

Consumers Bear Brunt of Cold Winter

by newsusa

Even though Americans are feeling some relief at the gas pump from last fall's record prices, their checkbooks are still likely to take a hit this winter as natural gas and heating oil prices continue to soar.

In fact, the Energy Department predicts that those using natural gas to heat their homes can expect to see their monthly bills rise 48 percent from last year. If it's an especially cold winter, the cost will be even greater.

This can be a difficult thing for consumers to contemplate - especially when most homeowners already average \$4,100 per year for energy.

While it is not always easy to understand the geopolitics and economics of energy, rising prices always indicate that there is too much demand, and for years there has not been enough domestic supply. Consequently, America has had to rely on foreign sources for its natural gas, due in large part to the fact that prices are so much cheaper.

In Saudi Arabia, for instance, the price of natural gas is 75 cents per million Btu, and in Kuwait, it is \$1.25 per million Btu. Compare this with the U.S. price of almost \$13 per million Btu and it is easy to see why America opts to import its gas.

But companies like Mammoth Resource Partners Inc., a Kentucky-based oil and gas exploration company, are beginning to put a dent in skyrocketing natural gas prices by tapping into the gas-rich Appalachian Basin.

"The Appalachian Basin, in my opinion, is the largest opportunity in North America to reduce America's dependence on foreign gas," said Mammoth President Dr. Roger L. Cory, a frequent guest speaker on the topic of "peak oil."

Much of the rise in heating oil and natural gas prices can be attributed to last fall's hurricanes, which disabled refineries and terminals in the Gulf Coast. Until hurricane Katrina, many did not understand that gas from overseas is liquefied and shipped to the Gulf Coast for offloading and re-gasifying, whereas domestic supply, such as that explored by Mammoth Resource Partners, can safely pass through inland pipelines directly to domestic markets for use in America's homes.

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