

September 12, 2022

LDC Gas Forum Mid-Continent



Key Takeaways

1. Supply growth is overcooked in the short term... which means we are in for a wild ride

+4.6 Bcf/d

2. Duh... LNG exports will drive U.S. natural gas production growth for decades

13+ Bcf/d

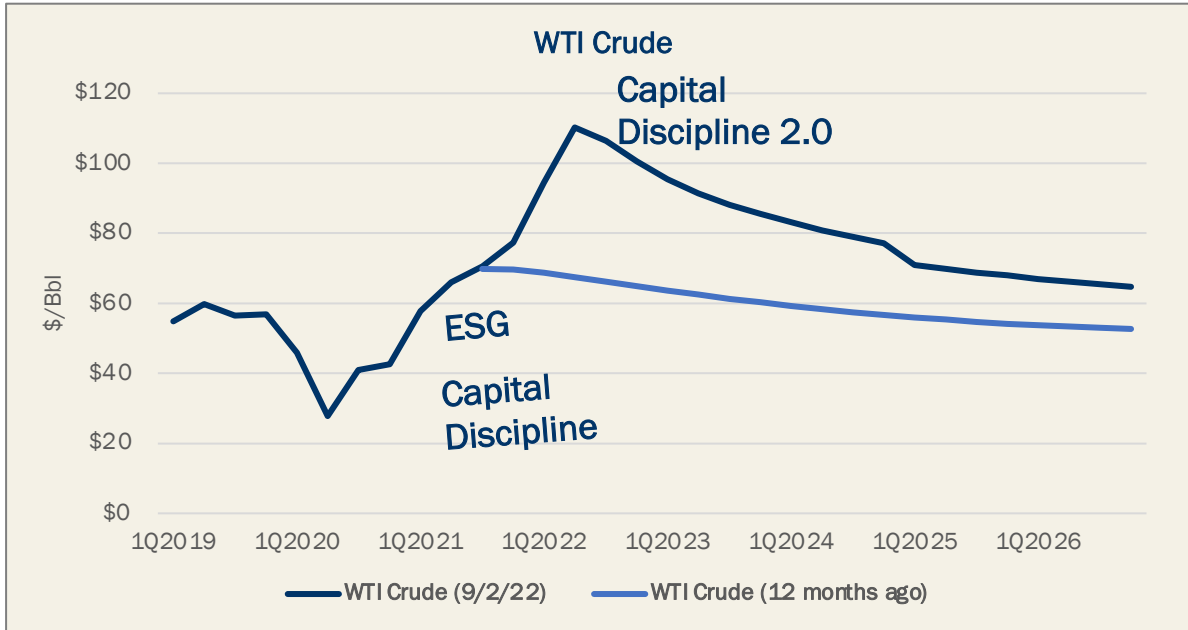
3. What this means for Producers & LDCs in the Midcontinent



