

NATURAL GAS IN PAST

In its most basic form, natural gas is referred to as *methane* — a colorless, odourless hydrocarbon that makes up 75% of commercial product used in industry, electrical power generation, and home heating (Kunstler 102). The other gases — propane, butane, and so forth — are often separated from methane in processing because they are denser, heavier, and lend themselves more toward liquefaction (Kunstler 102). To be sure, natural gas is much more than the tag-along friend of crude oil. In fact, it can be found in reserves entirely on its own, and can even be distilled from coal (though the process is both energy intensive and expensive) (Conant 2).

In the last century or so, natural gas has transitioned from being perceived as little more than an inconvenience — typically flared off as a waste product of oil extraction — to becoming a globally important commodity. The development of a national pipeline network made natural gas a profitable resource in the United States; between 1930 and 1960, American natural gas usage increased six-fold, while the nation's total energy consumption during those same years only doubled (Balestra 1). Post-war Europe led in the popularization and adoption of natural gas as a heating fuel and petrochemical feedstock (Boyle 335), but North America followed closely behind, well into the 70s.

The 1973 OPEC oil embargo brought about major shifts in energy consumption around the world. Oil shortages caused enormous line-ups at the pumps, whilst prompting many homeowners to switch from oil to natural gas furnaces the very year production peaked. Gas was clean, cheap, and being produced domestically in the United States (Kunstler 103). But though it *did* take five years, rain eventually poured down on the natural gas parade; shortages in the late 70s gave way to political tension, and U.S. Congress declared that the market decline in gas production was ‘politically intolerable’ (Brown 15). This ultimately culminated in the passing of the 1978 *Natural Gas Policy Act* (NGPA) — an attempt at remedying the problem by eliminating the division between intrastate and interstate markets, and allowing gas prices to rise to ‘market clearing levels’ (Brown 16). The Carter administration made it illegal to use either oil or natural gas as the primary fuel source for *any* new plants generating electricity; instead, coal and nuclear power were favoured and encouraged to meet all new demand (Kunstler 103).

The 1980s were ushered in with American natural gas consumption dropping by nearly 25 percent from peak levels witnessed in the early 70s. Newly elected President Ronald Reagan predictably reversed his predecessor’s rather strict regulations in a bid to ‘rescue’ the industry and overhaul the American energy system (Kunstler 104).

As the 80s wore on, newly implemented deregulation measures, combined with an oversupply of newfound gas and attractively low oil prices served to radically alter traditional marketing arrangements in the natural gas industry, impacting gas prices and increasing competition in the fuel-switchable industrial and electric utility sectors. (Brown 32)

Fast-forward to the turn of the 21st century, and the oversupply that was enjoyed in the 80s began to seem more and more like a far-off distant memory. U.S gas suppliers were so depleted in the winter of 2003, for instance, that officials were faced with the very real possibility of having to shut down delivery to end-users. “This meant cutting off supplies to manufacturers first, then to electric power plants, and last to home heating customers” (Kunstler 106). The theory was that people would be better off in a darkened house than helplessly watching as their frozen pipes burst with the lights on (Kunstler 106). It never came to that, but it was enough to cause a doubling in price for remaining American gas supplies, and prompted several important chemical manufacturers to leave the U.S. for other countries.

In 2005, John Howard Kunstler wrote that the United States and, indeed, North America, were facing a ‘chronic’ and ‘accelerating’ natural gas shortage that would sooner or later “be described as a crisis” (107).

With depletion rates climbing sharply in the majority of individual gas fields, many believed that in order for the U.S. to meet its energy needs, greater pressure would need to be applied to Canada to proceed with the exploitation of its vast Alberta tar sands — a set of issues which, as we have seen, is sensitive and complex in and of itself. For a while, it seemed as though the production of natural gas in North America was destined for economic non-feasibility not too long into the future.

Source: <http://www.sassweb.ca/3bb3/volume1-0/natural-gas/natural-gas-past-present-and-future>