



Frequently Asked Questions

1. What is the oil and natural gas potential of Kansas?

The Kansas oil and natural gas industry currently supplies about 35.7 million barrels of oil and 373.6 billion cubic feet of natural gas annually making Kansas the 8th largest oil and natural gas producing state in the U.S. More importantly, Kansas contains about 489 million barrels of proved oil reserves and 4 trillion cubic feet of proved natural gas reserves and much more technically recoverable oil and gas reserves. Crude oil production has been increasing in Kansas the last 7 years. The U.S. Department of Energy projects oil and natural gas will provide over 60% of our energy needs for 20-25 years into the future.

2. What does oil and natural gas development mean for the economy of Kansas?

It means jobs and a boost to local economies, with increased investment benefiting local businesses and communities. The Kansas oil and gas industry is nearly a \$4.3 billion industry that puts tens of thousands of people all across Kansas to work each day and pumps hundreds of millions of dollars into the state's economy each year; money that helps support families, fund schools, and build roads. For example, oil and natural gas producers in Kansas provided schools, roads, and other public projects and services with more than \$360 million each year. The oil and gas industry ranks just below agriculture as the most significant Kansas industry in terms of gross state product.

3. Why do we need to increase U.S. oil and natural gas development?

Oil and natural gas fuels the U.S. economy and supports our way of life. Increased American oil and natural gas development will enhance energy security, provide more well-paying jobs, support a stronger economy, and result in safer, healthier and more comfortable lives for all Americans.

4. Why is oil and natural gas development so important?

The demand for energy in Kansas and the U.S. is ever-growing. Record-high energy costs impact our economy, national security, and everyday lives. We need to find more and different sources of energy and we need to be efficient and conserve. But, we cannot ignore the essential role that oil and natural gas must play. Today, oil and natural gas provides over 80% of

America's energy needs and will be the main component of the U.S. energy mix over the next several decades. Out of absolute necessity, oil and natural gas must provide us with a bridge to our alternative energy future. Oil and natural gas are an integral part of our society. Much of our high standard of living can be traced to the use of petroleum. Today, an estimated 6,000 products are produced from petroleum. Among these products are many types of transportation fuels, chemicals, lubricants, waxes, fertilizers, cosmetics, plastics, medicines, and more. Oil and natural gas drives the U.S. economy and will continue to meet the large bulk of U.S. energy demand well into the 21st century. The oil and natural gas industry fuels America and makes positive contributions to our way of life!

5. Will developing Kansas oil and natural gas resources make energy cheaper?

Increased production of Kansas and other U.S. oil and natural gas will increase oil and natural gas supply and help provide more affordable energy to U.S. consumers. American oil and natural gas production has been flat for a decade. The nation has met increased demand primarily by importing more oil and natural gas, but in recent years supplies have tightened, forcing up the cost of oil and natural gas. Absent new oil and natural gas supplies, the current tight supply/demand balance is likely to continue, keeping consumer costs high.

6. Do local communities get revenues from oil and natural gas development?

Existing oil and natural gas operations in Kansas generate state and county revenues to help support projects and activities of benefit to local communities. For example, the Kansas oil and natural gas industry contributed over \$360 million dollars last year to the State and counties of Kansas. This money was used to help support families, fund schools, and build roads across Kansas.

7. What are oil and gas producers doing to help preserve the environment?

Oil and natural gas companies have the advanced technology and know-how to protect the land during development. They produce oil and natural gas with minimal surface presence, and when work is completed, wells are closed and the land is restored as closely as possible to original conditions. Moreover, government agencies at the federal and state levels oversee development operations.

8. In what other ways are oil and gas producers giving back to the communities where they operate?

Companies work to ensure that local communities are fully informed on their operations, and that local concerns are understood and addressed. Company personnel live and work there and are active in local schools, civic and community groups, and local business organizations. Many companies contribute to local environmental, educational, and cultural programs and activities.

9. Aren't oil and gas companies just going to use up our resources, take the profits and run?

No. In addition to helping make energy more plentiful and affordable for consumers, increased oil and gas development means more jobs, additional investment and a stronger local economy. Oil and gas producers are some of the top employers throughout Kansas. The Kansas oil and gas industry employs over 9,100 Kansans with direct jobs in the upstream sector of the industry. In addition, the Kansas oil and gas industry employs over 17,000 more Kansans in the downstream sector of the industry. Also, oil and gas jobs are generally higher-than-average paying jobs, providing additional potential for economic growth.

10. How can we verify your claims about environmental stewardship?

Oil and natural gas companies have many years of experience in finding and developing oil and natural gas resources in sensitive environments. They have compiled an outstanding record of protecting the environment. Between 1992 and 2001, the oil and natural gas exploration and production industry invested more than \$16 billion in environmental expenditures. Federal and state environmental agencies provide extensive oversight over these operations and can verify that companies have provided effective environmental stewardship. Moreover, operations are monitored closely by state officials, environmental organizations, the news media, and private citizens. Any failure to provide effective environmental stewardship would be immediately apparent.

11. The oil and gas industry is getting record high prices for energy - why should we allow more development, which depletes our resources faster?

American oil and gas resources take years to find and develop; it is not a matter of turning on a faucet. The potentially vast resources in Kansas represent our future and efforts to restrict exploring for and developing those resources will limit future economic growth, resulting in higher consumer costs. While fuel prices are high this year, oil and natural gas industry profit margins are very much in line with those of other industries - and often they are lower.

12. Doesn't energy development have a permanent effect on the land and the water supply?

The American oil and natural gas industry relies on state-of-the-art technology to protect the environment. The industry has developed sophisticated discovery technologies - like 3-D seismic imaging and global satellite positioning - to pinpoint potential oil and natural gas deposits long before production occurs. With these technologies, the amount of surface land affected is dramatically reduced. Directional and horizontal drilling technologies result in more efficient production operations with fewer wells, and less waste.

13. What happens to these areas once all of the resources are used up?

Oil and gas companies comply with federal and state regulations that require the land to be restored as closely as possible to its state before operations began. Moreover, the actual surface

area affected by operations has been dramatically reduced in recent years through the industry's use of state-of-the-art technology, including directional drilling which allows many wells to be drilled from a single location.

14. I've heard that oil and natural gas development destroys the environment. Is this true?

Oil and gas operations have proven to be compatible with the environment. Development occurs only after government and industry agree on how best to safeguard the environment. Companies have often adjusted certain operations to mitigate environmental impact.

15. If states like California and Florida have outlawed offshore drilling for oil and natural gas, why shouldn't Kansas also protect their resources?

Restrictions on oil and natural gas development, wherever they might be considered, hurt all Americans. If new American oil and natural gas supplies are not developed and demand continues to grow, consumers will face higher energy costs. Since oil and natural gas is essential to producing a myriad of consumer products, higher oil and natural gas costs will dampen economic growth. Restricting development neither "protects" the resource nor our economy.

16. It's one thing to set up a drilling rig, but what about road-building, miles of pipelines and construction equipment? Won't this ruin our landscapes?

While pipelines and roads are needed, oil and gas companies work hard to minimize the surface presence of their operations. They routinely use an access corridor, such as a road, for multiple purposes including pipelines. An average well site is 30 percent of the size it was in 1970, and, through technology advances, an average well can reach over 60 times more area below the surface.

A Resource Provided by the Kansas Independent Oil & Gas Association