

Microhole Technology Holds Potential to Increase Domestic Natural Gas and Oil Production

New drilling approach lowers cost of recovery and lessens environmental impact

Des Plaines, Ill. — November 7th, 2005 — Gas Technology Institute (GTI) with the support of the U.S. Department of Energy's National Energy Technology Laboratory, today announced the successful field-testing of a drilling technology that could improve U.S. energy independence.

Microhole technology uses less cumbersome drilling equipment that enables smaller crews to rig up, drill and tear down a drilling rig for exploration, dramatically cutting the costs and risks of drilling wells for gas and oil producers. The smaller drilling operation also reduces drilling waste and minimizes environmental impact, which has been a major obstacle to expanded exploration in the United States, especially in environmentally sensitive areas such as the Arctic National Wildlife Refuge.

GTI and partners Rosewood Resources, Inc. and Advanced Drilling Technologies are currently using microhole technology to successfully drill wells in the Niobrara Chalk Reservoirs in Kansas and Colorado. The U.S. Geological Survey has estimated the potential natural gas recovery from these reservoirs at 340 billion cubic feet (BCF) to 2,100 BCF, with a mean recovery of 984 BCF. The United States consumes approximately 25,000 BCF per year.

“Enough domestic natural gas and petroleum resources exist to help stabilize or lower energy prices in this country, but producers lack the technology to profitably recover most of these difficult-to-reach reserves,” said GTI's Kent Perry, Director of Exploration and Production research. “The development of microhole drilling technology helps to create more economical means of petroleum and natural gas exploration in areas once passed over by producers.”

“The benefits in cost savings to the natural gas industry alone could be \$8.4 billion during a 15-year period,” said Rhonda Lindsey Jacobs, Project Manager, National Energy Technology Laboratory. “The volume of drilling waste could be reduced by 103 million barrels or to one-fifth the amount of waste volumes generated while drilling conventional wells. These targets are worth the government's investment.”

The Potential Gas Agency estimates the U.S. natural gas resource at 1,119 trillion cubic feet (TCF) of technically recoverable natural gas, enough to fuel the entire country for approximately 40 years at current consumption rates. New technology such as microhole drilling will enable the conversion of “technically recoverable” resource into “economically recoverable” natural gas.

GTI is the leading research, development, and training organization serving the natural gas industry and energy markets. For more than 60 years, GTI has been meeting the nation's energy and environmental challenges by developing technology-based solutions for consumers, industry and government. Website: www.gastechnology.org

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