demand, weather, storage, success rates, take-away capacity, credit worthiness, regulatory action and alternate fuels are only a few of the price drivers.

Natural gas is becoming the prime fuel for almost all new electric generation. This may be a shortsighted solution with dramatic long-term negative effects. Is any public policy driving this? Electric deregulation failed to follow the gas model and has never involved customers in the thought process. I give you California. Today, coalitions of knowledgeable consumers and producers must intervene in the policy processes together, becoming market-shapers and not just market-takers.