



Written by [Brian Koenig](#) on November 13, 2012

Energy Boom Could Make U.S. Largest Oil Producer by 2020

The growing energy boom in the United States will make it the largest global oil producer by the end of the decade, temporarily exceeding Saudi Arabia, and a top exporter of natural gas, according to a new [report](#). Released Monday, the International Energy Agency (IEA), a French research group for oil-importing nations, published data showing that by 2030, the United States will be energy self-sufficient on net and North America will become a net oil exporter.



“North America is at the forefront of a sweeping transformation in oil and gas production that will affect all regions of the world, yet the potential also exists for a similarly transformative shift in global energy efficiency,” asserted IEA Executive Director Maria van der Hoeven. “This year’s World Energy Outlook shows that by 2035, we can achieve energy savings equivalent to nearly a fifth of global demand in 2010. In other words, energy efficiency is just as important as unconstrained energy supply, and increased action on efficiency can serve as a unifying energy policy that brings multiple benefits.”

Not since 1989, when the Berlin Wall fell and the “peace dividend” of military spending cuts was propelled, has the United States derived such an abrupt economic boost. According to the IEA report, as long as “fracking” technology — a hydraulic drilling technique that injects water, sand, and chemicals deep underground to crack shale rock formations and extract oil and natural gas — is determined environmentally safe, the rush in unconventional oil and natural gas will offer exceptional benefits to the U.S. economy, including, [according to](#) the *Christian Science Monitor*,

- **Jobs:** The sector currently supports 1.7 million workers directly and indirectly and that will rise to nearly 3 million by 2020, according to [IHS Global Insight](#), an economic forecasting firm based in [Lexington, Mass.](#) Many of those jobs will become available in some of the most rural and, until recently, economically depressed areas of the US.
- **Infrastructure spending:** Wells will have to be drilled; pipelines and railroads built. In all, IHS Global Insight expects the US to spend more than \$5.1 trillion in capital expenditures between 2012 and 2035 on unconventional oil and natural gas activity. That’s a huge surge of investment. Nearly \$3 trillion will be devoted to natural gas alone.
- **Trade balance:** Currently, the US relies on imports for 20 percent of its energy needs. Last year, as the world’s largest oil importer, it spent a net \$327 billion to bring in foreign oil. As the US moves toward energy efficiency, that’s money that will no longer be spent overseas and will flow, instead, largely to domestic producers.
- **A boom in gas production:** Low prices and huge amounts of supply will increase natural gas use to the point that by around 2030 it overtakes oil as the dominant fuel in America’s energy mix, according to the IEA forecast. With gas plants cheaper to run than coal-fired facilities, natural gas is already starting to supplant coal to produce electricity. But how much the surge in



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unconventional gas undercuts the future growth in coal depends, in part, on what happens in other parts of the world. At the moment, the US is exporting coal to Europe because it's cheaper than higher-priced natural gas on the continent.

The IEA details the strategic advantages of this energy revolution, one being that the country will become far less vulnerable to foreign oil embargoes, natural disaster disruptions, or other interruptions in energy supplies. The environmental impact of the U.S. energy surge will spur a transition from coal to cleaner natural gas, helping to slash carbon dioxide emissions in the first quarter of 2012 to levels not experienced since 1992.

Still, environmentalist groups and many liberal Democrats are not satisfied with this transition to cleaner fuel. Instead, they contend that increasingly scarce oil supplies, which would make conventional energy sources more expensive, will make so-called "green" energy alternatives cost-competitive, leading to a more dramatic cut in emissions.

However, according to the IEA report, a rapid expansion in renewables hinges heavily on continued government subsidies, which in 2011 amounted to a towering \$88 billion. From now until 2035, the report notes, government subsidies for renewable energy would have to exceed \$4.8 trillion, and more than half of this sum has already been committed to current projects or is being used to reach 2020 targets.

The IEA's analysis remains contingent on U.S. energy policy, especially those policies dealing with regulations on domestic energy producers. Burdensome government rules on fracking and other unconventional energy-extraction methods would likely curb these projections, which would sustain vulnerabilities in America's national security while keeping energy prices high.

"Security always trumps economics in U.S. foreign policy," [notes](#) David Goldwyn, a former U.S. State Department special envoy for international energy affairs. "The country's commitment to global security and its vulnerability to global oil prices will keep Washington engaged for the foreseeable future."



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