

NATURAL GAS UPDATE

Natural Gas Staff Subcommittee NARUC Winter Meeting

**February 18, 2007
Washington, D.C.**

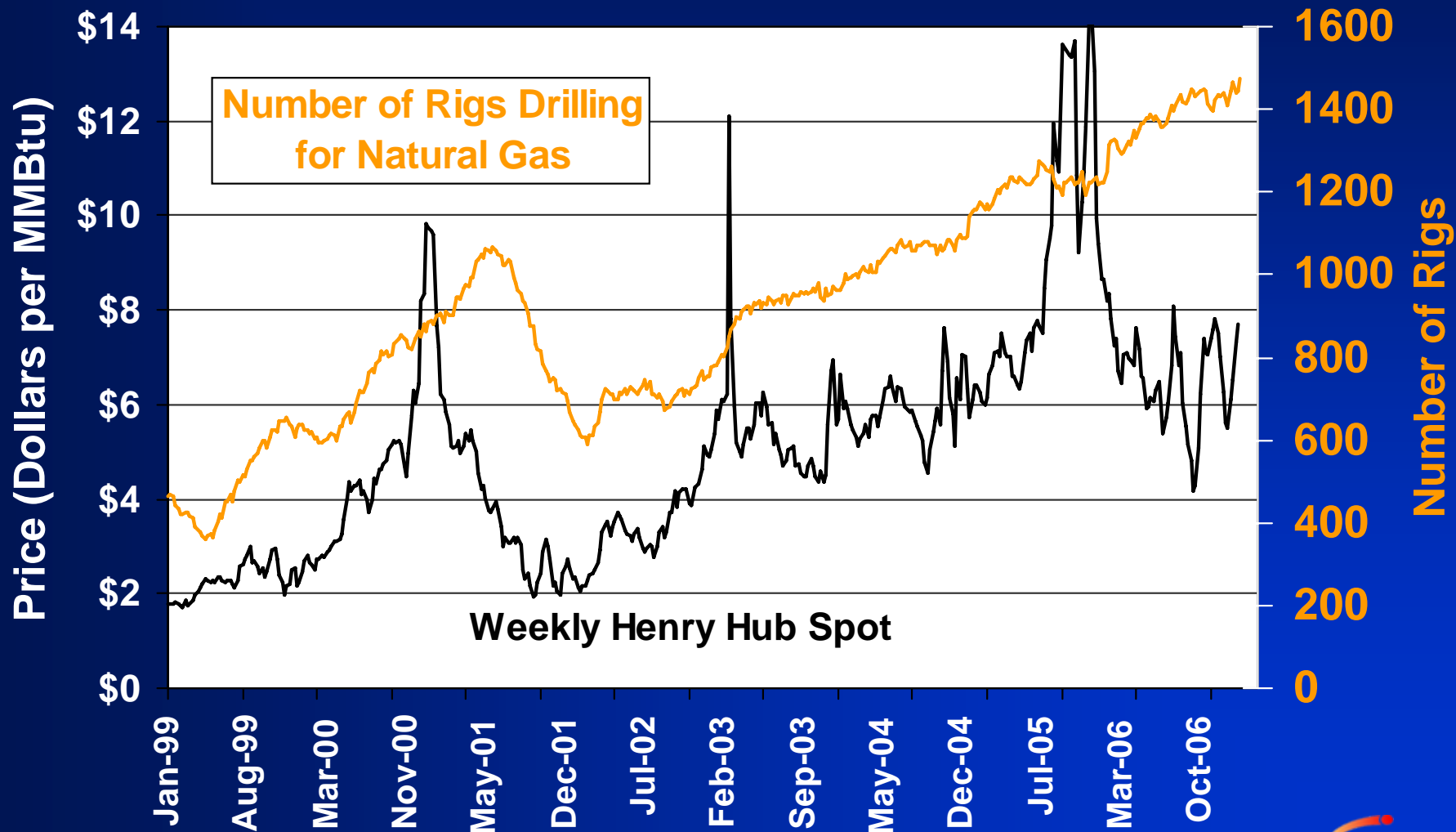
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Presentation

- **Market Trends**
- **Outlook: Short-Term & Long-Term**
- **EIA's Natural Gas Program**

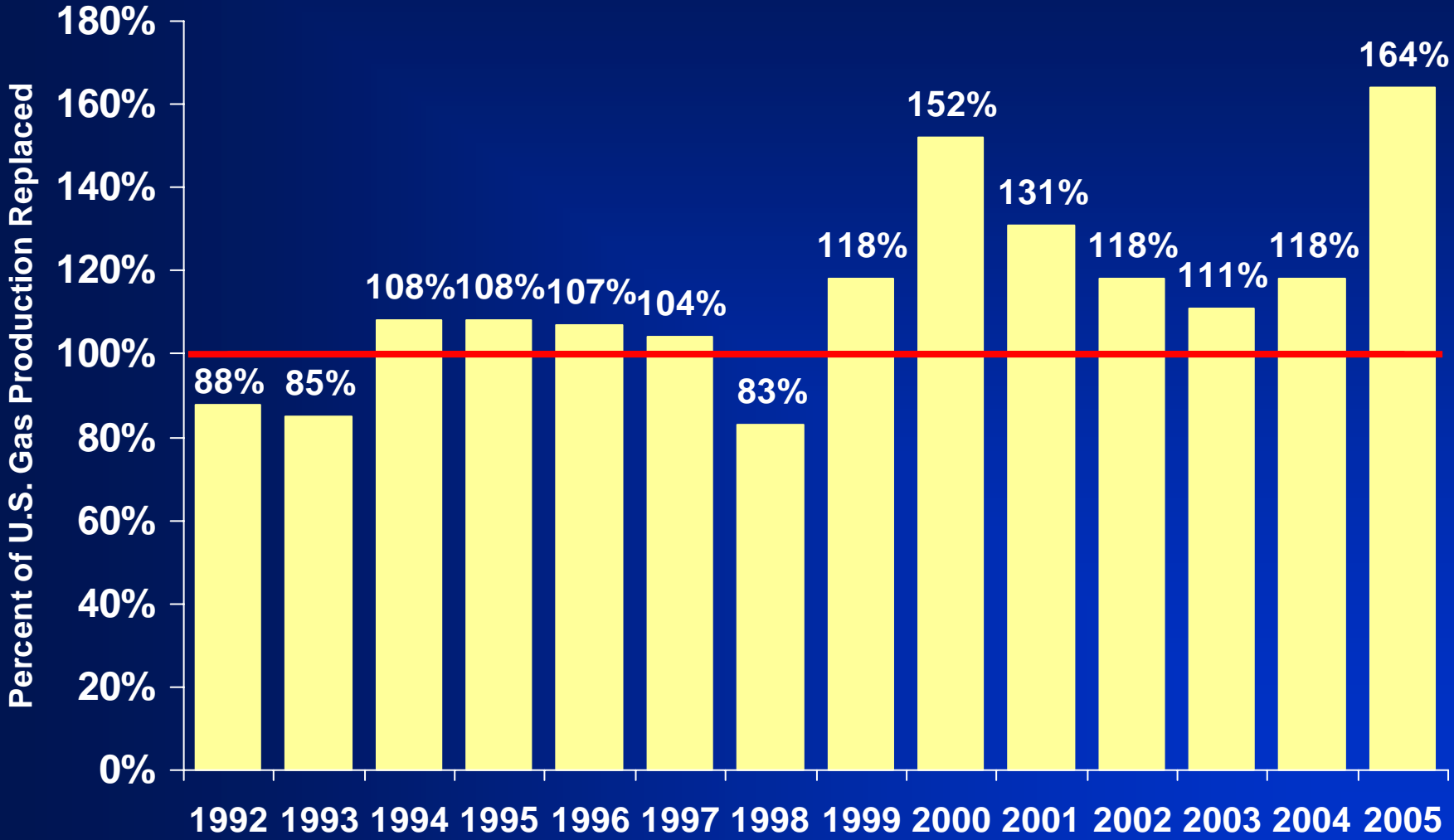
Gas Prices Have Led to Record-High Drilling Rates



