

The U.S. Natural Gas Market in Focus

Current and Projected Supply and Demand Conditions



for

Flame 2012

April 17, 2012 | Amsterdam, The Netherlands

by

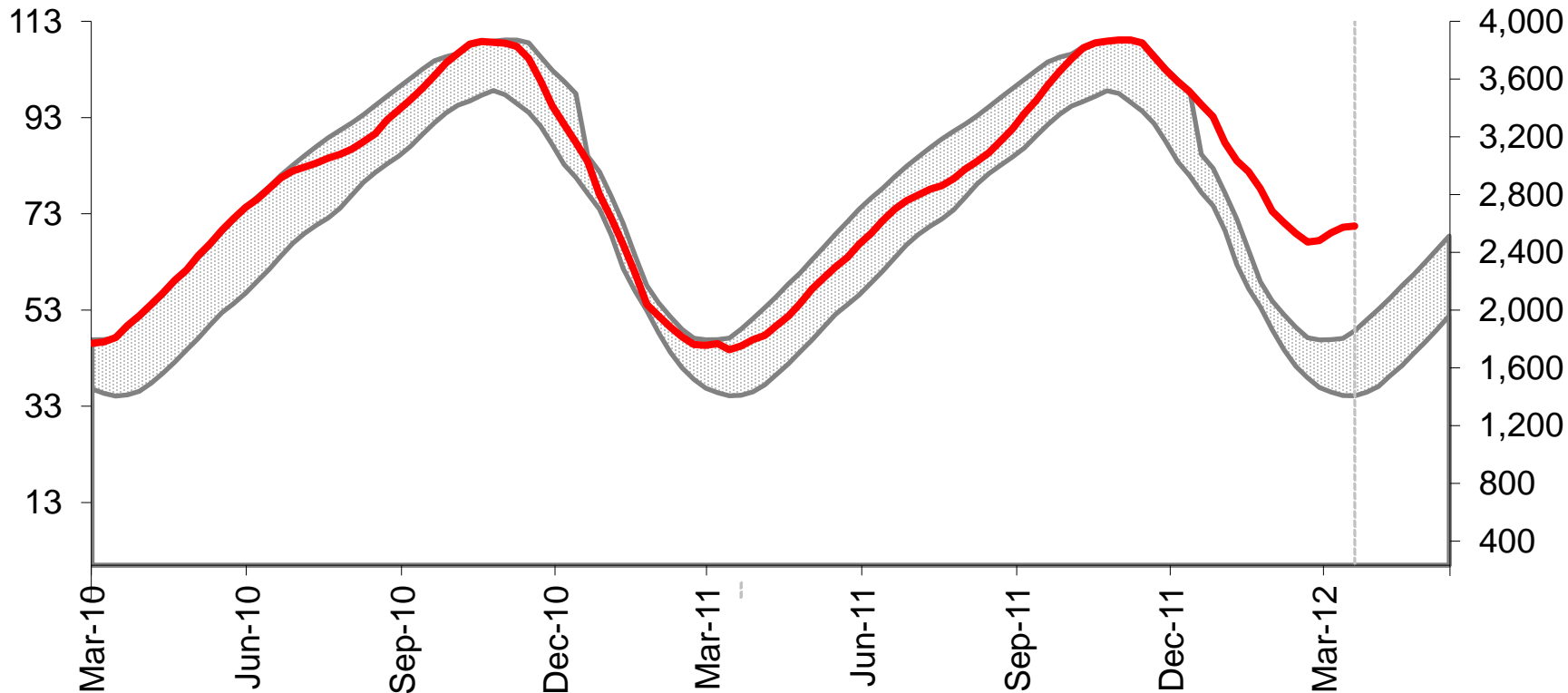
Howard Gruenspecht, Acting Administrator

