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On Our Way Home

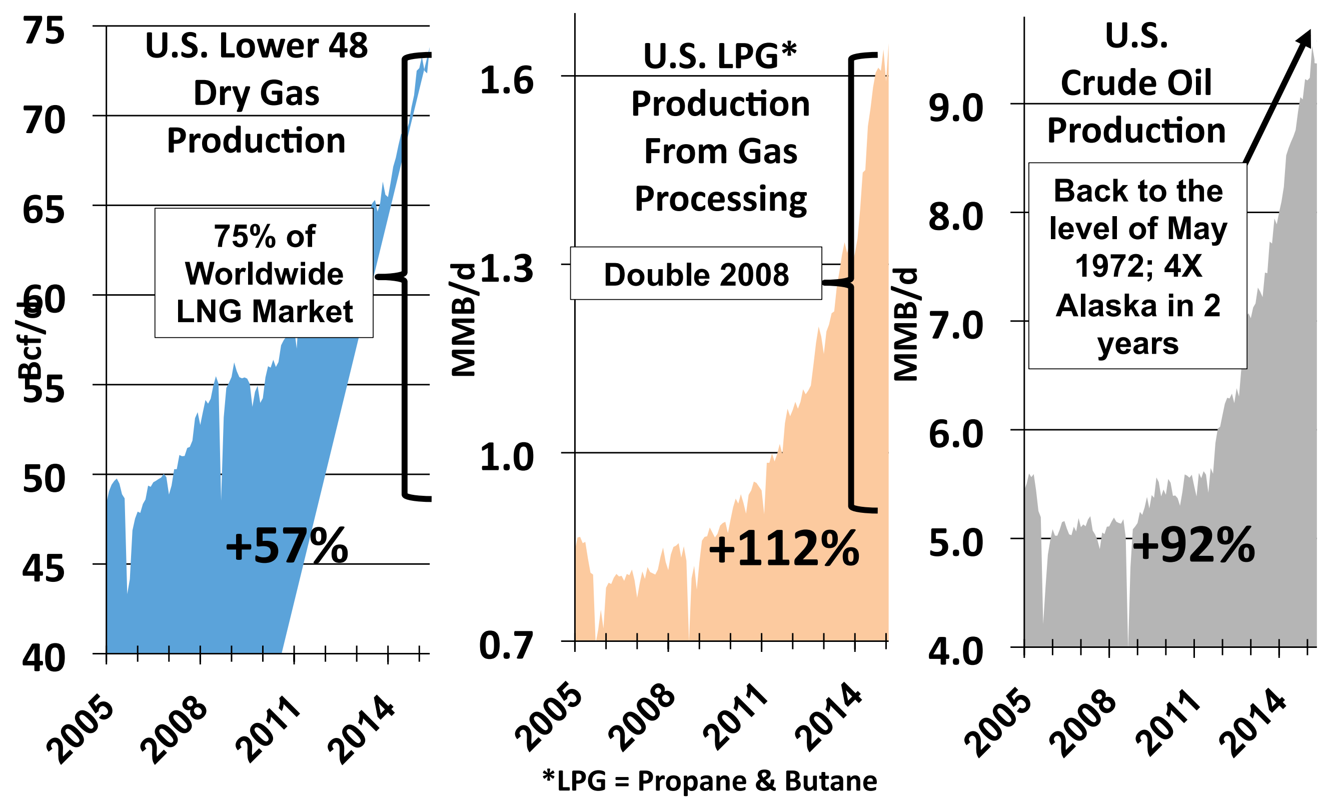
Energy Infrastructure Needs and Options

U.S. Energy Information Administration

2015 EIA ENERGY CONFERENCE

June 16, 2015

Production of Natural Gas, NGLs & Crude Oil



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Source: EIA

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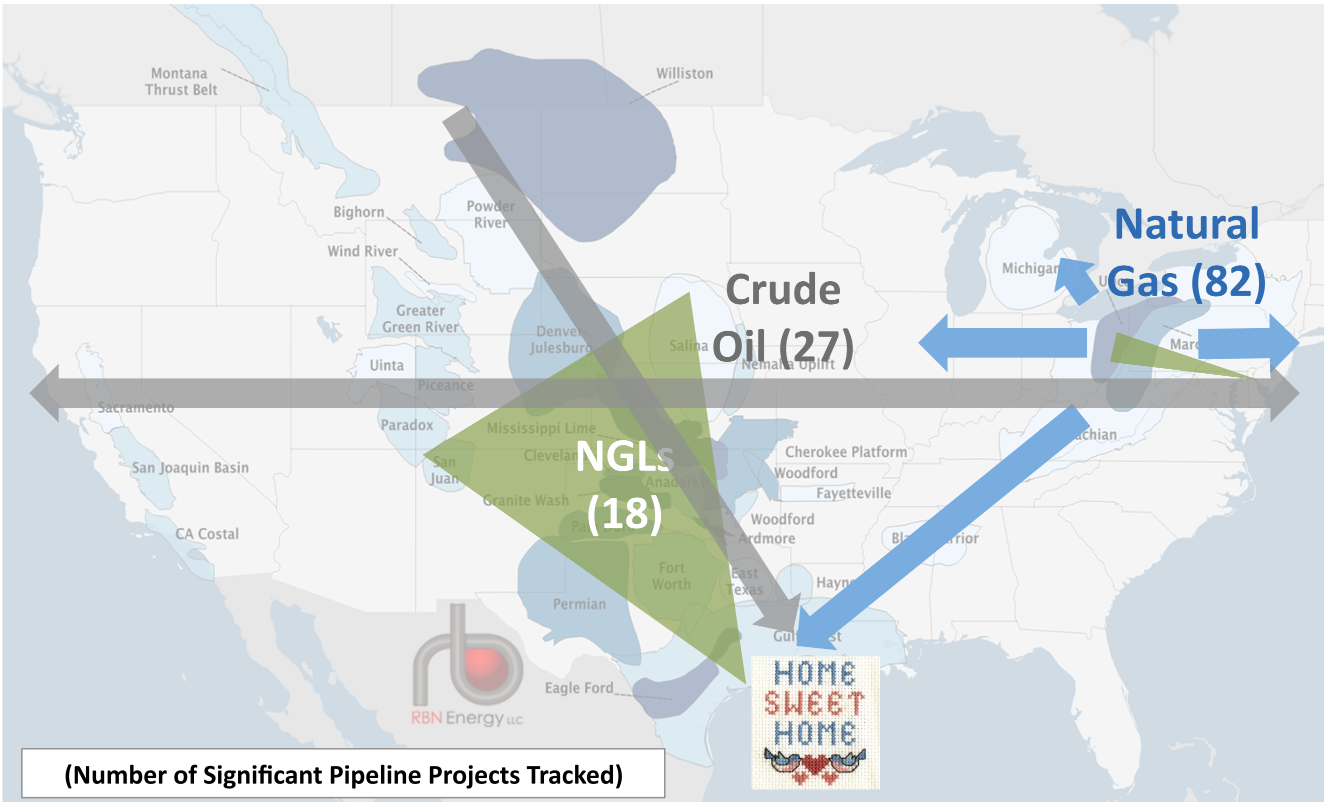

