



North American Natural Gas

March 2010

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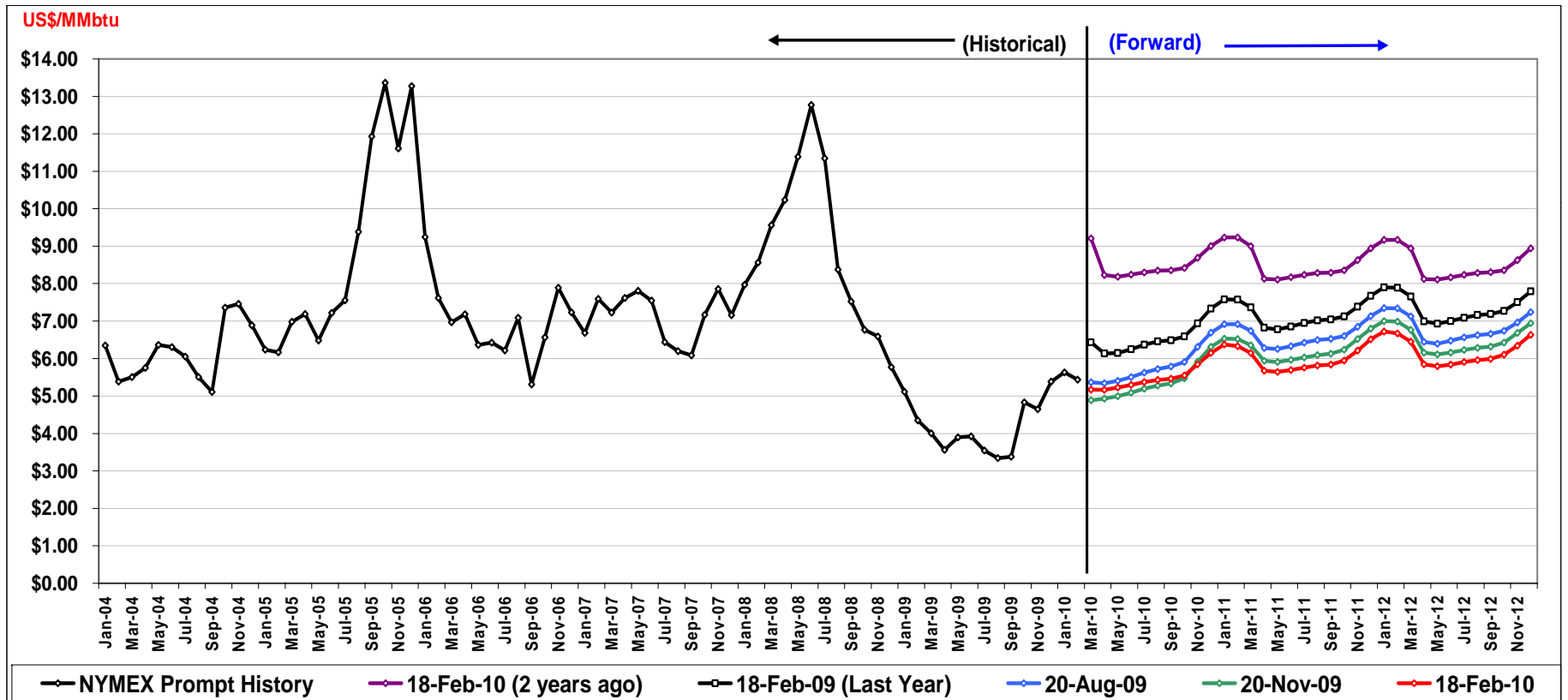
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NYMEX

