

News Release

April 12, 2007

Independent Petroleum Association of Mountain States (IPAMS)

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April 12, 2007

The Honorable Byron Dorgan
Chairman, Subcommittee on Energy and Water
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Pete V. Domenici
Ranking Member, Subcommittee on Energy and Water
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Chairman Dorgan and Ranking Member Domenici:

As the trade association representing over 400 companies committed to responsible energy development in the Intermountain West, the Independent Petroleum Association of Mountain States (IPAMS) is extremely concerned over the proposal to eliminate research and development (R & D) programs related to the oil and natural gas industry. These research programs have produced important technologies that allow us to develop energy resources in an efficient, affordable, and environmentally sound manner.

Small, independent oil and natural gas producers (who drill 90% of U.S. wells) lack the capital, critical mass, and most importantly the expertise to administer their own R & D. Instead, they depend on technologies developed by the programs in question to continue supplying our country with the energy that it needs while preventing, managing, and mitigating environmental impacts.

Without these much needed funds, major oil companies with the resources to conduct their own R & D will have a competitive advantage over the small businesses whose employees live in and have close connections to the local communities in the Intermountain West where energy development occurs. Cutting funding for these programs will require these small producers to use capital that would otherwise be spent on increasing supplies of natural gas, which translates into reduced energy supplies for our nation.

Energy producers in the Intermountain West are facing a labor shortage as more of our employees retire and fewer young people enter the workforce. The university geology, petroleum, and engineering schools that depend on the DOE funding bear the responsibility for training the workforce needed to produce tomorrow's energy. A further reduction in their funding could lead to a true labor crisis in the oil and natural gas industry that could have dire effects on our nation's energy security.

We find it troubling that the President's budget request would eliminate programs that help to increase our domestic supply of oil and natural gas, reduce the environmental footprint of development, and lower prices for energy that Americans need everyday to cook their food, heat their homes, and light their offices. We strongly urge that funding be restored for the important DOE oil and gas research and development program at a level of no less than \$62.6 million, the amount appropriated for fiscal year 2006.

Thank you for your careful consideration of this request.

Sincerely,

Marc W. Smith
Executive Director

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IPAMS, founded in 1974, is a non-profit trade association representing more than 400 independent oil and gas producers, service and supply companies, banking and financial institutions and industry consultants committed to environmentally responsible oil and gas development in the Intermountain West. More information on IPAMS and its members is available at www.ipams.org.