U.S. natural gas storage has reached an unprecedented high for this time of year

Working Gas in Underground Storage Compared with 5-Year Range

Billion Cubic Meters

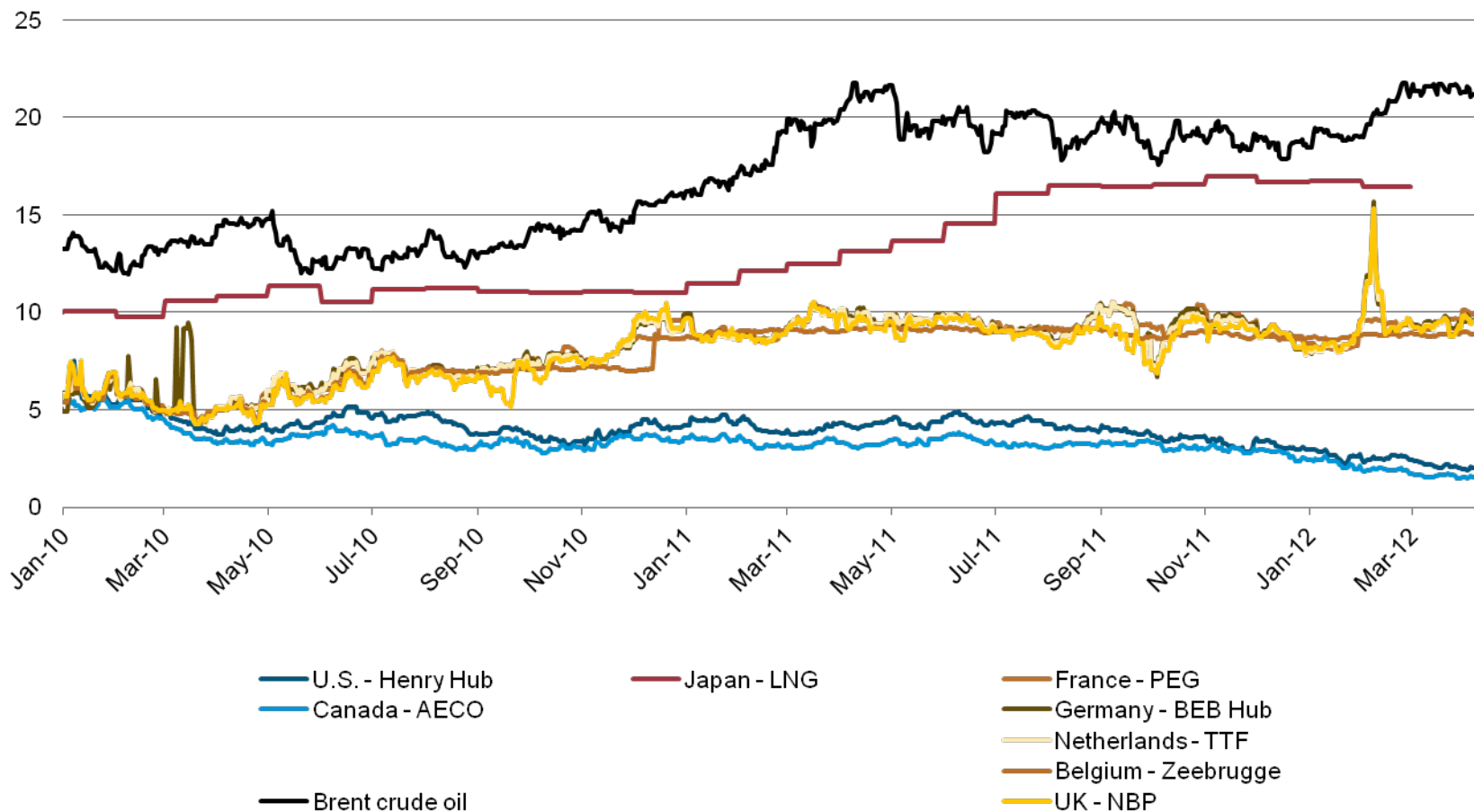
Billion Cubic Feet



Source: EIA Weekly Natural Gas Storage Report as of April 6, 2012

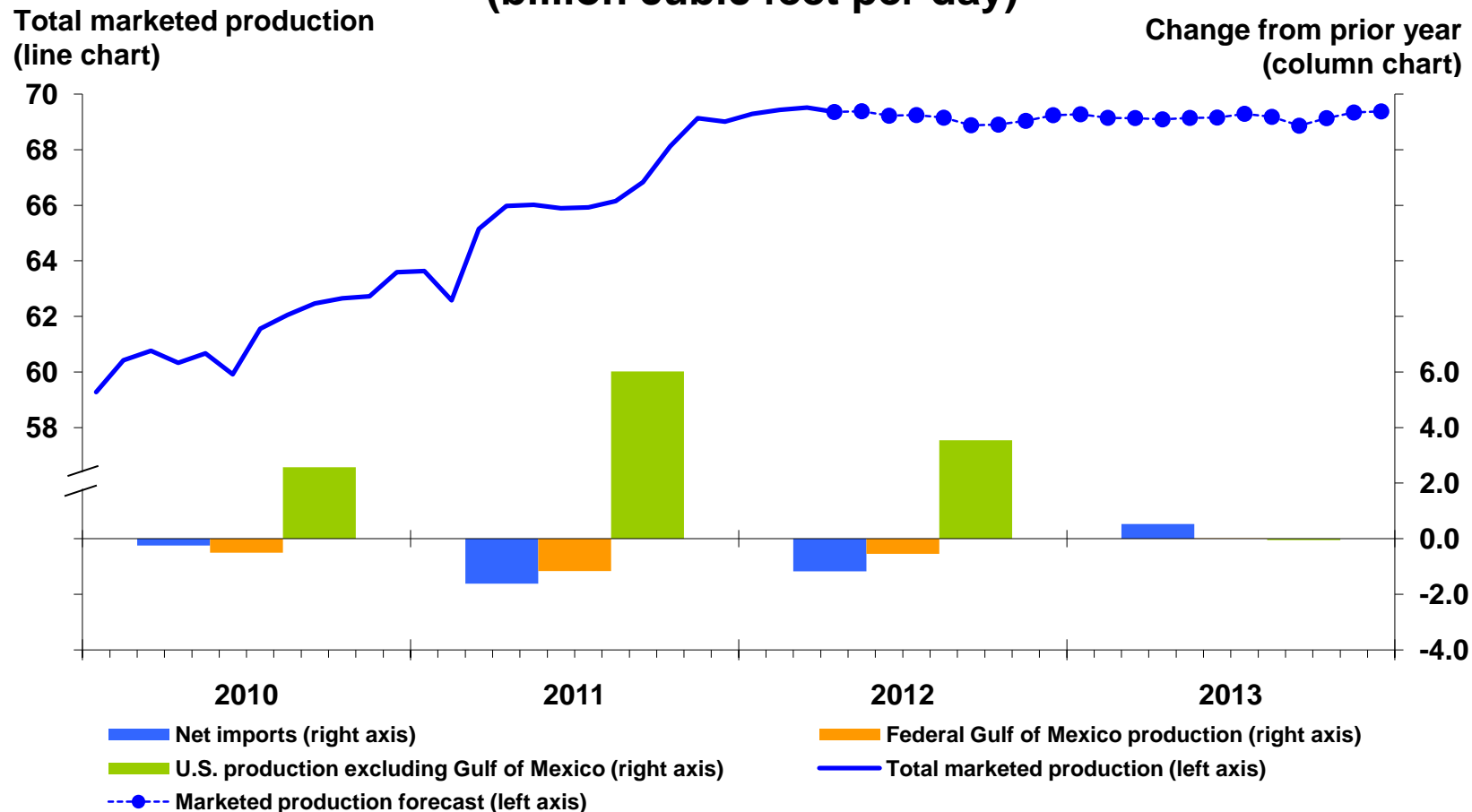
U.S. natural gas spot prices are very low compared to prices in other regions and oil prices

Global spot natural gas and crude oil prices with average monthly LNG prices in Japan
U.S. dollars per million British thermal unit