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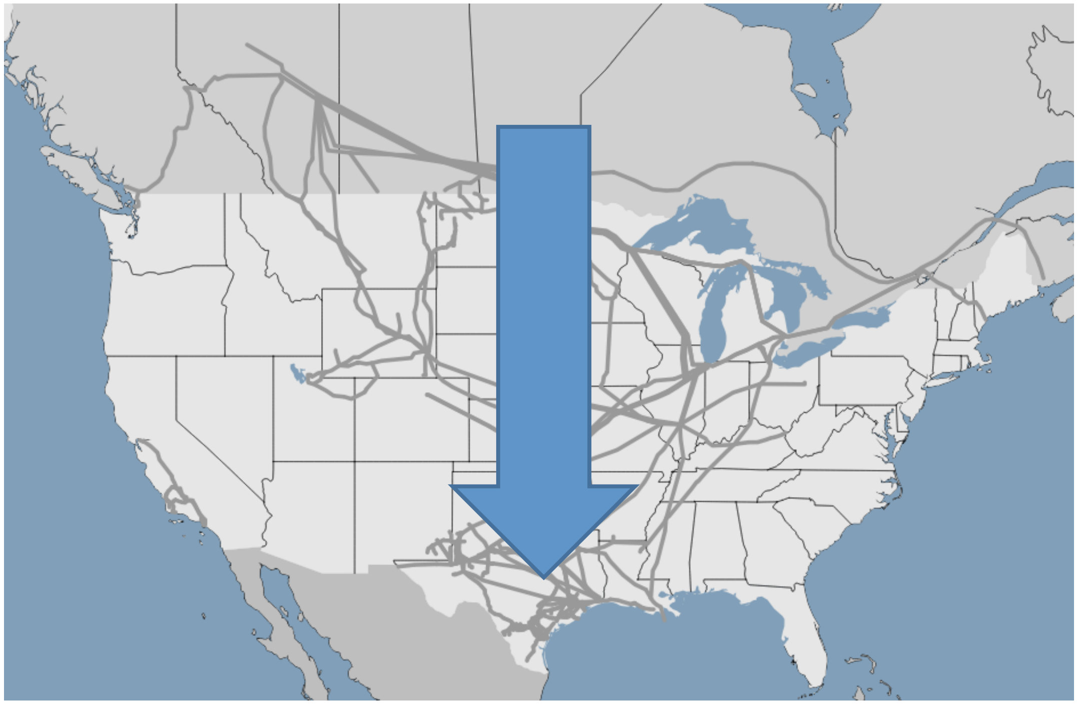
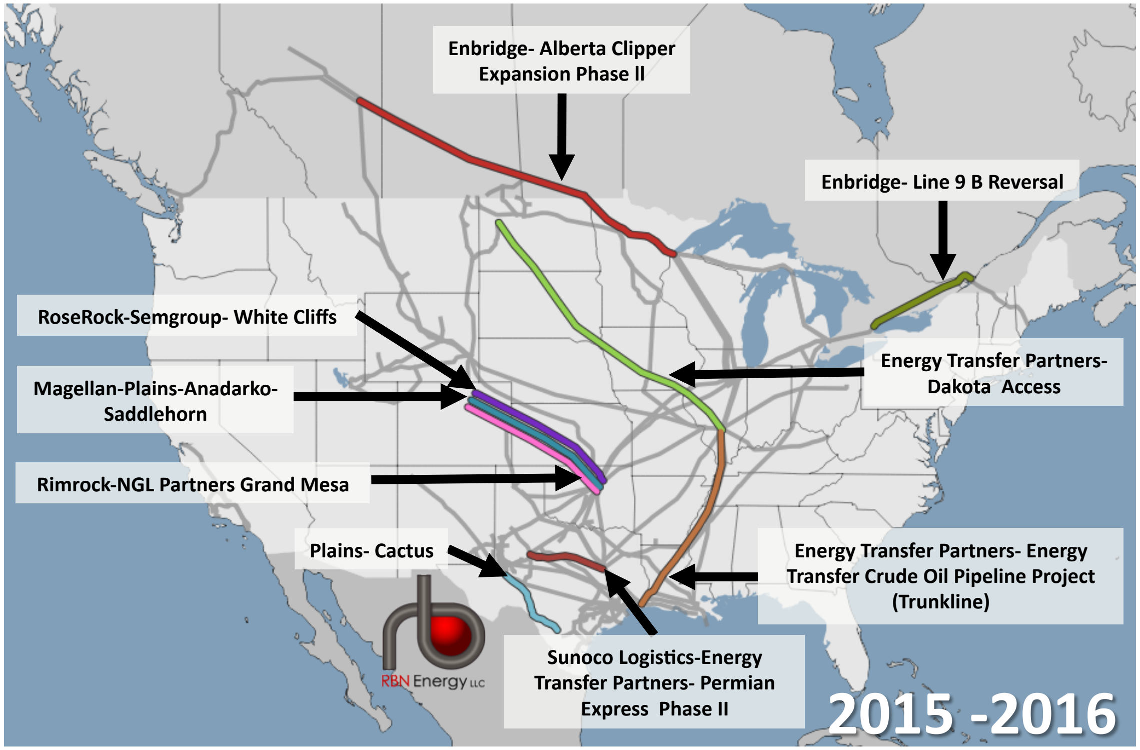
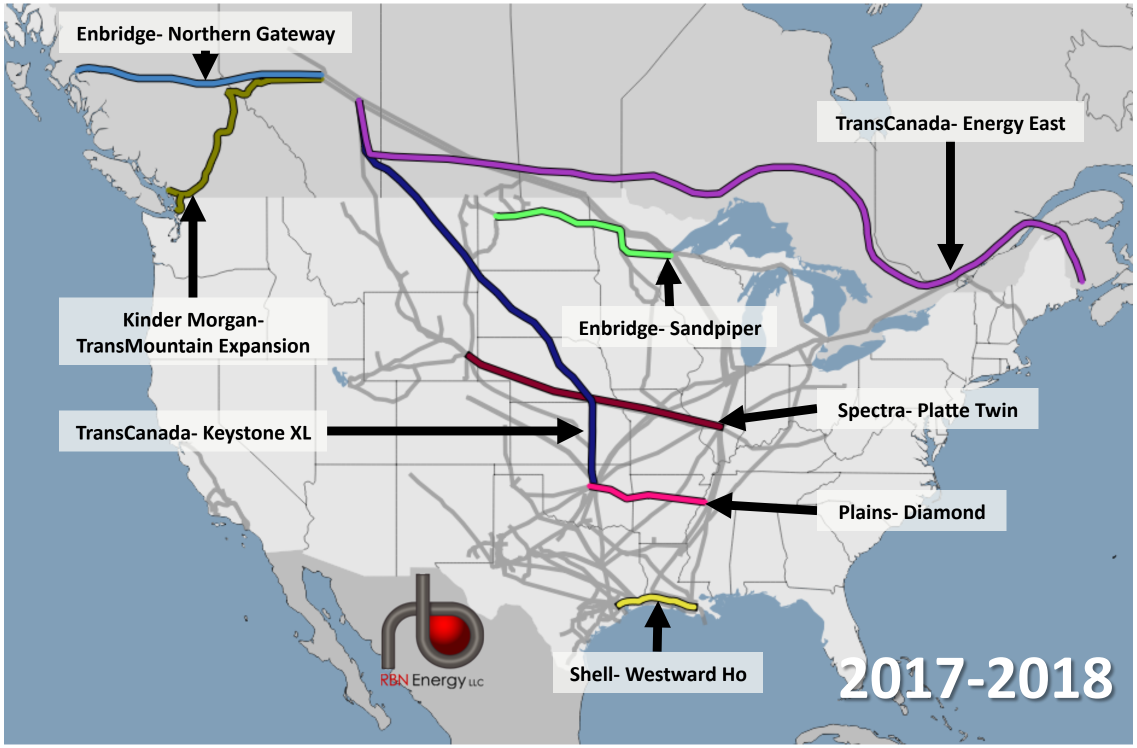
Crude Flows Turn From N-S to W-E