Source: *Natural Gas Intelligence Weekly Gas Price Index*, Baker-Hughes Weekly US Rig Report.



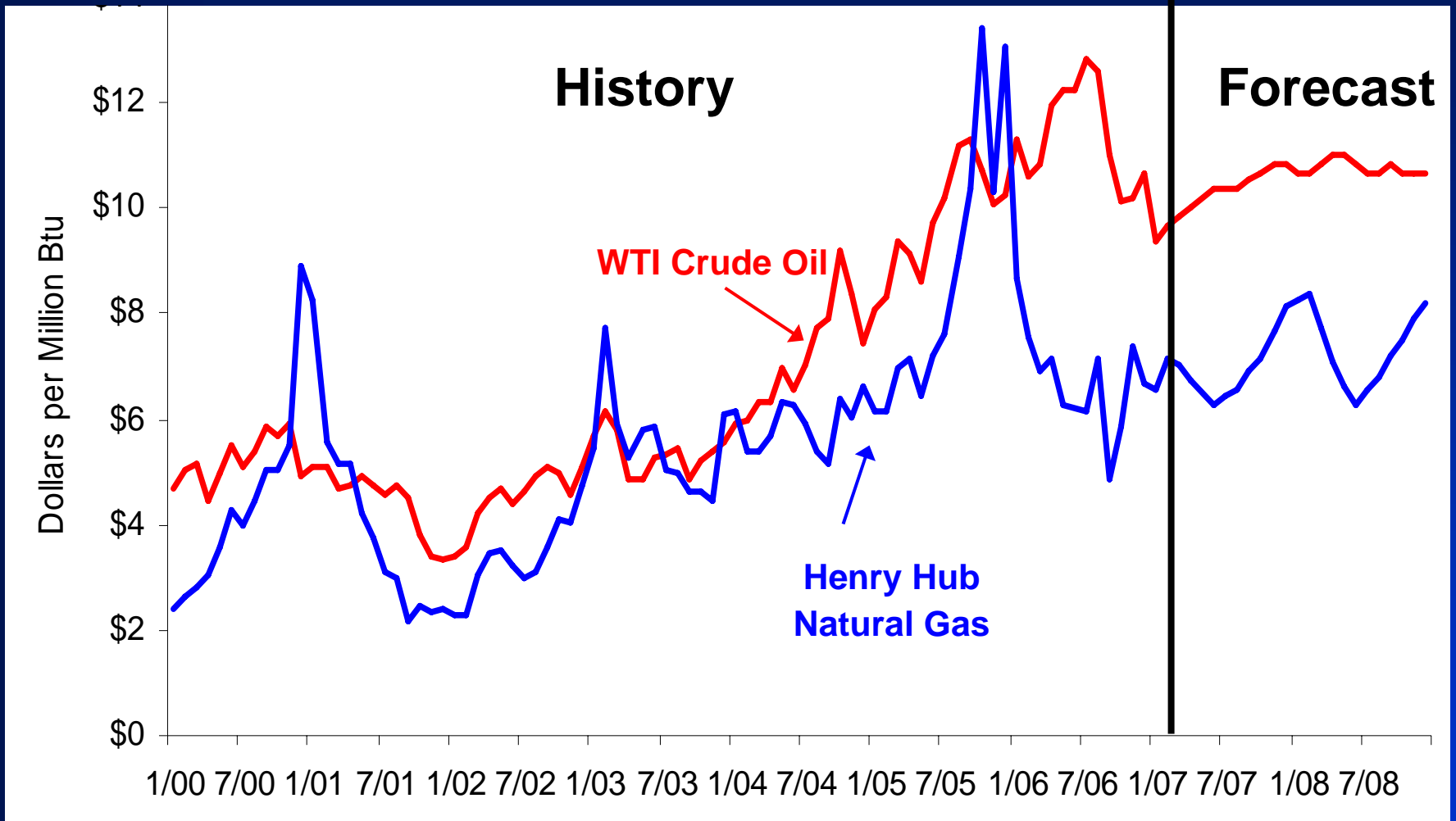
Since 1994 Reserve Additions Have Exceeded Production for All Years except 1998



Source: Energy Information Administration, Advance Summary of U.S. Crude Oil, Natural Gas, and Natural Gas Liquids Reserves 2005 Annual Report