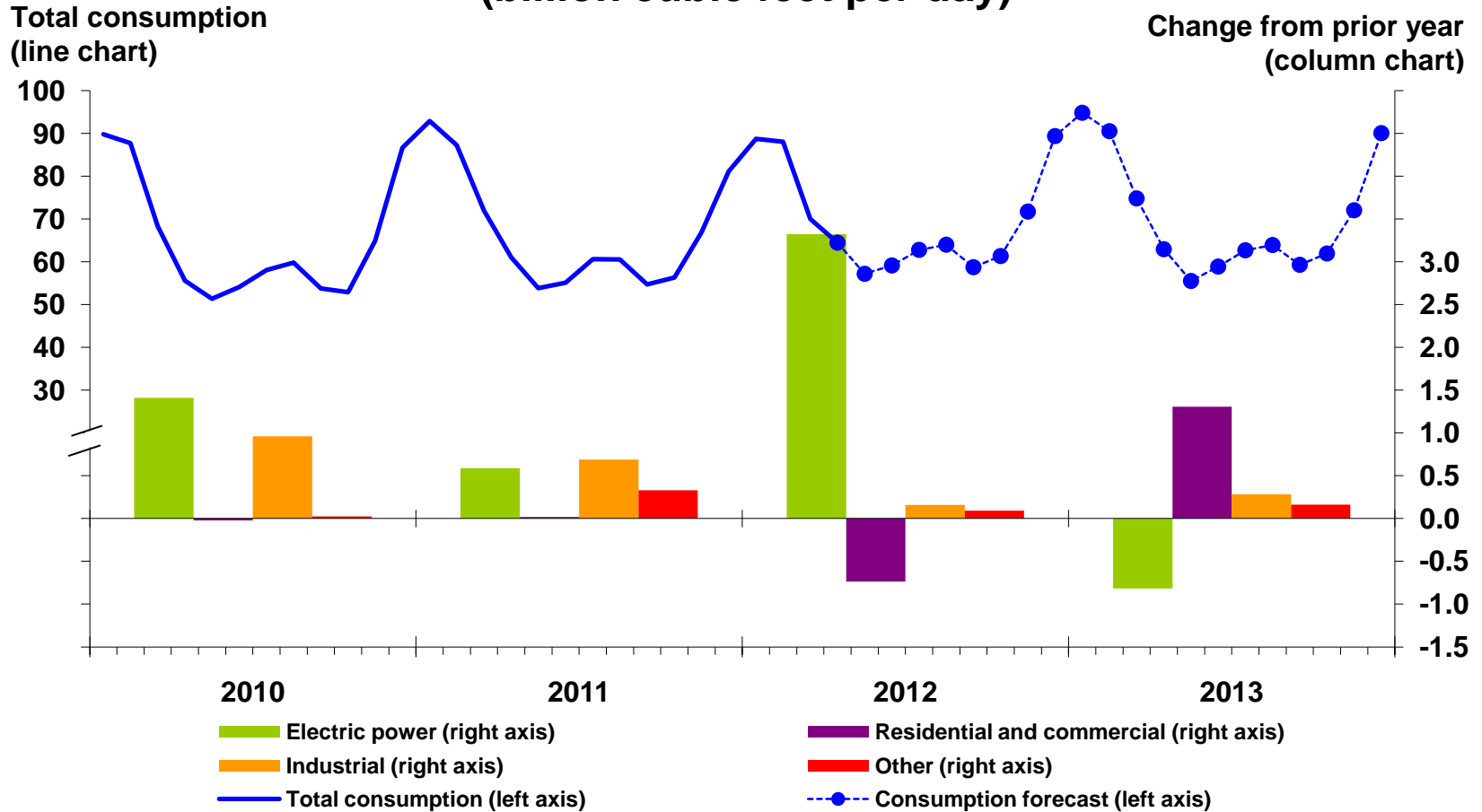
Sources: EIA, Bloomberg, as of April 10, 2012

U.S. Natural Gas Production and Imports (billion cubic feet per day)



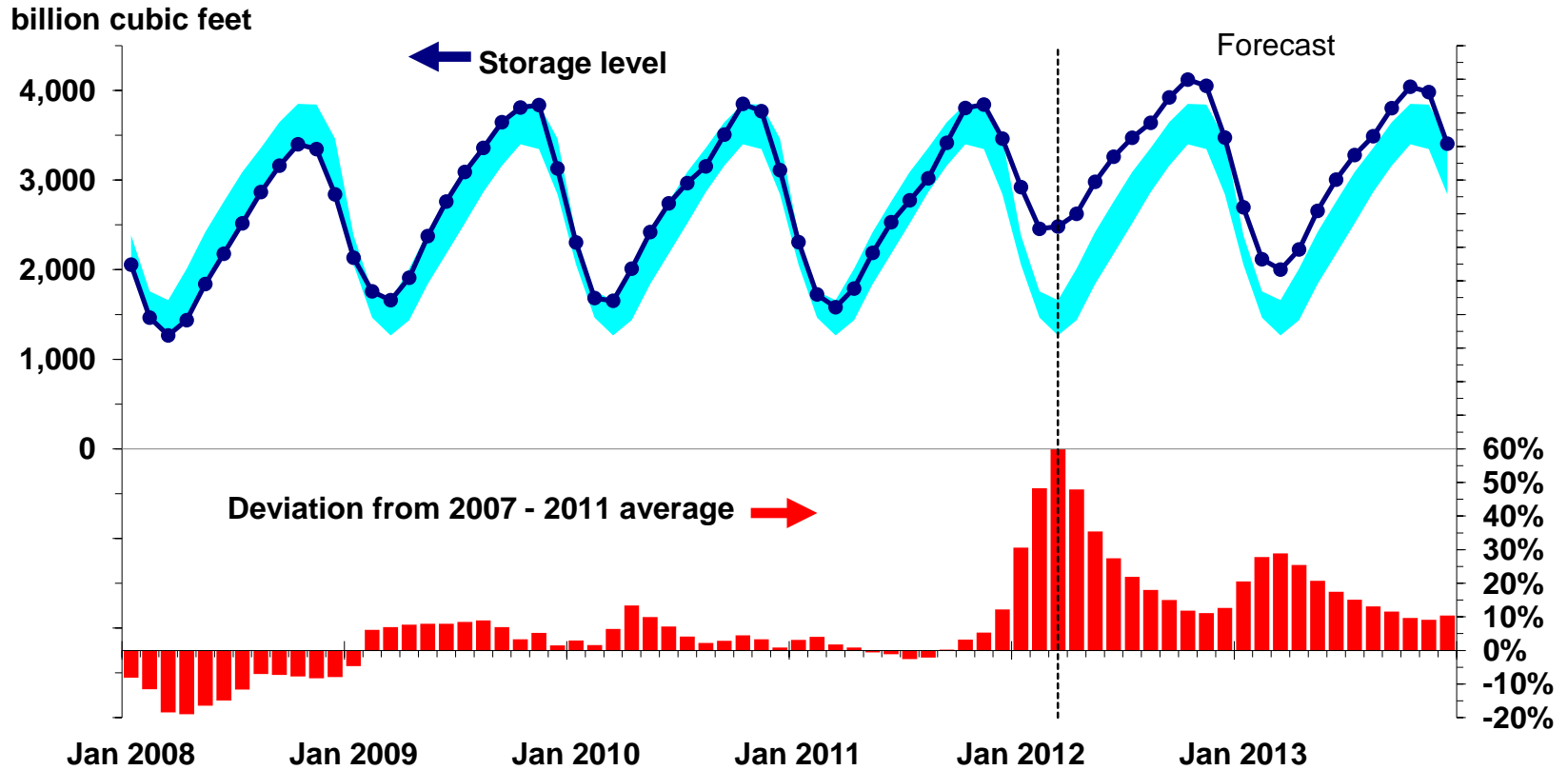
Source: Short-Term Energy Outlook, April 2012

U.S. Natural Gas Consumption (billion cubic feet per day)



