

## Haynesville An Able Price Competitor With Northeast NatGas in 'Plenty of Areas'

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Plenty of room is left to run in the neglected Haynesville Shale, where natural gas could be produced today at a breakeven of \$1.50-3.00/MMBtu, enabling it to compete with Northeast output, a BTU Analytics review has found.

Using a proprietary economics model to estimate well costs, based on a well's lateral length, proppant use and the operator, along with gas output reported to the state, energy analyst Corey Boettiger and his team created a map to identify the lowest cost acreage of the play, which extends across parts of North Louisiana and East Texas.

"What can be seen is that there are plenty of areas in the Haynesville with breakeven wellhead prices that are well above \$5.00/MMBtu, a price that would be over double the level at which Henry Hub currently trades," he said. "On the flip side, there are plenty of regions that breakeven in the \$1.50-3.00/MMBtu range" but few that breakeven below \$1.50.

The Haynesville, not long ago considered one of the best gas-producing areas in the U.S. onshore, lost its allure when the Marcellus Shale beckoned producers. However, output today is at its lowest level in five years, Boettiger said. Haynesville output peaked in 2012 at about 6 Bcf/d; production in 2015 averaged below 4 Bcf/d.

"Current production out of the Haynesville now averages 3 Bcf/d," Boettiger said. However, current weakness in oil prices could provide hope for dry gas plays as pipeline constraints limit the ability of Northeast gas to come to the rescue should demand outpace supply." The "best parts" of the Haynesville would be able to compete with Northeast production from a wellhead breakeven basis.

The region was drilled heavily in the early days of the unconventional gas revolution, so there are questions about how much inventory is left in the core and noncore areas.

"Our analysis indicates that only 20% of well locations that breakeven sub-\$2.00/MMBtu have been drilled to date," an estimated 177 wells, said Boettiger. "As oil prices continue to stay low, and associated gas production falls, dry plays such as the Haynesville may again become viable investment opportunities," particularly if incremental supply from the Northeast is unavailable because of capacity constraints.

Researchers at the Bureau of Economic Geology (BEG) at the University of Texas at Austin late last year published a Haynesville study that found an estimated 46 Tcf of cumulative output could be produced from existing and new wells drilled through 2045 and producing through 2064 (see Shale Daily, [Dec. 21, 2015](#)). Researchers projected a slow recovery to 5 Bcf/d in the early 2020s followed by a permanent decline to 1.7 Bcf/d by 2045.

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