



Natural Gas Business and Investment Climate Panel

Woodford Summit

March 29, 2011

University of Oklahoma



Natural Gas Business and Investment Climate Overview

Woodford Summit

Bill Megginson

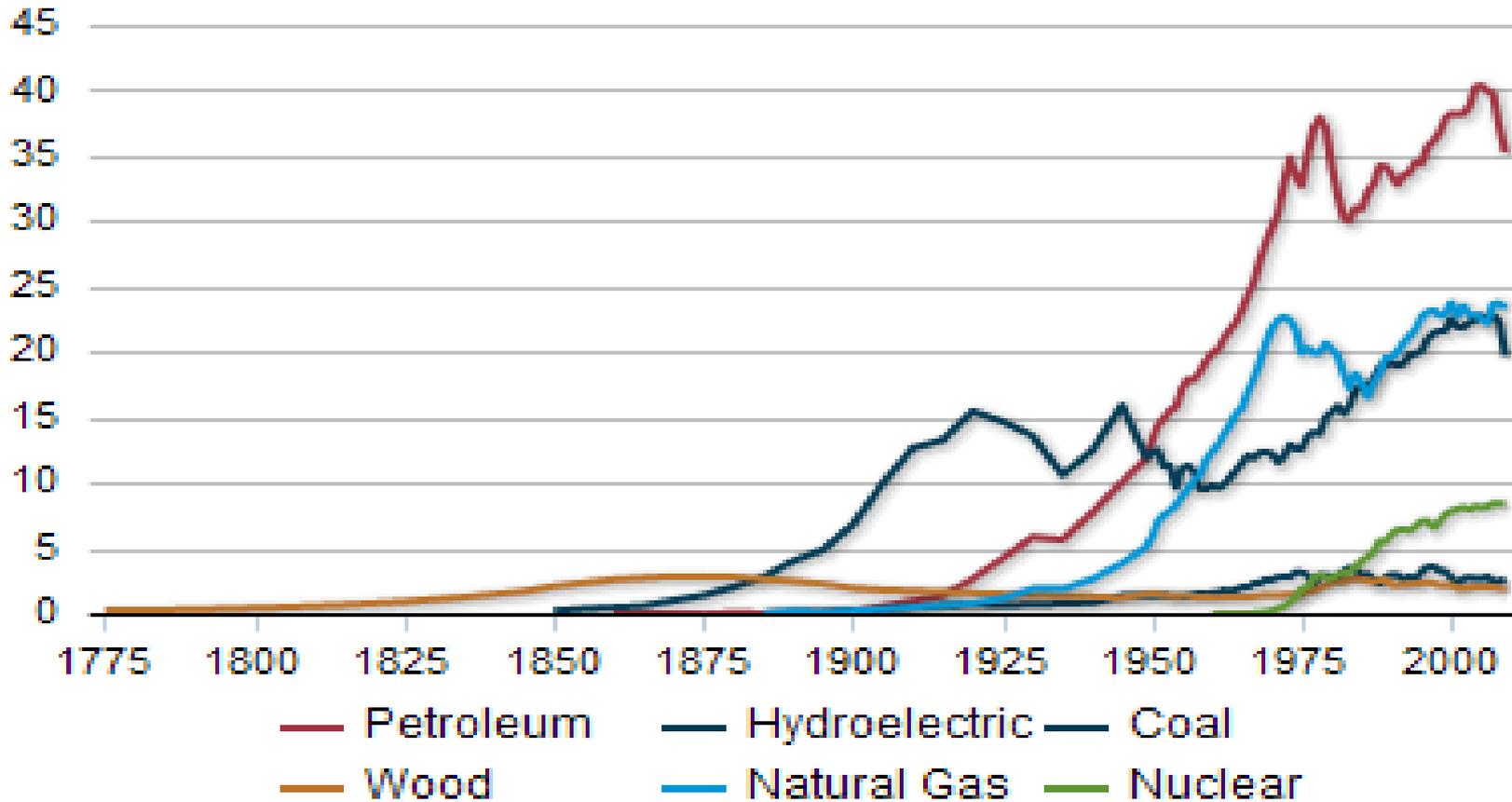
Professor & Rainbolt Chair in Finance
George Lynn Cross Research Professor
OU Price College of Business