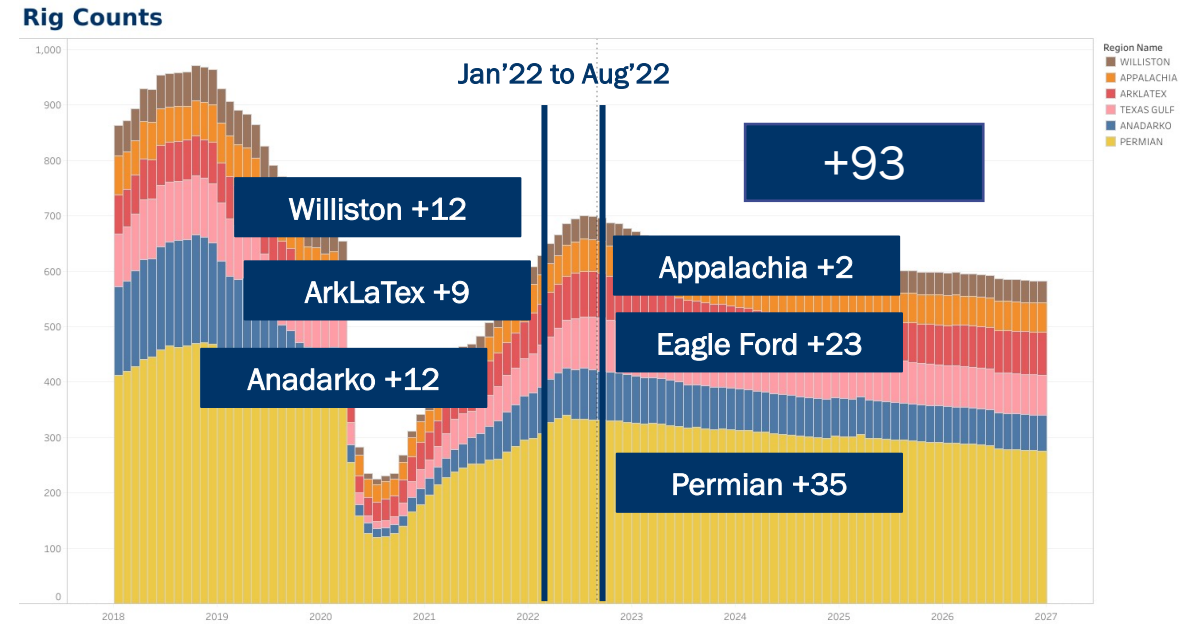


Now to Dec. 2023

WTI as a Driver of Gas Growth



- **Cause:** Russian invasion of Ukraine



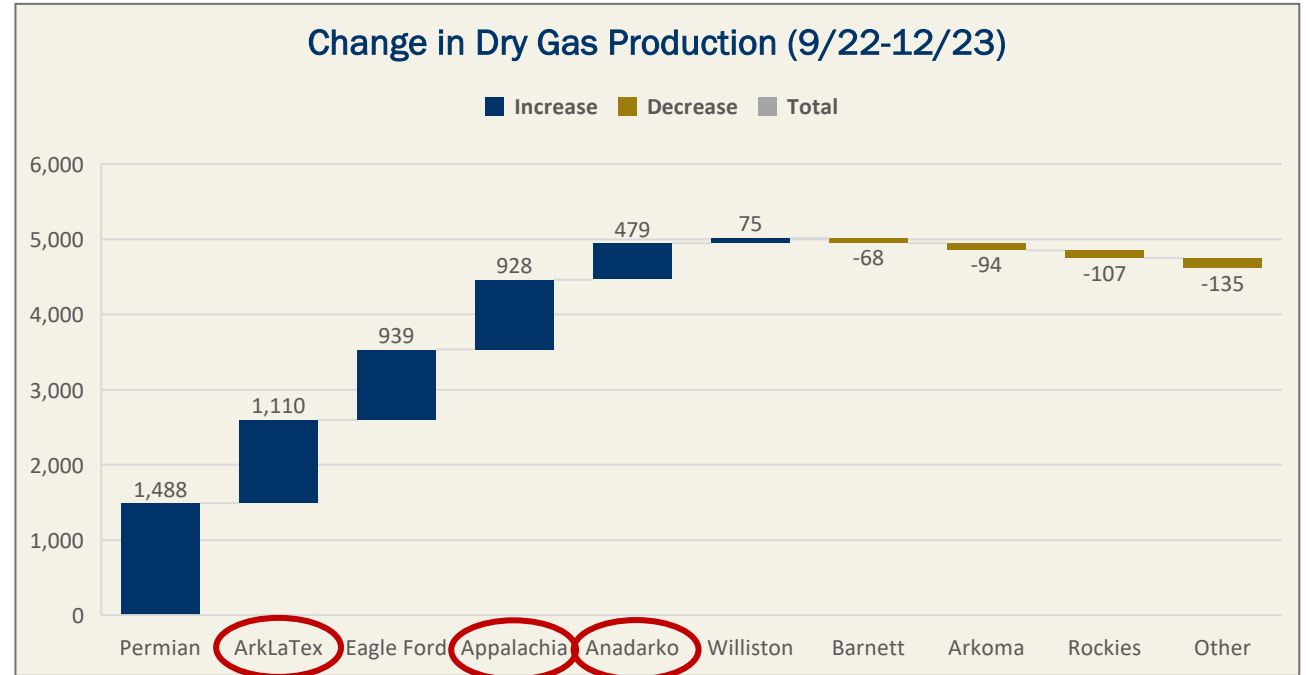
- **Effect:** U.S. producers respond by adding 93 rigs in 6 basins, 4 of which are oil-targeted basins



Source: Bloomberg, East Daley Analytics Energy Data Studio (EDS)