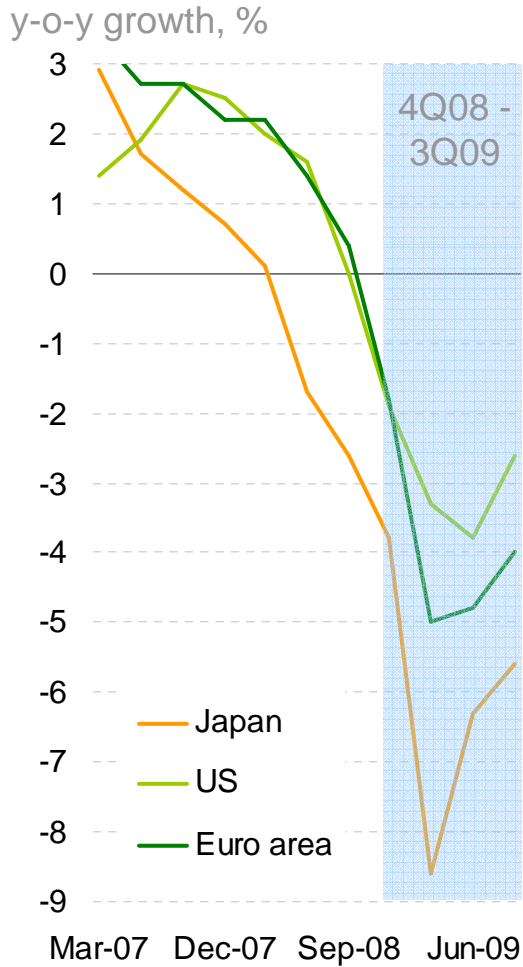


Source: NYMEX

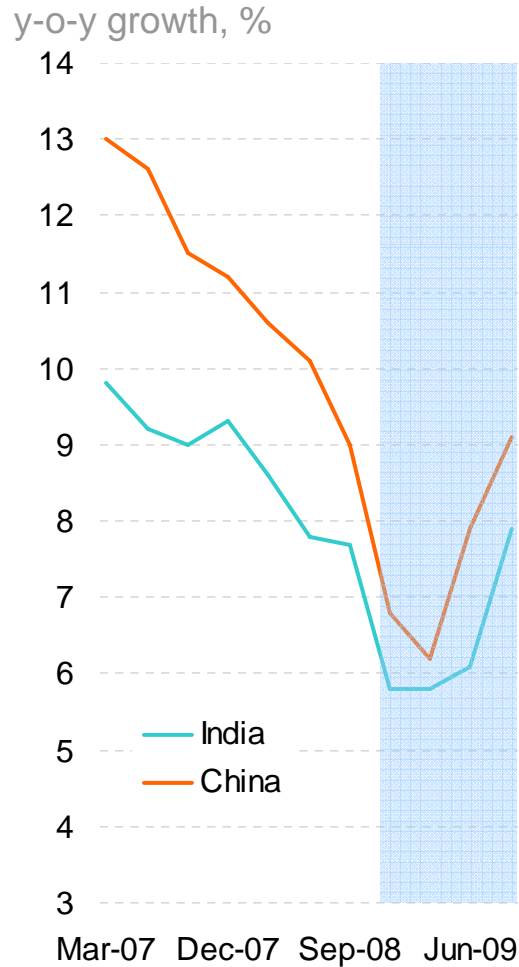
Global Economic Growth Collapsed



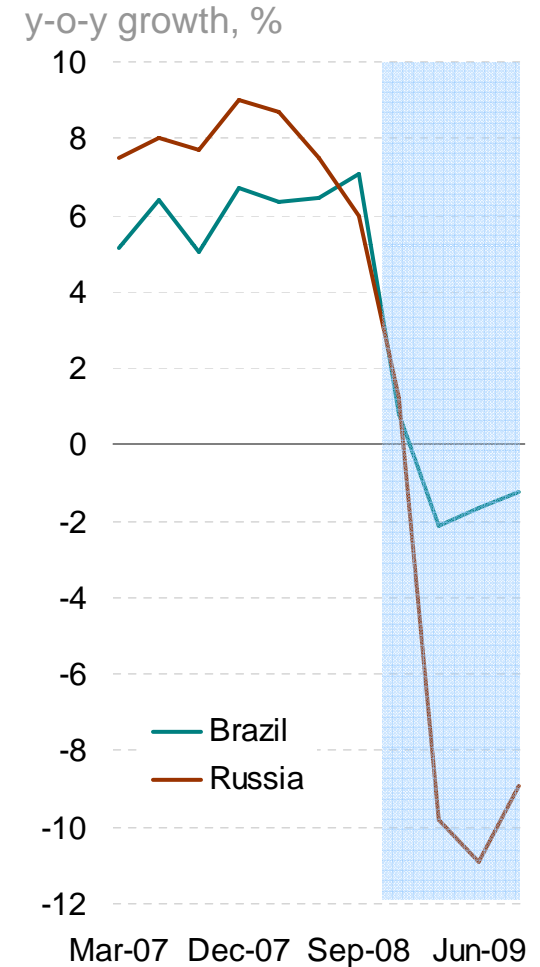
OECD



Non-OECD goods exporters



Non-OECD commodity exporters