Source: Short-Term Energy Outlook, April 2012

U.S. Working Natural Gas in Storage

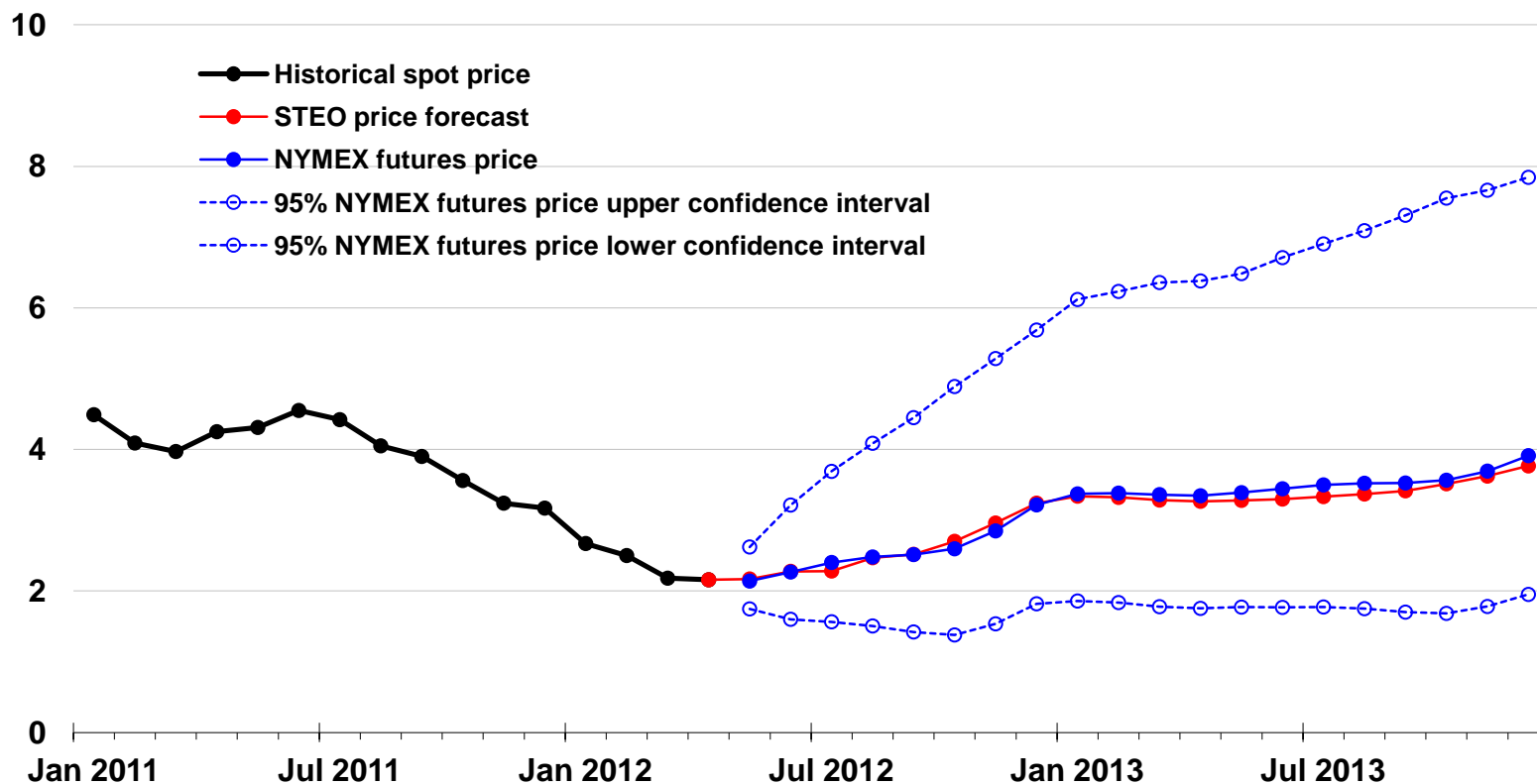


Note: Colored band around storage levels represents the range between the minimum and maximum from Jan. 2007 - Dec. 2011.

Source: Short-Term Energy Outlook, April 2012

Henry Hub Natural Gas Price

dollars per million Btu



Note: Confidence interval derived from options market information for the 5 trading days ending April 5, 2012
Intervals not calculated for months with sparse trading in "near-the-money" options contracts

Source: Short-Term Energy Outlook, April 2012

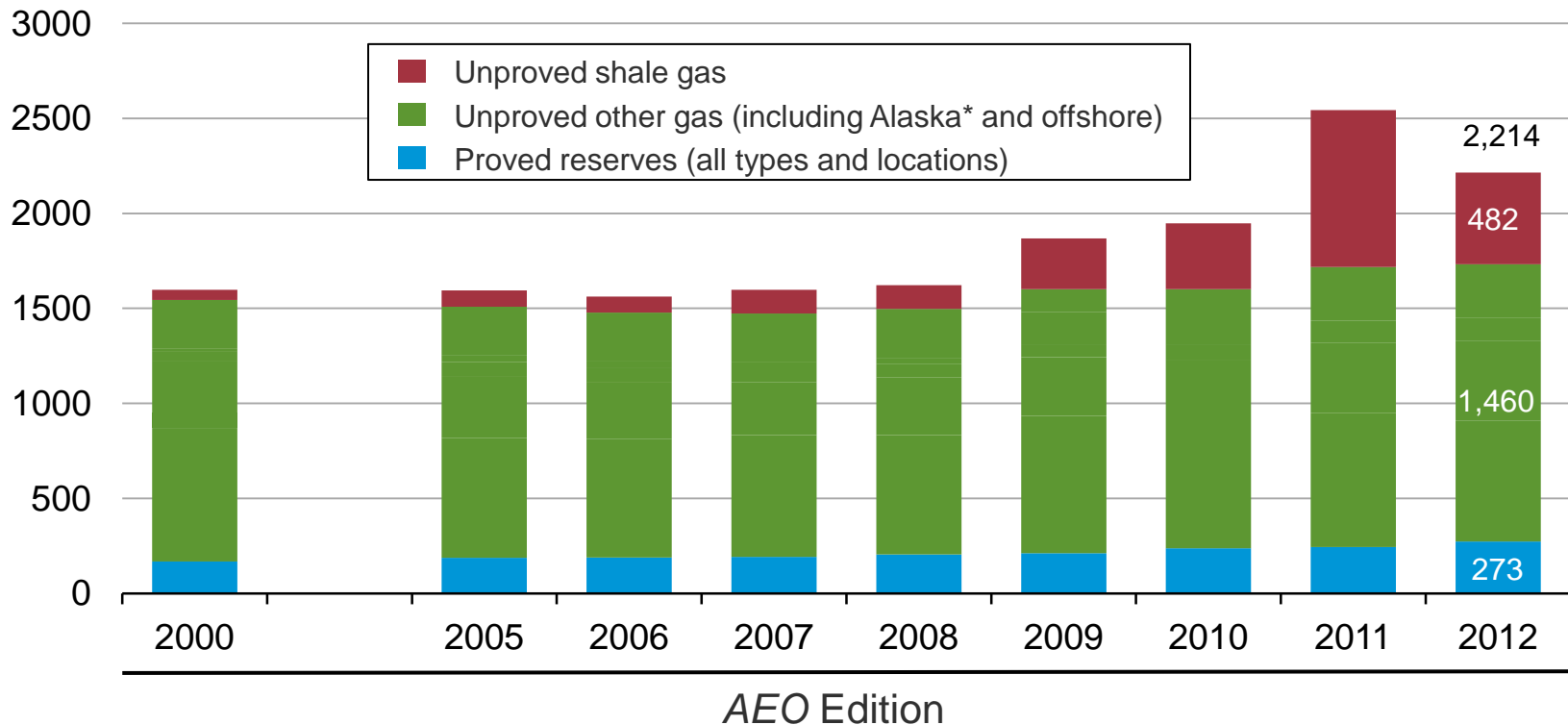
Foreign joint venture investment in U.S. shale gas and tight oil plays

