



25th world gas conference
"Gas: Sustaining Future Global Growth"

Unconventional Gas – Transforming the Global Gas Industry

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Date: 7 June 2012

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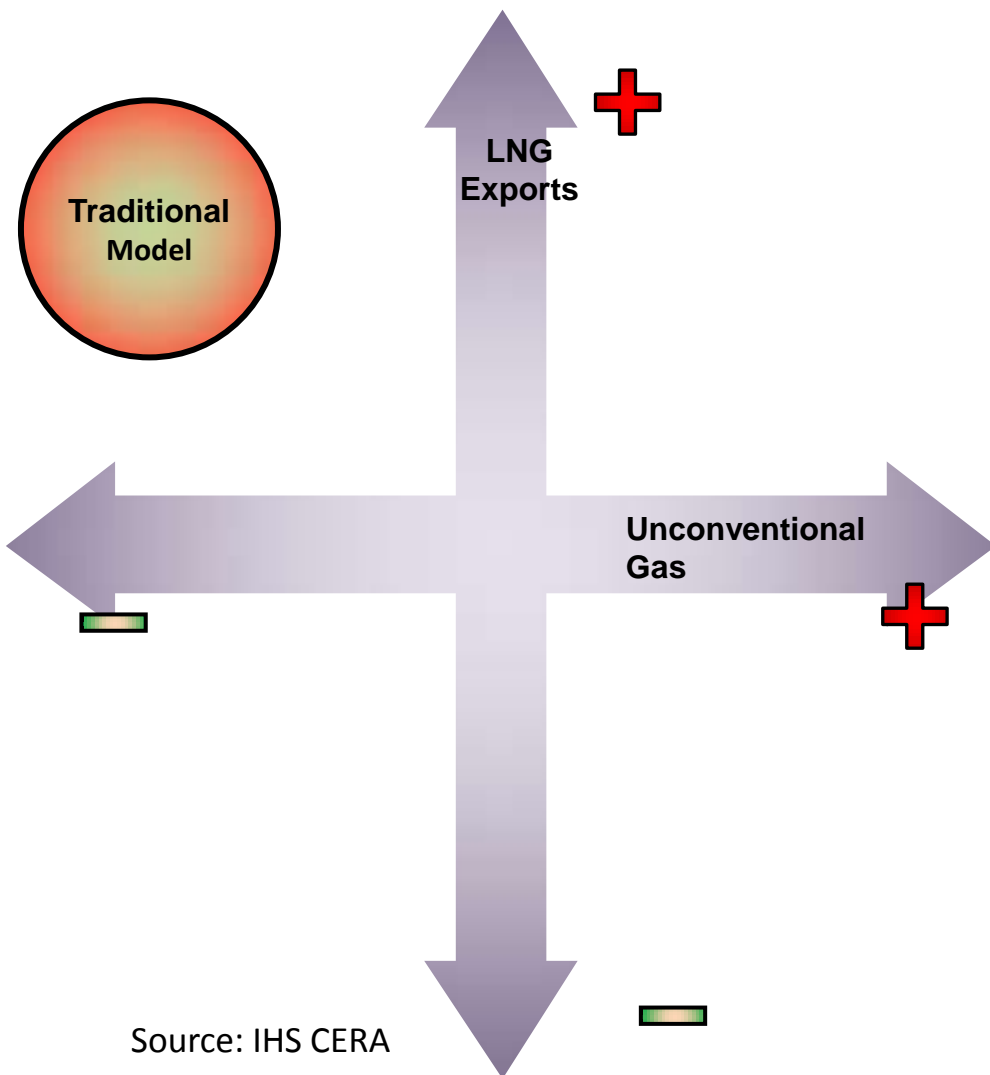




Traditional Model

- Increased international trade
- Globalisation of gas markets
- Two groups of importing countries
 - Developing economies
 - Largest emerging economies
- Exporters--Russia, the Middle East, Australia, North and West Africa, and certain Central Asian states.