*OECD: Organization for Economic Co-operation and Development

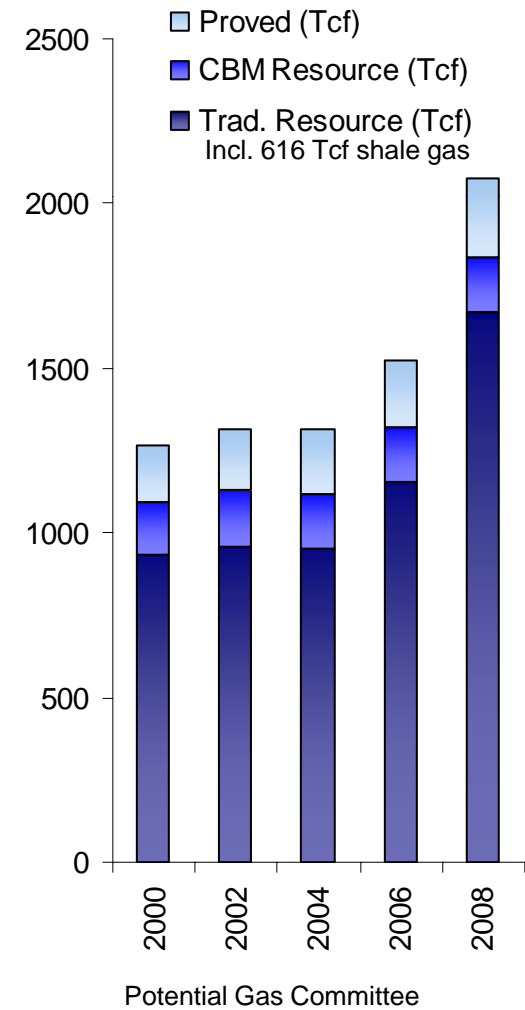
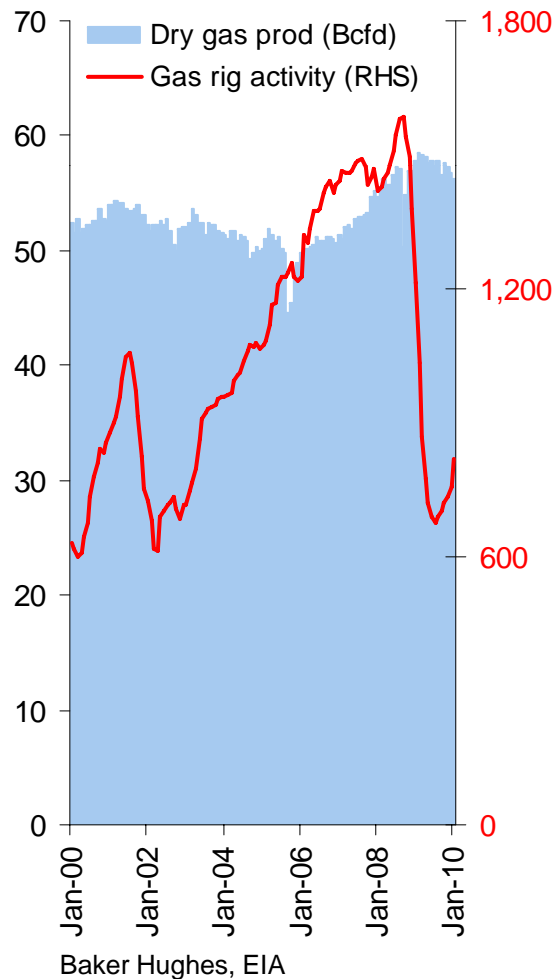
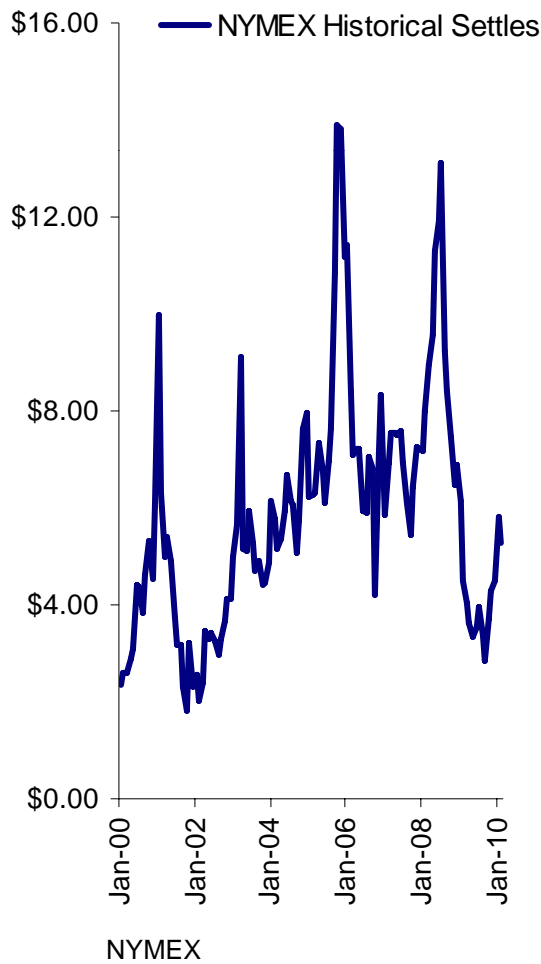
Natural Gas Supply: A quiet revolution