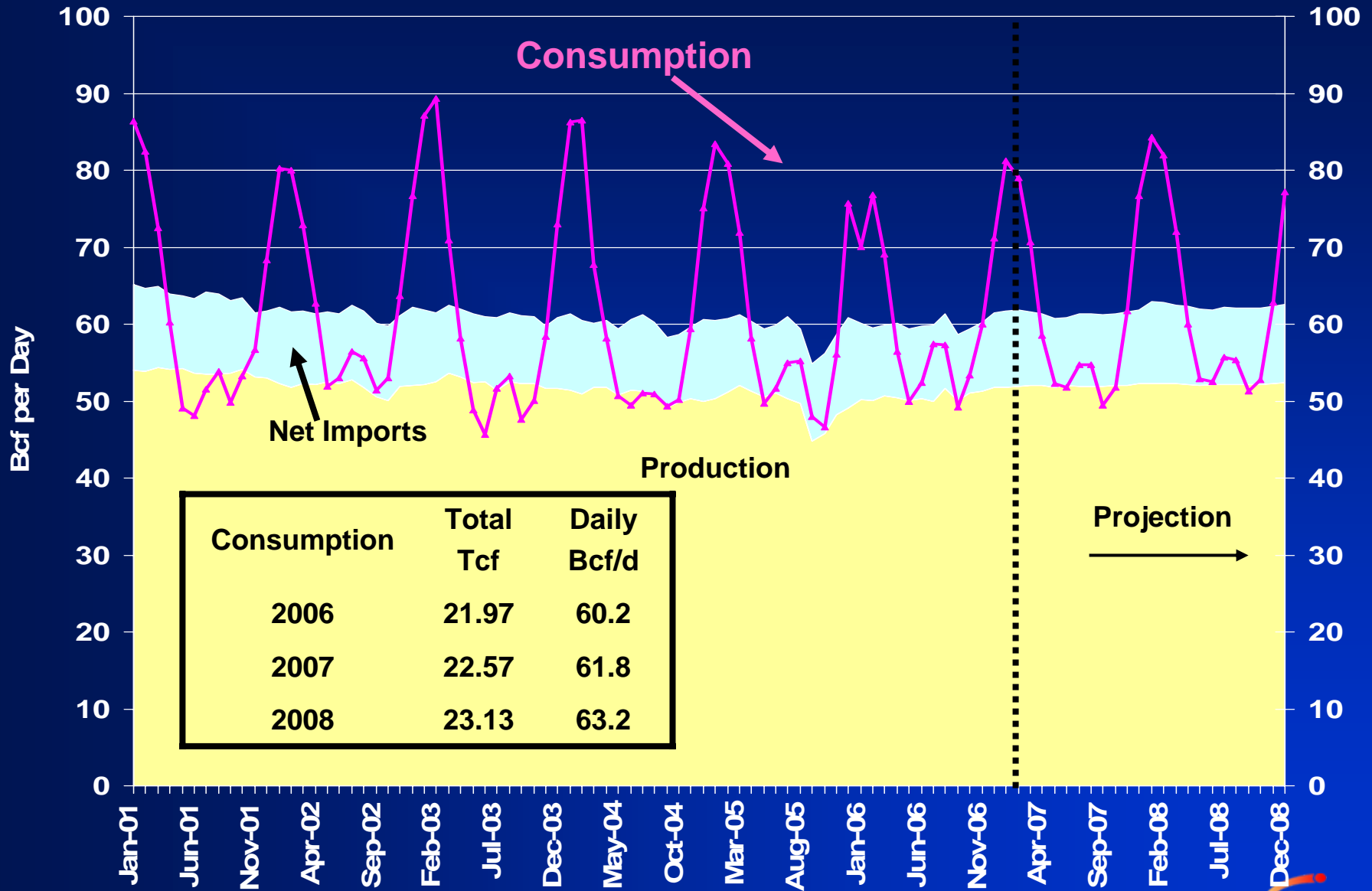
Natural Gas Spot & West Texas Intermediate Crude Oil Prices



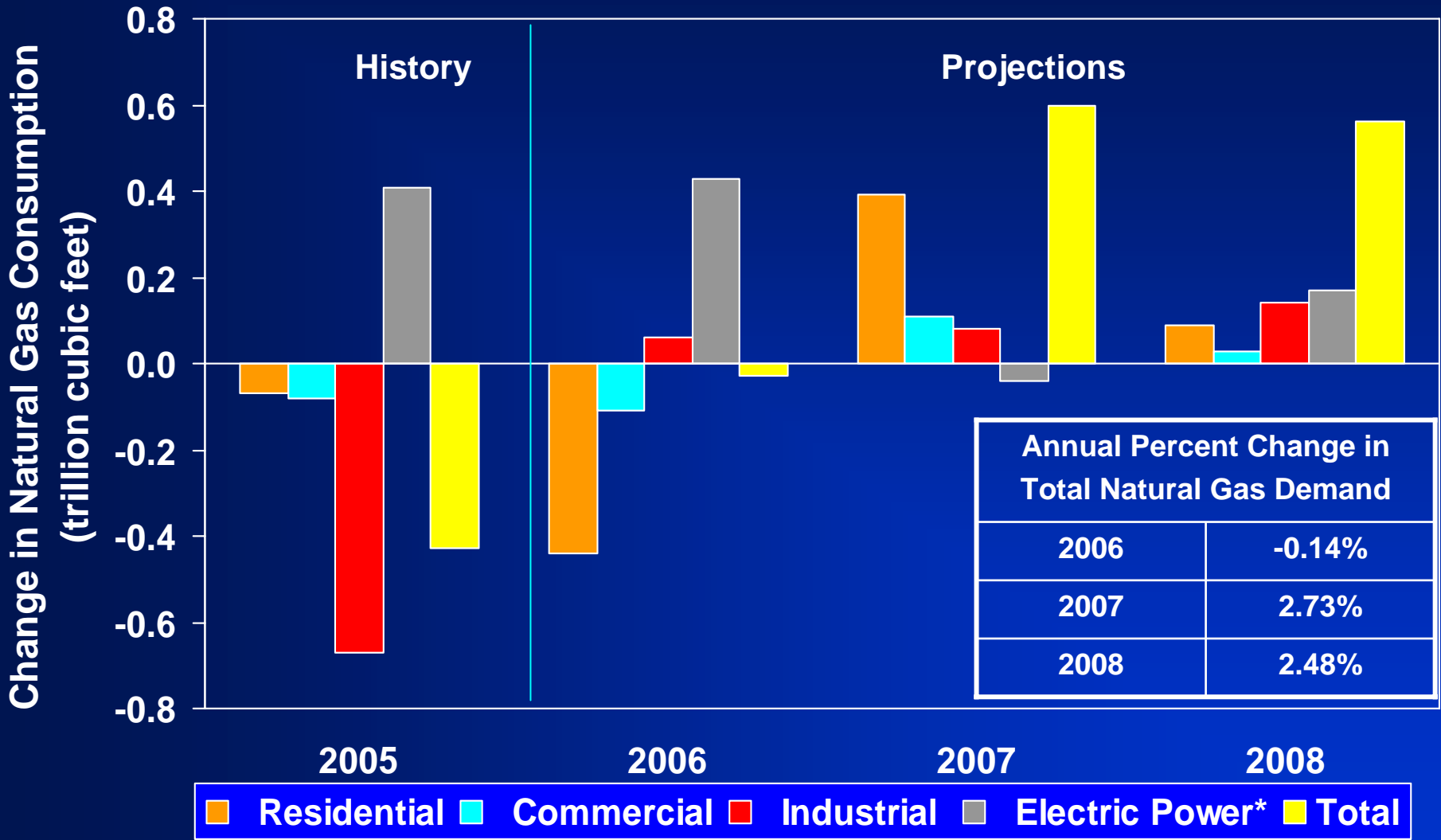
Sources: EIA Short Term Energy Outlook February 2007



Monthly Consumption, Production and Net Imports



AFTER DECREASING IN 2005 and 2006, GAS CONSUMPTION IS EXPECTED TO INCREASE IN 2007



* Gas used for electricity generation

Sources: History: EIA; Projections: Short-Term Energy Outlook, February 2007.