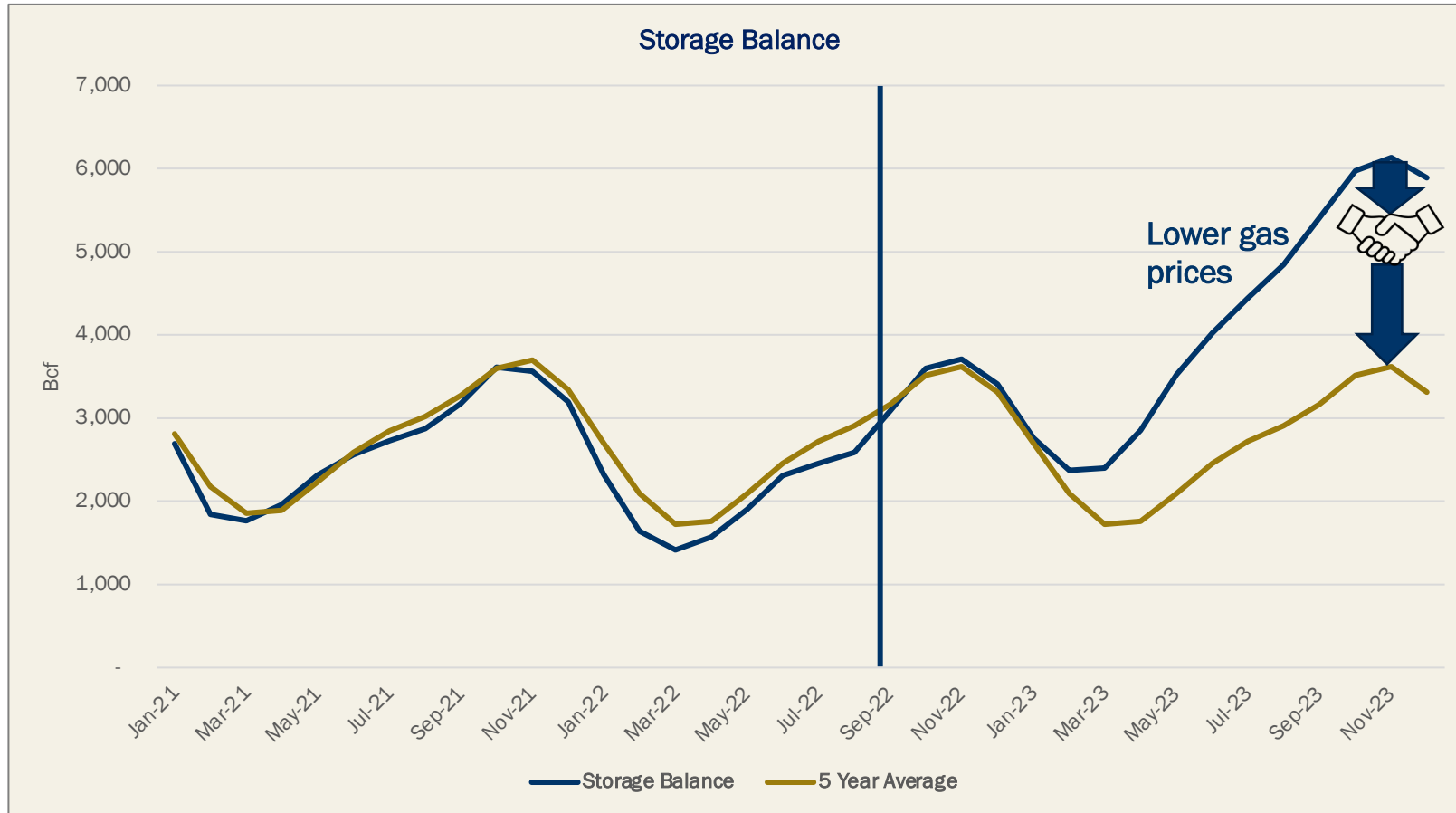
Gas Growth Now to Dec'23

Region	22-Sep	23-Dec	9/22 to 12/23
Permian	15,088	16,576	1,488
ArkLaTex	16,417	17,527	1,110
Eagle Ford	7,291	8,231	939
Appalachia	33,672	34,600	928
Anadarko	7,877	8,356	479
Williston	2,272	2,347	75
Barnett	2,204	2,136	-68
Arkoma	1,026	932	-94
Rockies	9,029	8,922	-107
Other	4,324	4,189	-135
Total	99,201	103,815	4,614



Source: East Daley Production Forecasts

A Bit Above Average



Cold winter?
More coal-to-gas switching?