Rise Of The Hydrocarbon Powered US Economy: Oil & Gas Now Dominant

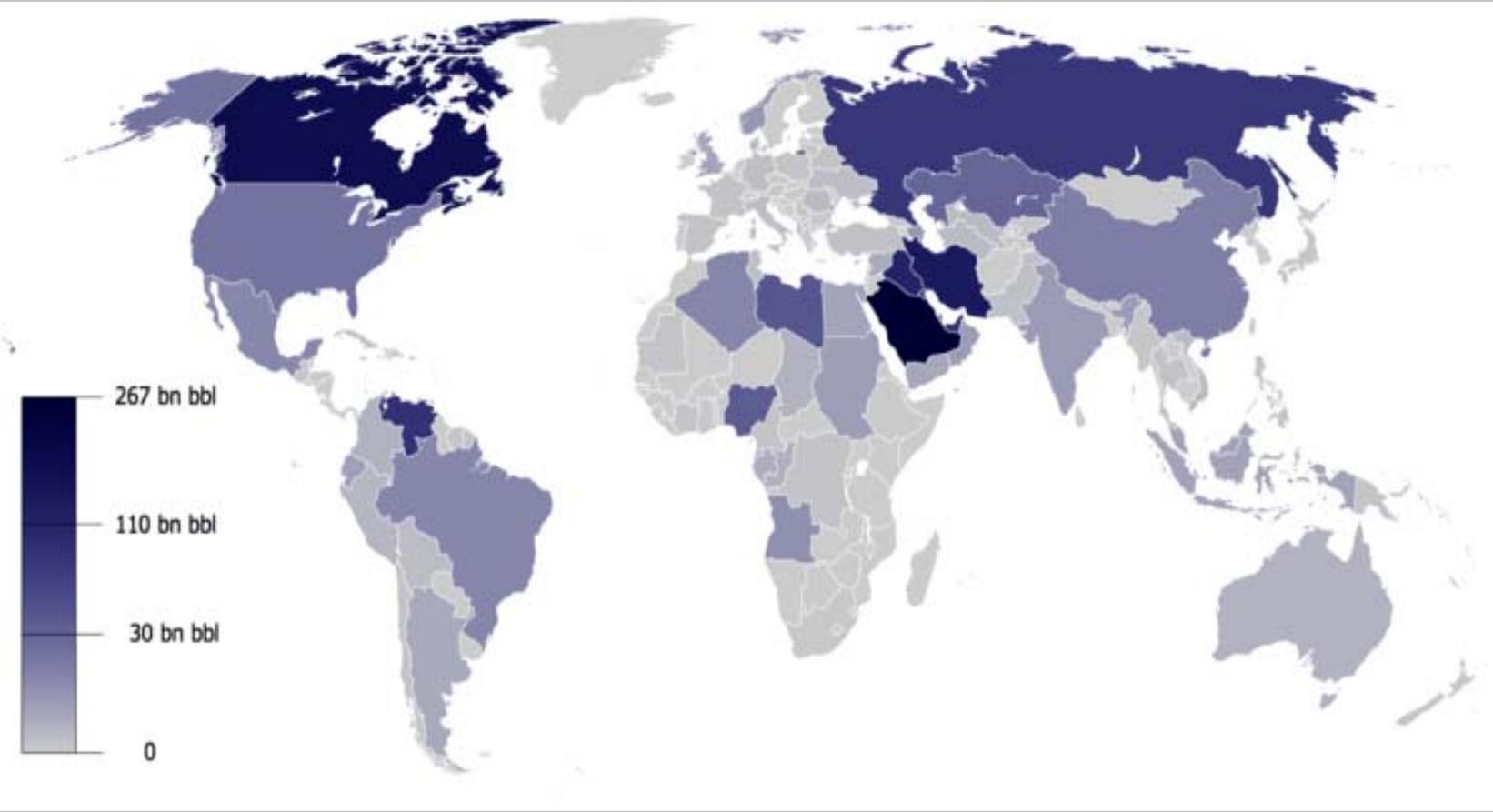
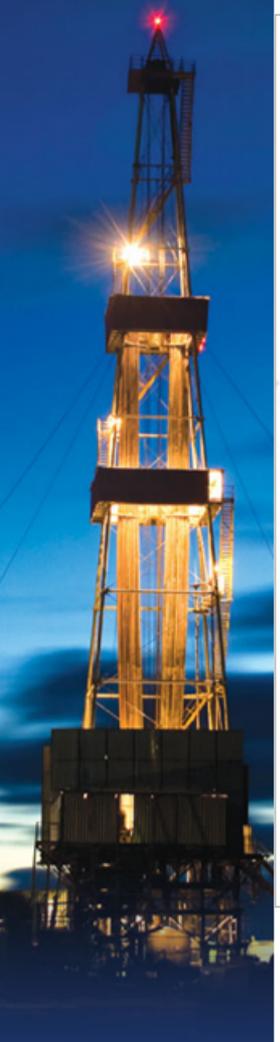