Major Crude Oil Infrastructure Development



Major Crude Oil Infrastructure Development



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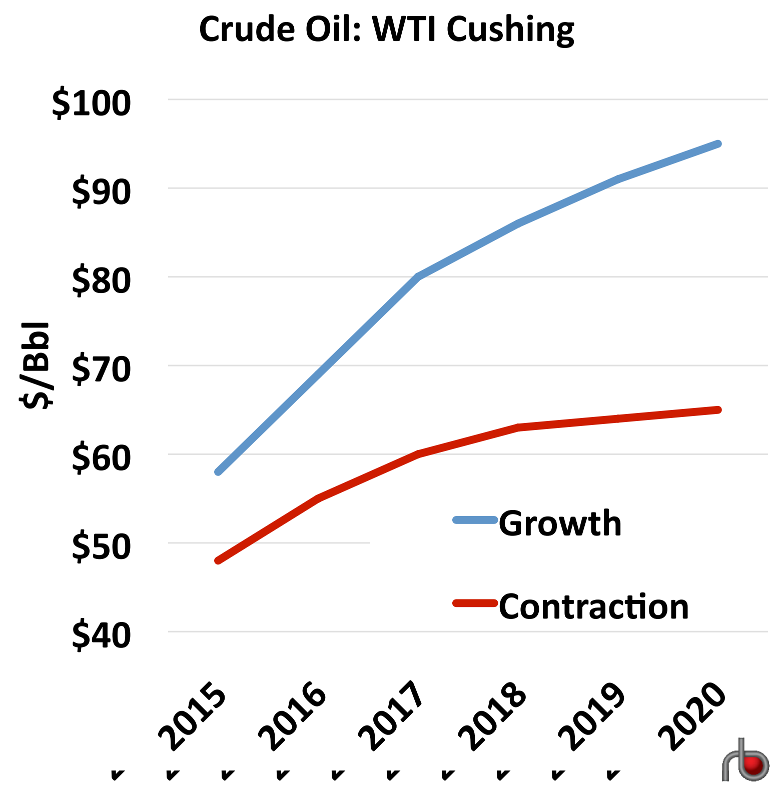
Five Year Crude Market Price Scenarios

- *Growth Scenario --* Resilient production keeps volumes growing; WTI prices return to the $80/bbl range by 2017 and $95/bbl by 2020
- *Contraction Scenario --* Resilient production results in some year-over-year growth in 2015 versus 2014, but production declines begin in 2016; WTI prices average $48/bbl in 2015 and only reach $65/bbl by 2020



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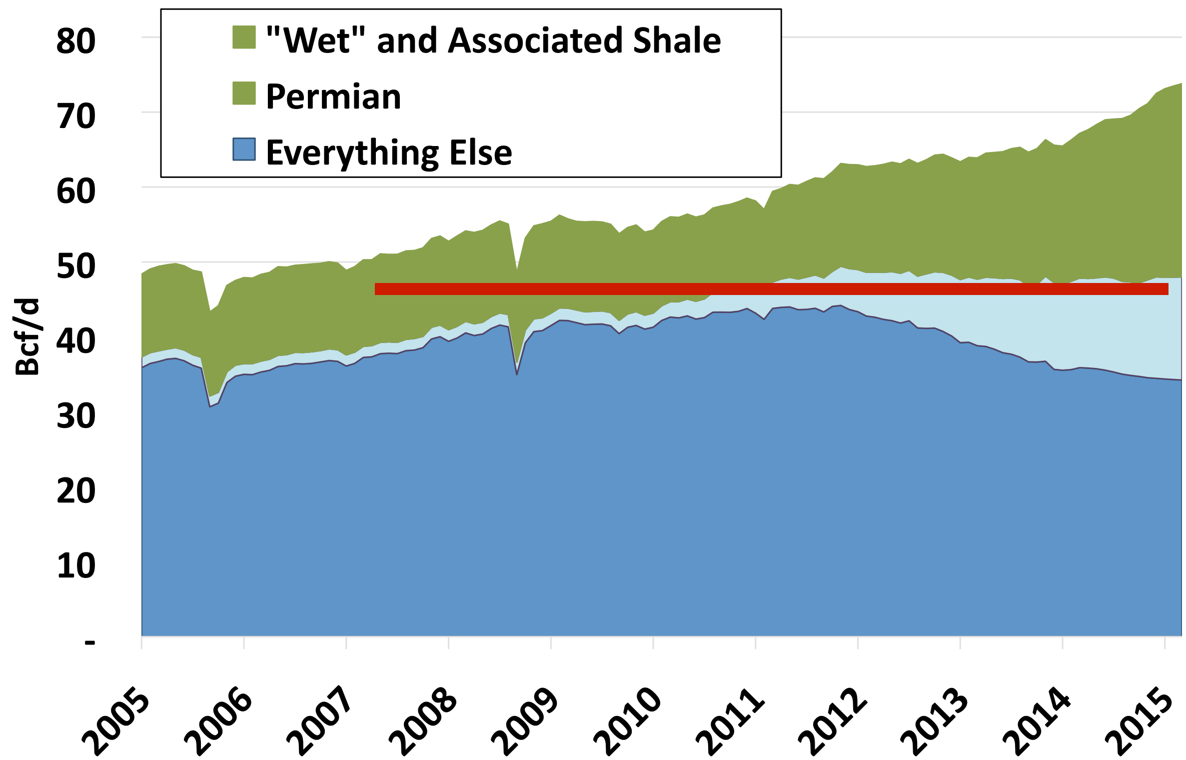
U.S. Natural Gas Production