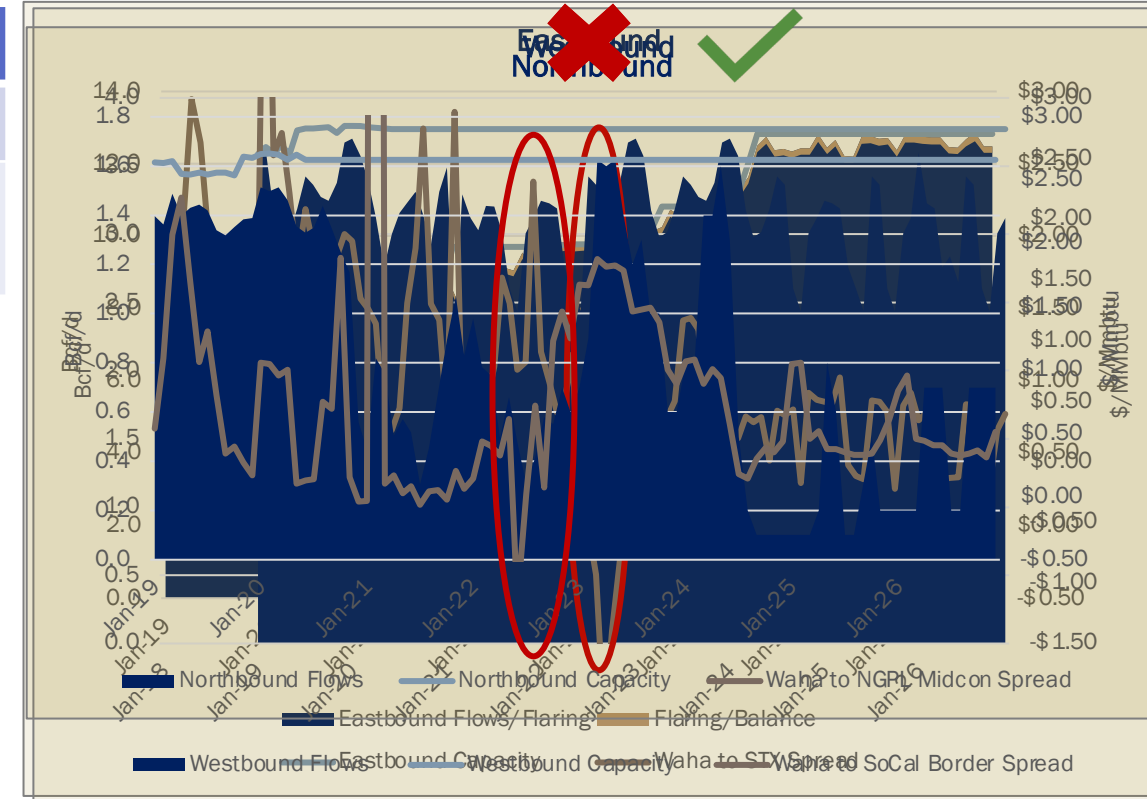
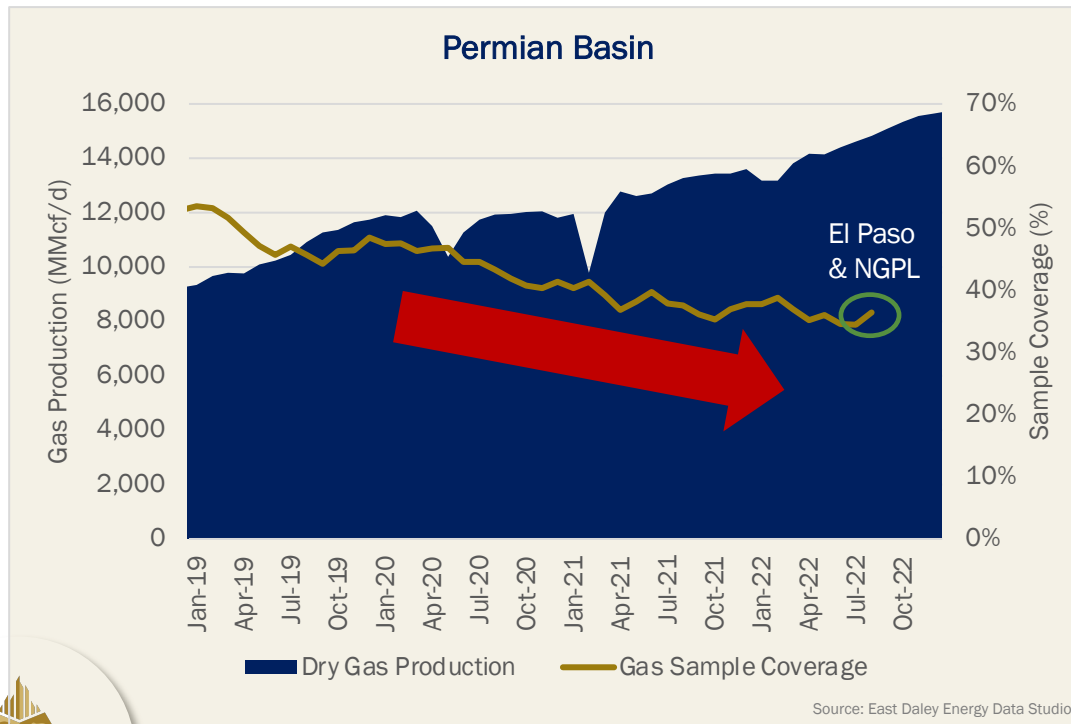
Deferred growth from gas-centric basins
uptick in gas focused rigs muted



