

Press Release:

The Outlook for U.S. Gas Prices in 2020: Henry Hub at \$3 or \$10?

Michelle Michot Foss

The Oxford Institute for Energy Studies has recently published a paper which concludes that Henry Hub gas prices could credibly be as low as \$3/MMbtu, or as high as \$10/MMbtu in 2020 but that the balance of likelihoods is for a price late this decade which is significantly higher than the current \$3-4/MMbtu levels of 2011. Michelle Foss' study looks at the past five years of supply, demand and pricing which have been strongly impacted by the unconventional gas – and particularly shale gas – revolution and how different views of its evolution will impact future pricing. The study is a forensic analysis of the huge uncertainties surrounding US natural gas supply and demand which illustrates why both commentators and stakeholders have continuously failed to foresee even the approximate direction of prices, leading to the building of numerous LNG import terminals many of which now seem likely to be converted into export terminals.

About the Author:

Michelle Michot Foss is Chief Energy Economist and Head of the Bureau of Economic Geology's Center for Energy Economics, Jackson School of Geosciences, The University of Texas at Austin. She has more than 25 years of experience on U.S. and North American natural gas market, industry, and policy/regulatory issues. Prior to her university appointments, she worked in energy investment banking (Simmons & Company International), and energy, environment, and regional economics research and consulting.

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