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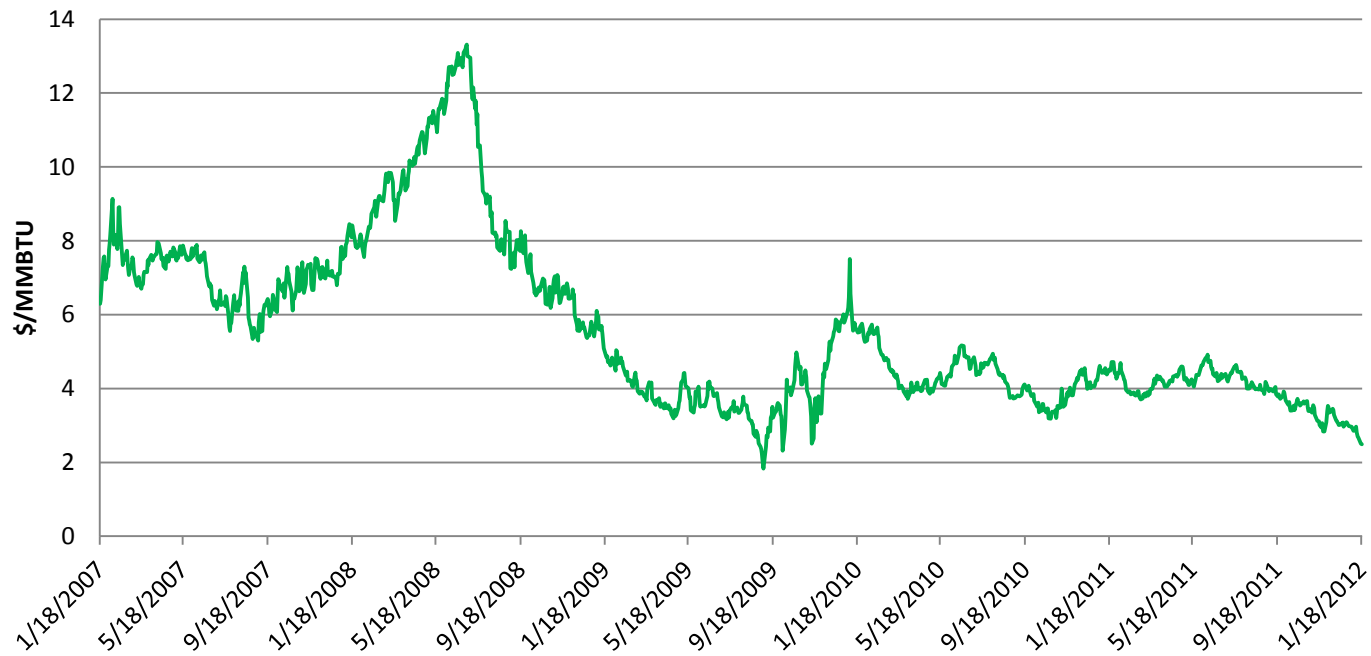
What's Up (or Down) with the Natural Gas Market?