Source: East Daley Supply & Demand Forecast

How the Heck Are We Tracking?

KPIs	Indicator
Gas Sample	Uptick, is it Real or Fake news?
Price	HSC-Waha & SoCal-Waha indicate west & east routes filling up



More Gas available for Midcontinent markets

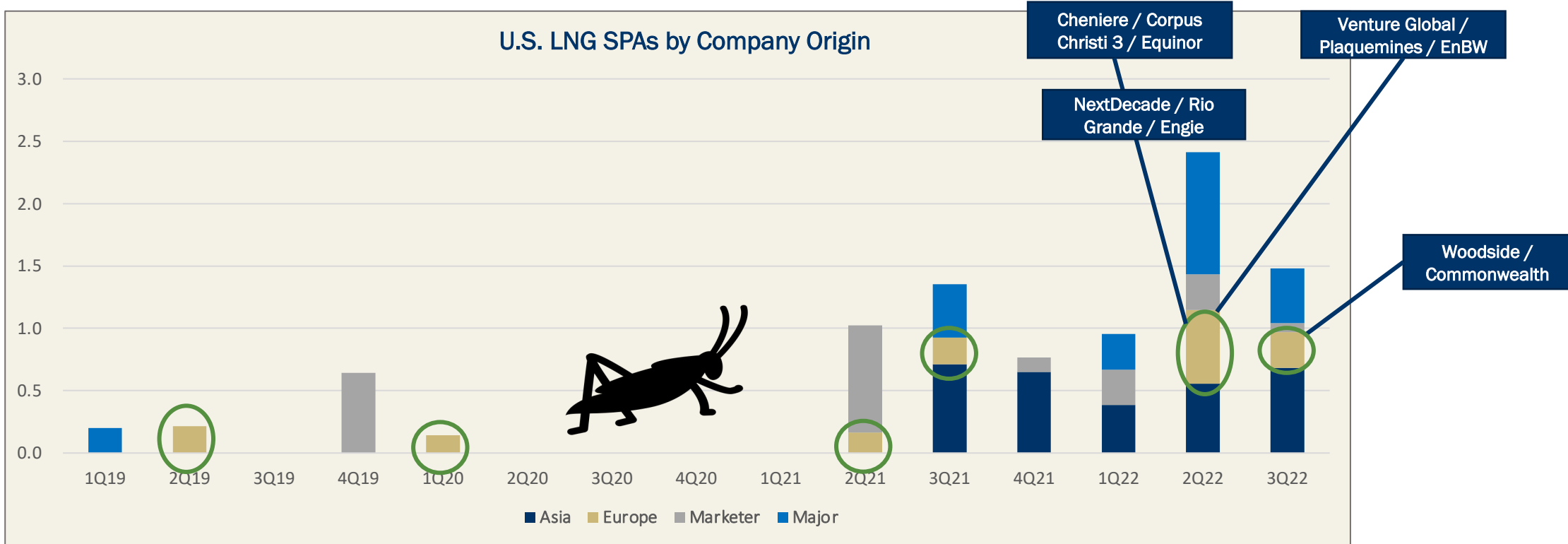


Source: East Daley Permian Forecast, IHS PointLogic



