



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

Promotion of Natural Gas Exploration and Non-conventional Gas Development

Analysis of two cases in the Argentine experience

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Date: June 6, 2012



Patron



Host

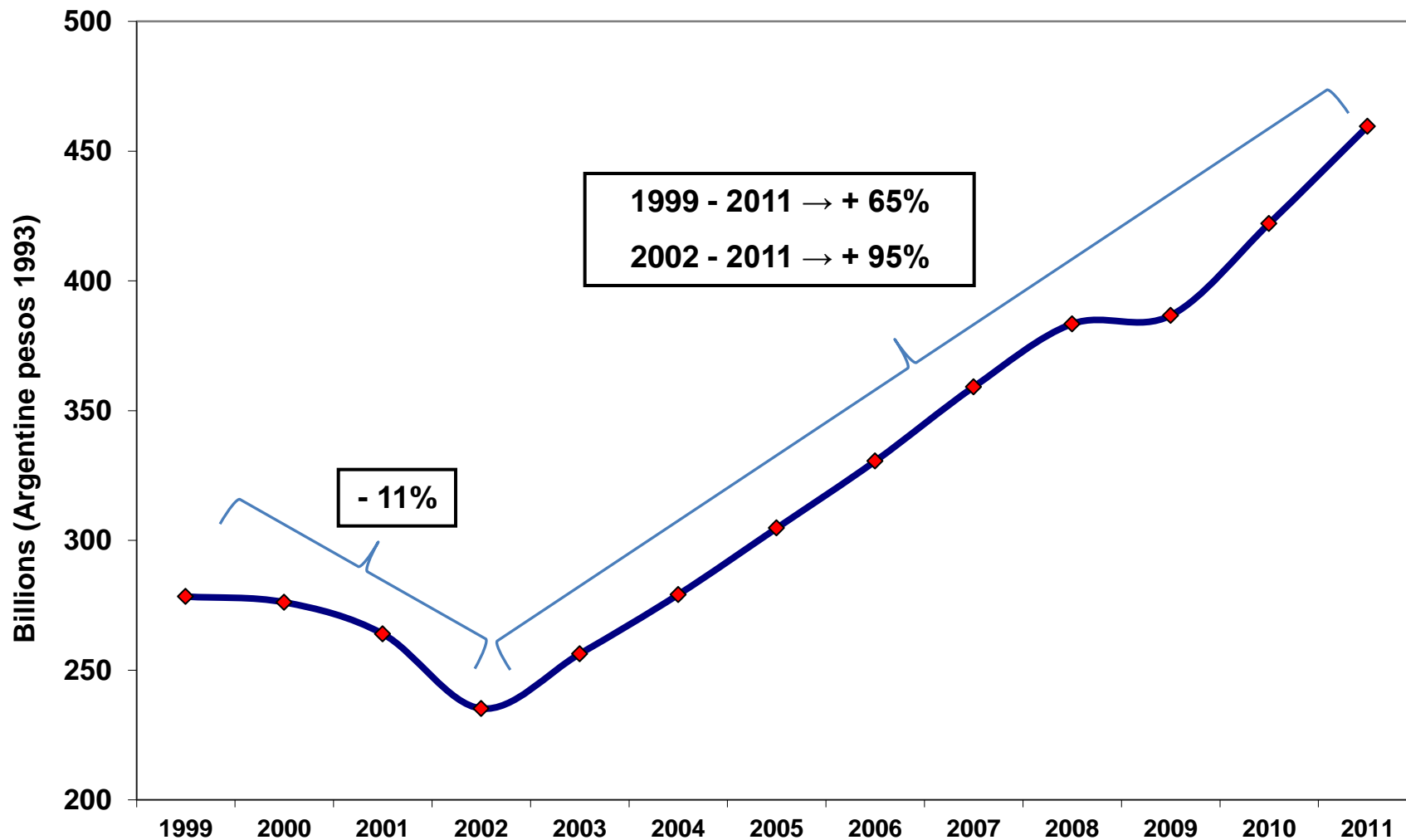