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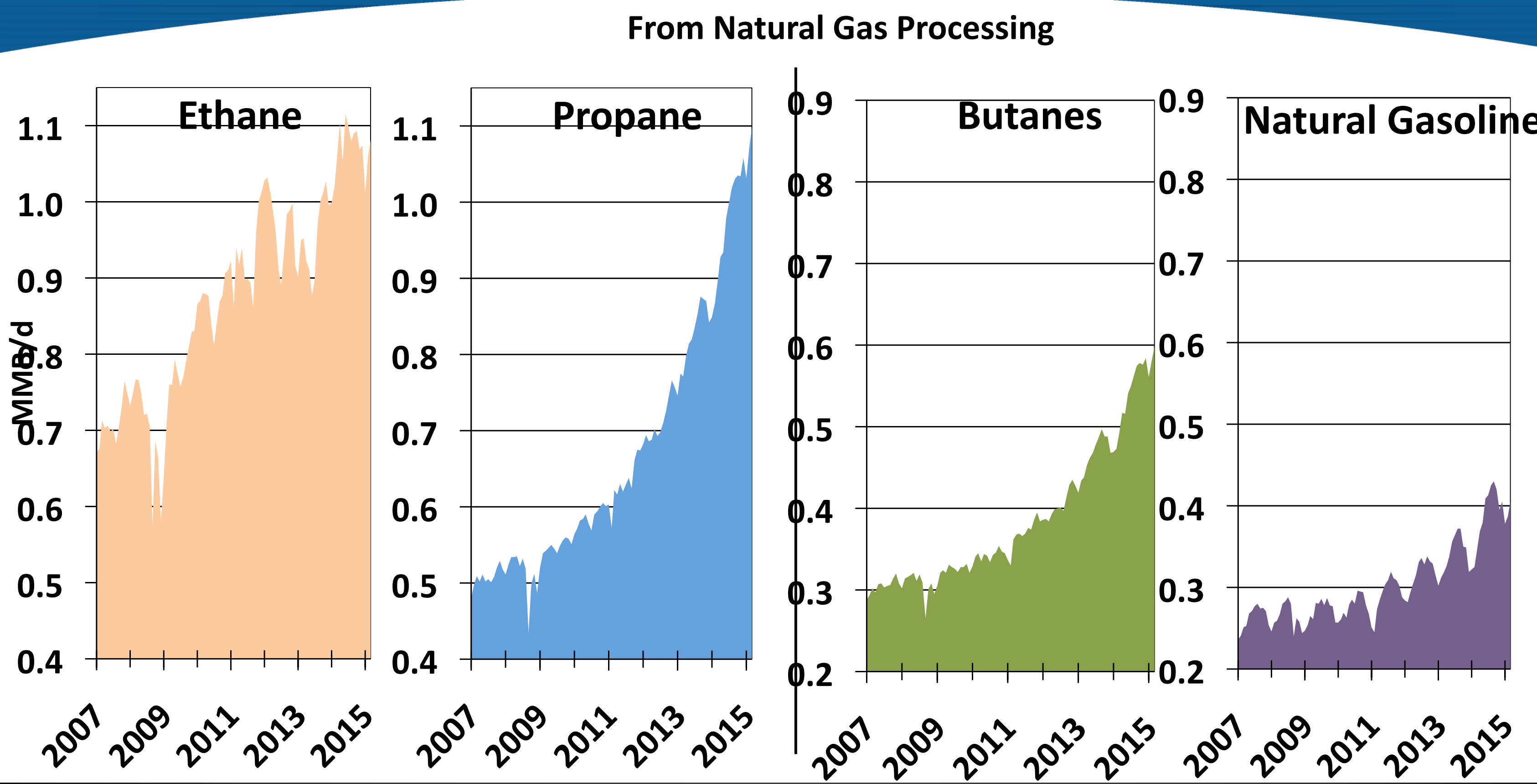
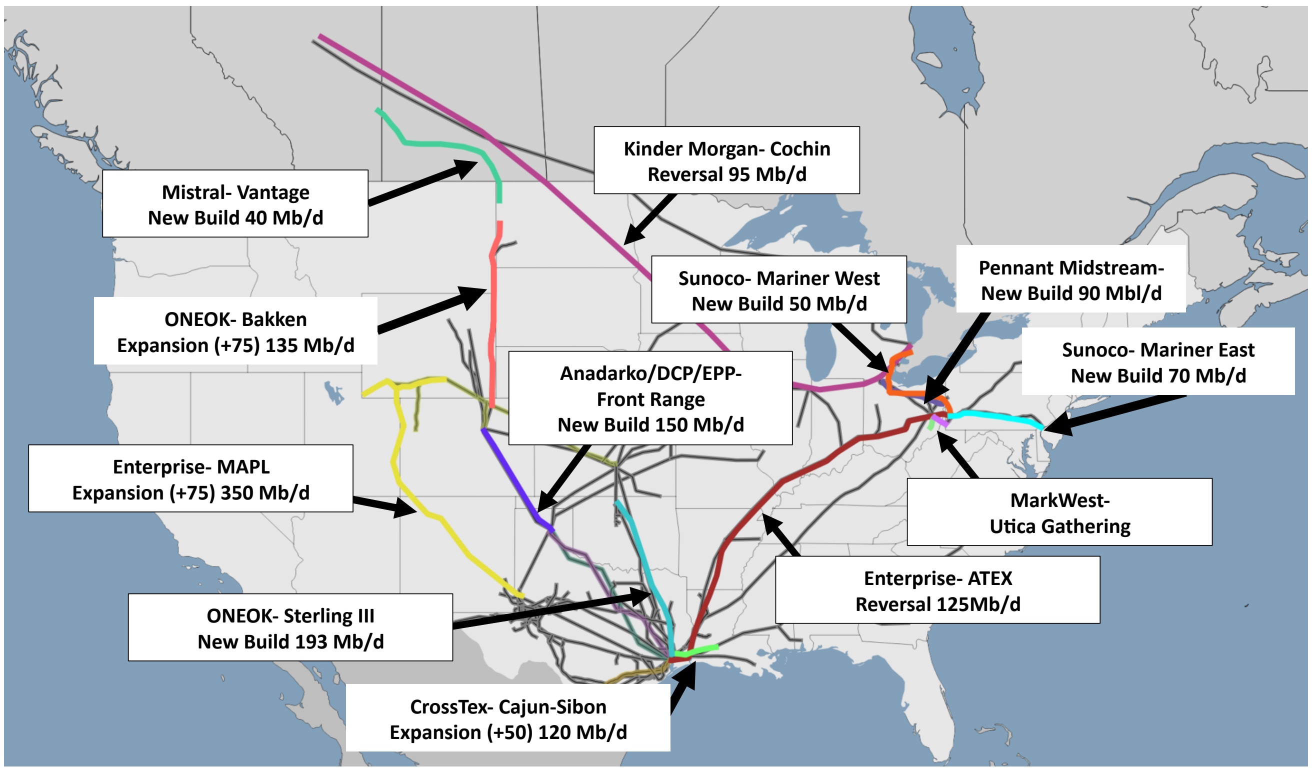
U.S. NGL Production



NGL Infrastructure Development - 2014



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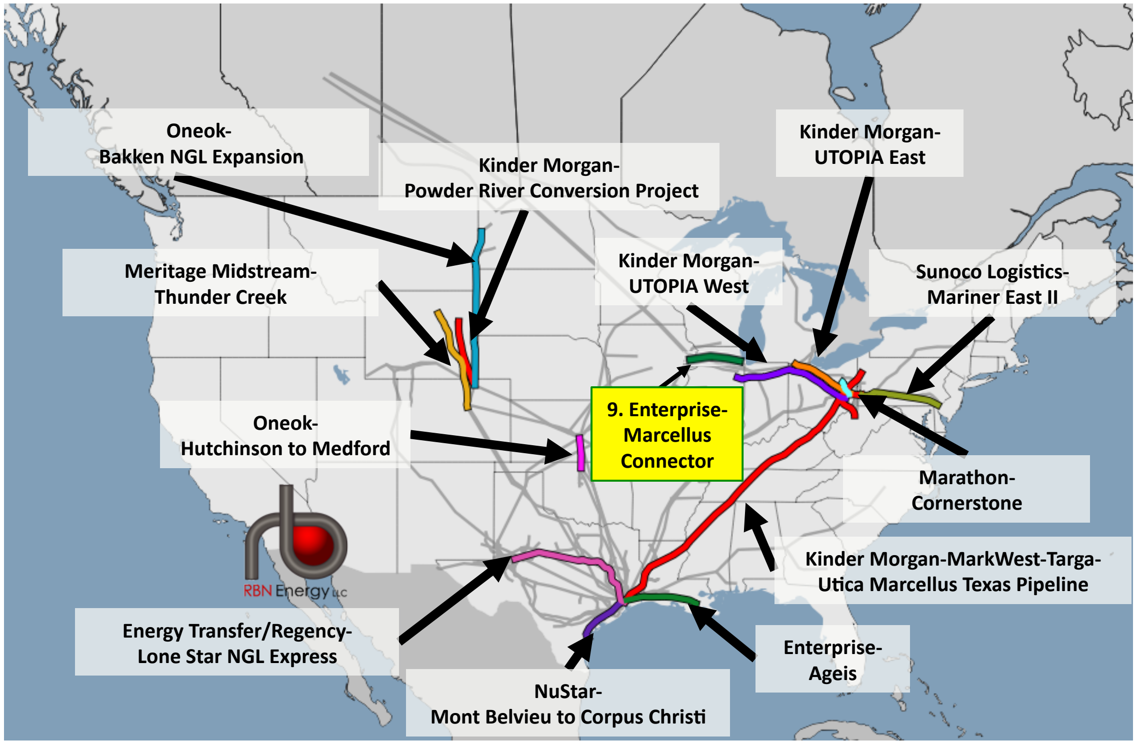
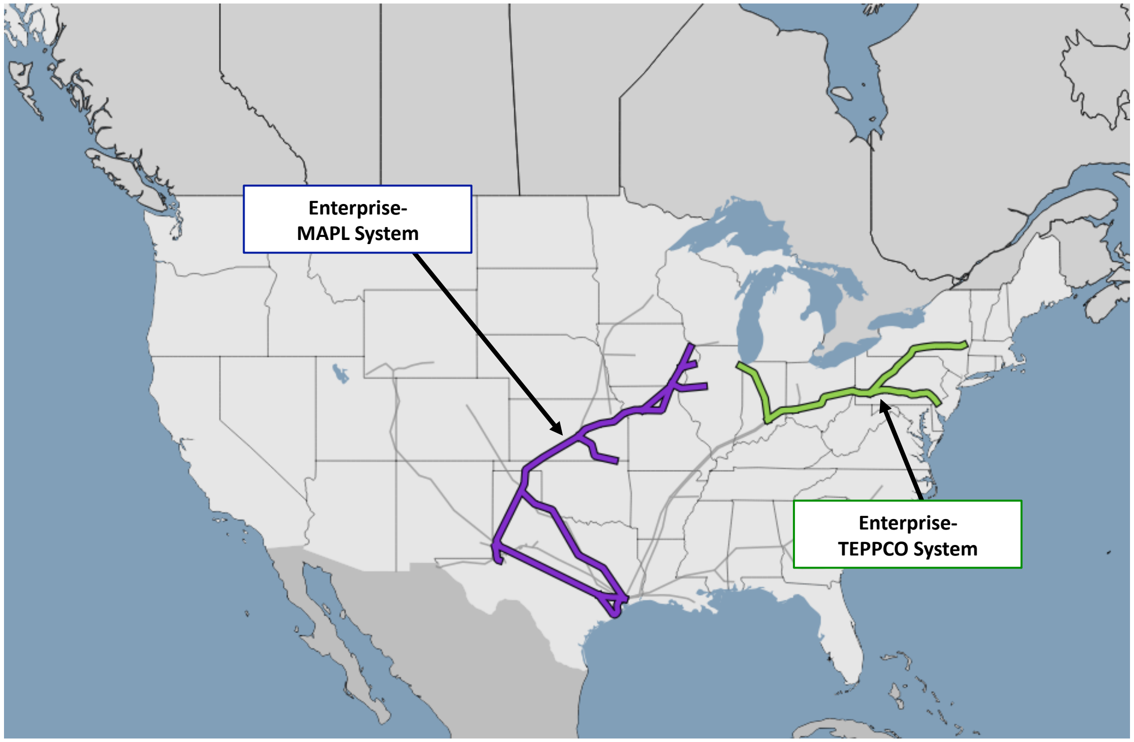
NGL Infrastructure Development 2015-18