Vancouver January 2012



Henry Hub Spot Price

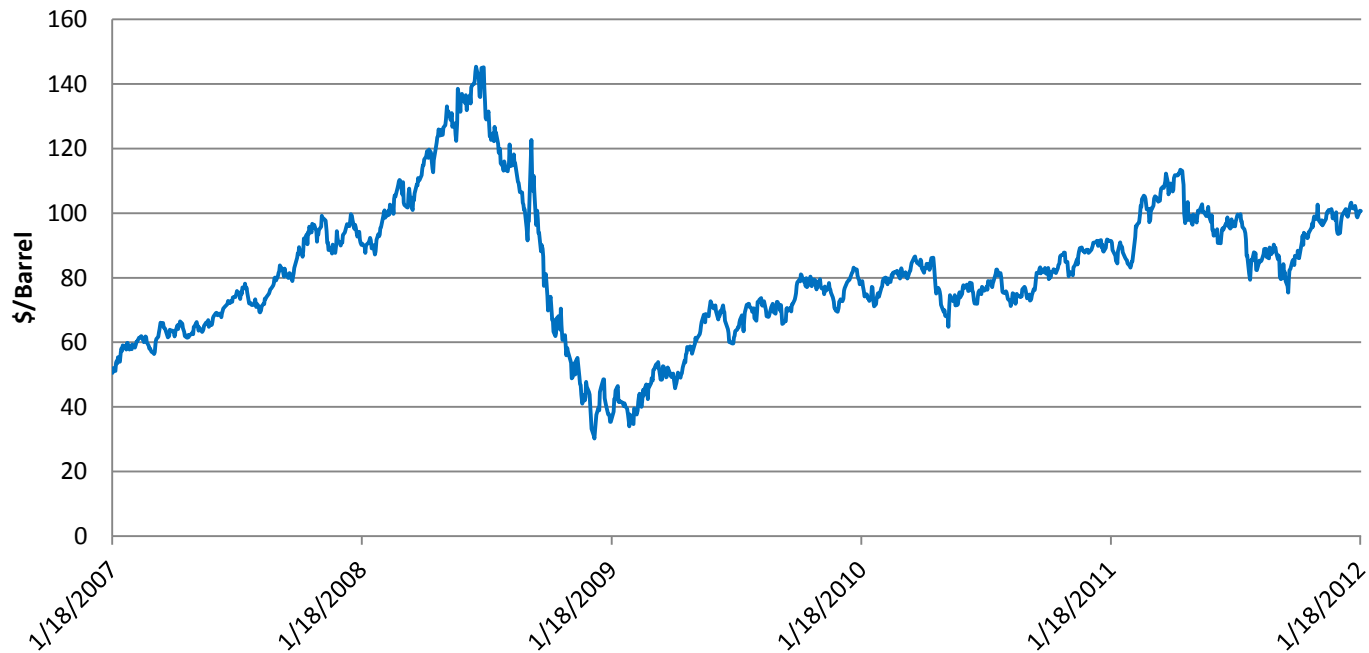
Henry Hub Gulf Coast Natural Gas Spot Price (\$/MMBTU)

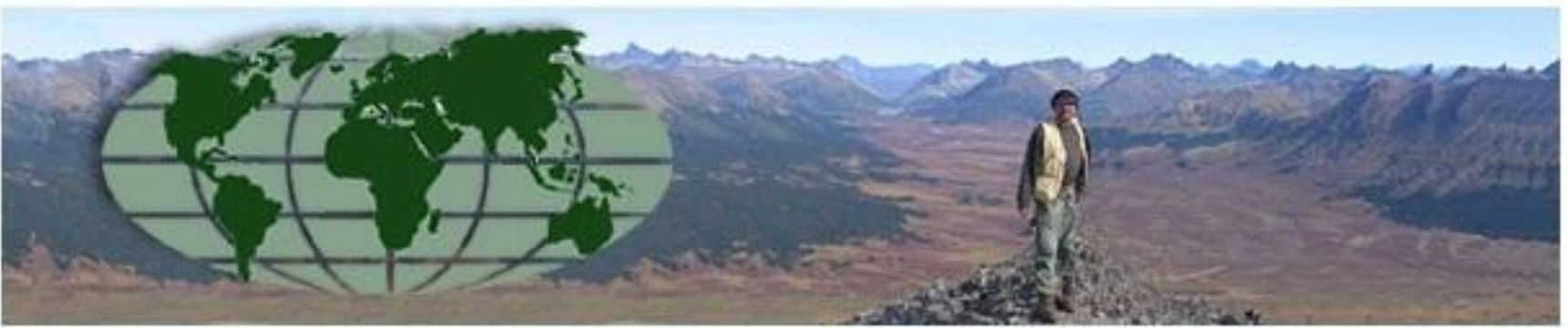




WTI Crude Spot Price

WTI at Cushing (U.S. Dollars Per Barrel)