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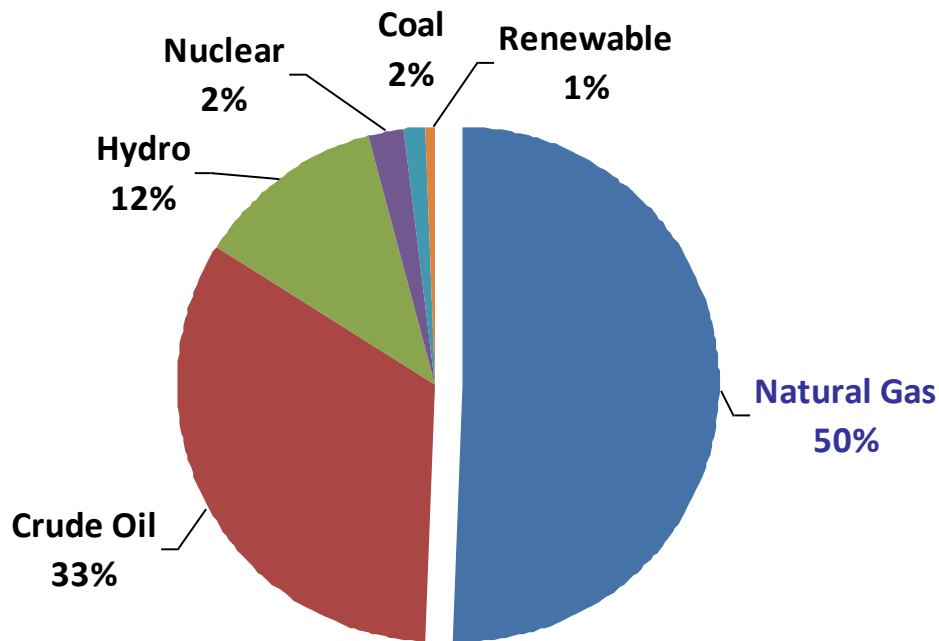
- Argentina general overview on the natural gas sector
- Analysis of the current situation
- Opportunities for non-conventional development
- Challenges
- Conclusions

Gross Domestic Product (GDP)