Foreign Partner	Country	Domestic Partner	Shale Play	Amount (\$B)	Year
British Petroleum	UK	Chesapeake	Woodford	1.70	2008
British Gas	UK	EXCO	Marcellus	0.95	2009
StatoilHydro	Norway	Chesapeake	Marcellus	3.38	2009
Reliance	India	Pioneer	Eagle Ford	1.36	2010
Reliance	India	Atlas	Marcellus	1.70	2010
Reliance	India	Carrizo	Marcellus	0.39	2010
Total	France	Chesapeake	Barnett	2.25	2010
CNOOC	China	Chesapeake	Niobrara	0.57	2010
British Gas	UK	EXCO	Haynesville	1.30	2010
Mitsui	Japan	Anadarko	Marcellus	1.40	2010
CNOOC	China	Chesapeake	Eagle Ford	1.08	2011
KNOC	Korea	Anadarko	Eagle Ford	1.55	2011
Marubeni	Japan	Marathon	Niobrara	0.27	2011
Mitsui	Japan	SM Energy	Eagle Ford	0.68	2011
GAIL	India	Carrizo	Eagle Ford	0.10	2011
Total	France	Chesapeake/EnerVest	Utica	2.30	2012
Sinopec	China	Devon	TMS, Niobrara, Utica	2.20	2012
Marubeni	Japan	Hunt Oil	Eagle Ford	1.30	2012
Total.....				24.82	

Source: EIA, from trade press reports as of 27 February 2012

Technically recoverable natural gas resources reflect updated assessments

U.S. dry gas resources
trillion cubic feet

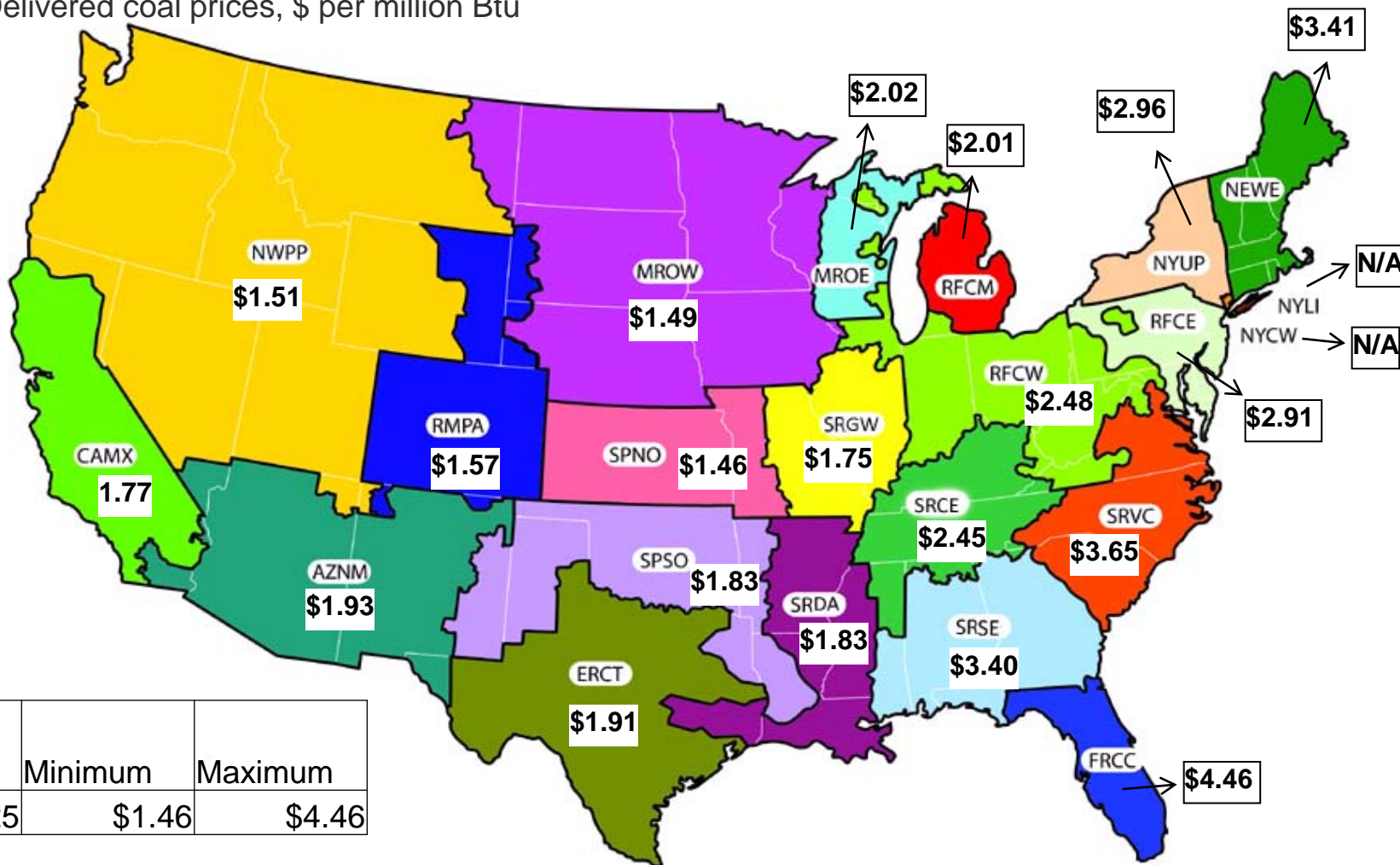


*Alaska resource estimates prior to AEO2009 reflect resources from the North Slope that were not included in previously published documentation.