Average Consumer Price and Expenditures for Natural Gas in Winter Season

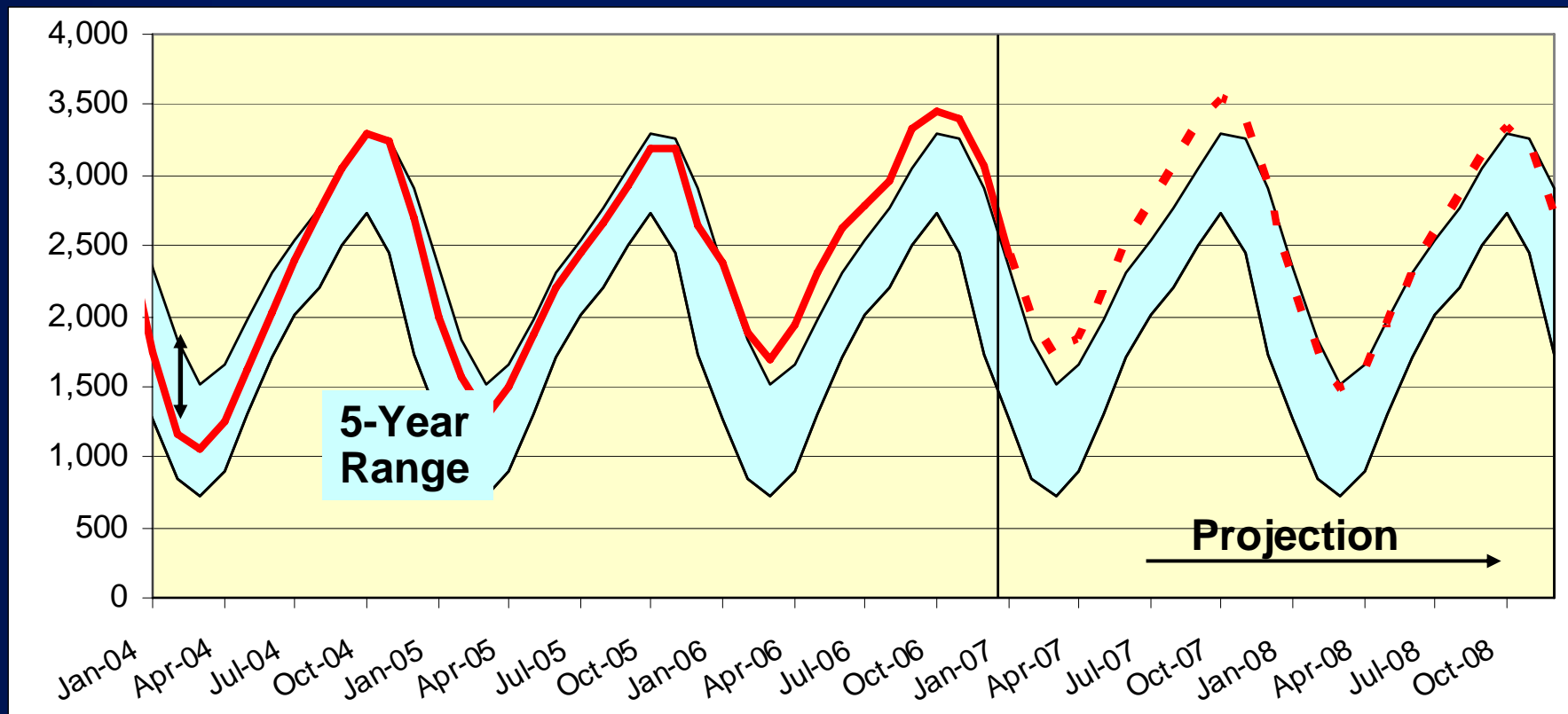


Source: EIA, Short Term Energy Outlook, February 2007

WINTER SEASON



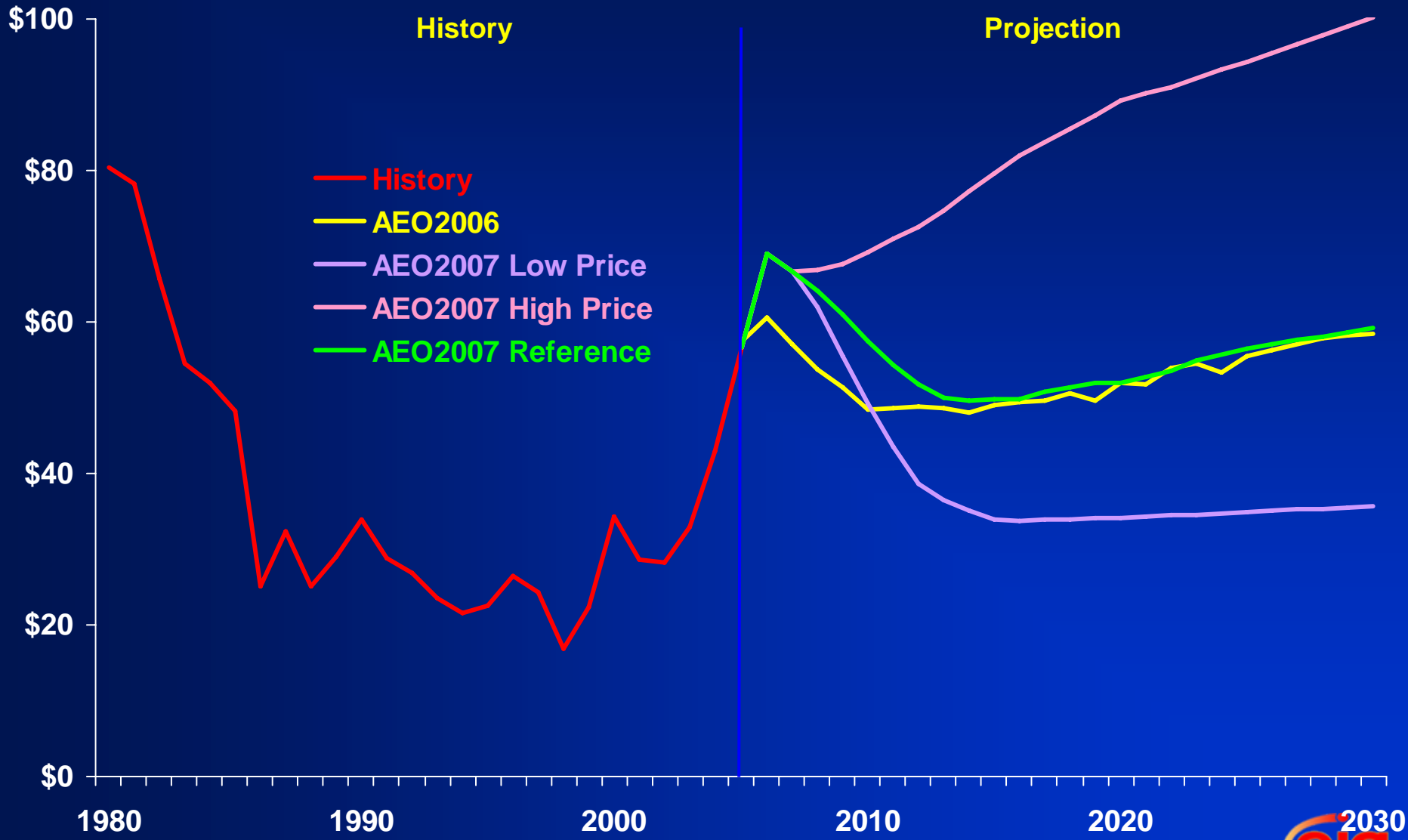
Natural Gas Stocks Are Well Above Five-Year Average



