



U.S. Natural Gas: Good News!

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The US Natural Gas Industry

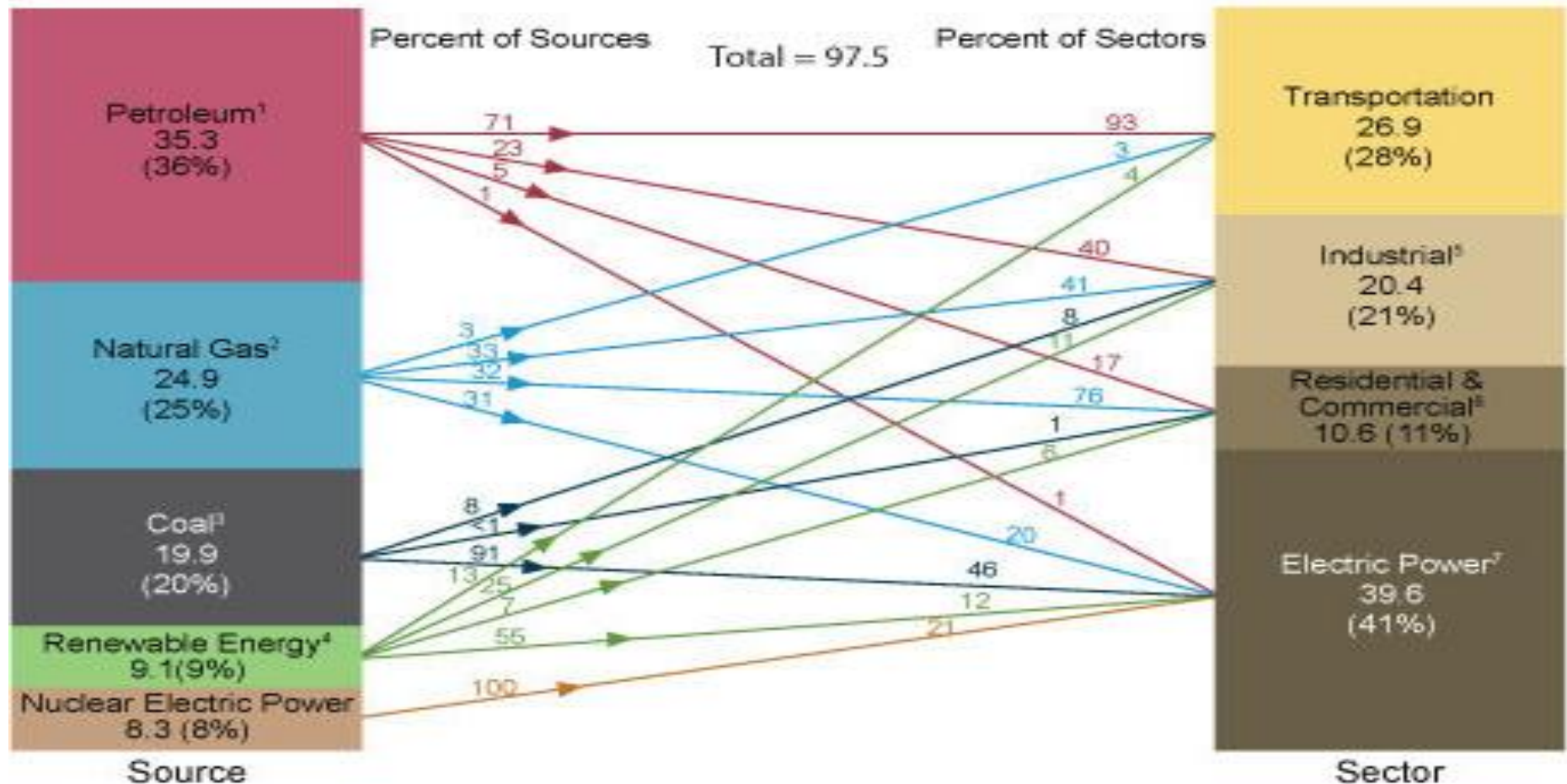
At A Glance

	<u>Participants</u>	<u>Miles of Pipe</u>	<u>Regulatory Regime</u>
Producers	5,000 Independents 21 Majors	0	Phased price deregulation begun in 1979, completed in 1989
Pipelines	210	300,000	Federal Energy Regulatory Commission (FERC)
Natural Gas Marketers	250	0	Unregulated
Local Gas Utilities			
Investor-Owned	260	894,000	State Utility Commissions
Municipal	930	320,000	Local Governments
End Users	Residential 65 million Commercial 5 million Industrial 200,000	0	Unregulated
	Electric Utilities 500	0	Interstate - FERC Intrastate - State Commissions