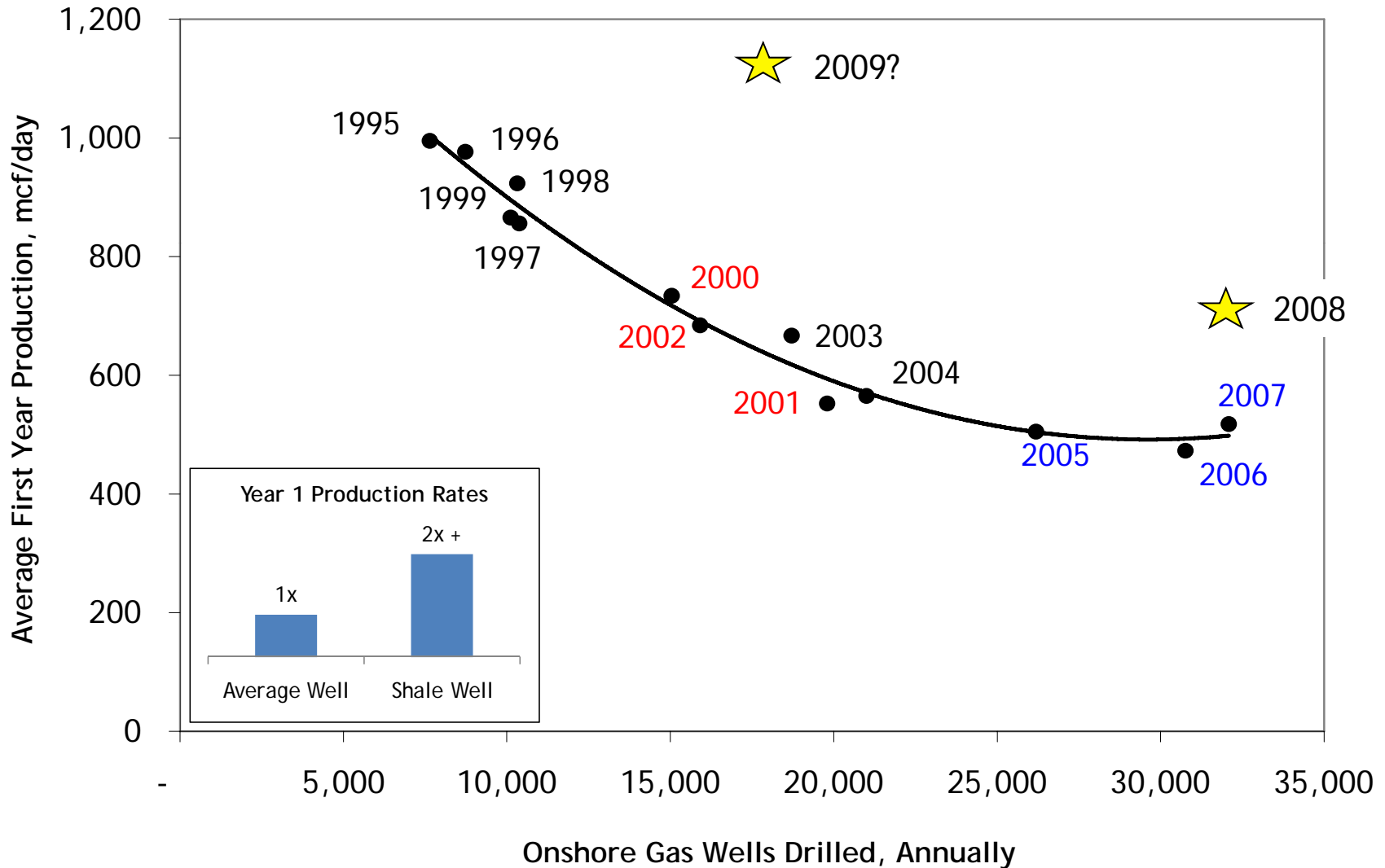
Strong price signal prompted increased E&P investment