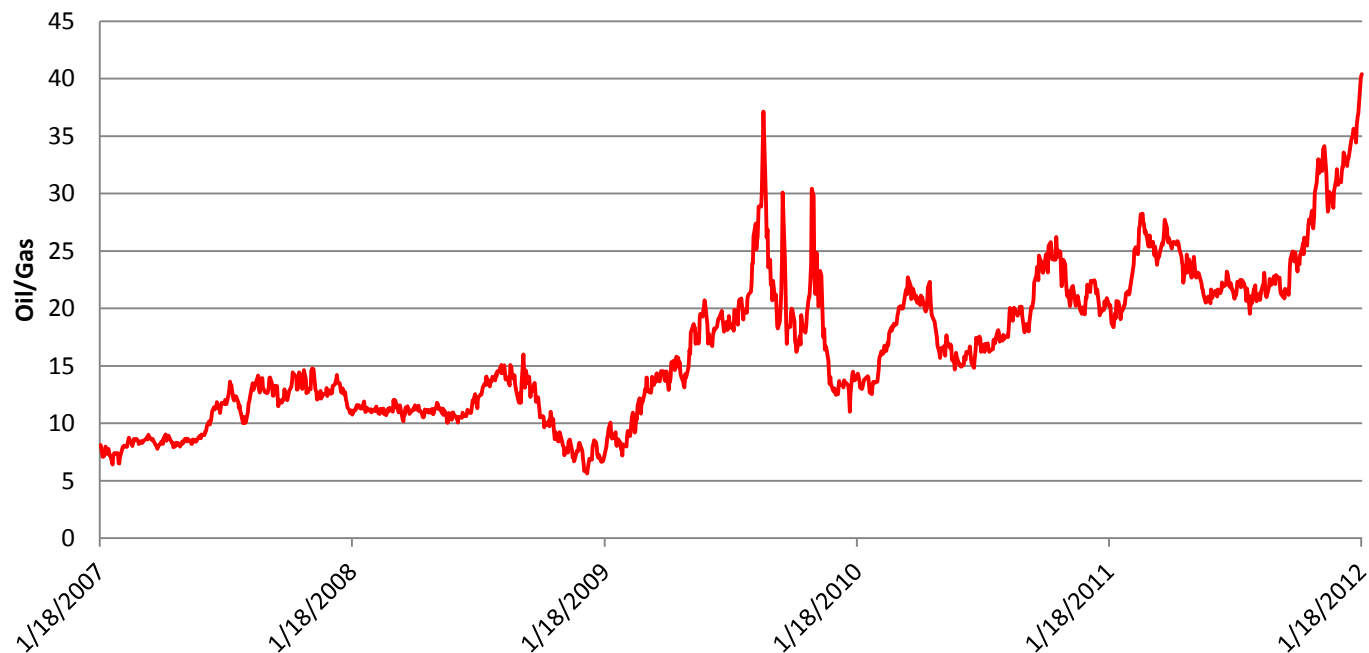
Oil versus Gas : Energy Produced

- 1 Barrel of Oil = 5.6 Mcf of Natural Gas
- Oil and Gas Reserves = Barrel of Oil Equivalent
- BOE for Financial Statements and Resources:
 - IRS = 5.8
 - USGS = 6.0



Oil : Gas Price Ratio

Oil to Gas Ratio





Why is Natural Gas Depressed?

- Shale Gas Technologies
- Low Risk / High Reward
- Transportation Infrastructure
- Storage Capacity



Why is Natural Gas Depressed?