Source: EIA, Annual Energy Outlook

The average delivered price of coal to electricity generators varies widely across U.S. regions – transport costs are a key reason

2010 Delivered coal prices, \$ per million Btu

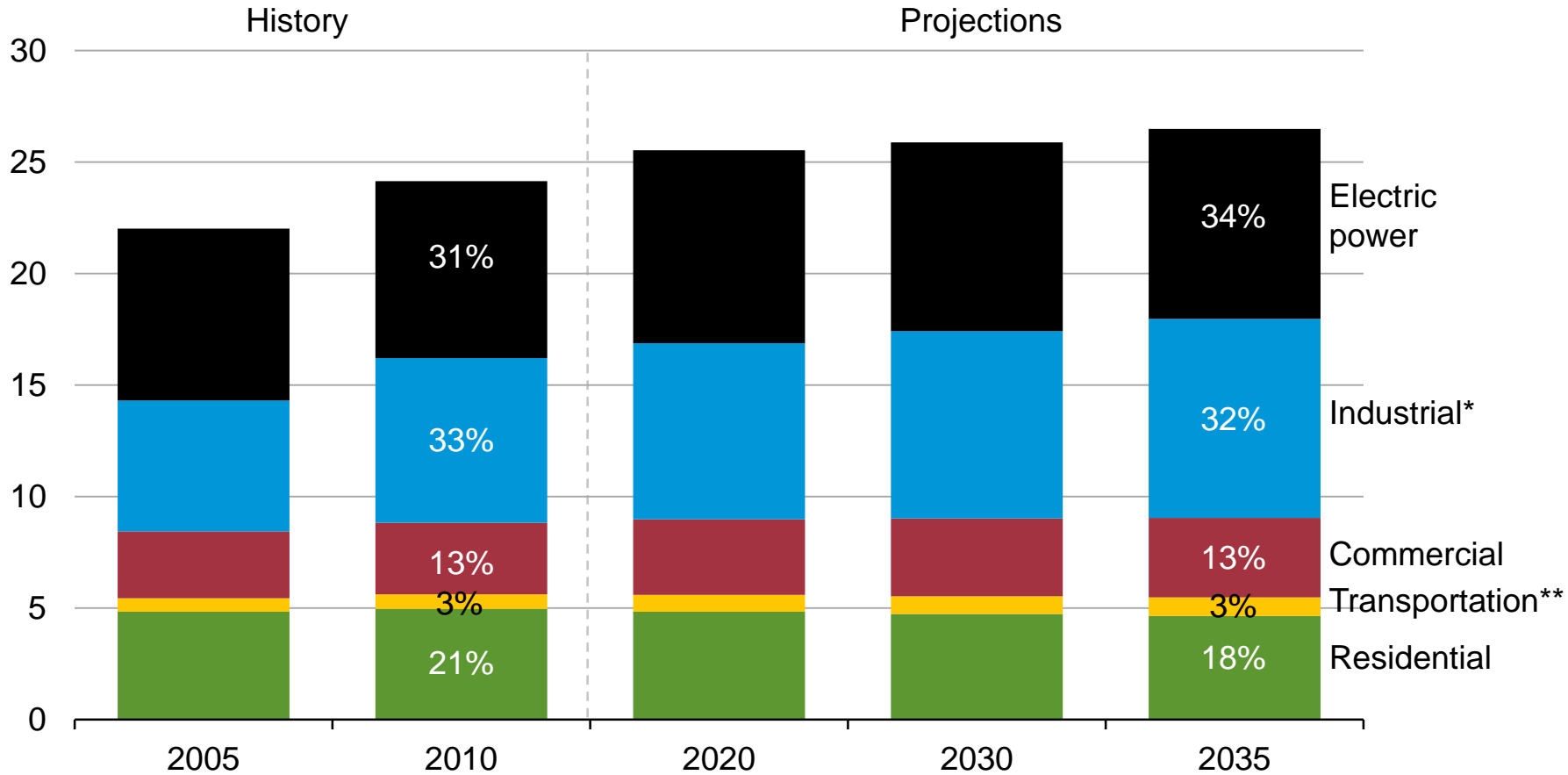


National Average	Minimum	Maximum
\$2.25	\$1.46	\$4.46

Source: EIA, Annual Energy Outlook 2012 Early Release

Natural gas consumption is quite dispersed; electric power and industrial use drives much of the future demand growth

U.S. dry gas consumption
trillion cubic feet per year



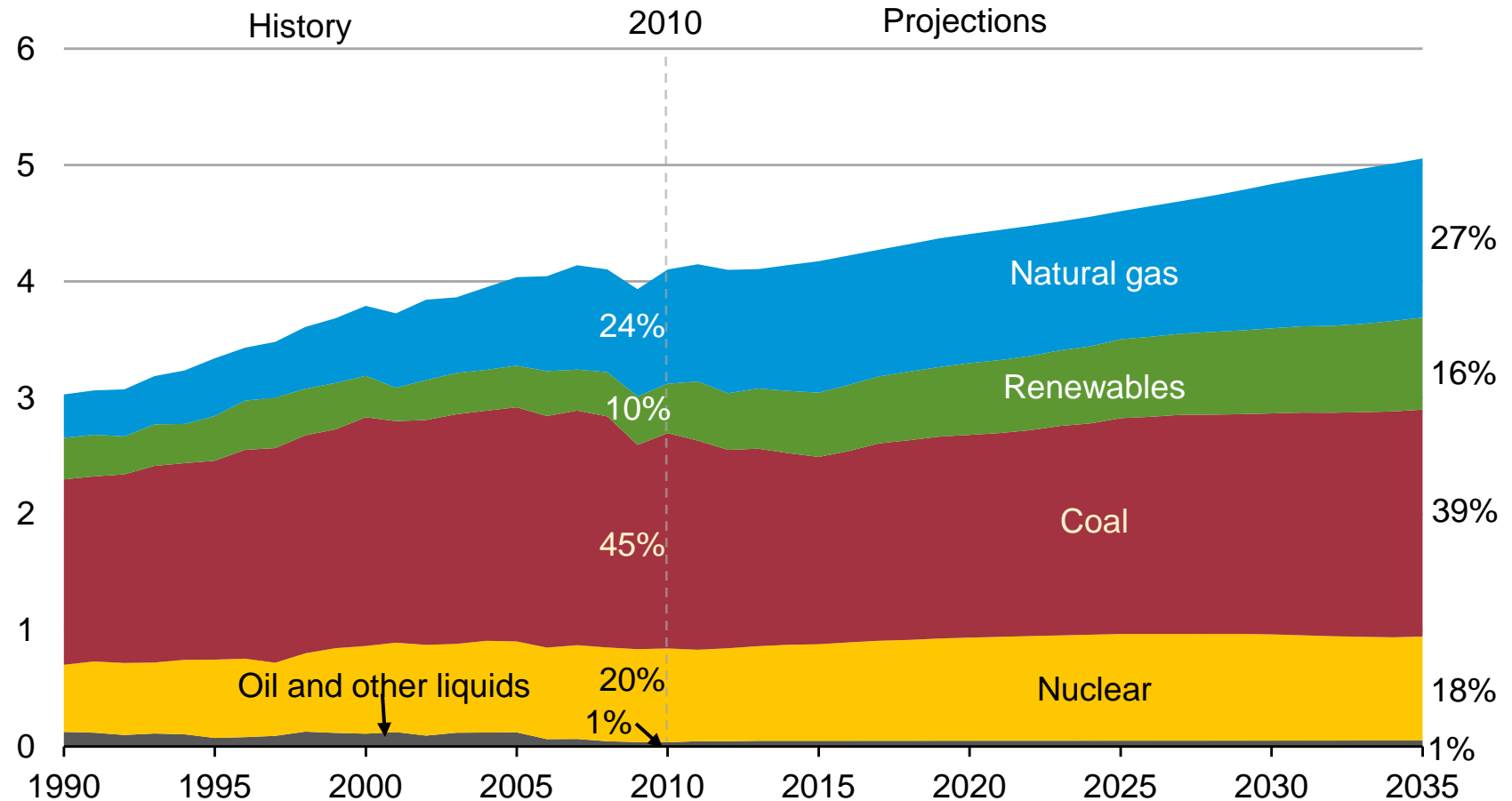
*Includes combined heat-and-power and lease and plant fuel. **Includes pipeline fuel.

