



Energy and Environmental Analysis, Inc.
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A Few Observations on Recent Natural Gas Market Trends

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November 6, 2007

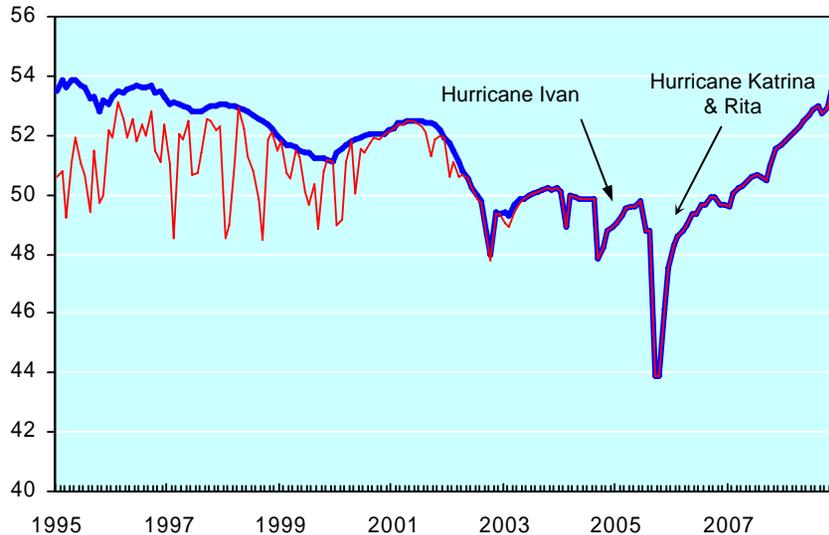
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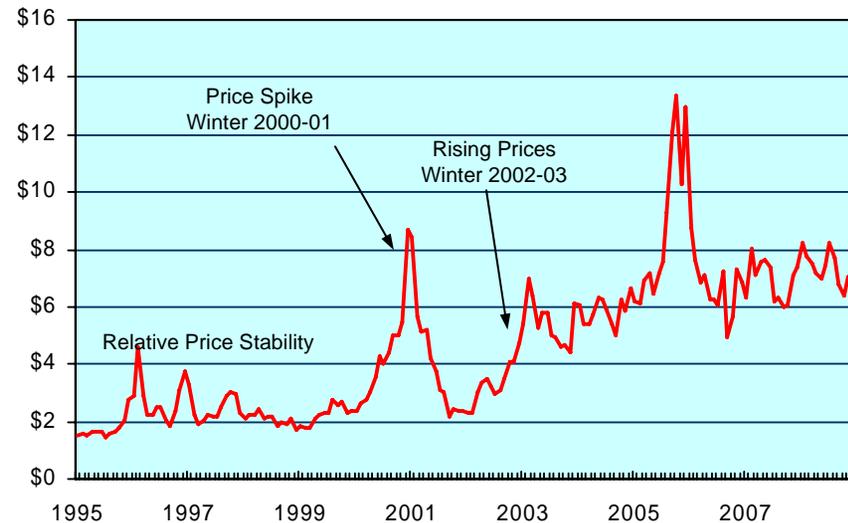
The Changing Gas Balance

Lower-48 Dry Gas Production Vs. Dry Gas Capacity (BCFD)



Source: Energy and Environmental Analysis, Inc.

Historical Gas Price at Henry Hub (\$ per MMBtu)



Source: Platts Gas Daily & Energy and Environmental Analysis, Inc.

Divergent trends in supply and demand have led to a tight supply/demand balance, higher gas prices, and increased price volatility. However, a recent stabilization in productive capacity has slowed price increases.