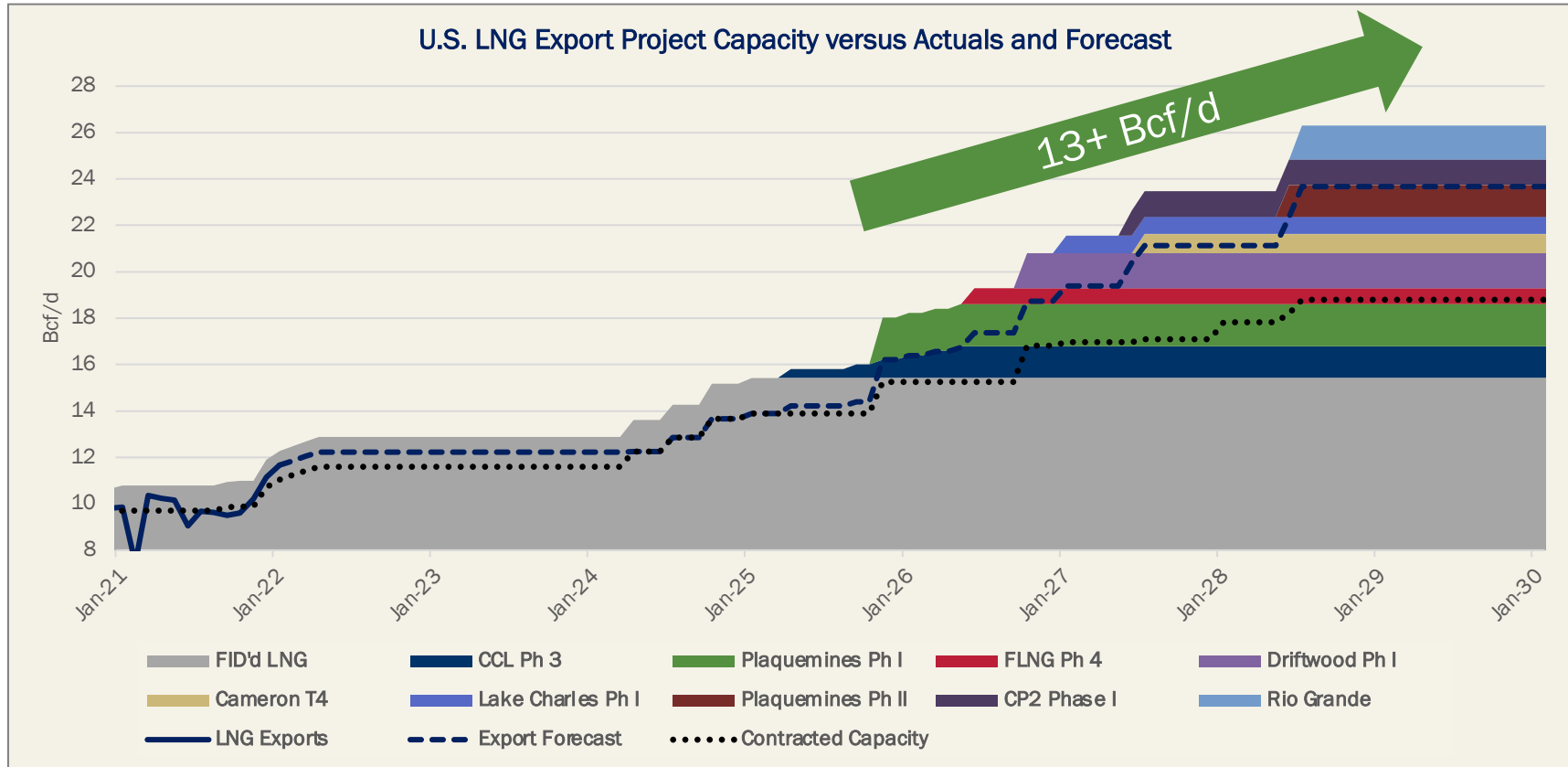
2024-2030: Demand Pull

Asian Demand Fuels Initial Contract Wave in 2021, European Surge in 2022 Following Russian Invasion



Source: East Daley SPA Tracker, East Daley Supply & Demand Forecast

2024 to 2030



Where will all the gas come from to meet this massive increase in Demand?