Source: EIA, Annual Energy Outlook 2012 Early Release

Electricity mix gradually shifts to lower-carbon options, led by growth in renewables and natural gas

electricity net generation

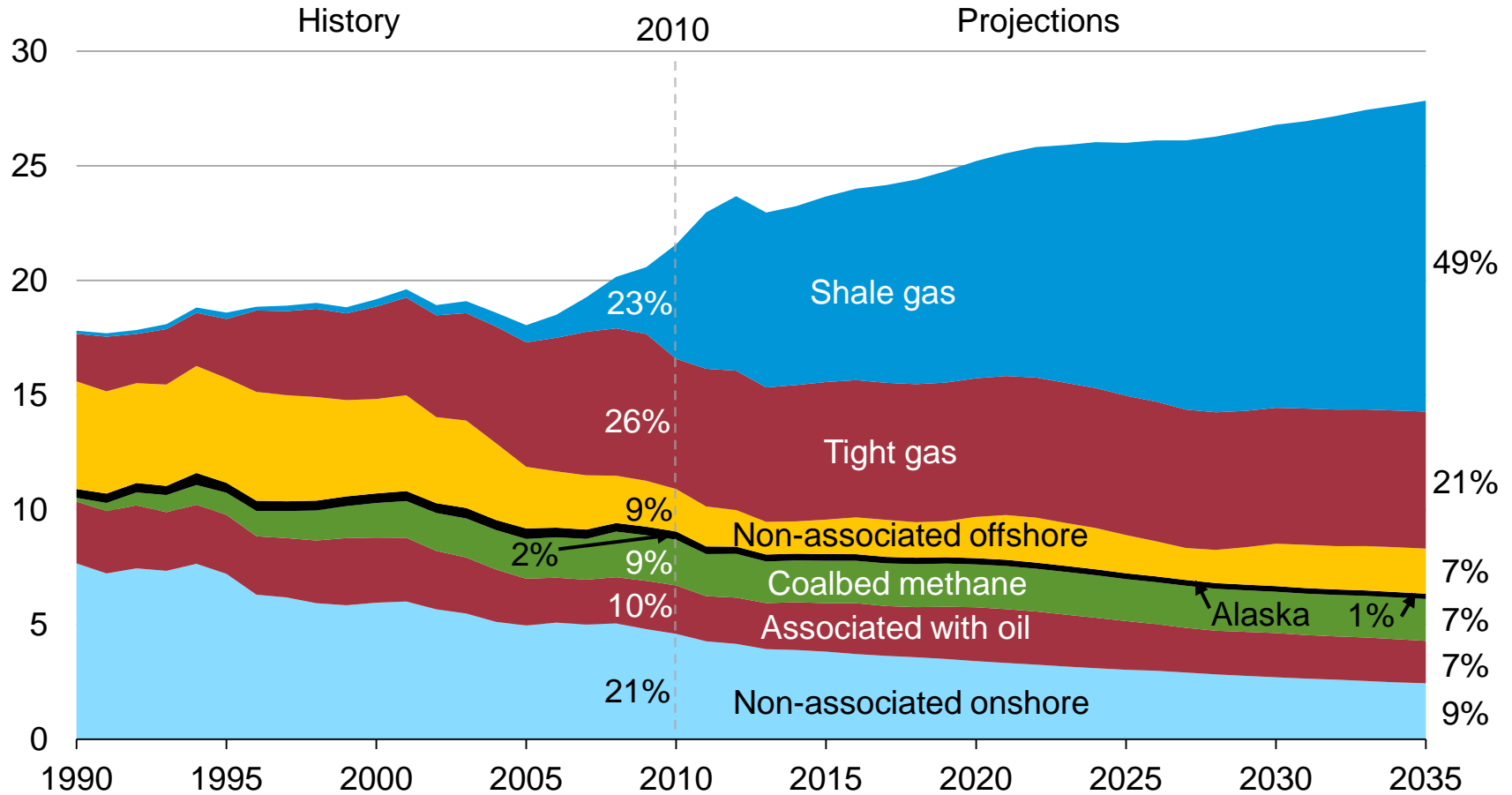
trillion kilowatthours per year



Source: EIA, Annual Energy Outlook 2012 Early Release

Shale gas offsets declines in other U.S. natural gas production sources

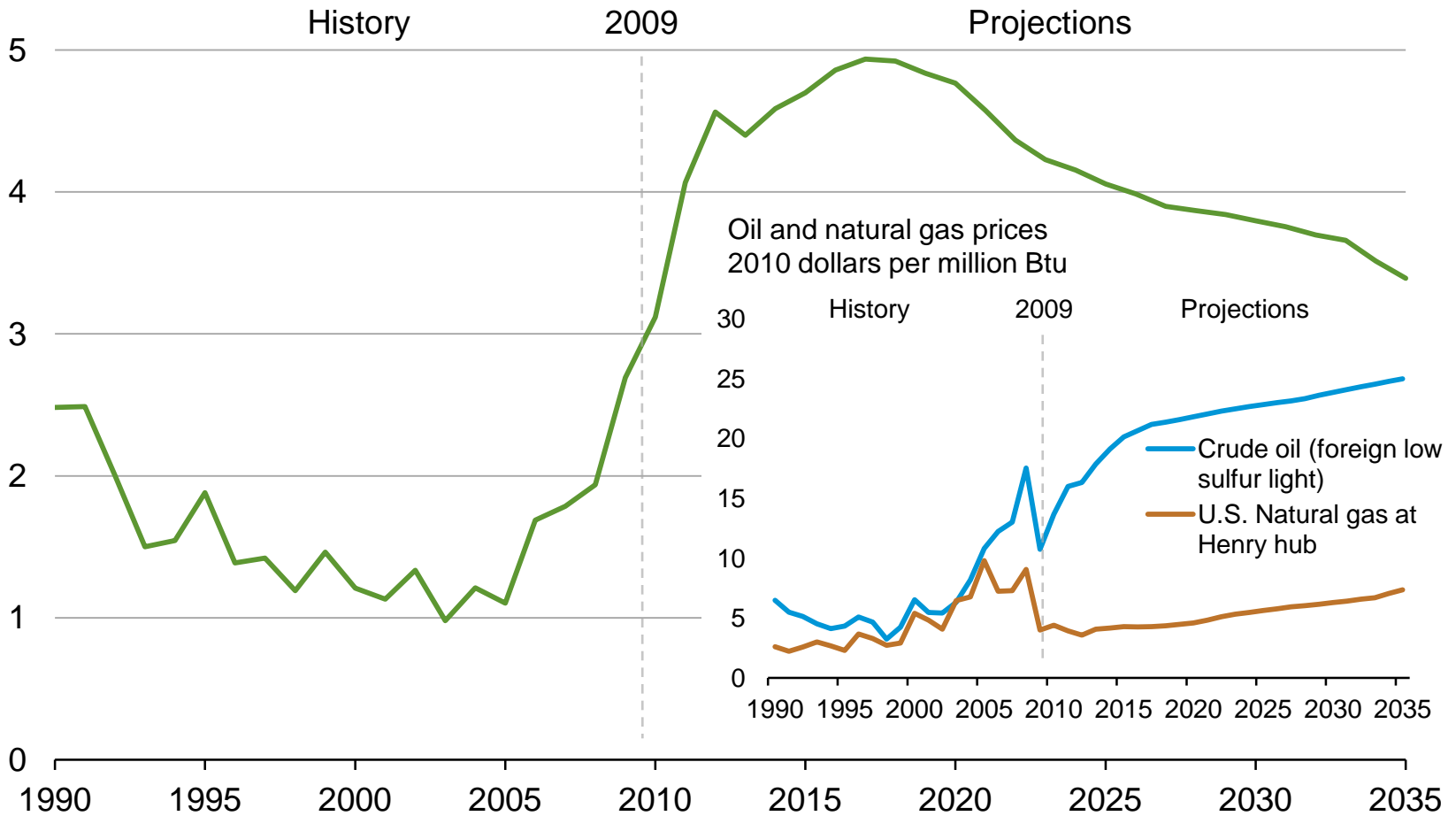
U.S. dry gas production
trillion cubic feet per year



Source: EIA, Annual Energy Outlook 2012 Early Release

Oil to natural gas price ratio remains high over the projection