- Processing Capacity
- Power Plant Capacity
- Environmental Opposition
- Land Access



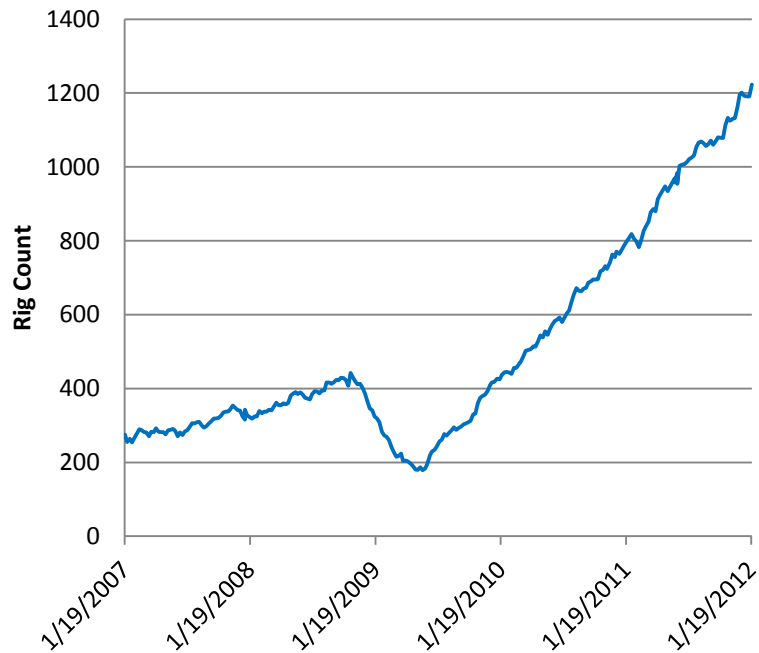
January 2011 – 2012 Price & Rig Counts

- Oil Price: Up 10 %
- Oil Rigs: Up 54 %
- Gas Price: Down 45 %
- Gas Rigs: Down 14 %