quadrillion Btu



Source: Annual Energy Review 2009

Where Are World's Oil Reserves Located? Not Where You'd Want

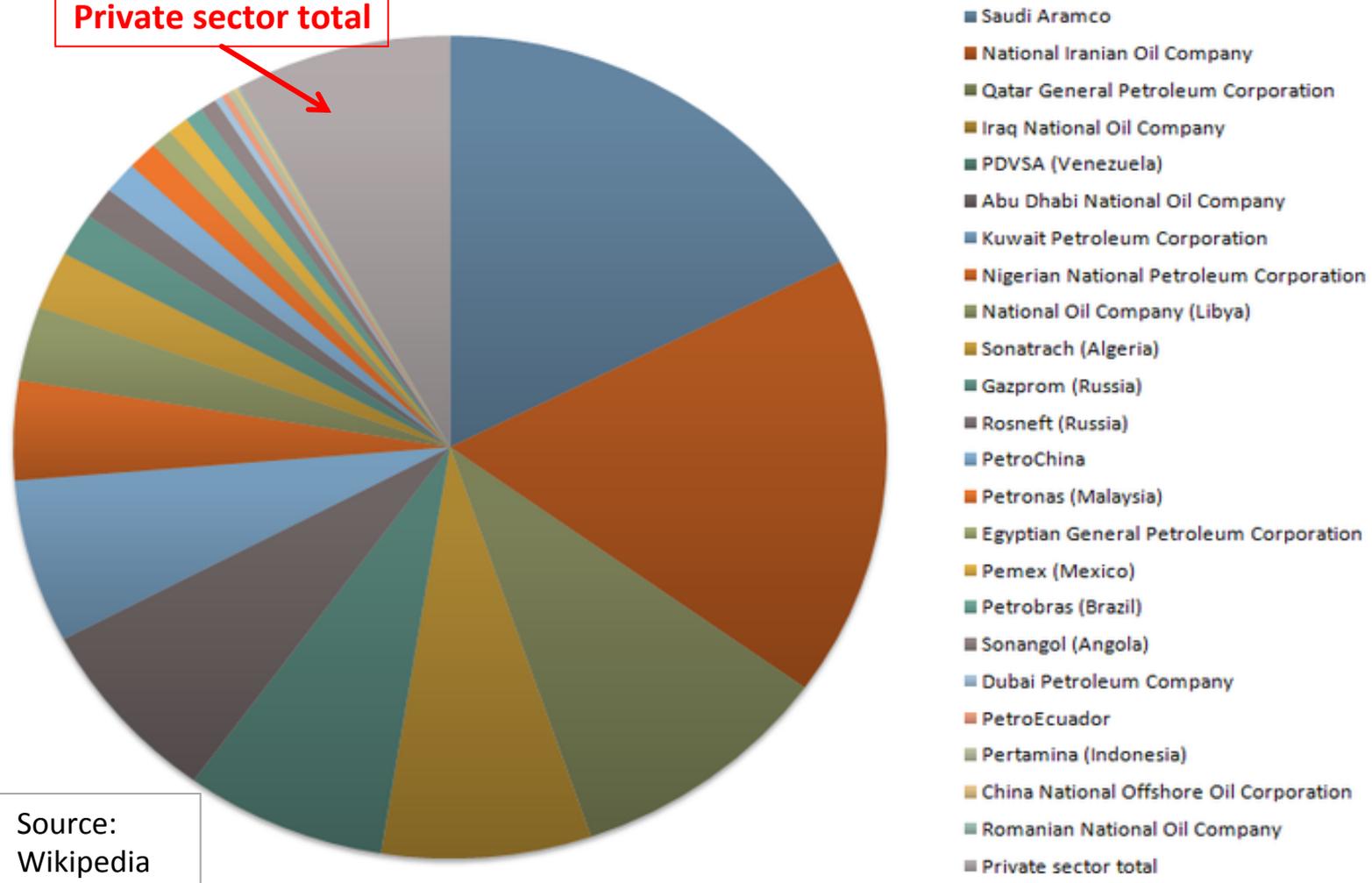


Oil Reserves (Wikipedia)

Who Owns The World's Oil Reserves? Not Who You'd Want

Total World Reserves in Millions of Oil Equivalent Barrels
 (Total reserves of 50 largest oil companies: 1.73 trillion OEBs)