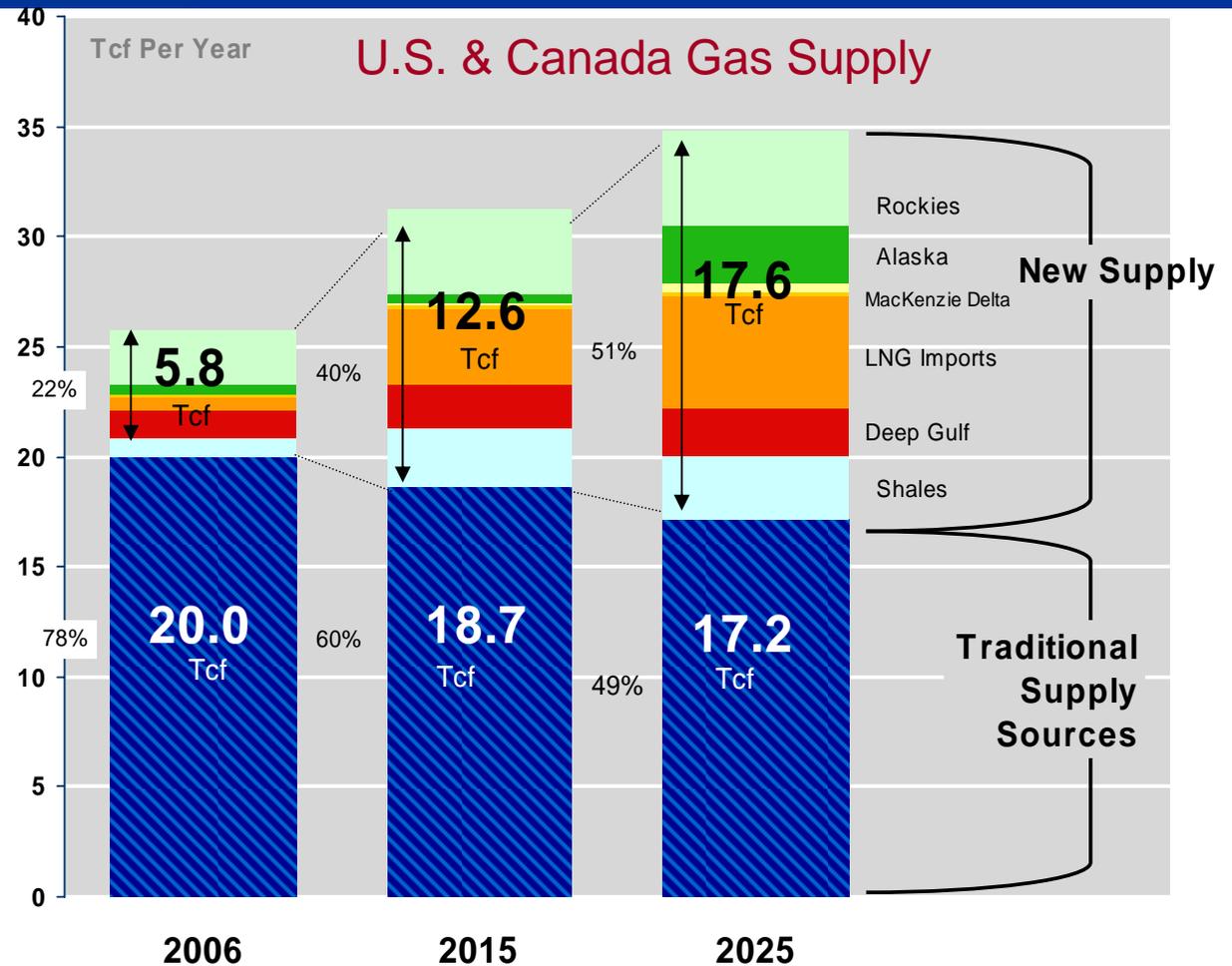
DESPITE FUTURE INCREASES IN PRODUCTIVE CAPACITY, THE TIGHT BALANCE IS EXPECTED TO CONTINUE.