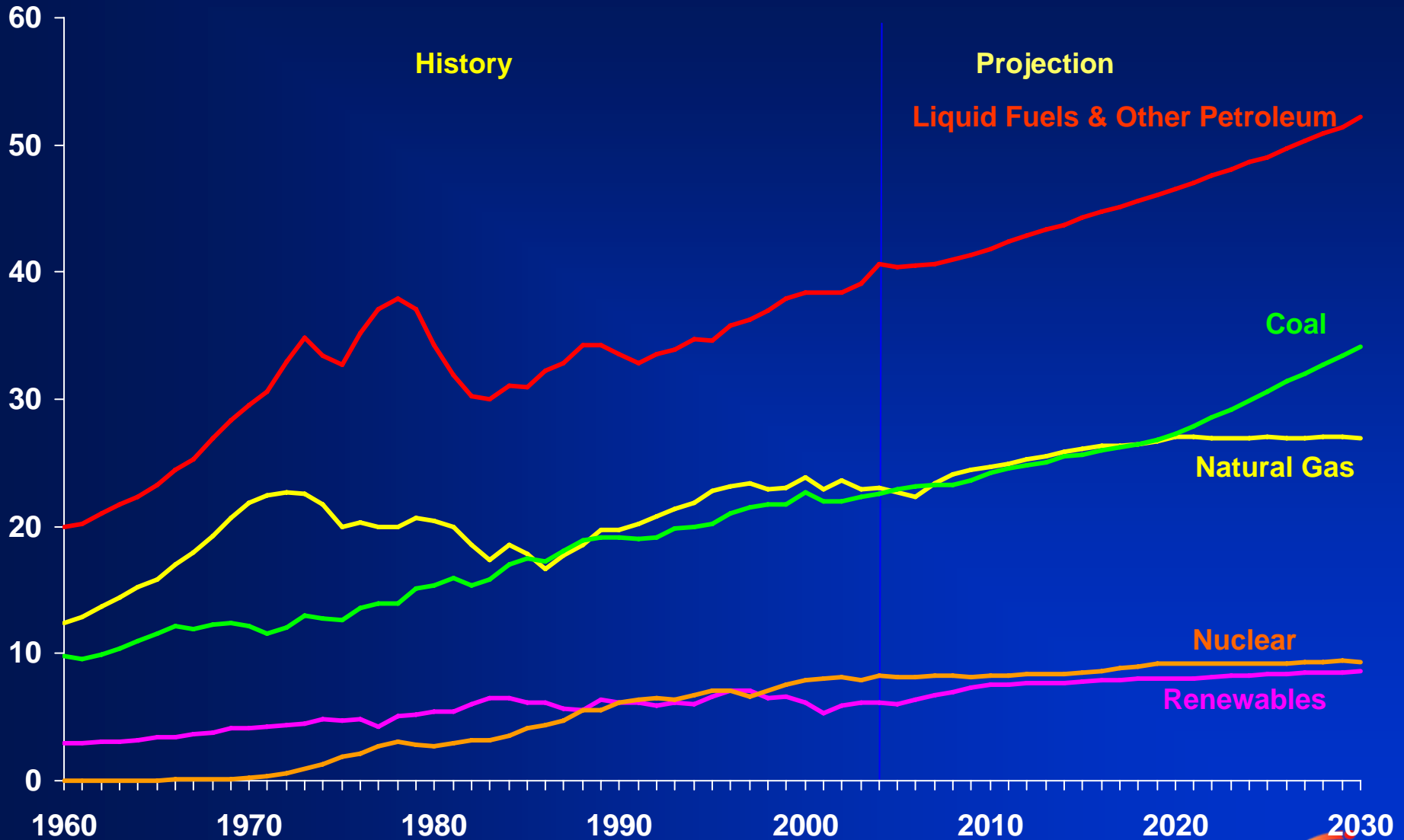
The **blue area** represents the minimum and maximum range of historical gas storage levels during the years 2002-2006.

The **red line** represents *actual* storage from Jan 2004 to January 2007 and *projected* storage December 2007

