



Many Petroleum Executives Foresee End of Cheap Oil Within 50 Years, Anticipate Rise of Alternatives

HOUSTON, December 10, 2008 — A new sampling of senior oil and gas professionals reveals growing concern about the affordability and sustainability of oil and gas, along with a surprisingly strong belief in the viability of renewable energy.

Deloitte's [Oil & Gas](#) industry group sponsored the study, which was conducted with Penn, Schoen & Berland Associates and based on in-depth phone interviews with more than 50 oil and gas professionals, most holding C-Suite positions at petroleum companies with annual revenues of \$100 million or more.

"Our sampling offers a fascinating view into how a group of senior oil and gas professionals feel about the key issues facing the industry," said Gary Adams, vice chairman, oil and gas, Deloitte LLP. "Most notably, half of the respondents we interviewed — 53 percent — believe that the U.S. could run out of reasonably priced oil within the next 25 years, and a similar number — 56 percent — think the world will run out of reasonably priced oil in the next 50 years."

Most participants in Deloitte's assessment group also feel that oil and gas will no longer remain the world's cheapest energy source: 71 percent said that oil and gas is today's most affordable energy source, but only 23 percent feel it will still be the cheapest source 25 years from now — a 48 percentage point drop.

"Clearly," said Adams, "the oil and gas professionals involved in our survey are starting to think about the nation's transition to renewable energy and other alternative fuels."

Adams explained that only 17 percent of the senior professionals involved in the sampling believe oil and gas will be the most sustainable source of energy 25 years from now. Instead, most (54 percent) see renewable energy as highly sustainable in the future. A significant number (37 percent) also see renewables as an affordable source of energy 25 years from now.

Perhaps most tellingly, three in four executives in Deloitte's study group believe transitioning away from the nation's reliance on fossil fuels for transportation is an appropriate goal for the country. Interestingly, most (56 percent) also indicate that this is an appropriate goal for oil and gas companies, though many still see hydrocarbon-based energy as the best source for long-term transportation purposes. More specifically, most (54 percent) think the best alternative in transportation fuels is natural gas.

The executives also registered a strong concern about America's foreign oil dependence, with three in four claiming that the United States can realistically achieve energy independence. Most of them (55 percent) said this could happen in the next 15 years.

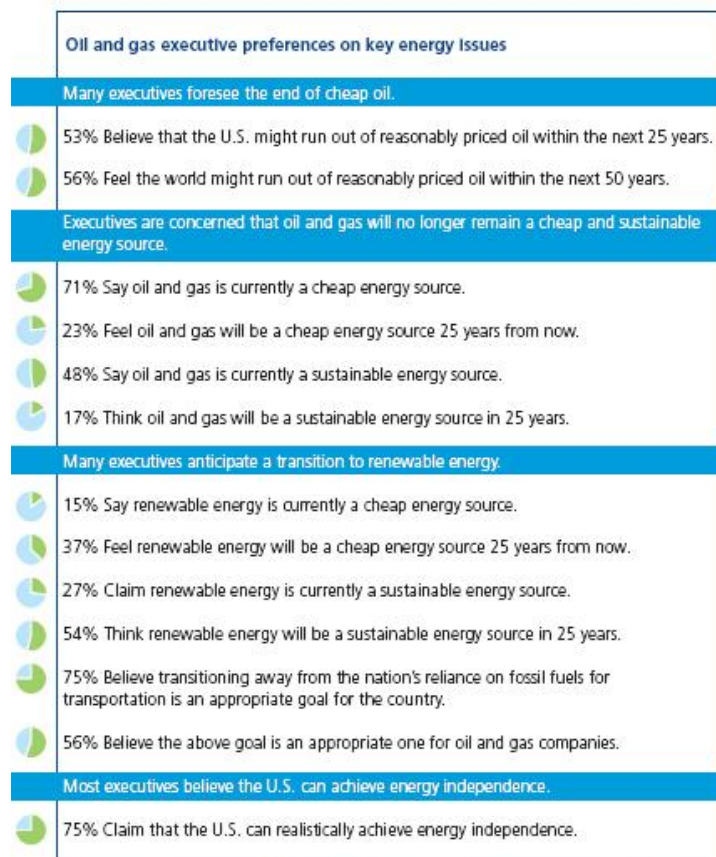
When it comes to offshore drilling, half of the participating oil and gas executives (50 percent) believe that the main benefit of increased offshore activity would be the creation of a buffer zone during the period it takes to transition to renewable energy and other alternative fuels.

As for how petroleum companies should invest their revenues, oil and gas executives in Deloitte's assessment expressed a range of reasons that they might prefer to invest in the stock market rather than invest in more exploration and development. Surprisingly, only a relative few (17 percent) said it was because they wanted to wait out the current uncertainty about the energy technology of the future and invest when a winner is known. In comparison, 27 percent say access restrictions limit their ability to invest in productive oil and gas reserves, while 23 percent say the business risks are too high.

"Our sampling of oil and gas executives paints an interesting directional picture — one that's at odds with the common perception that petroleum companies are reluctant to embrace serious change in how we produce and use energy," commented Adams. "In fact, more than half of the executives in our study felt that petroleum companies should work toward helping America transition to the use of more renewables and other alternative fuels."

Adams went on to point out that in a separate Deloitte survey of registered voters nationwide, almost all respondents agreed with this notion. In the survey, renewables like solar power and wind power had an 86 percent public favorability rating, consistent across all age and education groups.

"With the new presidential administration taking office," he concluded, "we have a unique opportunity to find common ground on renewables and other alternative fuels — developing a sensible and practical plan for the energy era ahead."



All data based on 52 phone interviews with director- and higher-level professionals at oil and gas companies with annual revenues of \$100 million or more. Over half of the interviews, 33, were with C-Suite executives. All interviews were conducted between November 5, 2008 and November 7, 2008, following the presidential election.

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Sampling Methodology

Deloitte conducted the sampling between November 5, 2008 and November 7, 2008, following the presidential election. It worked with the survey firm Penn, Schoen & Berland Associates to complete 52 phone interviews with director- and higher-level professionals at oil and gas companies with annual revenues of \$100 million or more — more than half of the interviews, 33, were with C-Suite executives.

To obtain the full findings or high-resolution versions of the graphics contained in this press release, contact Jon Rucket

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