Source: Dept. of Energy, Energy Information Administration, AGA

Primary Energy Consumption by Source and Sector, 2011

Quadrillion Btu

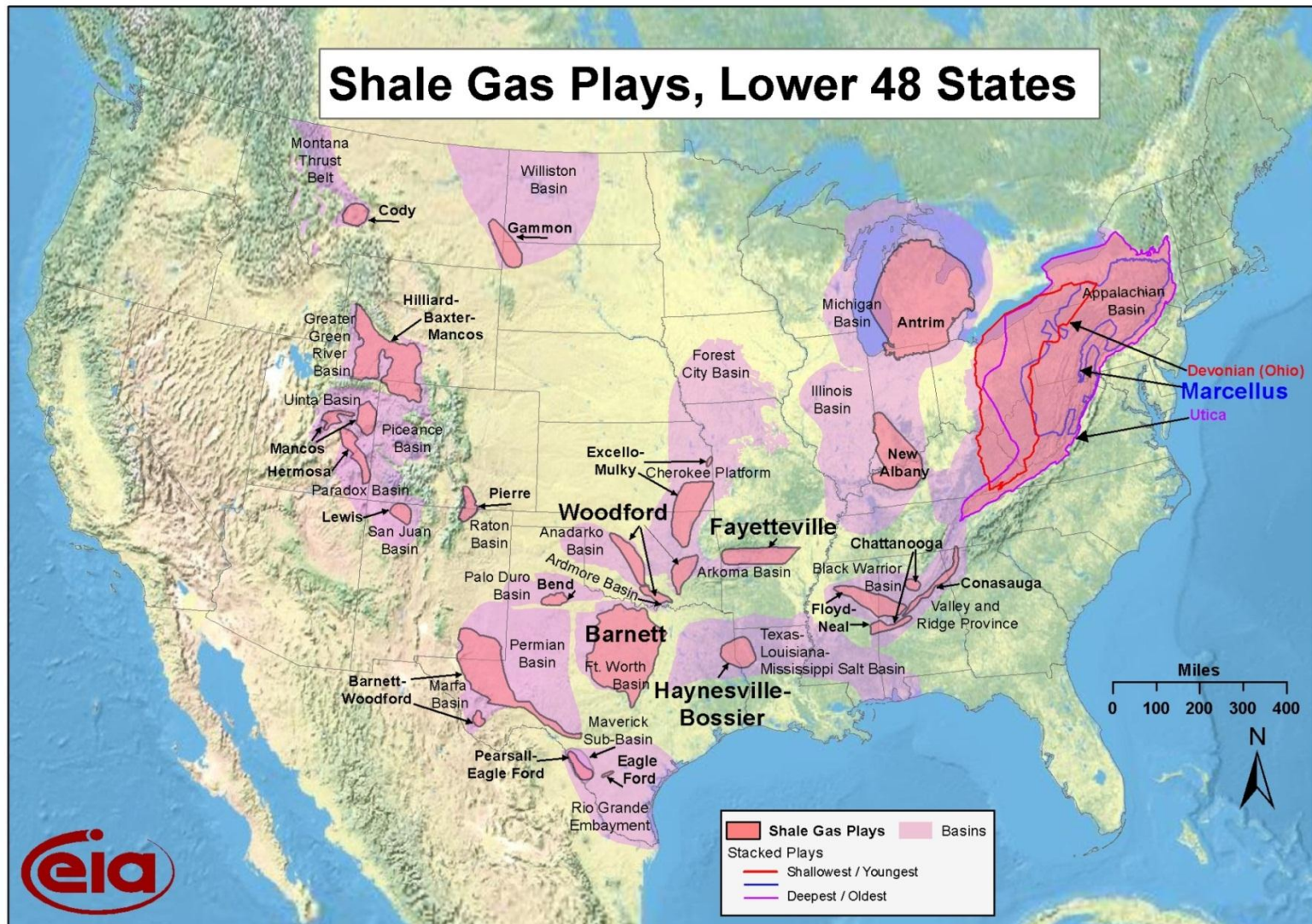


Fuel supply policies – natural gas

■ Natural Gas

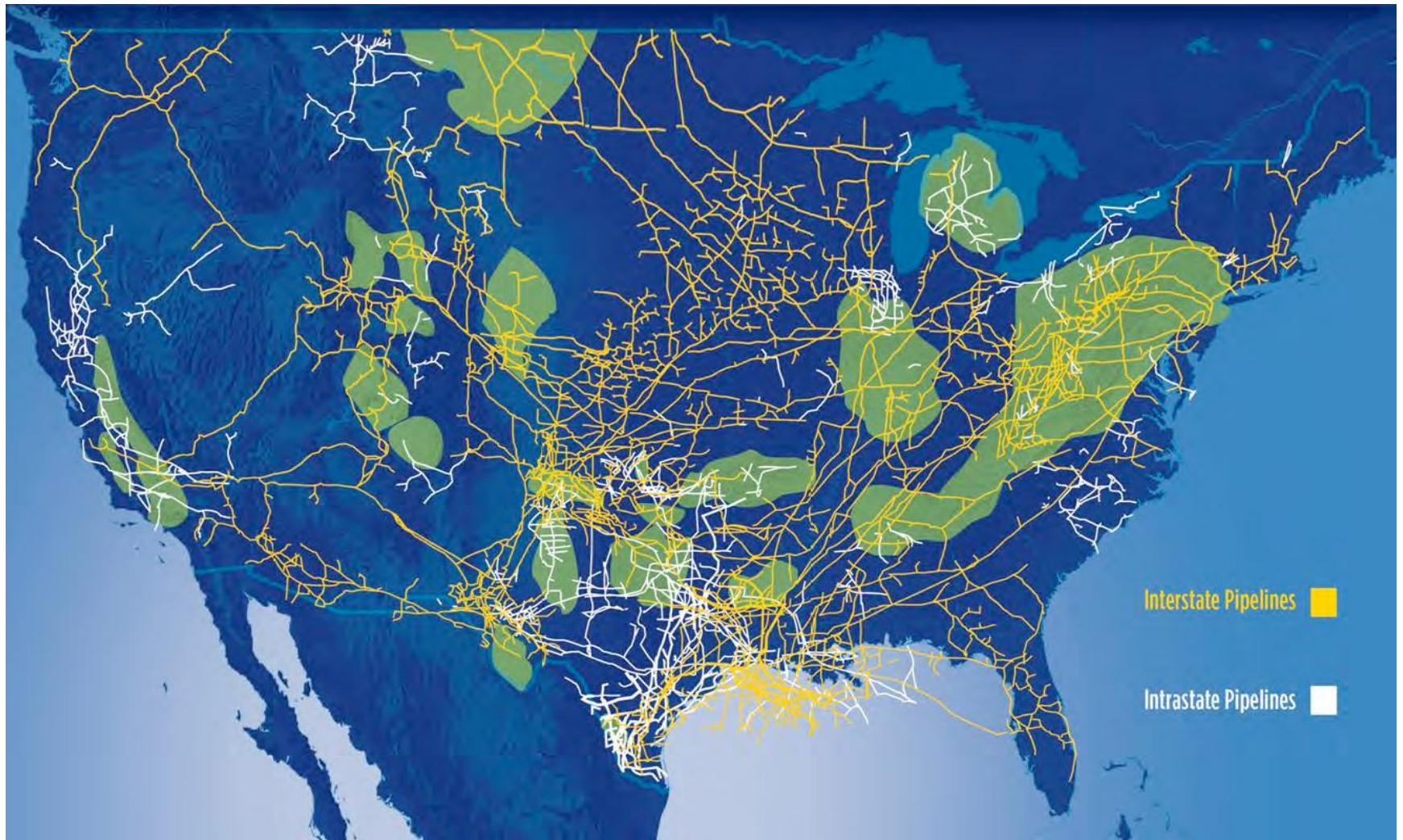
- Prices for natural gas commodity set by free market
- Most supply is North American in origin: U.S., Canada and recent resource numbers have been increased (100 years supply) due to availability of gas from shale rock
 - Concerns about hydraulic fracturing “fracking”
 - New supply close to markets but in non-traditional production areas (PA, NY, OH)
 - Concerns about price volatility
- Small Liquid Natural Gas (LNG) importation, future export
- Interstate natural pipelines regulated by Federal Energy Regulatory Commission (FERC)
 - Non discriminatory access, Unbundled transportation service. Cost of service rates
- LNG facilities regulated by Federal Energy Regulatory Commission (FERC)
- Gas distribution systems regulated by individual state Public Service / Public Utility Commission (PSC or PUC)
- Carbon emissions at point of use are half of coal per Kwh

