

APPENDIX A

REQUEST LETTER AND DESCRIPTION OF THE NPC



The Secretary of Energy
Washington, DC 20585

October 5, 2005

Mr. Lee Raymond
Chairman, National Petroleum Council
1625 K Street, NW
Washington, DC 20006

Dear Mr. Raymond:

Perspectives vary widely on the ability of supply to keep pace with growing world demand for oil and natural gas, the point in time at which global oil production will plateau and then begin to decline ("peak oil"), the implications these may have for the U.S. and world economy, and what steps should be taken to achieve more positive outcomes.

Accordingly, I request the National Petroleum Council conduct a study on global oil and natural gas supply. Key questions to be addressed in the study may include:

- What does the future hold for global oil and natural gas supply?
- Can incremental oil and natural gas supply be brought on-line, on-time, and at a reasonable price to meet future demand without jeopardizing economic growth?
- What oil and gas supply strategies and/or demand side strategies does the Council recommend the U.S. pursue to ensure greater economic stability and prosperity?

For the purposes of the study, I am designating Under Secretary David Garman to represent me and to provide the necessary coordination between the Department of Energy and the National Petroleum Council. He will also provide coordination with the Department of State, other Federal agencies, and international organizations as required.

I look forward to reviewing the Council's proposed study committee and detailed study plan.

Sincerely,

A handwritten signature in black ink that reads "Samuel W. Bodman".

Samuel W. Bodman

DESCRIPTION OF THE NATIONAL PETROLEUM COUNCIL

In May 1946, the President stated in a letter to the Secretary of the Interior that he had been impressed by the contribution made through government/industry cooperation to the success of the World War II petroleum program. He felt that it would be beneficial if this close relationship were to be continued and suggested that the Secretary of the Interior establish an industry organization to advise the Secretary on oil and natural gas matters.

Pursuant to this request, Interior Secretary J. A. Krug established the National Petroleum Council (NPC) on June 18, 1946. In October 1977, the Department of Energy was established and the Council was transferred to the new department.

The purpose of the NPC is solely to advise, inform, and make recommendations to the Secretary of Energy on any matter requested by the Secretary, relating to oil and natural gas or the oil and gas industries. Matters that the Secretary would like to have considered by the Council are submitted in the form of a letter outlining the nature and scope of the study. The Council reserves the right to decide whether it will consider any matter referred to it.

Examples of studies undertaken by the NPC in the last 20 years include:

- *Factors Affecting U.S. Oil & Gas Outlook* (1987)
- *Petroleum Storage & Transportation* (1989)
- *Industry Assistance to Government – Methods for Providing Petroleum Industry Expertise During Emergencies* (1991)
- *Petroleum Refining in the 1990s – Meeting the Challenges of the Clean Air Act* (1991)
- *The Potential for Natural Gas in the United States* (1992)
- *U.S. Petroleum Refining – Meeting Requirements for Cleaner Fuels and Refineries* (1993)
- *The Oil Pollution Act of 1990: Issues and Solutions* (1994)
- *Marginal Wells* (1994)
- *Research, Development, and Demonstration Needs of the Oil and Gas Industry* (1995)
- *Future Issues – A View of U.S. Oil & Natural Gas to 2020* (1995)
- *U.S. Petroleum Product Supply—Inventory Dynamics* (1998)
- *Meeting the Challenges of the Nation’s Growing Natural Gas Demand* (1999)
- *U.S. Petroleum Refining—Assuring the Adequacy and Affordability of Cleaner Fuels* (2000)
- *Securing Oil and Natural Gas Infrastructures in the New Economy* (2001)
- *Balancing Natural Gas Policy—Fueling the Demands of a Growing Economy* (2003)
- *Observations on Petroleum Product Supply* (2004).

The NPC does not concern itself with trade practices, nor does it engage in any of the usual trade association activities. The Council is subject to the provisions of the Federal Advisory Committee Act of 1972.

Members of the National Petroleum Council are appointed by the Secretary of Energy and represent all segments of the oil and natural gas industries and related interests. The NPC is headed by a Chair and a Vice Chair, who are elected by the Council. The Secretary of Energy serves as the NPC’s Government Cochair. The Council is supported entirely by voluntary contributions from its members.

Additional information on the Council’s origins, operations, and reports can be found at www.npc.org.

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2006-2007

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