Higher activity and application of new technology led to increased production

35% increase in estimated resource driven primarily by reevaluation of shale gas

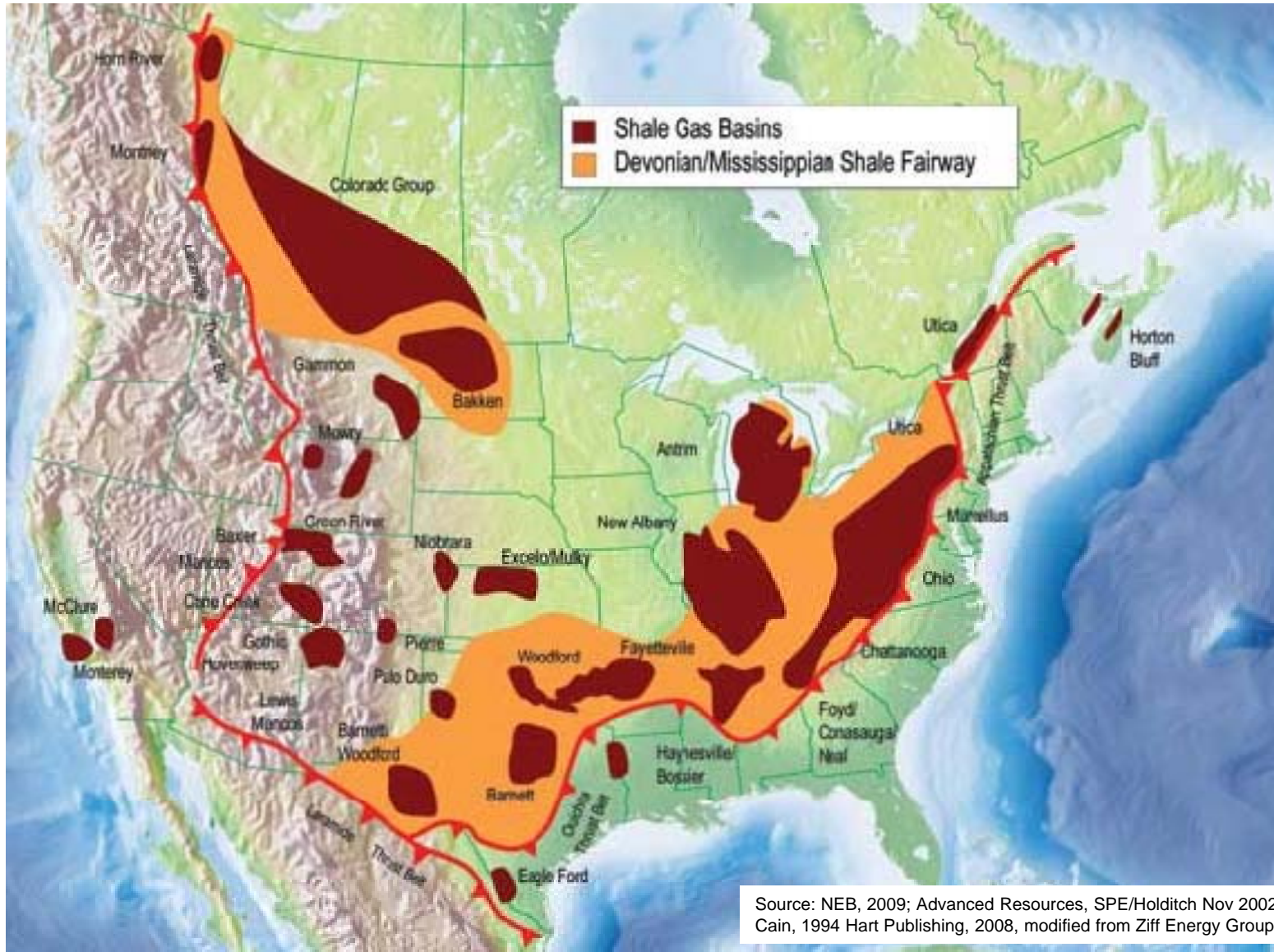


Shale plays have changed the game: higher productivity per well

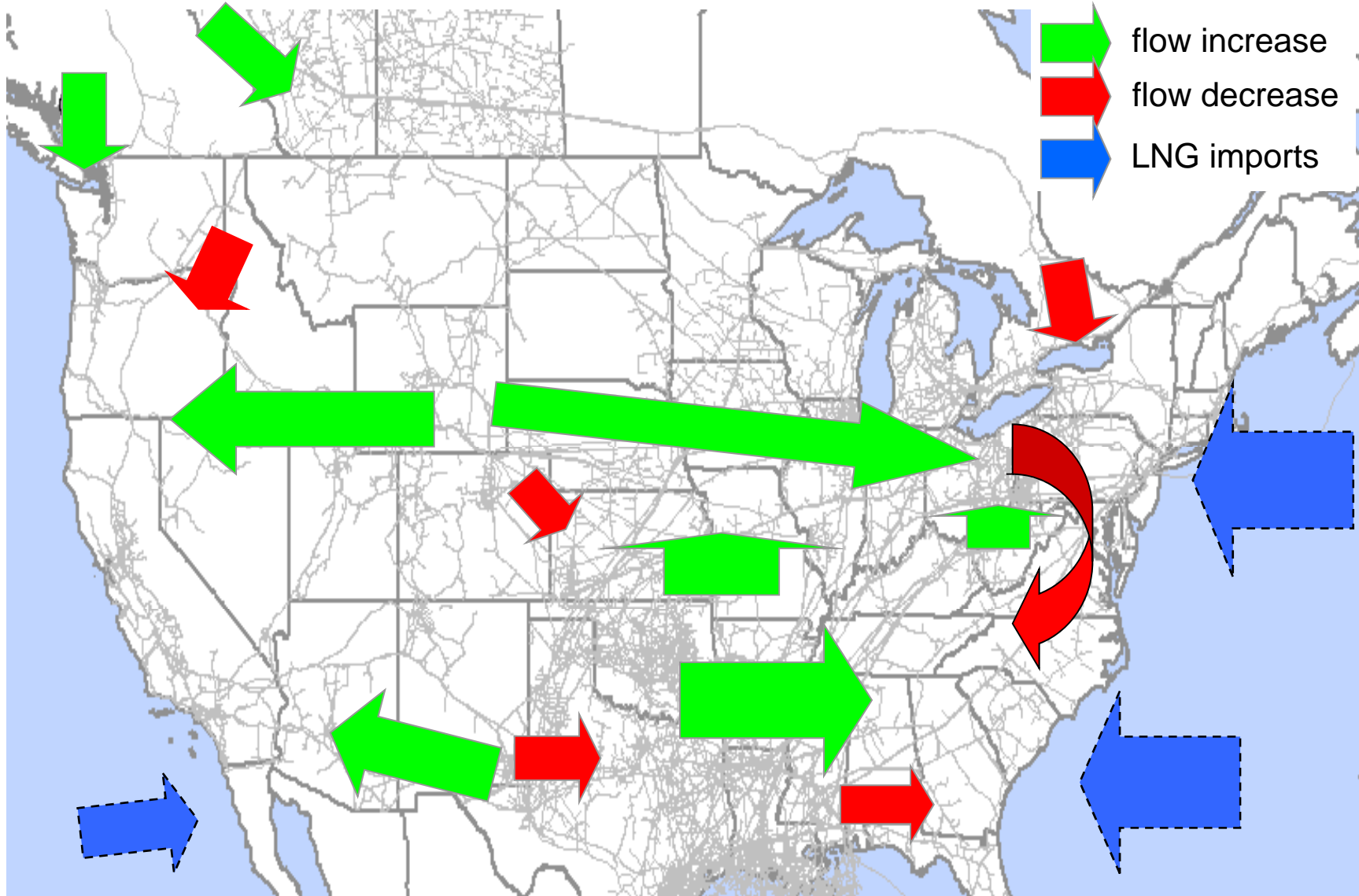


Source: Tudor Pickering Holt, EIA

Shale gas plays: geographically diverse