Enterprise Product Partners- Propane Connector



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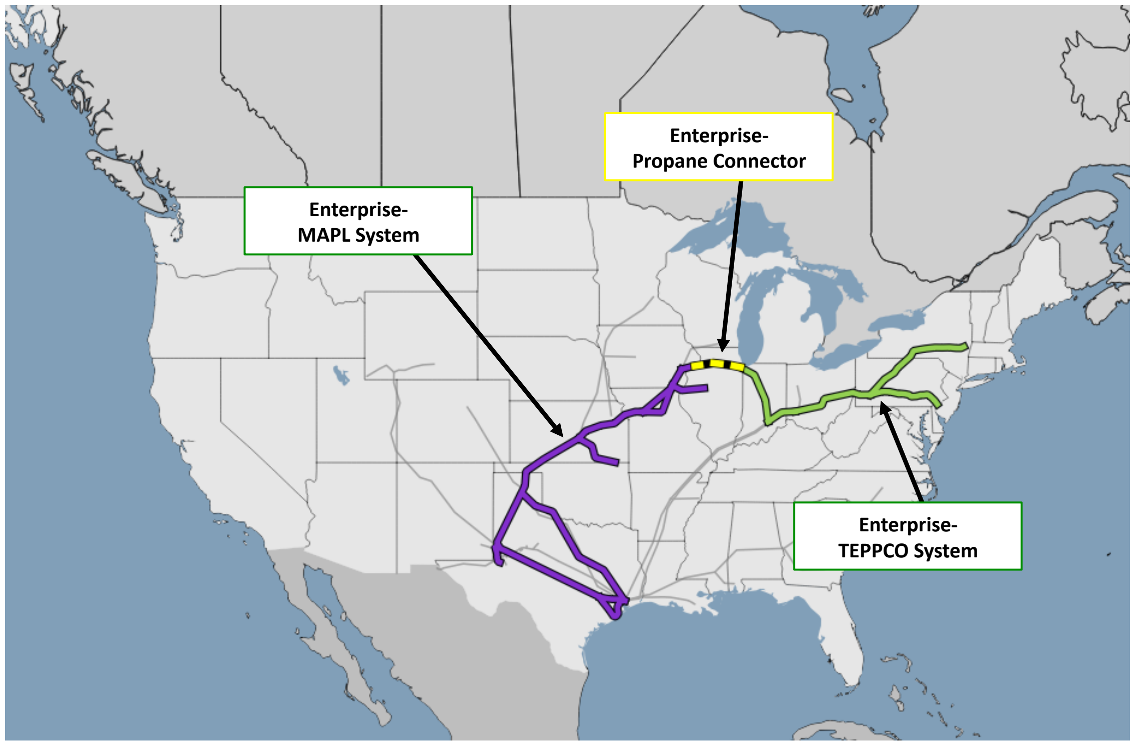
Enterprise Product Partners- Propane Connector



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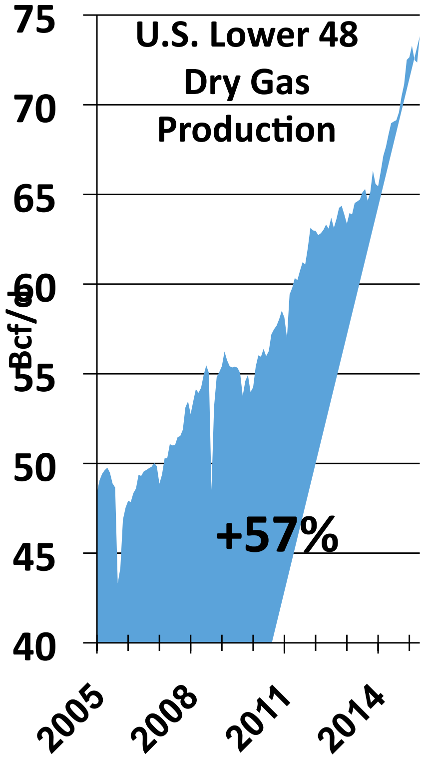
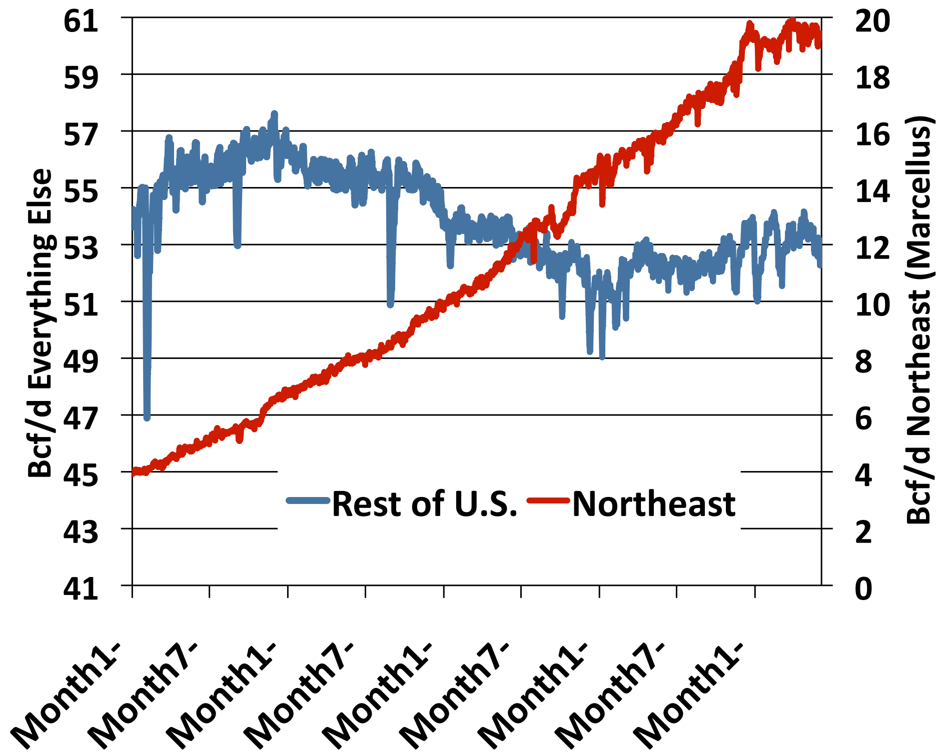
U.S. Natural Gas Production





