

PROGRAM facts

Strategic Center
for Natural Gas & Oil

04/2007

U.S. DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY
NATIONAL ENERGY TECHNOLOGY LABORATORY



ULTRA-DEEPWATER AND UNCONVENTIONAL NATURAL GAS AND OTHER PETROLEUM RESOURCES PROGRAM CONSORTIUM

Natural gas and crude oil provide two-thirds of our Nation's primary energy supply and will continue to do so for at least the next several decades, even as we transition to a more sustainable energy future. The natural gas resource estimated to exist within the United States is large, but because this resource is increasingly harder to locate and produce, new technologies are required to extract it in a timely manner that will support a growing economy. This is also true for the domestic oil resource, much of which will need to be produced from very deep water, forced from residual pockets left in older reservoirs, or extracted from unconventional deposits, all of which are enormously difficult to develop with existing technology, even at current prices. Recognizing these challenges, NETL/SCNGO has historically implemented a portfolio of R&D programs aimed at enhancing domestic oil and gas supplies at reasonable prices while protecting the environment.

In August 2005, President Bush signed the Energy Policy Act of 2005 (EPAAct) into law. EPAAct Section 999 adds an exciting new dimension to the overall NETL/SCNGO oil and gas R&D effort, enhancing opportunities to demonstrate technologies in the field and accelerate their implementation in the marketplace.

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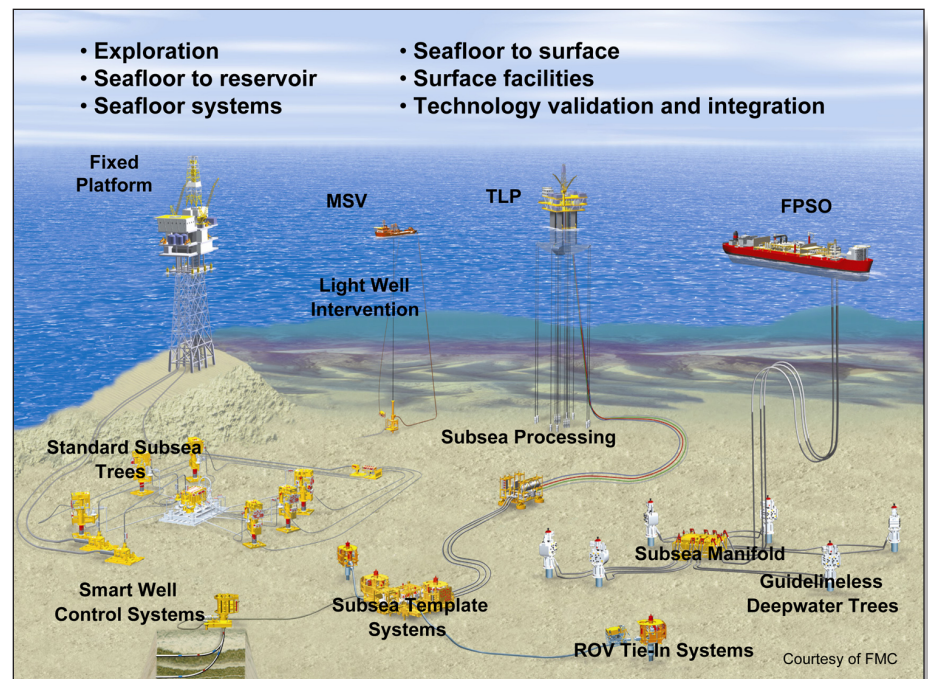
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Ultra-deepwater architecture and technology.



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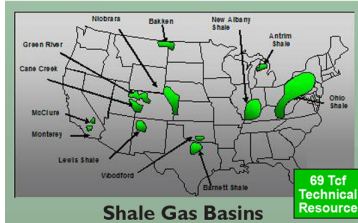
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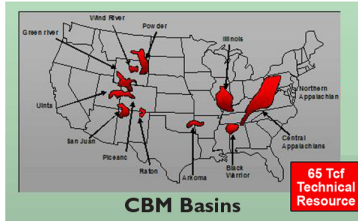
www.netl.doe.gov



Tight Gas Sand Basins



Shale Gas Basins



CBM Basins

Unconventional natural gas and other petroleum resource exploration and production technology.

The *Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Resources Program* launched by Section 999 is a 10-year, \$50 million-per-year, public/private partnership designed to benefit consumers by developing technologies to increase America's domestic oil and gas supply and reduce the Nation's dependency on imports. A portion of the funding is to be directed towards cost-shared research partnerships (75 percent), while another portion (25 percent) is to be used by NETL to carry out complementary R&D.

RPSEA Receives Contract to Administer Consortium

The Research Partnership to Secure Energy for America (RPSEA), a 501(c)(3) not-for-profit corporation consisting of over 100 member organizations, submitted a proposal to administer part of the Program in response to a competitive solicitation issued by NETL. In May 2006, RPSEA was selected by NETL to administer the distribution of R&D funds. The Federal Government will maintain management oversight of the program.

Funding for the RPSEA program is divided into three elements as follows:

- Ultra-deepwater architecture and technology (35%).
- Unconventional natural gas and other petroleum resource exploration and production technology (32.5%).
- The technology challenges of small producers (7.5%).

The industry consortium approach will enhance the overall program in other ways as well. The companies, universities, and other organizations that receive funds through this program will provide cost-share contributions of 20 to 50 percent of total project costs, magnifying the impact of the public investment. The involvement of industry partners in all phases of the oil and gas R&D process will increase the likelihood of near-term demonstrations of technologies developed by the Program, a key step in accelerating the movement of these technologies into the marketplace.

Robust Planning Process Augmented by Input from Advisory Groups

One of the important features of the Section 999 legislation is the incorporation of high-level advisory groups to help direct the focus of the R&D Program. In late 2006, NETL awarded the contract to RPSEA to begin its work on January 4, 2007. RPSEA has prepared and submitted its recommendations for the first Draft Annual Plan. This plan must be further developed and approved by DOE before a solicitation for R&D contracts can be released. The process of approval, spelled out in the legislation, calls for input on the Draft Annual Plan from two Federal advisory committees formed by DOE, as well as from other industry experts. This approach will bring together a broad range of intellect, to ensure that the Program of research undertaken returns the maximum benefit to the Nation in terms of domestic oil and gas supply increase.

Draft Annual Plans in subsequent years must include details of ongoing activities, a list of solicitations (including topics of R&D, selection criteria, duration of awards, and anticipated funds), a list of awards made, and an estimate of the cumulative increase in Federal royalties that can be expected from the ultimate application of the results. The Secretary of Energy must approve the plan before it is sent on to Congress.

The Draft Annual Plan will be reviewed by the two Federal Advisory Committees and other industry experts in June 2007, with comments submitted to DOE. DOE will then develop an Annual Plan which will be transmitted to Congress and published in the Federal Register along with any written comments submitted by the Advisory committees. At this time, RPSEA will release solicitations for those R&D areas identified in the published Annual Plan. The first solicitations are expected to be released in late summer 2007. Information regarding the solicitations will be available on both the RPSEA website, <http://www.rpsea.org>, and on the NETL website, <http://www.netl.doe.gov>.