Barnett Shale Output to Tumble Through 2030, Study Says

By Joe Carroll - Feb 28, 2013

Natural gas production from the Barnett Shale formation in Texas, the second-largest U.S. gas resource, peaked in 2012 and will fall by more than half in the next 17 years, according to a University of Texas study.

Annual output from the Barnett Shale will decline to about 900 billion cubic feet in 2030 from about 2 trillion cubic feet in 2012, the Bureau of Economic Geology at the University of Texas in Austin said in a report today.

The study found that the geologic formation near Fort Worth, Texas, contains 44 trillion cubic feet of recoverable gas, enough to supply about nine years of U.S. household demand, based on Energy Department figures. The study’s future production estimates assumed average gas prices of $4 per thousand cubic feet.

Energy explorers such as Chesapeake Energy Corp. (CHK) have scaled back drilling in the Barnett Shale and other U.S. gas fields after a decade of intensive production flooded domestic markets, depressing prices for the fuel. U.S. gas averaged $3.33 per million British thermal units this year, down 70 percent from the average in July 2008 when prices rose to more than $13, according to data compiled by Bloomberg.

The Marcellus Shale that underlies several eastern states is the largest U.S. gas resource, according to ITG Investment Research.

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