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Future Natural Gas Supply Sources

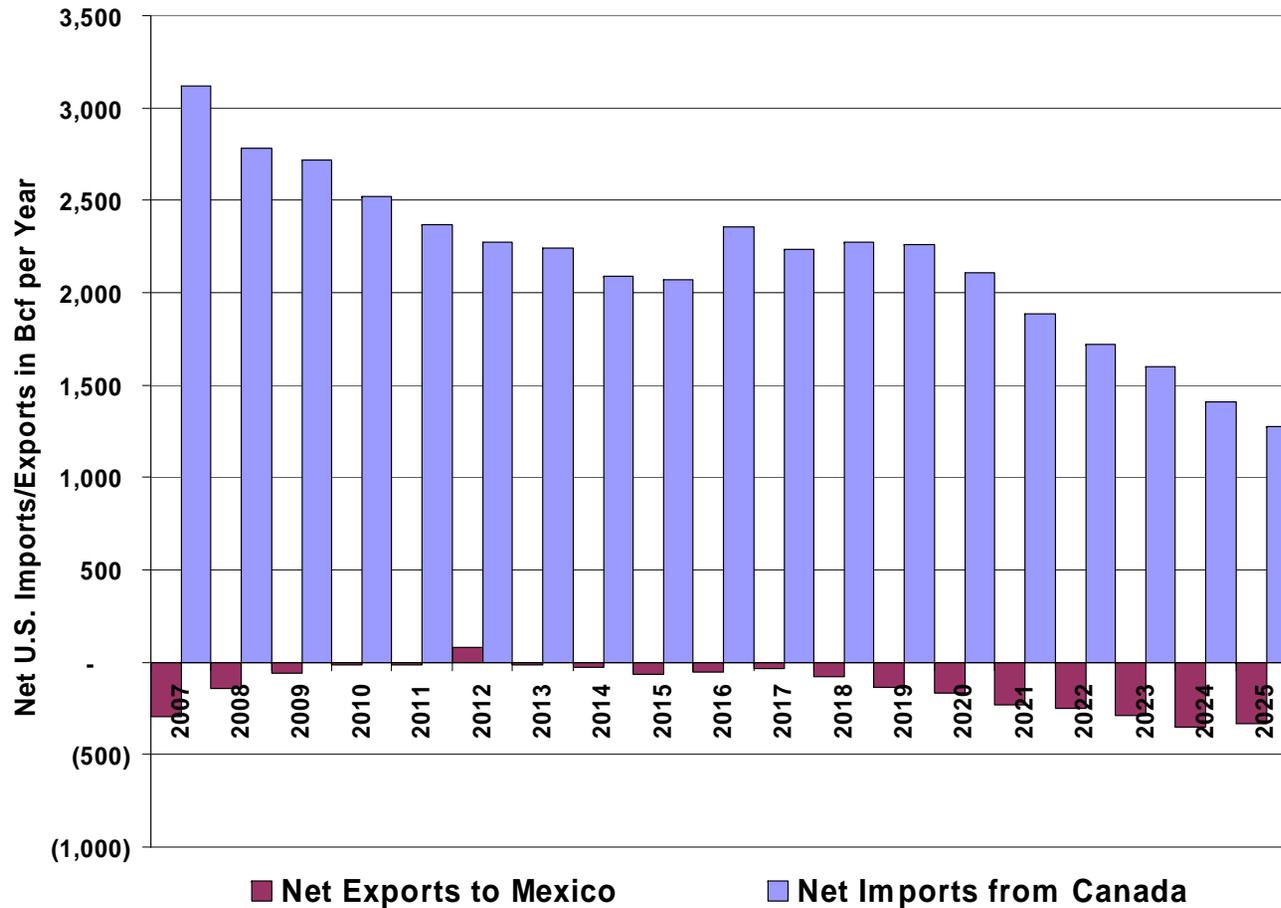
Relying On New Frontiers

- Production from mature producing areas will decline.
- New frontier supplies will fill the void.