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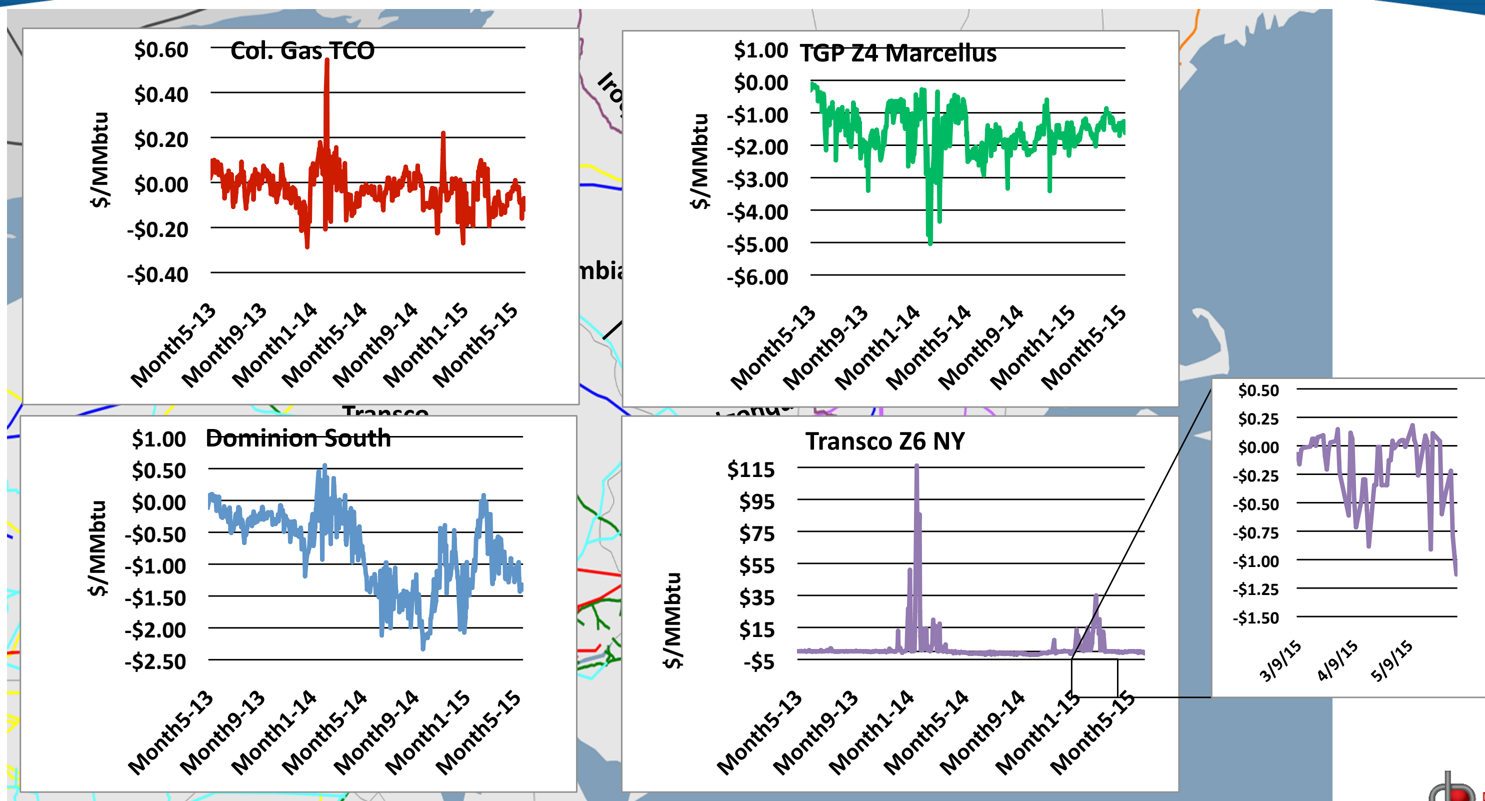
Northeast Natural Gas Basis (versus Henry Hub)



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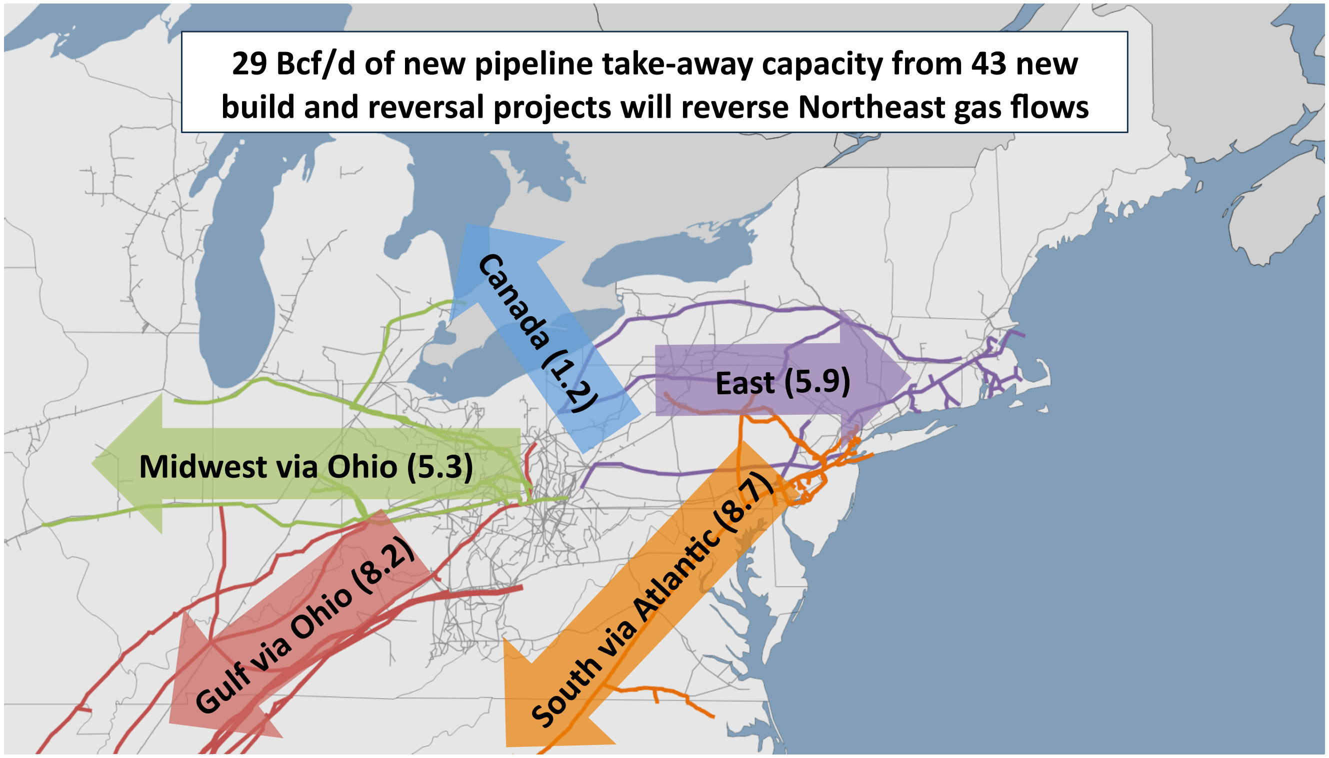
Natural Gas Pipeline Capacity Additions