Three Factors Undermining the Traditional Model

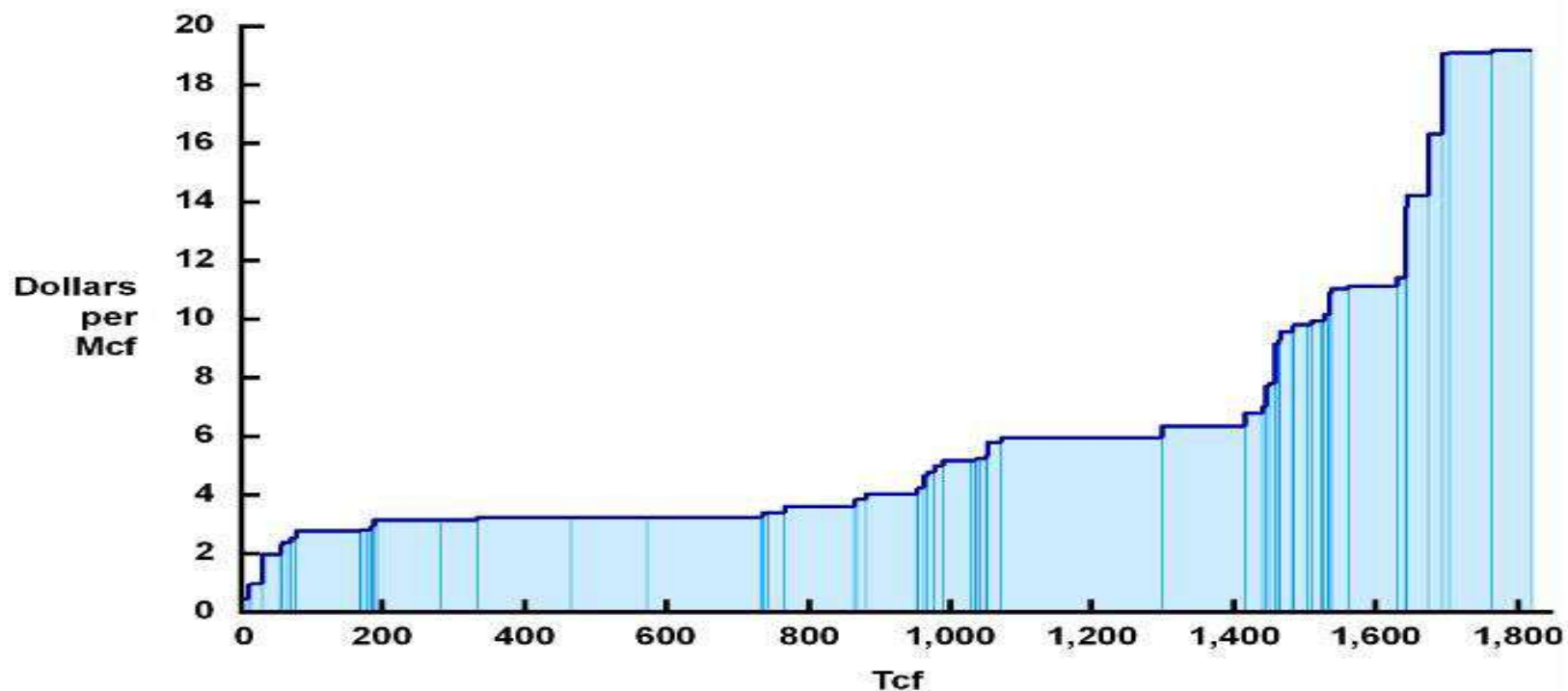


Source: IHS CERA

- Shale
- Deepwater Finds
- Middle East

North American – Long Low Supply Cost Curve

Breakeven Henry Hub Price for Natural Gas Resources



Source: IHS CERA.