Location of U.S shale gas plays



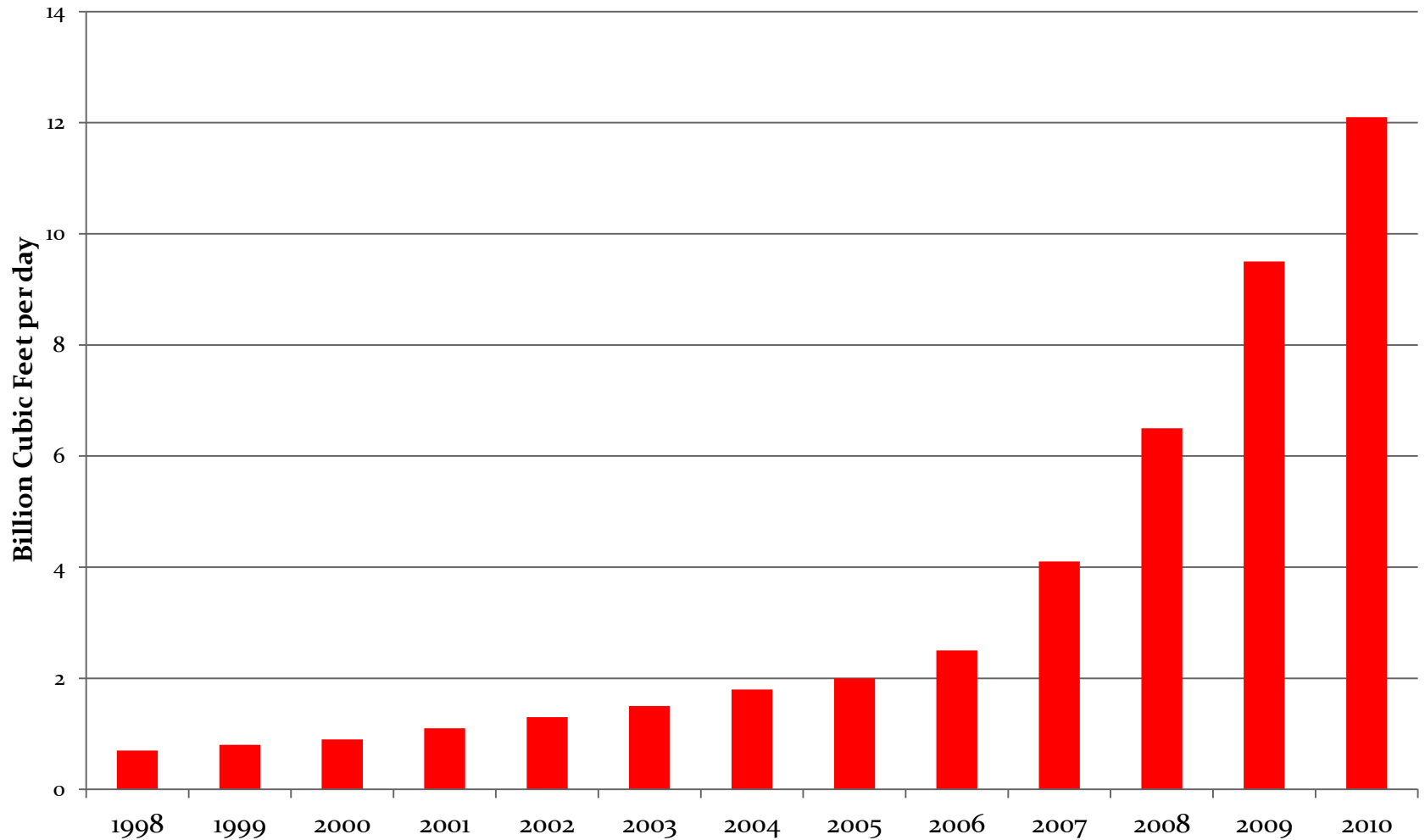
Source: Energy Information Administration based on data from various published studies.
 Updated: March 10, 2010