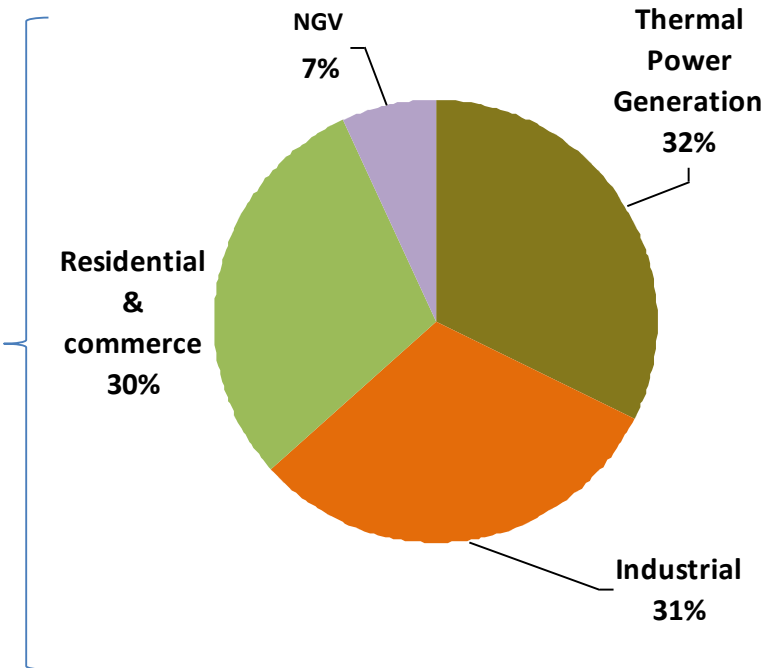


Argentina - Energy Matrix

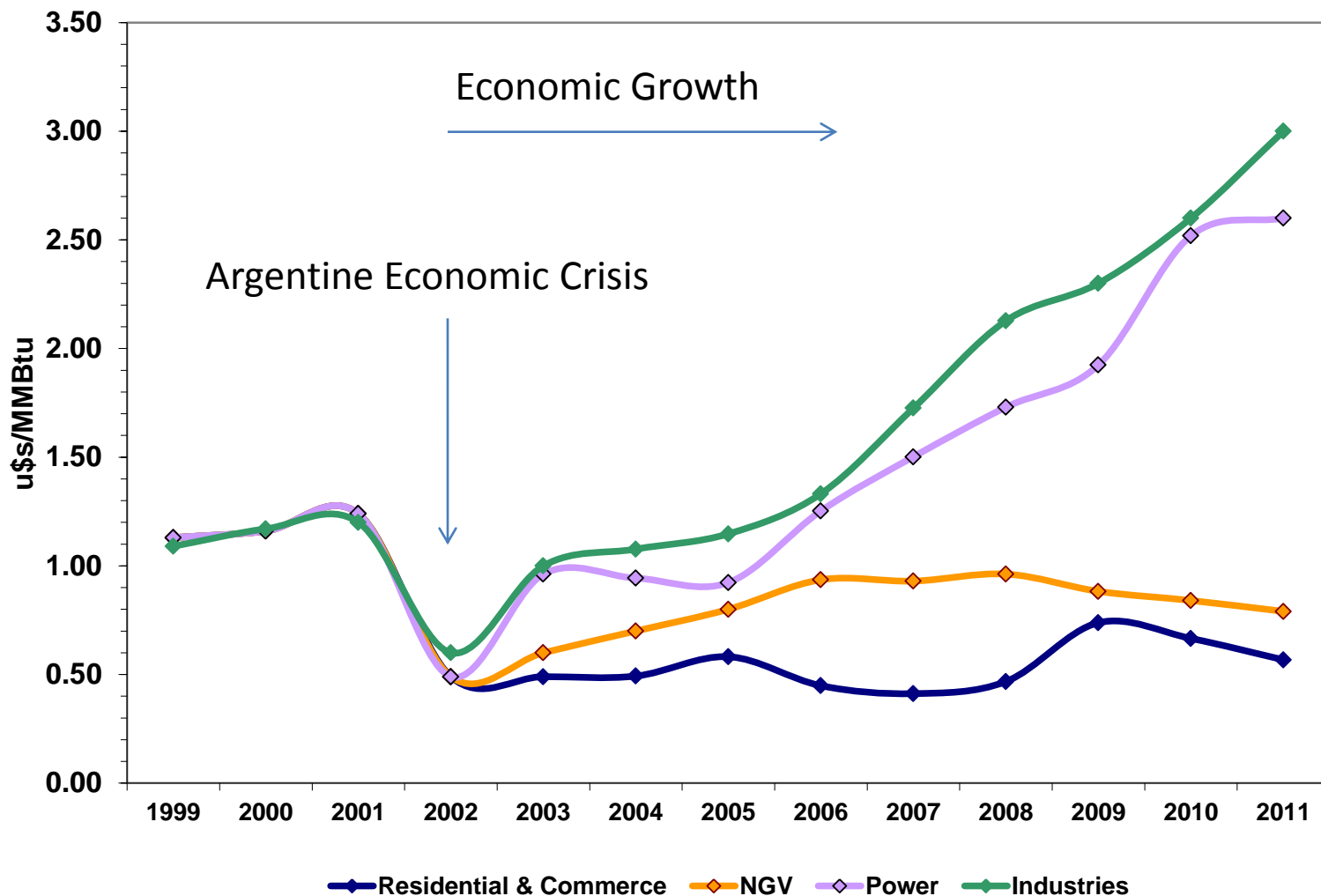