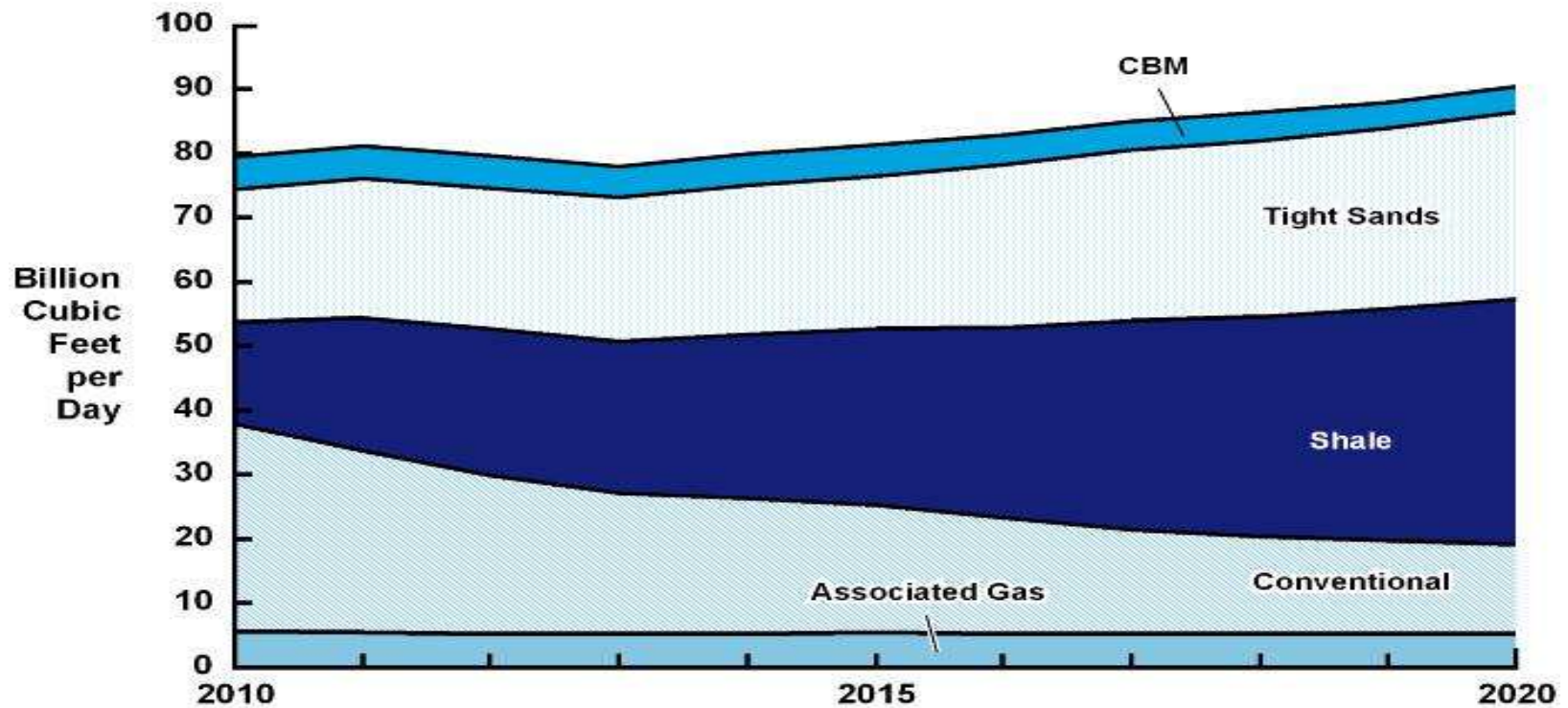
Note: Includes proved, possible, and potential resources.

Mcf = thousand cubic feet.

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Increasing North American Gas Production – Not Supply Constrained

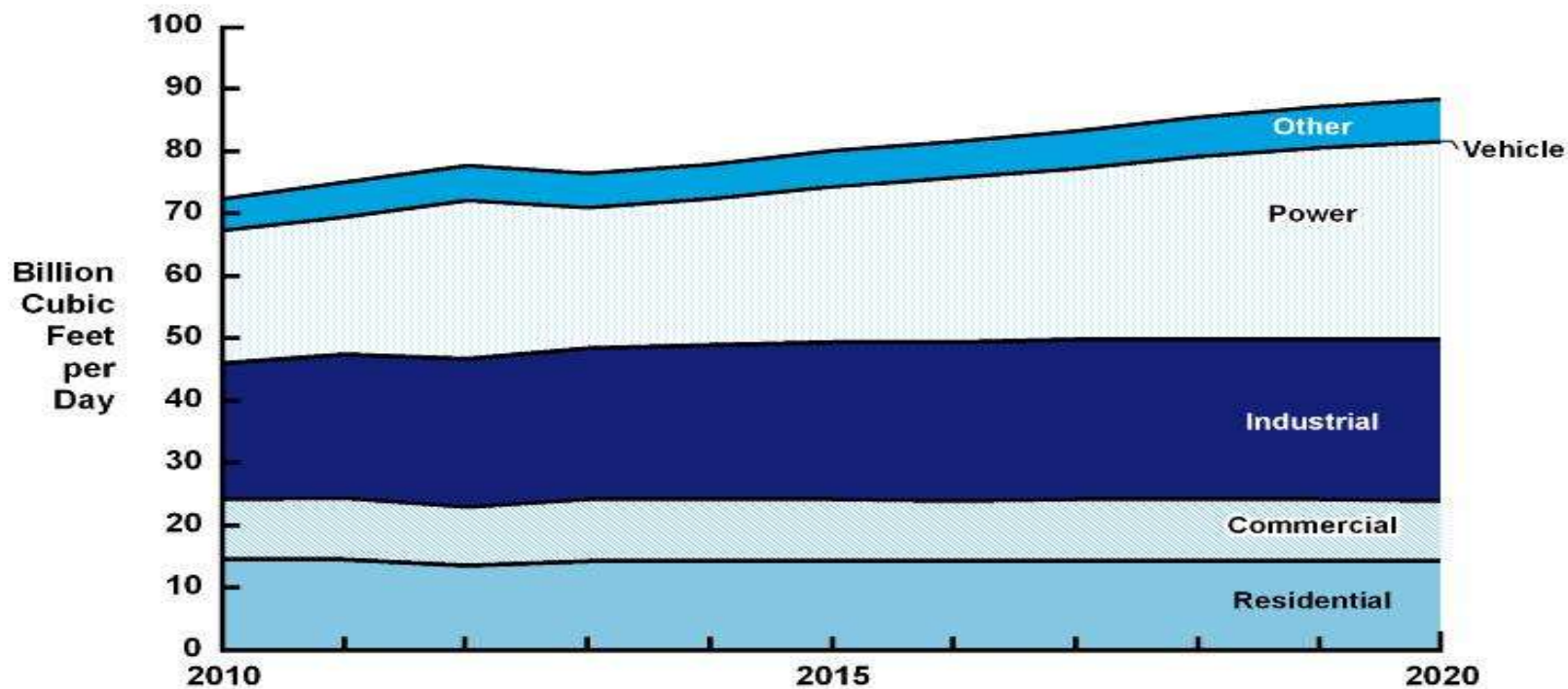
North American Natural Gas Productive Capacity Outlook by Type