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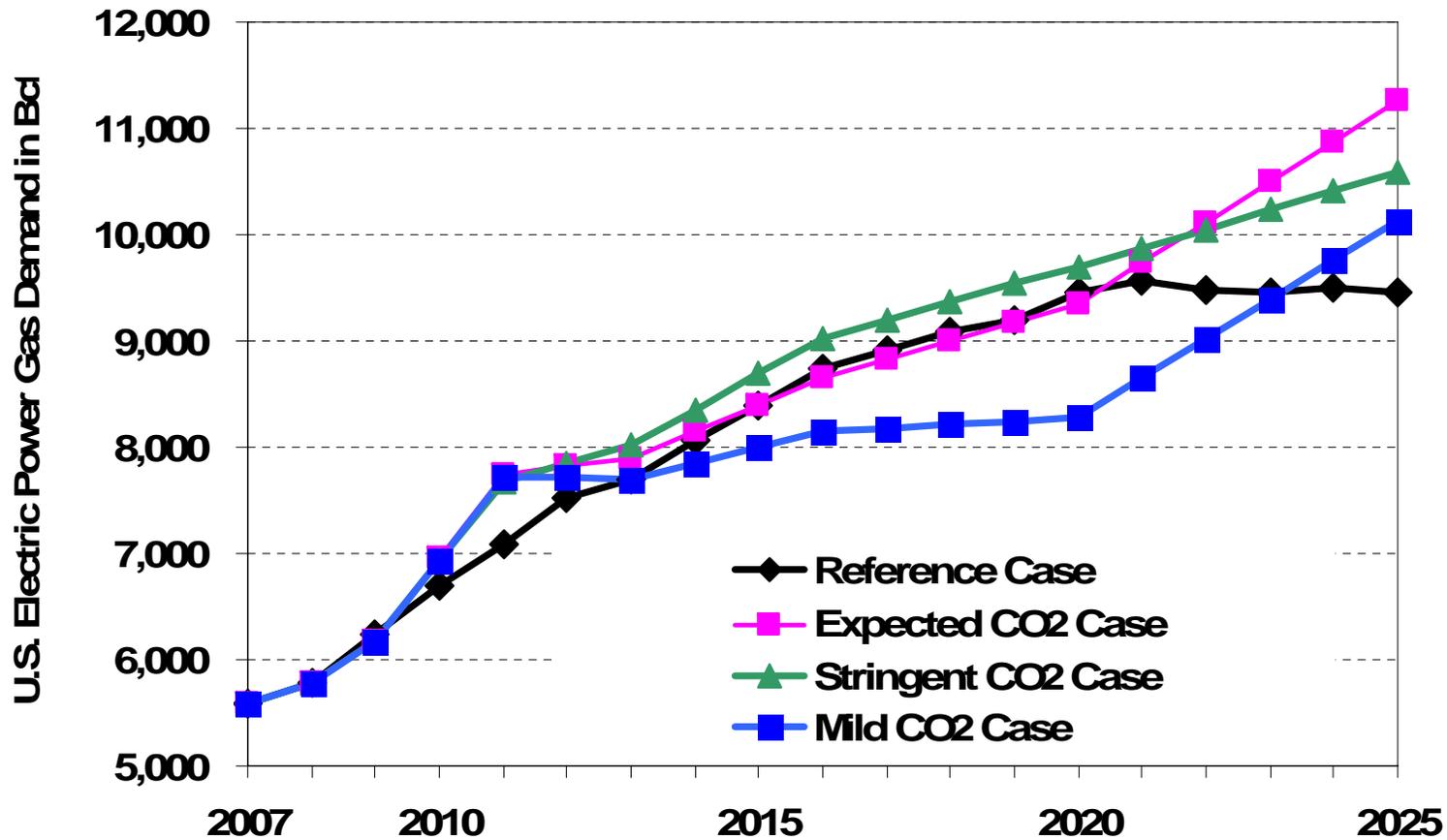
U.S. Net Trade with Canada and Mexico



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Impacts of Carbon Policy on Electric Power Gas Demand



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