BY TYPE OF FUEL



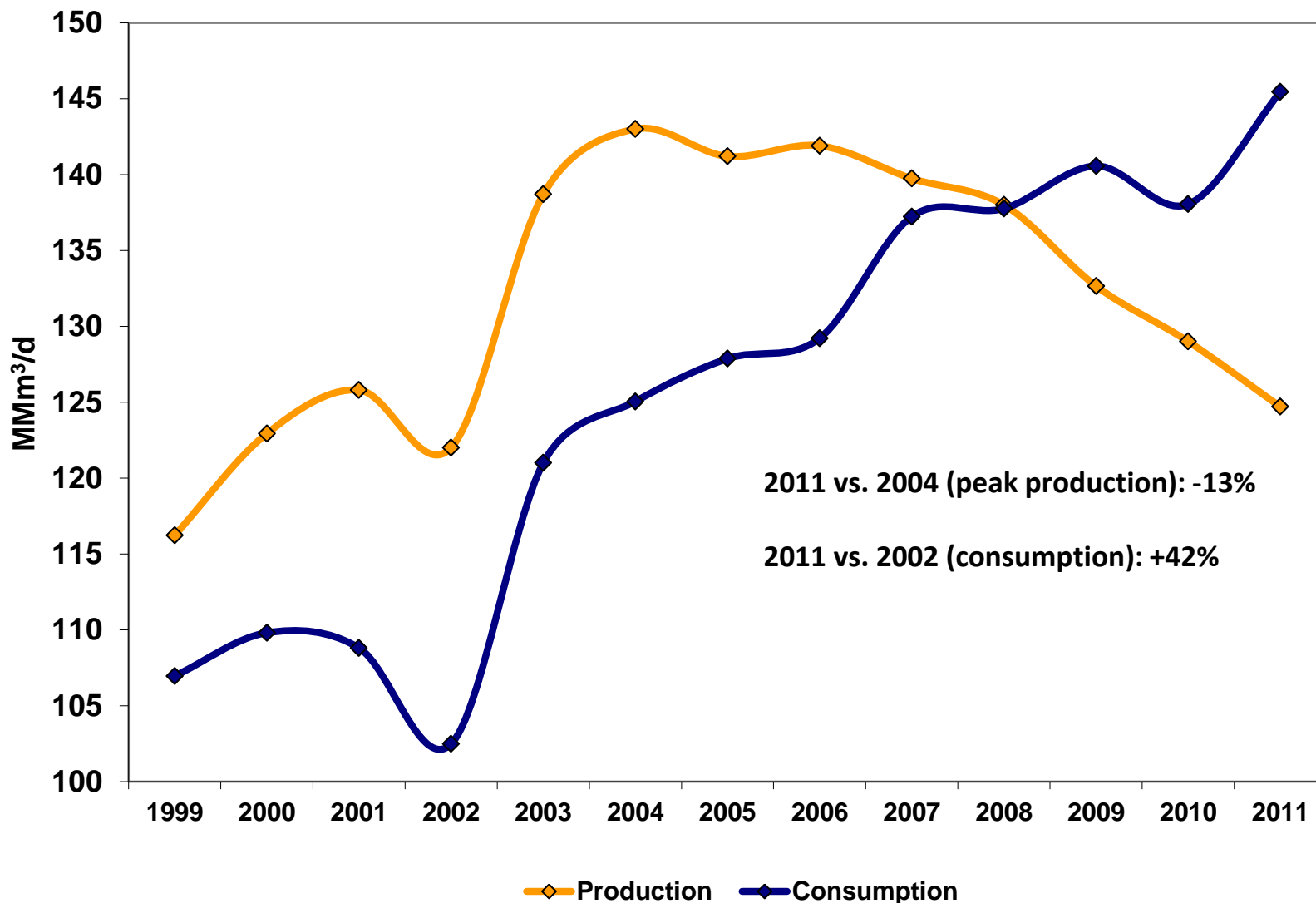
BY SEGMENT OF NATURAL GAS DEMAND