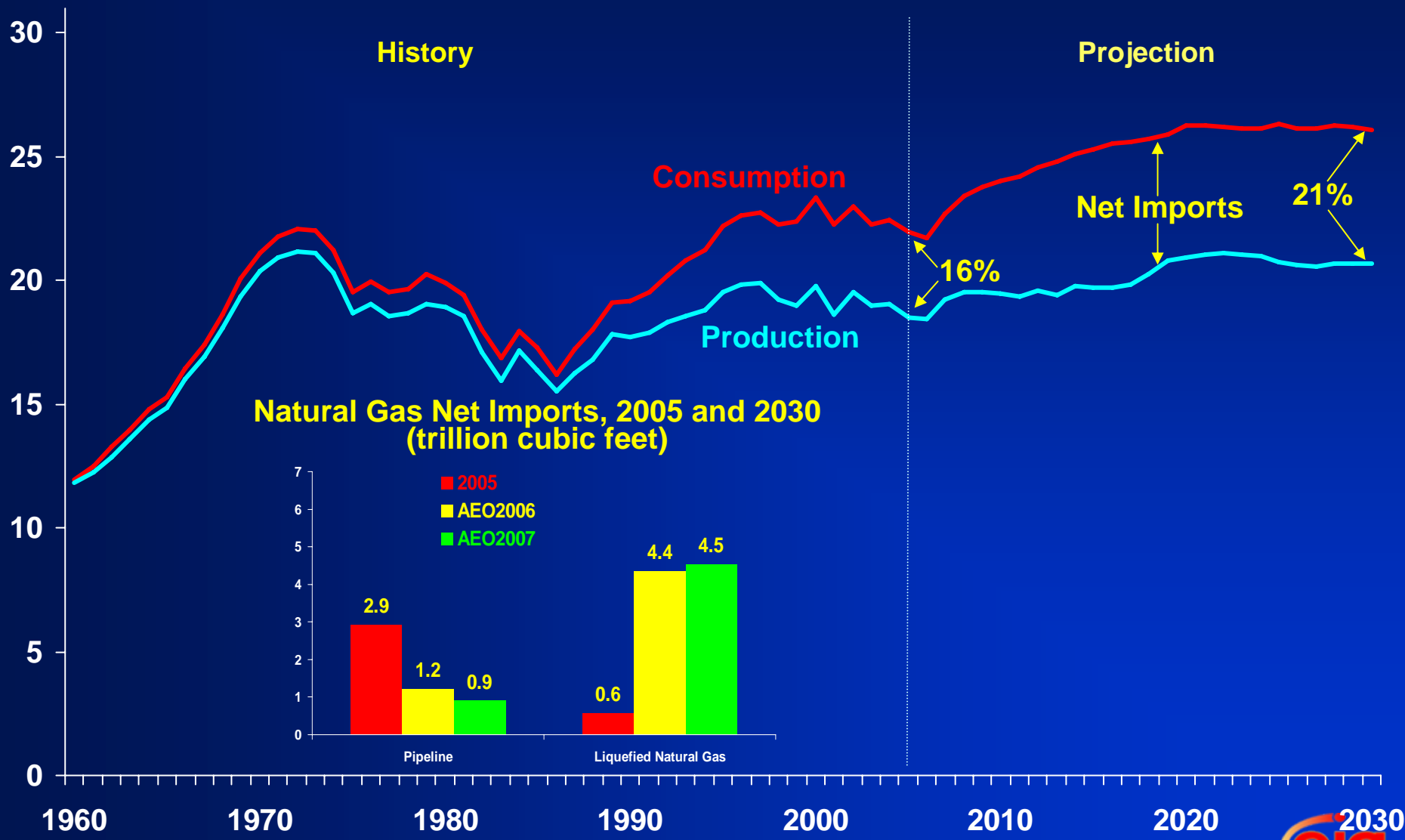
World Oil Price, 1980-2030 (2005 dollars per barrel)



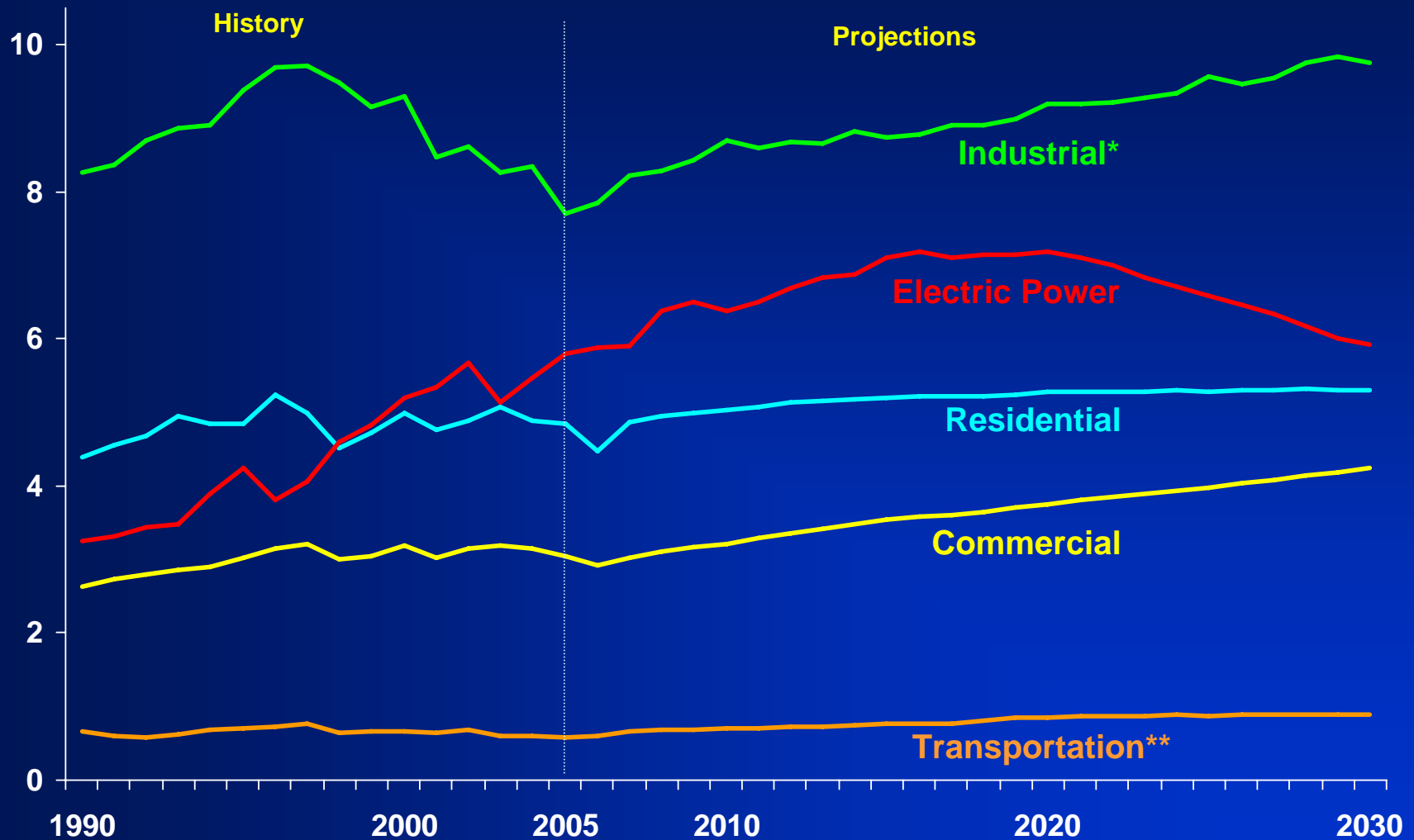
U.S. Primary Energy Consumption by Fuel, 1960-2030 (quadrillion Btu)



