



Javier E. David , CNBC April 7, 2013

US, Russia vie for largest natural gas reserves



Jim Lo Scalzo / EPA, file

A hydraulic fracturing drill rig near Tunkhannock, Penn. is part of a controversial drilling practice known as fracking.

The United States, currently one of the world's largest sources of natural gas, may find itself fending off increasingly stiff competition in the resource's development, as the move to tap natural gas supplies goes global.

Considered by energy watchers to be one of the most promising avenues of energy development, natural gas is cleaner, more abundant and relatively less expensive than regular gas. The resource is being used in an ever-increasing array of activity, from

generating electricity to powering locomotives and public transport – which is putting upward pressure on market prices.

(Read more: [Natural Gas Prices on the Rise, Challenging 'Cheap' Label](#))

Fewer regions have moved to harness natural gas as aggressively as the U.S., which accounts for more than a fifth of global natural gas consumption, according to data from the Worldwatch Institute, an environmental think-tank.

Still, global interest in the fossil fuel is on the rise as countries like Russia and Qatar move aggressively to tap their natural gas resources, with others like Israel following suit. The global interest poses a challenge to the U.S.'s growing clout in the sector.

(Read more: [Israel to Invest in Navy to Protect Huge NatGas Fields](#))

In addition to international oil giants like Norway's **Statoil** and **Chevron** exploiting natural gas, Australia and countries in Africa and South America "are discovering gigantic fields all over the planet," said Richard Hastings, senior macro strategist at Global Hunter Securities. Development is "very robust and competitive," he added.

America's energy revolution has been in part hampered by a reluctance to ship its natural gas bounty to other countries. According to the U.S. Energy Information Administration, Russia and the U.S. are running neck and neck for the title of the world's largest natural gas reserves.

Yet unlike the U.S. – which is currently embroiled in a contentious debate about selling its natural gas stocks abroad – other countries harbor little compunction about exporting the fuel to other resource-hungry nations.

Although the U.S. is one of the largest producers of natural gas, data from the CIA World Factbook lists the U.S as a distant challenger to natural gas export powerhouses like Russia, Qatar and Canada. Should the world's largest economy fail to sell more to other countries, analysts say it could put the U.S. at a disadvantage.

Global natural gas markets are highly competitive "except for captive markets like Russian sales to Europe," said John Felmy, chief economist of the American Petroleum Institute in

Washington. "The U.S. being the largest producer of natural gas, it has the ability to be able to make some money off it."

The reluctance to export natural resources undercuts what analysts say is one of the U.S.'s major competitive advantages: generous mineral rights that make it relatively easy for companies and private citizens to drill with little interference from the government.

U.S. policy differs from other countries, where governments tightly control surface and mineral ownership, therefore restricting drilling and exploration. In Europe, a patchwork of European Union and local regulations are a barrier to natural gas exploitation.

"In terms of the development of the natural gas industry, what the U.S. policy make up does is allows the individual to benefit," said Matt Lucky, a sustainable energy fellow at Worldwatch Institute. That allows major energy companies and private landowners to exploit valuable mineral rights beneath their land, he said.

That distinction "has helped to drive exploration in the natural gas sector in the United States. A lot of people have become very wealthy in the U.S. by mineral rights," Lucky said. "That's not the case in in much of the rest of the world."

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