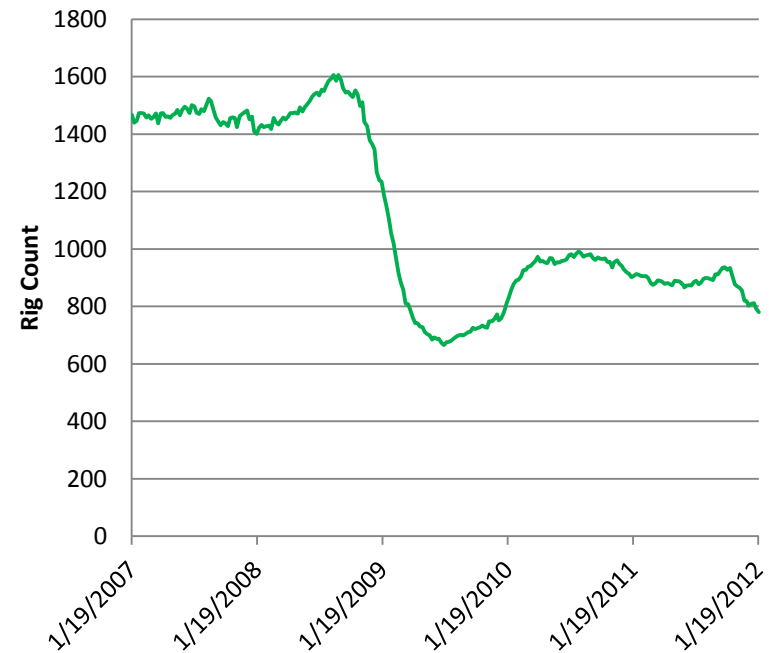


Oil vs Gas Rig Counts

US Oil Rig Count



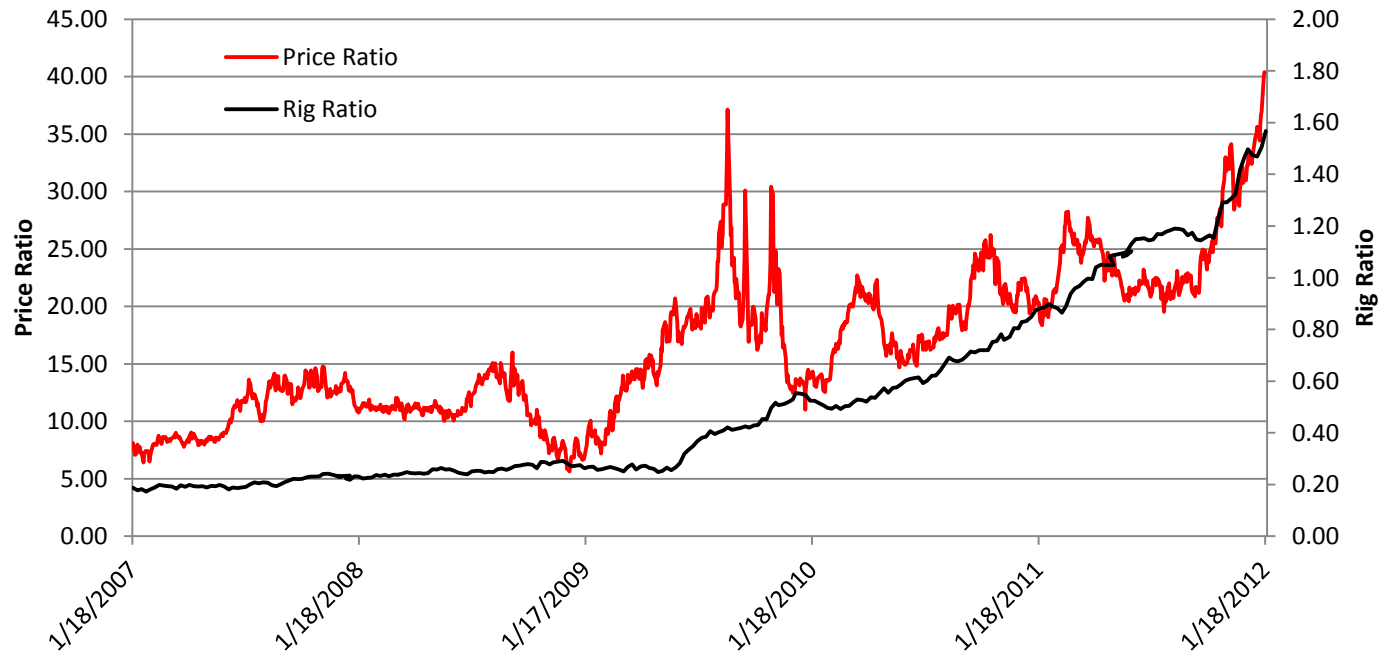
US Gas Rig Count





Oil : Gas Price & Rig Ratios