Source: IHS CERA.
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North American Demand – In Search of Additional Markets

North American Natural Gas Demand Outlook



Source: Energy Information Administration, IHS CERA.
20306-11

Model 1 – Limited Development of Unconventional Gas



**Back to
the Future**

- North America –export constrained
- Impact of unconventional gas in other parts of the world is significant but not revolutionary
- LNG trade--“business as usual”-- returns to its traditional focus on Asia Pacific

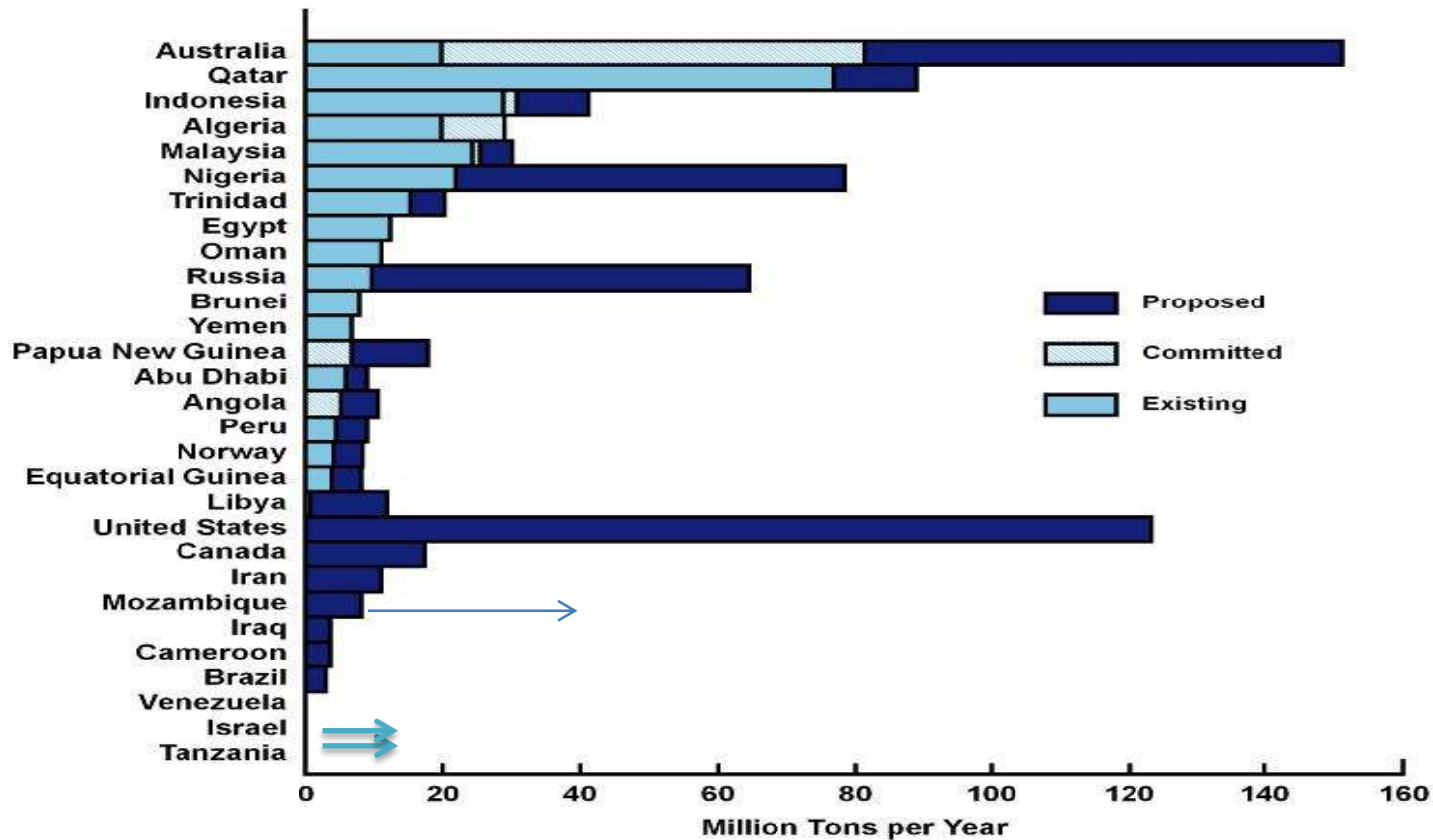
Model 2: The Shale Gale Blows from North America