U.S. Natural Gas Production, Consumption, and Net Imports, 1960-2030 (trillion cubic feet)



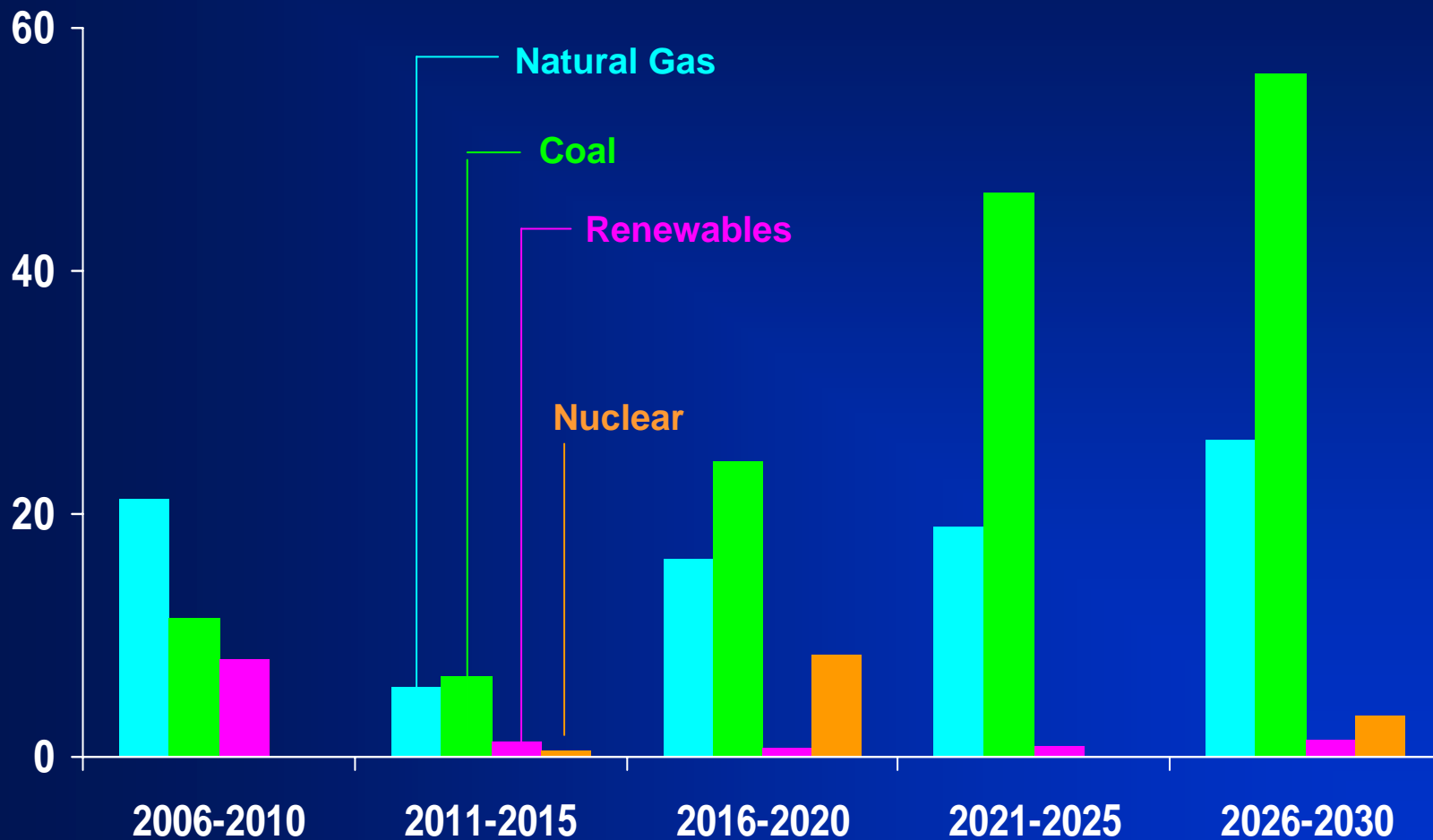
U.S. Natural Gas Consumption by Sector, 1990-2030 (trillion cubic feet)



