

Natural gas poised for revival, Enron chief says

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Houston Chronicle

The natural gas "bubble" is about to pop, and the U.S. gas industry is poised to enjoy a major revival as a provider of a clean, low-cost energy substitute for environmentally troublesome fuels such as coal and fuel oil.

"It appears (gas) demand and supply are close-balanced, if not in balance, and the gas bubble is about over," Enron Corp. Chairman Kenneth Lay told participants at a natural gas conference Tuesday at the Houstonian.

The conference, which continues today, is sponsored by the University of Houston Center for Public Policy.

Domestic production of natural gas is outstripping oil production, Lay said, but its growth is being hindered by troublesome government rules and a regulatory commission that cannot make up its mind on several key areas of oversight.

Lay and other speakers at Tuesday's conference stressed gas' potential as a weapon against acid rain, urban smog and the predicted global warming trend known as the greenhouse effect.

"With the growing concern about the greenhouse effect, if we will sell

our environmental story, we will be the energy of choice," the Houston gas pipeline executive said.

Participants were urged to get behind a strong bill reauthorizing the federal Clean Air Act as a way to enhance sales of natural gas.

U.S. Rep. John Bryant, D-Dallas, predicted that Congress will overcome the impasse that has stalled new clean air legislation for several years and will pass a new bill in the next session.

"The best clean air policy for the natural gas industry is a tough clean air policy," Bryant said. "You need a tough clean air bill to increase the market for natural gas in America."

David Gardiner, legislative direc-

tor of the Sierra Club in Washington, said acid rain can be reduced by converting electric power plants to natural gas and ground-level ozone reduced by converting vehicle fleets to use the fuel.

But Gardiner, an architect with Texas Land Commissioner Garry Mauro of an alliance between environmentalists and natural gas producers, said Sierra Club officials have been frustrated by the gas industry's reluctance to stop fence-straddling on clean air issues.

They need to recognize that "the real ticket" to increasing natural gas use is a strengthened Clean Air Act, he said.

A committee headed by Texas

Railroad Commissioner John Sharp and Massachusetts Congressman Joseph Kennedy unveiled a set of proposals Tuesday that calls for the federal and state governments to reduce their control and help create more competitive markets for gas all over the country.

It calls for more speedy approval of gas pipeline construction projects, the use of more supply contracts to bolster drilling and various economic incentives for producers to drill and consumers to buy.

A strategic reserve for gas also would be created under the plan, similar to the one the federal government maintains for oil.

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