ratio of oil price to natural gas price

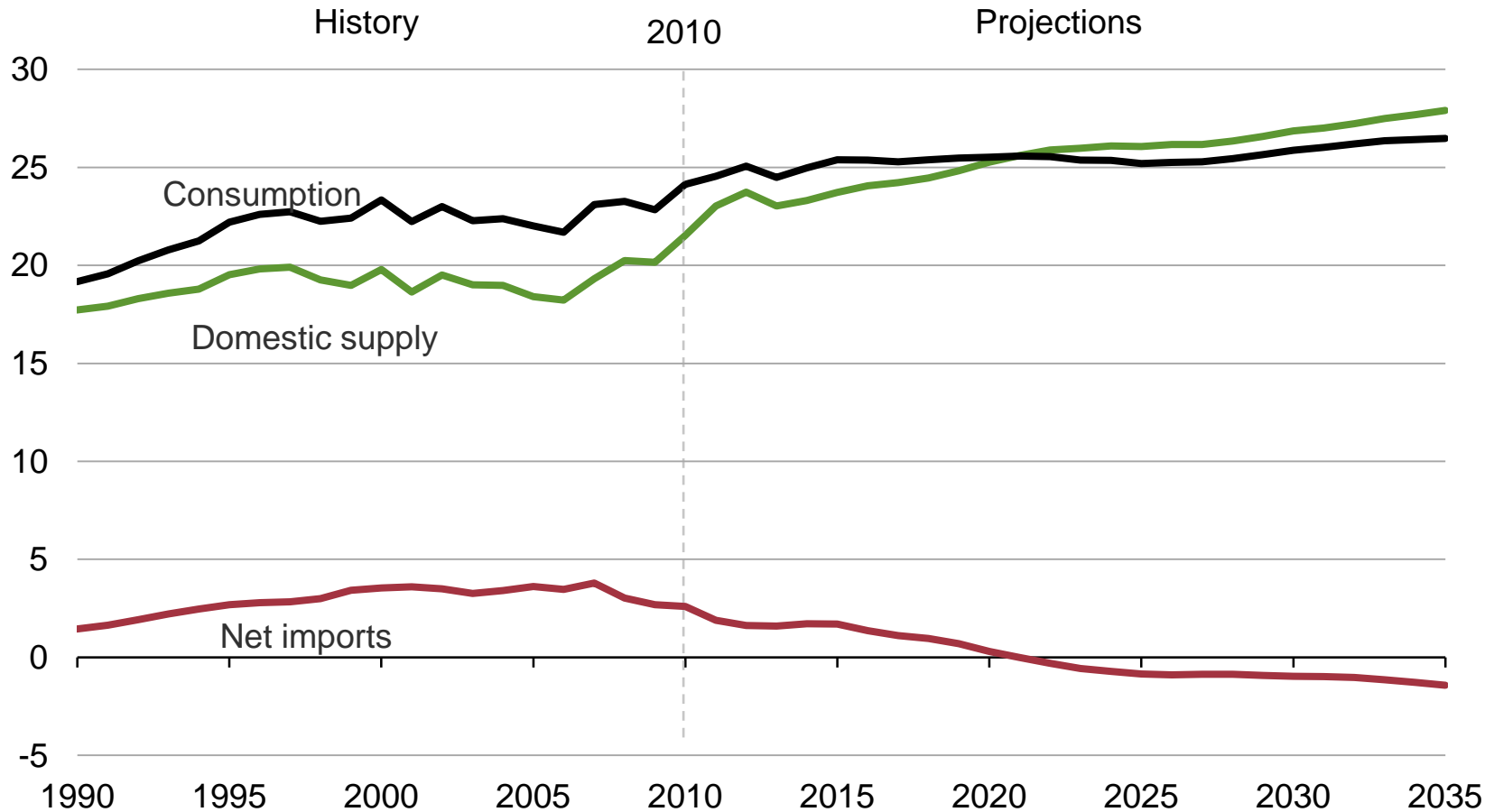


Source: EIA, Annual Energy Outlook 2012 Reference Case

Domestic natural gas production grows faster than consumption

U.S. dry gas

trillion cubic feet per year



Source: EIA, Annual Energy Outlook 2012 Early Release

For more information

U.S. Energy Information Administration home page | www.eia.gov

Short-Term Energy Outlook | www.eia.gov/steo

Annual Energy Outlook | www.eia.gov/aeo

International Energy Outlook | www.eia.gov/ieo

Monthly Energy Review | www.eia.gov/mer

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