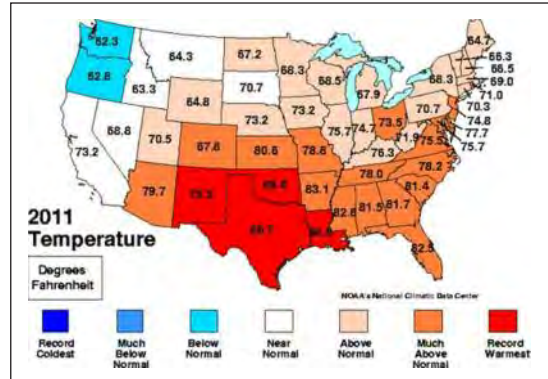


SIPES January Luncheon Meeting North American Natural Gas \$3 to \$13 to \$3 — Where Do We Go Now?

by *Keith Barnett, BarnHill Energy Resources*

Natural gas prices have remained under downward pressure as Lower-48 production continues to grow faster than underlying secular demand. How much longer can the market sustain a growing production input to the supply and demand balance? Declining net imports help the supply side, along with two cold winters and two record hot summers, plus gains in market share against coal-based generation have kept the market from collapsing to producer shut-in costs. Activity in Marcellus, Eagle Ford, and the mid-Continent will exceed declines in Haynesville and Barnett shales and lead to 2012 production at higher levels than 2011. Will increasing demand, declining net imports, weather, or increases in storage capacities and inventories solve the imbalance? Or will it come down to price? ■



Biographical Sketch

KEITH BARNETT has over 30 years of experience in the energy industry with leading companies that include Chevron, Columbia Gas Transmission, American Electric Power, and Merrill Lynch Commodities.

Mr. Barnett has held engineering, managerial, and executive positions with those companies in the areas of production, drilling, offshore platform design, natural gas marketing, fuel procurement, trading and structuring analytics, and corporate strategy. He had significant participation in two National Petroleum Council studies,



as the lead of the power-demand team in the 2003 natural gas study and as a member of the steering and report writing committees. He was also the Natural Gas Task Force lead for the Edison Electric Institute for several years. He has testified before the Federal Energy Regulatory Commission and the Senate Sub-committee on Energy on natural gas and power matters.

Mr. Barnett will join Spring Rock Production, an affiliate of Waterborne LNG, which produces a state-of-the-art natural gas and oil production forecast for the U.S. and Canada. He will retain his consulting firm, BarnHill Energy Resources, which currently serves a select group of clients on energy market analytics and risk management. He has an engineering degree from Texas A&M University.