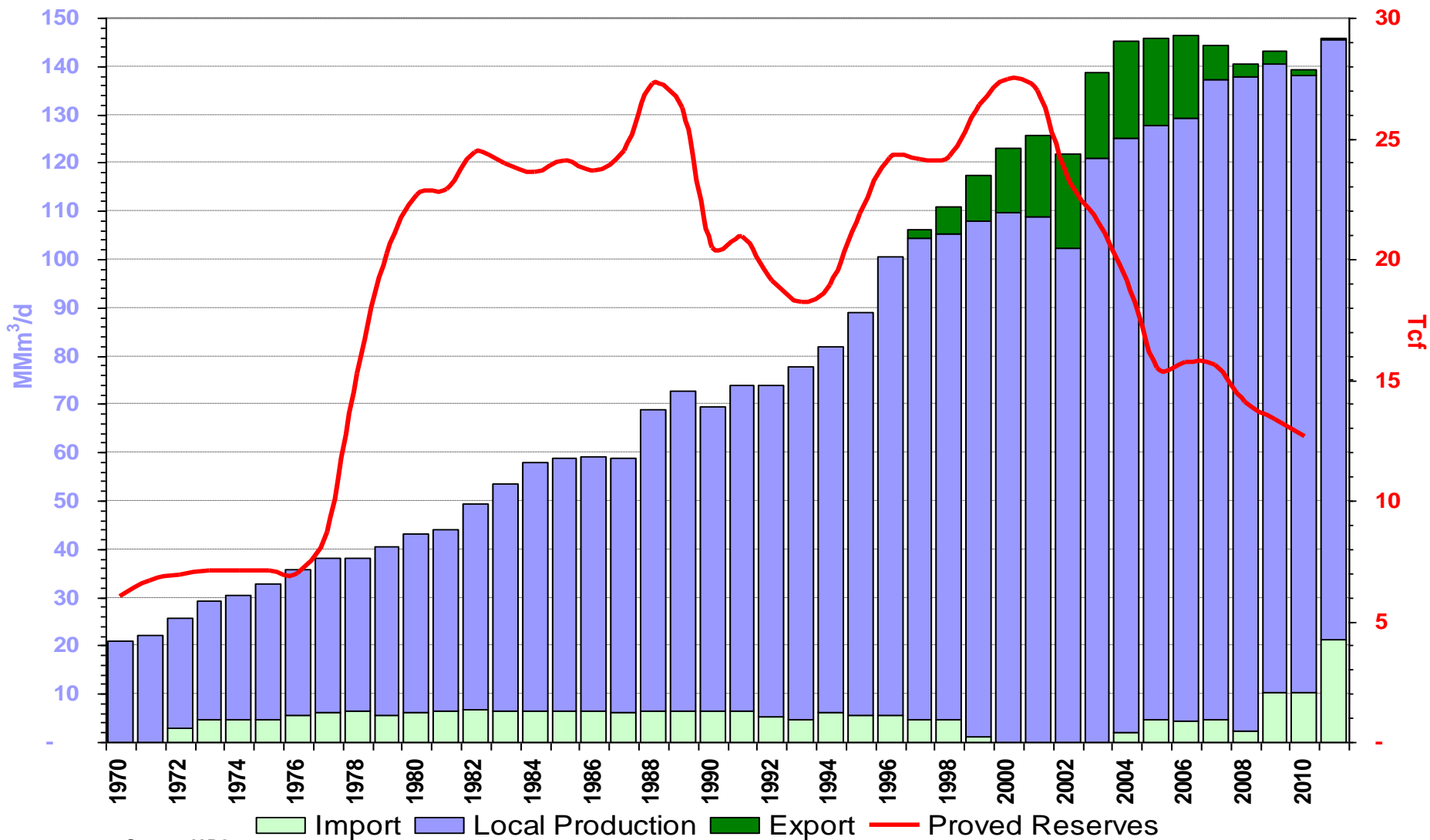
Gas Prices Effect of 2002 Economic Crisis in Argentina



