

The New York Times

**Green**

A Blog About Energy and the Environment

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OCTOBER 30, 2010, 8:11 AM

## A Big Bet on Natural Gas

By *CLIFFORD KRAUSS*

Business Wire A liquefied natural gas carrier arrives at an Exxon Mobil terminal off Porto Levante, Italy. Exxon Mobil is the biggest publicly traded company in the world, but its stock price has been lagging over the last year chiefly because a lot of people wonder why it's making such a big bet on natural gas.

Exxon Mobil spent \$41 billion a year ago to acquire XTO Energy, doubling its natural gas reserves. And it is building up a massive liquefied natural gas capacity around the globe. Too bad for Exxon Mobil that a gas glut in the United States and elsewhere is causing gas prices to tank, and a boom in shale drilling promises moderate prices for years to come.

I caught up with William M. Colton, the company's vice president for corporate strategic planning, late Friday afternoon and asked him about natural gas. I got an earful of passionate praise for the product that Exxon Mobil has staked so much on.

There is no doubt about gas with this executive.

"If there is any kind of major trend, we think it's going to be a shift toward more natural gas," he said. "Natural gas is available. It's the most efficient way to generate massive power. It's affordable. We already have gas infrastructure in place. From a CO2 emissions standpoint, it's 60 percent cleaner than coal, and it's all U.S. We have 100 years of supply."

And for the world? "Natural gas will be the fastest growing fuel to supply the world's growing demands into the future."

Okay, okay, natural gas is great then. But can it ever be profitable?

That's where the discussion gets really interesting. Mr. Colton thinks policymakers are one day going to put a price on carbon dioxide emissions, a debatable point of view, perhaps, now that cap-and-trade legislation looks dead in Congress and some anti-tax Republicans appear poised for victory on Tuesday.

"We tend to assume that at some point, various governments are going to adopt some kind of cost of carbon," Mr. Colton said, adding that carbon emissions policy is "the elephant in the room."

“That’s something we have to consider, and it’s another reason we see gas as growing,” he said.

Get this gentleman on the top of natural gas, and there is no end to his enthusiasm.

Here’s one more riff for you:

“Everyone likes to talk about oil and transportation because people all drive cars and they like to talk about them. But in energy, its power generation where the big action is. For the big power generation needs of the country, you are really going to need a choice between coal, gas and nuclear.

“While nuclear has an important role to play, you can’t do that fast. And then you have that power generation C.E.O. sitting there, and thinking, for my next big plant should I make it gas or coal? Well, it’s pretty easy if you think there is going to be any risk of a carbon cost, with natural gas being 60 percent cleaner, gas just makes sense.”

By the way, Mr. Colton sees a bright future for wind too, but not as bright as gas.