Source: East Daley SPA Tracker, East Daley Supply & Demand Forecast

Tier 2 Gas Basins are a Hedge on Low Oil Prices

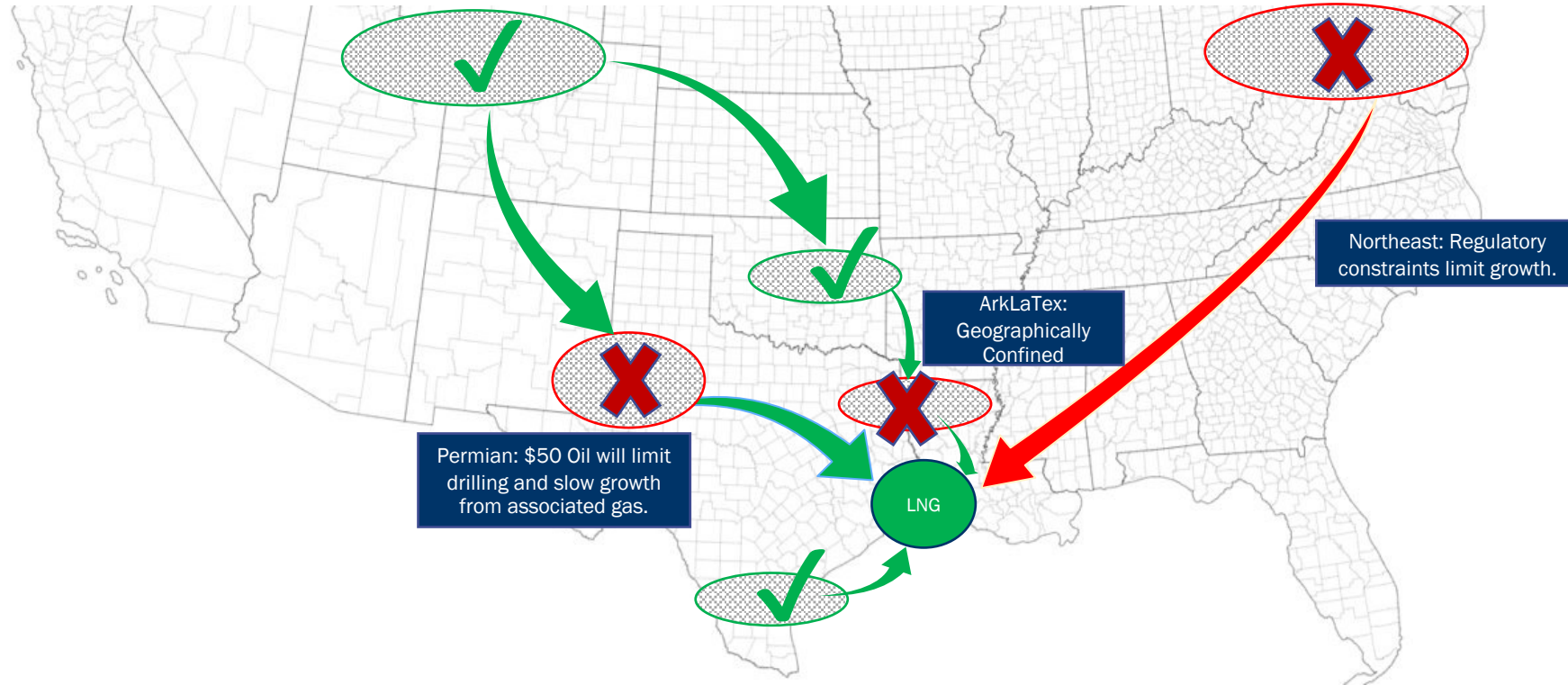


Figure – Map of Natural Gas Supply and Demand Sources (East Daley Research)

Key Takeaways

1. Supply growth is overcooked in the short term... which means we are in for a wild ride

+4.6 Bcf/d

2. Duh... LNG exports will drive U.S. natural gas production growth for decades

13+ Bcf/d

3. What this means for Producers & LDCs in the Midcontinent



The Daley Note

Driving Transparency in the Energy Market

VISIT: eastdaley.com/the-daley-note

EMAIL: insight@eastdaley.com

Natural Gas Watch

VISIT: eastdaley.com/natural-gas-watch

EMAIL: insight@eastdaley.com