- The United States exports large quantities of LNG
- Revolutionary changes do not spread to the rest of the world
- Global LNG business grows as a result--market structure changes to accommodate this major new exporter

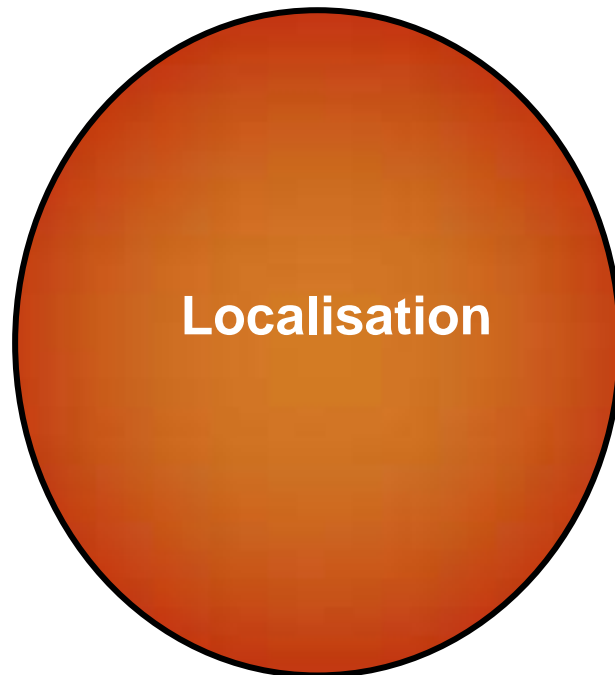
Growing Liquefaction Capacity

Global Liquefaction Capacity
(existing, under construction, and proposed)



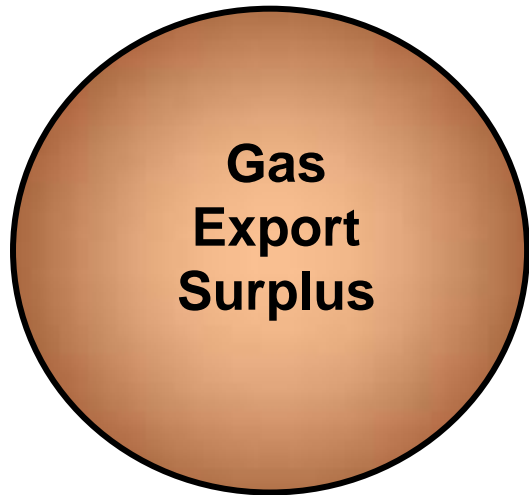
Source: IHS CERA.
20306-8

Model 3: Unconventional Gas Develops Globally, But Used Locally



- Shale gas production increases internationally -- key emerging markets join North America to become largely self-sufficient in gas
- Globalisation of unconventional gas production techniques undercuts the globalisation of gas trade
- LNG industry begins to decline

Model 4: Unconventional Gas Drives Increased Demand Uses



- Exports of “unconventional LNG” boom not only in North America, but also in other regions
- Global exports limited by declining number of aspiring importers
- Booming international unconventional gas drives prices down and demand up

Four Models for the Global Gas Business