Historical Production and Consumption Evolution



Natural Gas Reserves Evolution



Source: IAPG

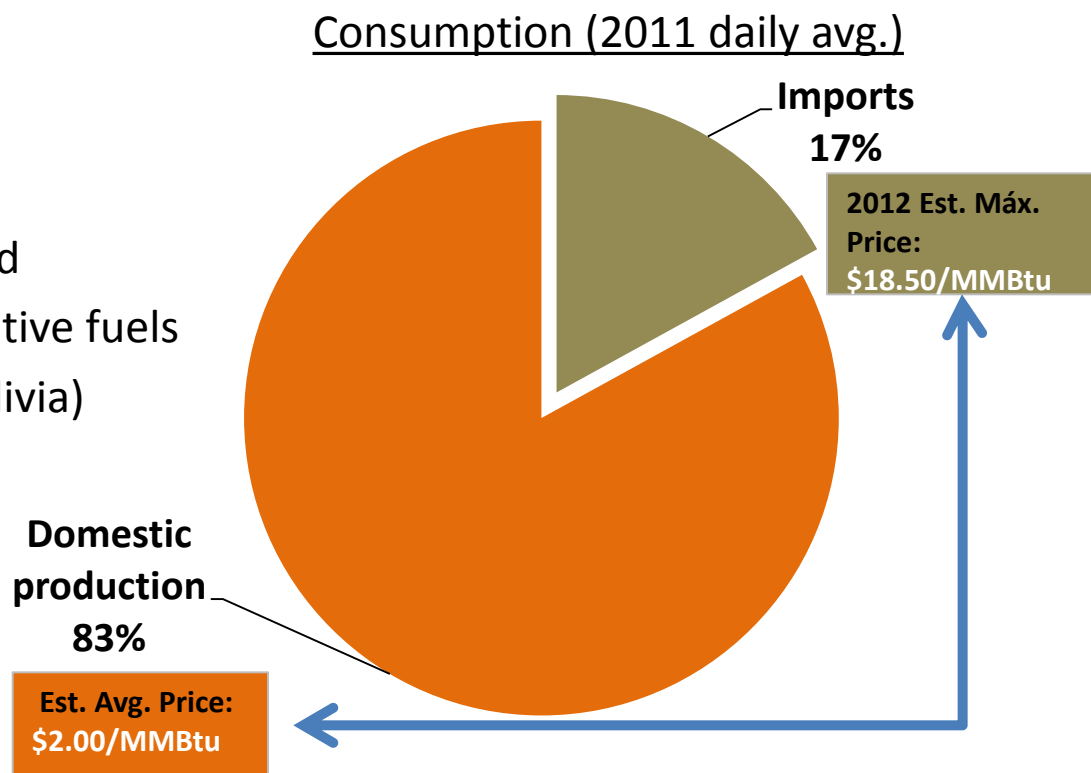
Current Situation of the Natural Gas Sector

■ General Context:

- Surged Economic Growth (GDP:95% - 2002 base)
- Depressed Prices
- Production Decline

■ Measures Taken:

- Export cuts
- Cuts on Natural Gas demand
- Subsidy for usage of alternative fuels
- Imports increase (LNG + Bolivia)
- “Gas Plus” Program



“Gas Plus Program”

- Set by Resolution by Federal Secretary of Energy in 2008 (Nbr. 24/08)
- Creates incentives for gas producers (Conventional and Tight-Sand Gas)

- Advantages:
 - Approves gas prices that would turn projects economically viable
 - Recognizes difference in price if Gas Plus is re-directed (for producer)
 - Guarantees to be the last gas to be re-directed, if needed (both for producer and buyer)

- Requirements:
 - Submit a project for technical approval by the Federal Secretary of Energy
 - Submit an economic evaluation of the project