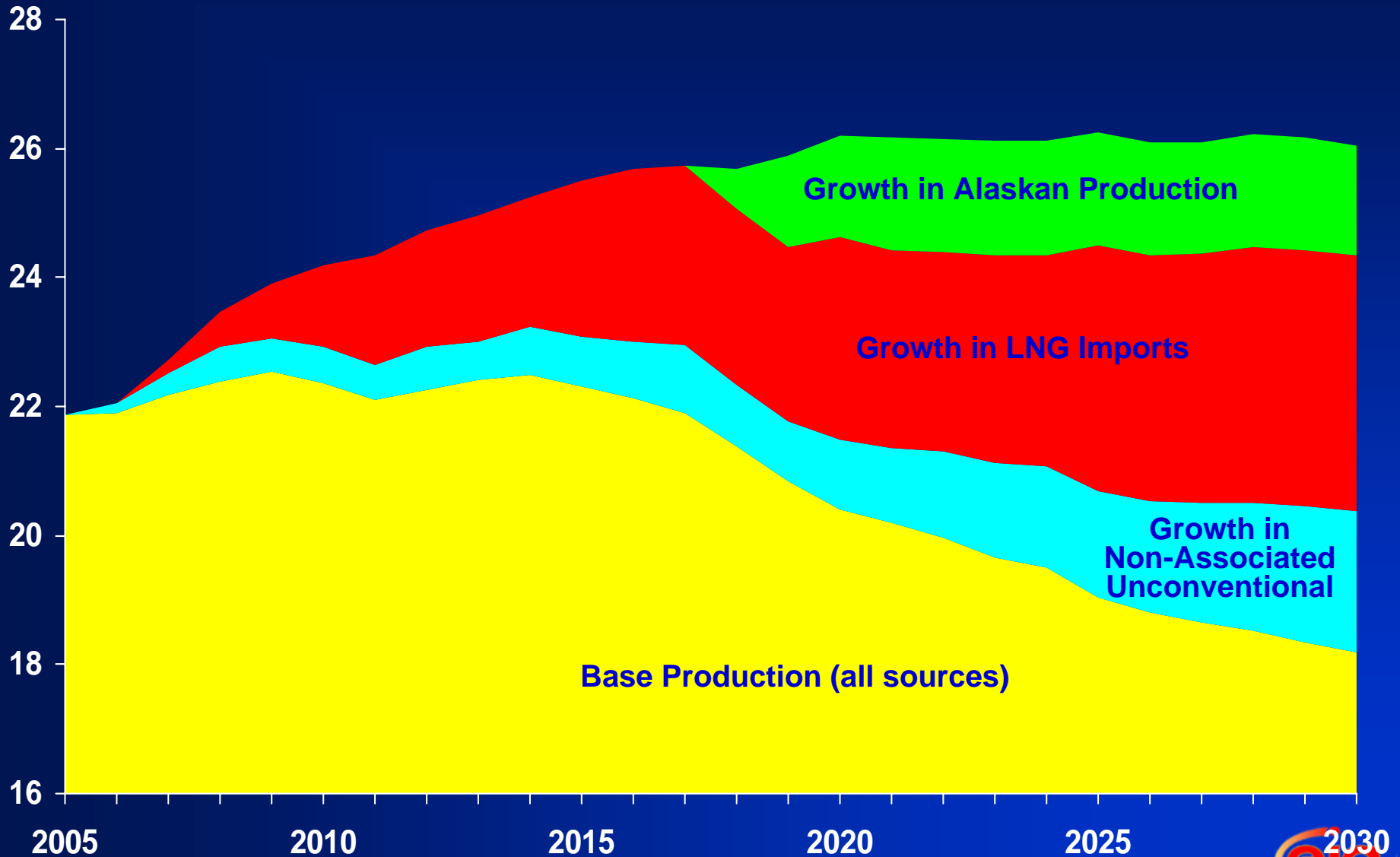
* Includes lease and plant fuel

** Includes pipeline fuel

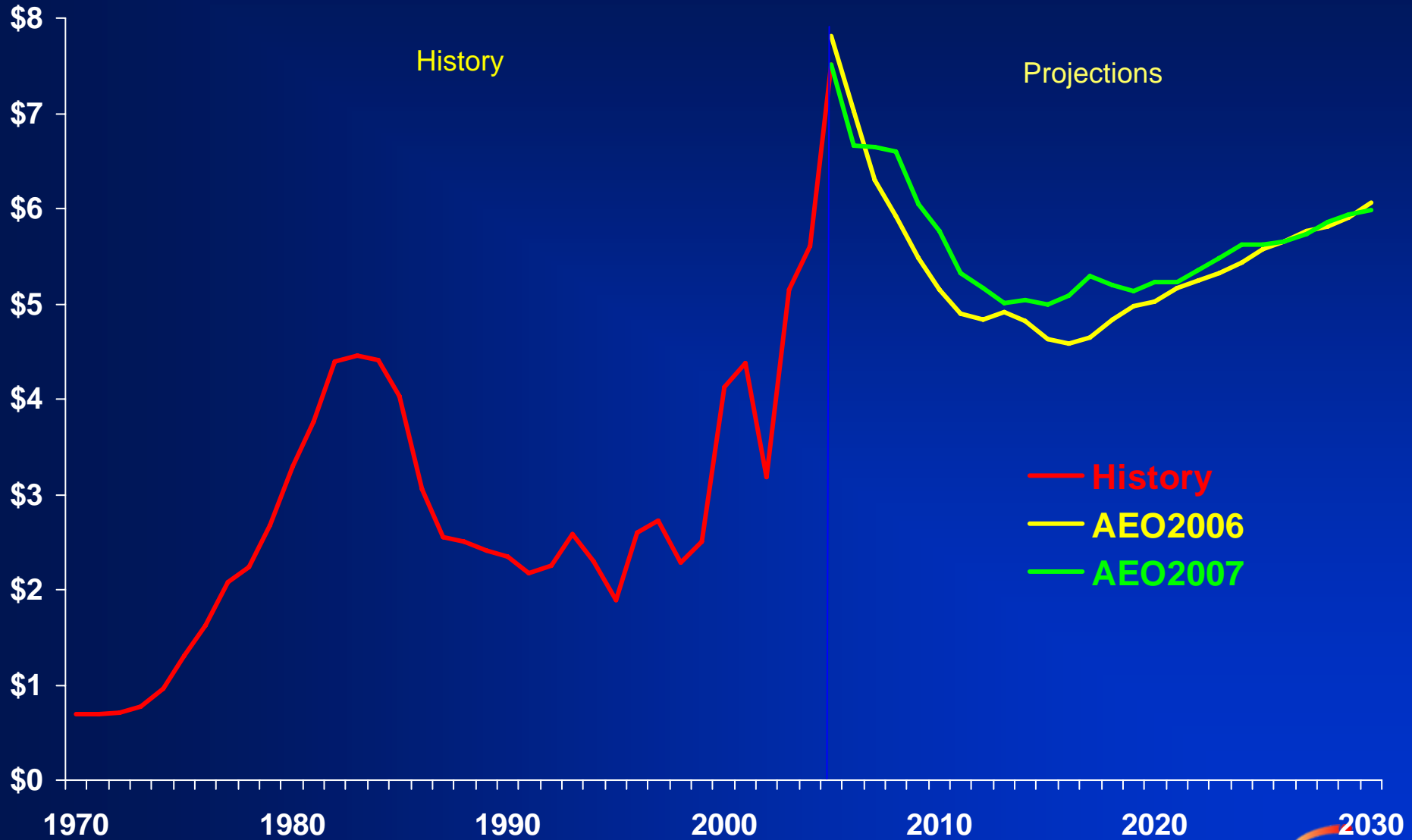
U.S. Electricity Generation Capacity Additions by Fuel, 2006-2030 (gigawatts)



Major Sources of Incremental U.S. Natural Gas Supply, 2006-2030 (trillion cubic feet)



U.S. Natural Gas Wellhead Price, 1970-2030 (2005 dollars per thousand cubic feet)



EIA has proposed a new survey of processing plants. Why?

- Processing plants are a key element in the natural gas supply chain**
- If processing plants are affected by a natural disaster or man-made event, their ability to perform can become a significant bottleneck affecting available supplies.**
- There is no public source of information available on a timely basis**

EIA's Proposed New Survey of Processing Plants

Schedule A

- “Baseline” info collected prior to an emergency
- Information on:
 - capacity
 - plant operations
 - company contacts
- Frequency – perhaps every 3 years.
- Census

Schedule B

- “Emergency Status Report” collected after an emergency
- Information on:
 - operational status
 - operating constraints
 - expected restoration
- Frequency & respondents – determined when survey is activated
- Sample survey

EIA's Natural Gas Program

- Recent Reports on : market trends - LNG, imports and exports, storage, crude oil and gas prices, maximum working gas capacity
- To be released 2/20: Annual Energy Outlook
- Developments:
 - 914 Production Survey: “official” in March
 - proposed Processing Plant Survey
 - analyses: high price impact, FASB 133 and revenue reporting
- Ongoing: Weekly Market Update; Storage Report, data pubs.

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