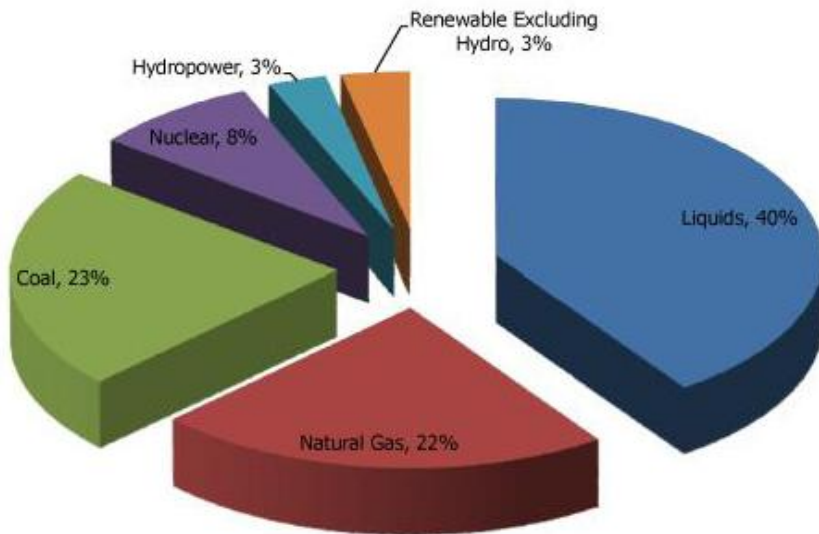
Oil/Gas Price & Rig Ratio





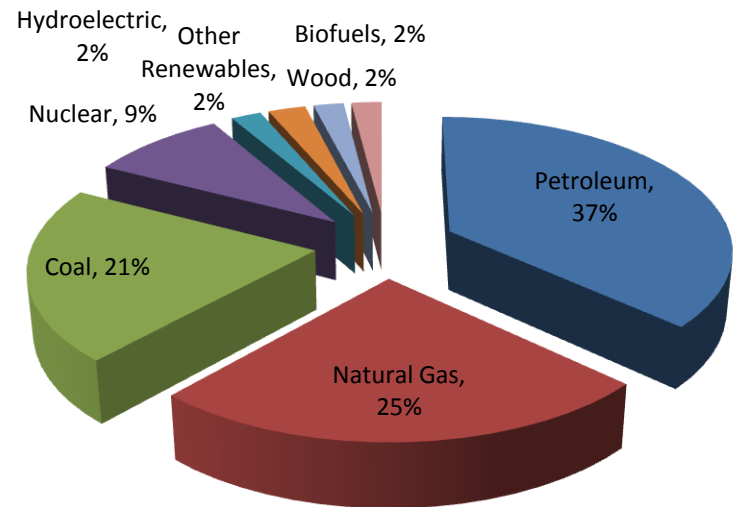
United States Energy Budget

2008



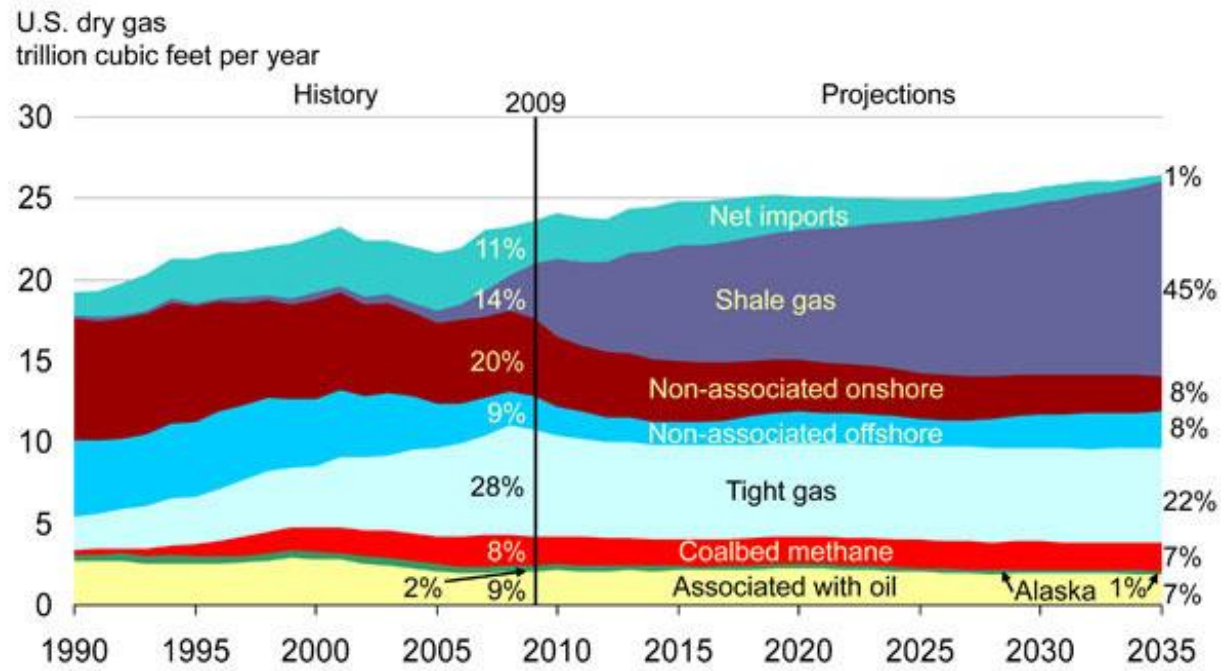
Source: EIA, 2008.