“Gas Plus Program” Highlights

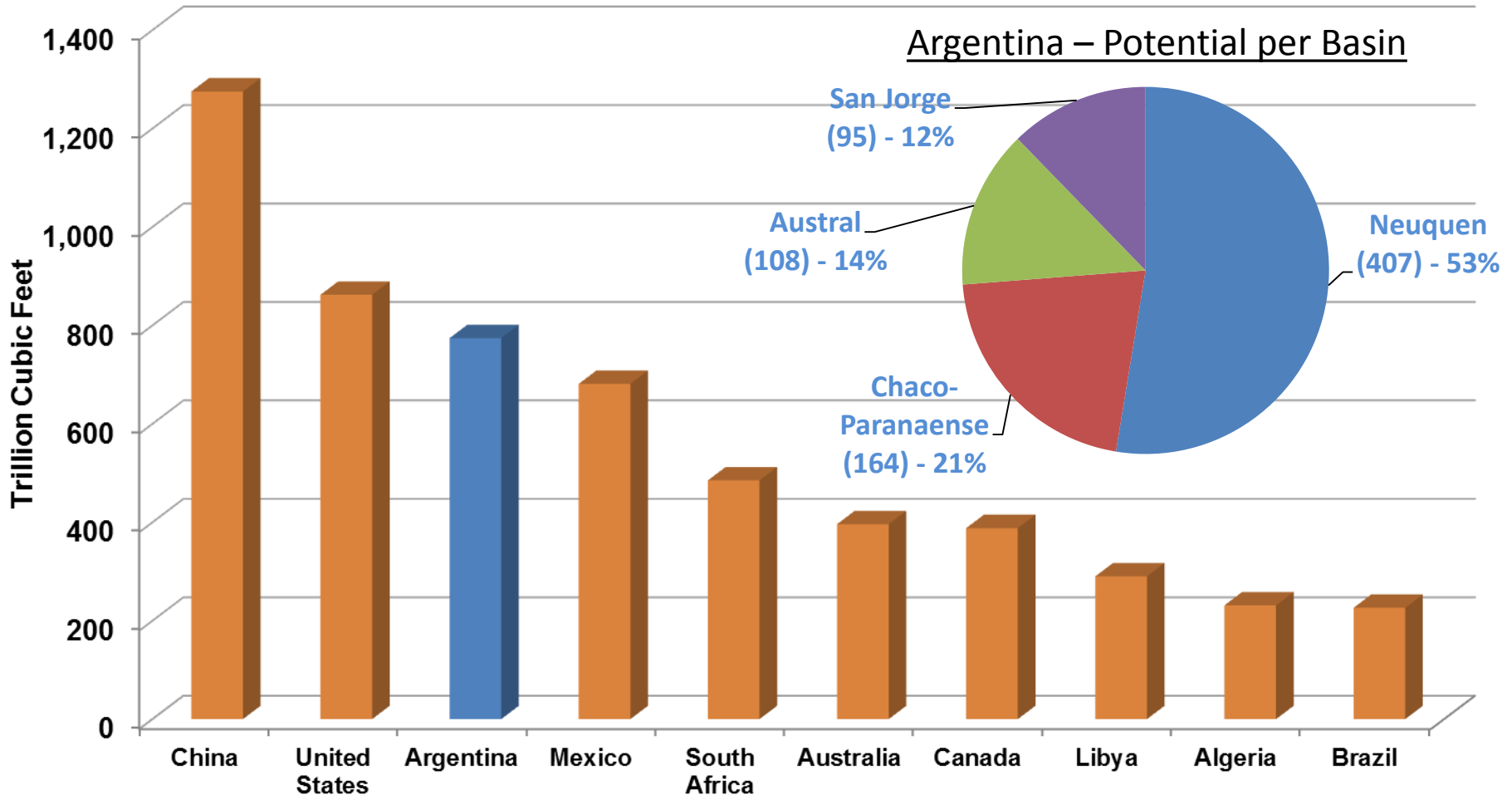
- Approximately 66 Projects technically approved:
 - 260 new wells originally presented for drilling
 - Tight Gas: 1.36Tcf – Investments: \$2.4B
 - Exploration: 0.87Tcf – Investments: \$1.45B
 - Reactivation of Exploitation: 0.97Tcf – Investments: \$0.6B

- Program Results:
 - 85% successful wells drilled and re-completed
 - Addition of 2.7Tcf of Reserves
 - Maximum depth reached of 5,800 meters (NW Basin)
 - Price approved ranges from \$4.10/MMBtu to \$6.80/MMBtu
 - Estimated Gas Plus volume currently producing :12.5MMm³/d ~ 441MMcfd

Shale Gas Potential by Country

Estimated Shale Gas Technically Recoverable Resources

World Shale Gas Resources: An Initial Assessment of 14 Regions Outside the United States - EIA



Opportunities for Argentina

- 100 years of natural gas production history
- Energy is a key factor to guarantee the current Argentine economic growth
- Import prices are currently 5 times the price paid for the domestic production
- Mature natural gas market with available infrastructure
- Human capital highly qualified on Exploration & Production
- Recent positive results and increased interest in exploration
- Large scale potential for non-conventional resources

- Improvement of the Regulatory Framework
 - Incentives for investments
 - Cost control
 - Equipment availability
 - Environmental policies
 - Labor policies
 - Relation with native communities

- Change in the business model

Conclusions

- According to the EIA (June´11), Argentina holds the World´s 3rd largest Shale Gas potential resources
- Current difference between import and domestic prices are an opportunity for domestic prices increase. Non-conventional gas development would conduct to this object
- Current trade balance becomes a significant issue to be resolved
- Technology already exists for developing non-conventional gas

“Argentina has a mature natural gas industry and market with a significant infrastructure available. In consequence, a quick monetization of investments in non-conventional resources would be possible, if an adequate regulatory framework is in place.”

THANK YOU!