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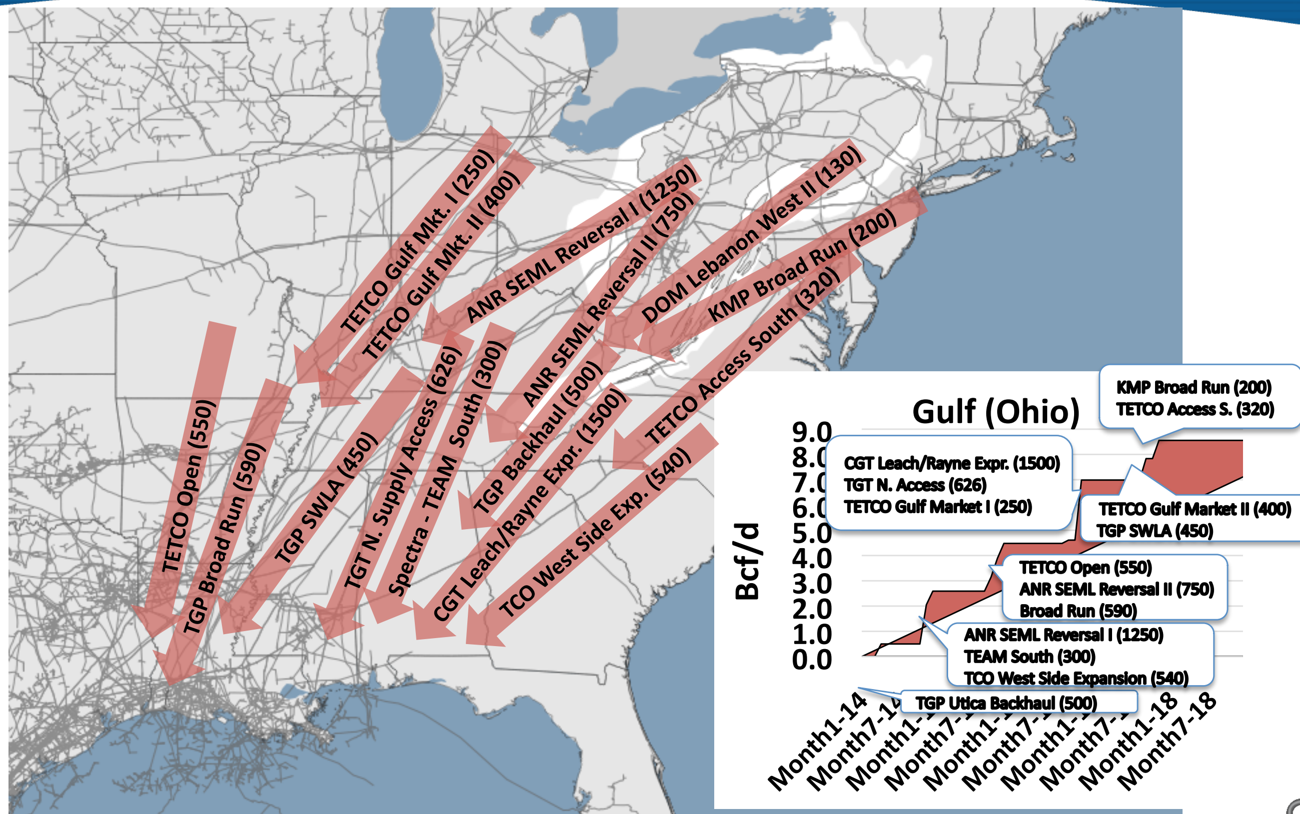
Gas Pipeline Capacity Additions - Gulf



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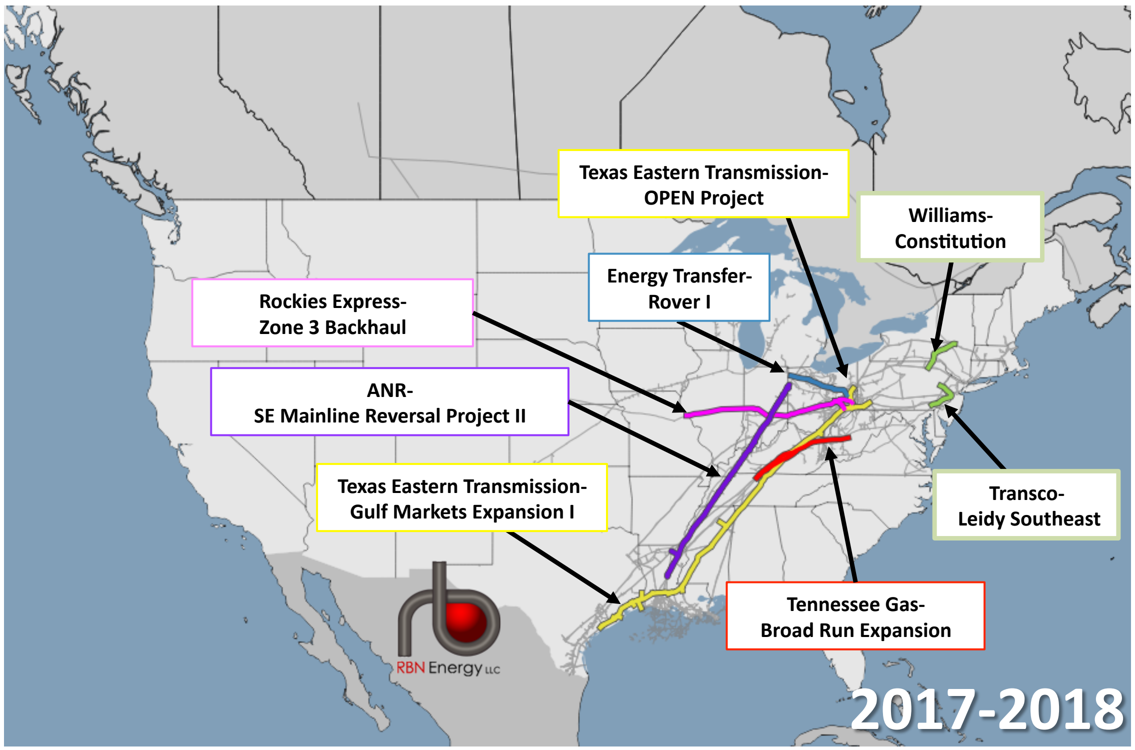
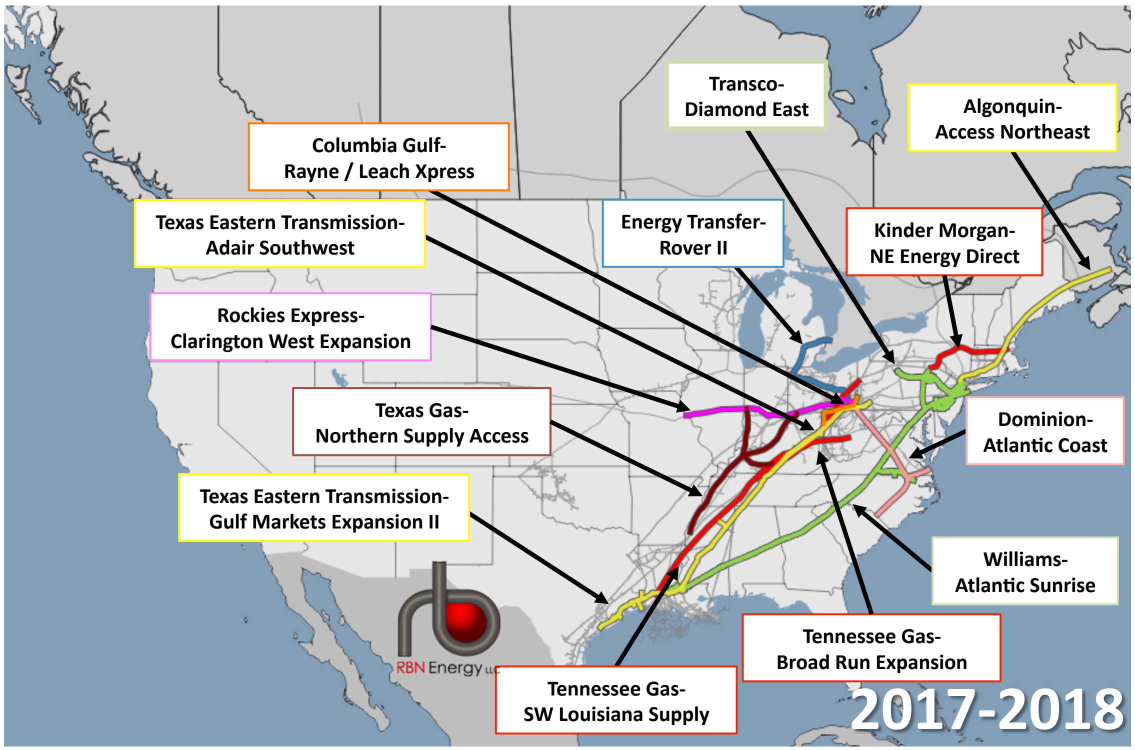
Major Natural Gas Infrastructure Development