Shale basins and the U.S. pipeline grid



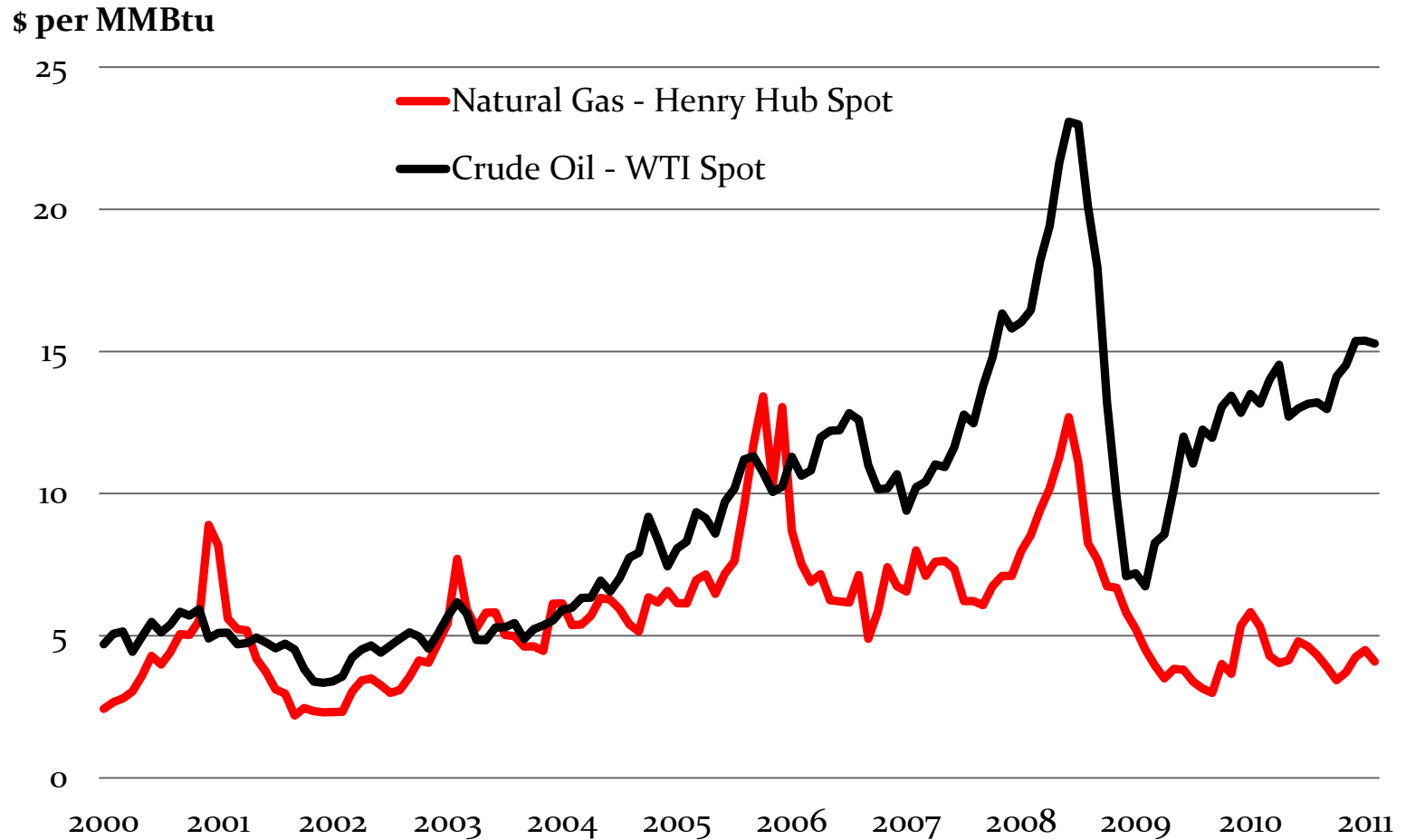
Source: American Clean Skies Foundation.

U.S. shale dry gas production



Source: Navigant Consulting, Inc.

U.S. gas vs. crude oil prices



Source: Energy Information Administration, U.S. DOE.

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