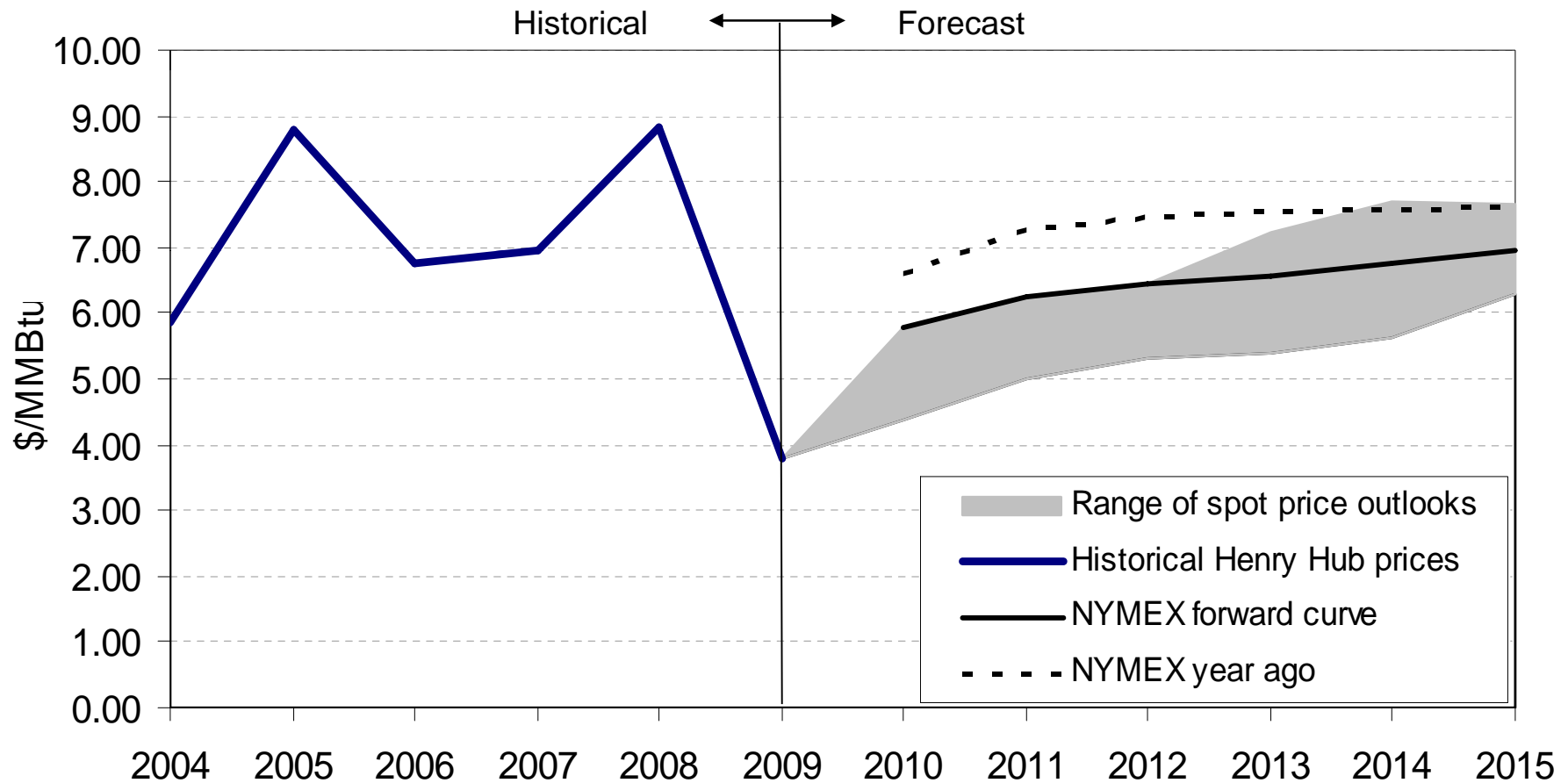
Potential Flow Dynamics



Long-Term Henry Hub Spot Price Outlooks



Source: Various, Feb 8/10



View of gas demand, competing fuels, indigenous gas supply costs, production, and LNG imports will influence long-term outlook of gas prices – many moving parts!

Insights



- North American **market works**: price works to balance supply and demand
- **A quiet revolution** in domestic gas supply – paradigm shift with shale gas resource
- **Unconventional gas** production expected to make up larger share of total supply
- Significant **investment in new infrastructure** necessary to move supply to markets: industry participation is critical
- Long-term price assumptions: *many moving parts!*