2010





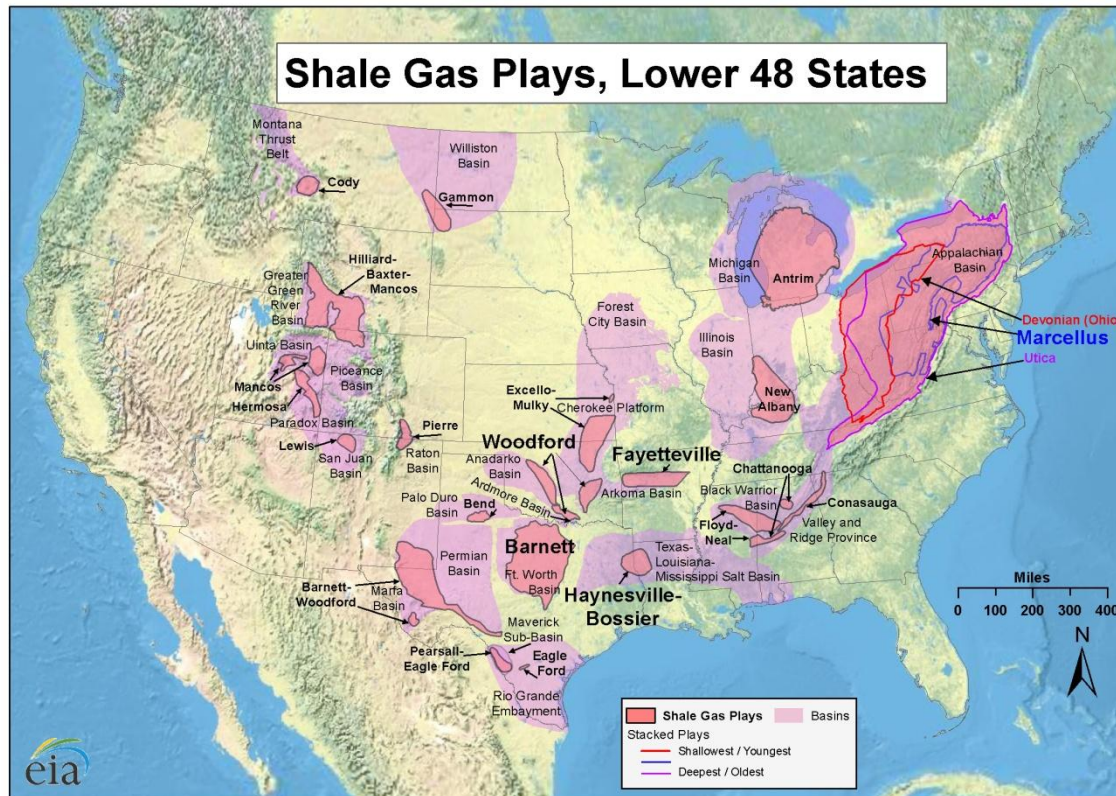
Natural Gas Demand 1990 - 2035



Source: EIA, Annual Energy Outlook 2011



USA Shale Gas Plays





Domestic Natural Gas Demand

- Residential & Commercial Heating: 22 %
- Industrial: 38 %
- Electrical Generation: 37 %
- Transportation: 3 %



United States Natural Gas Resources

- World's Largest Gas Producer
- World's 6th Largest Reserves
- 110 Yrs of Resources at Projected Demand
- Self – Sufficient in Natural Gas



Domestic Energy Imports

- 30 % of Daily Energy Budget
- 9.4 Million Barrels Oil Per Day
- At \$ 100 / bbl = \$940 Million Per Day
- \$343 Billion Per Year



USA Energy Independence

- Uranium
- Natural Gas
- Coal
- Renewable / Green



Monday Morning Musings from Mickey the Mercenary Geologist





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