Major Natural Gas Infrastructure Development



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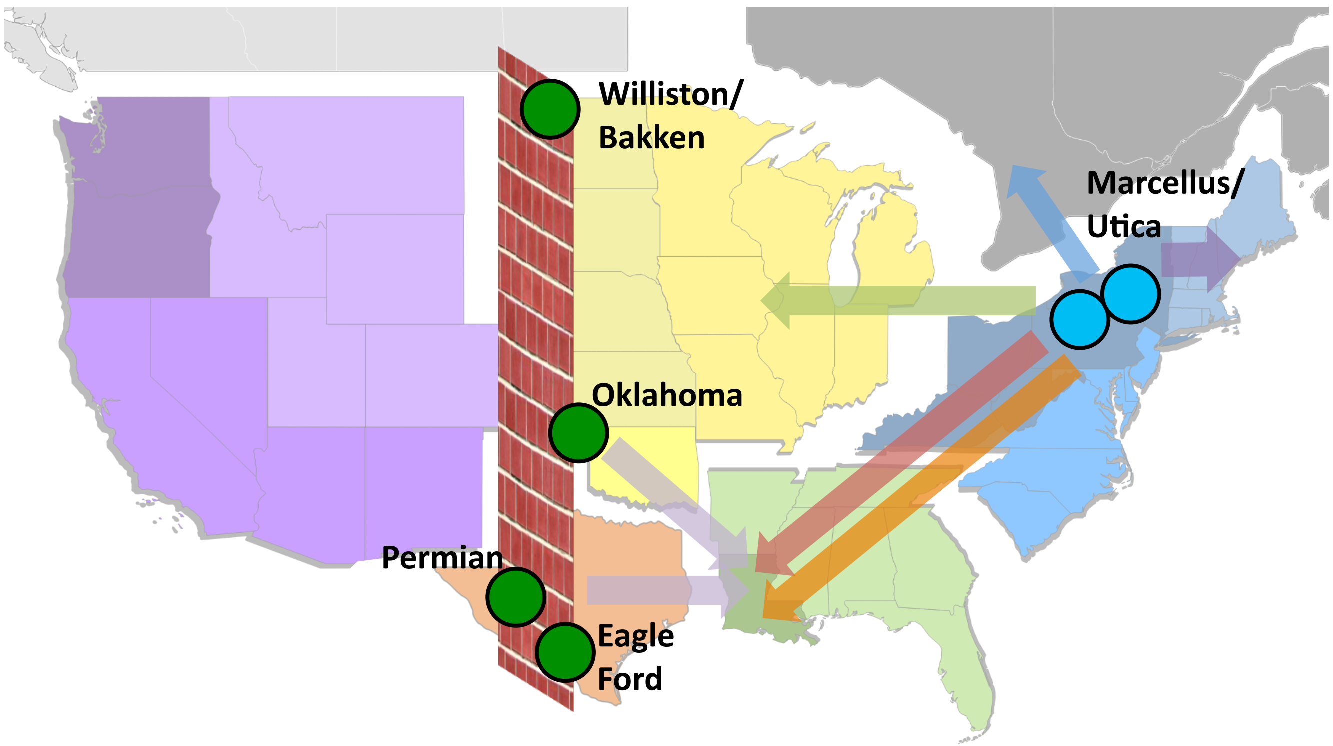
The Battle For Henry Hub



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On Our Way Home

- Production remains strong, hydrocarbon molecules need to find a home
- 29 new crude oil pipelines continue the trend of moving barrels to locations that compete with overseas imports; increasingly barrels will transition to more lateral flows – mostly west-to-east
- Associated and wet gas continues to drive NGL production growth; 18 new NGL pipelines will move mixed NGLs and purity products to the water for export
- 29 Bcf/d of new natural gas pipeline take-away capacity provided by 43 projects will reverse Northeast gas flows; most of that gas will compete with Gulf Coast supplies
- Whether or not all this infrastructure build out is sufficient will depend primarily on the price of crude oil

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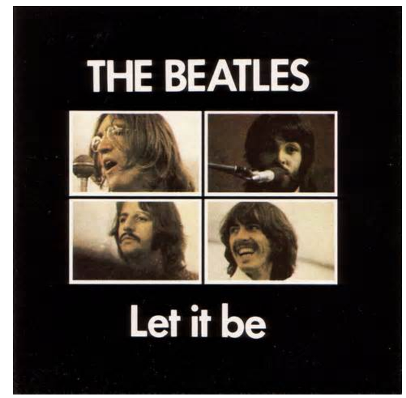
Daily Energy Post

The Marcellus Changes Everything

Thursday, October 4, 2012

Yesterday the highest and lowest natural gas prices in the country were only 100 miles apart - on the same pipeline. Tennessee Zone 4 averaged $1.65/MMbtu while Zone 6 came in at $2.56/MMbtu. Weird stuff like this happens in the middle of winter, but not in late spring. In today's world of tiny natural gas basis differentials, this is an incredible shoulder-season differential of more than $0.90/MMbtu. What could cause such a rupture in the space-time continuum? How long will the situation continue? Why does this development portend dramatic, long-term changes in natural gas flows across North America?

http://www.rbnenergy.com/daily-energy-post



Let it Be
The Beatles
May 1970

Two of Us

> ***We're on our way home.***
> ***We're on our way home.***
> ***We're going home***

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