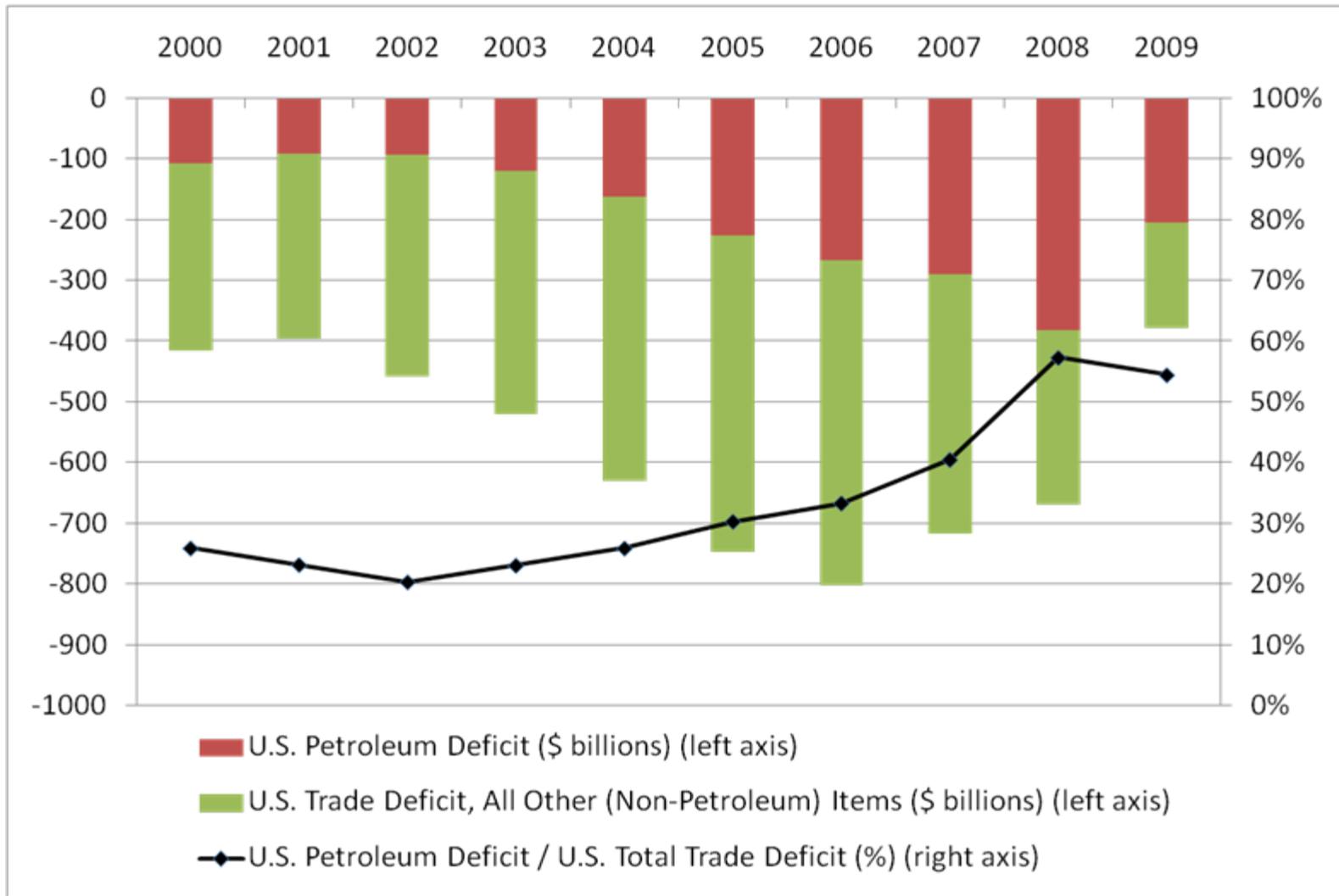
Private sector total



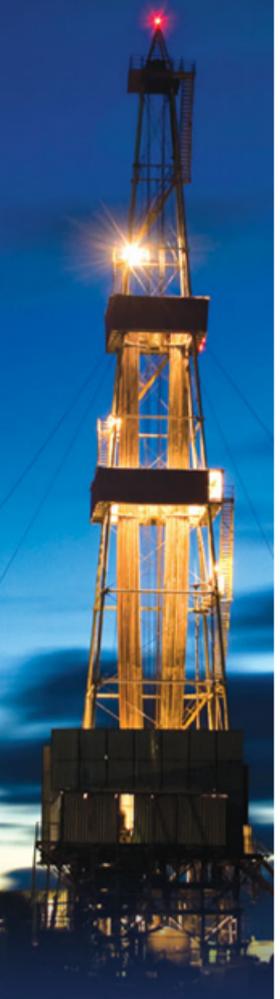
Source:
Wikipedia



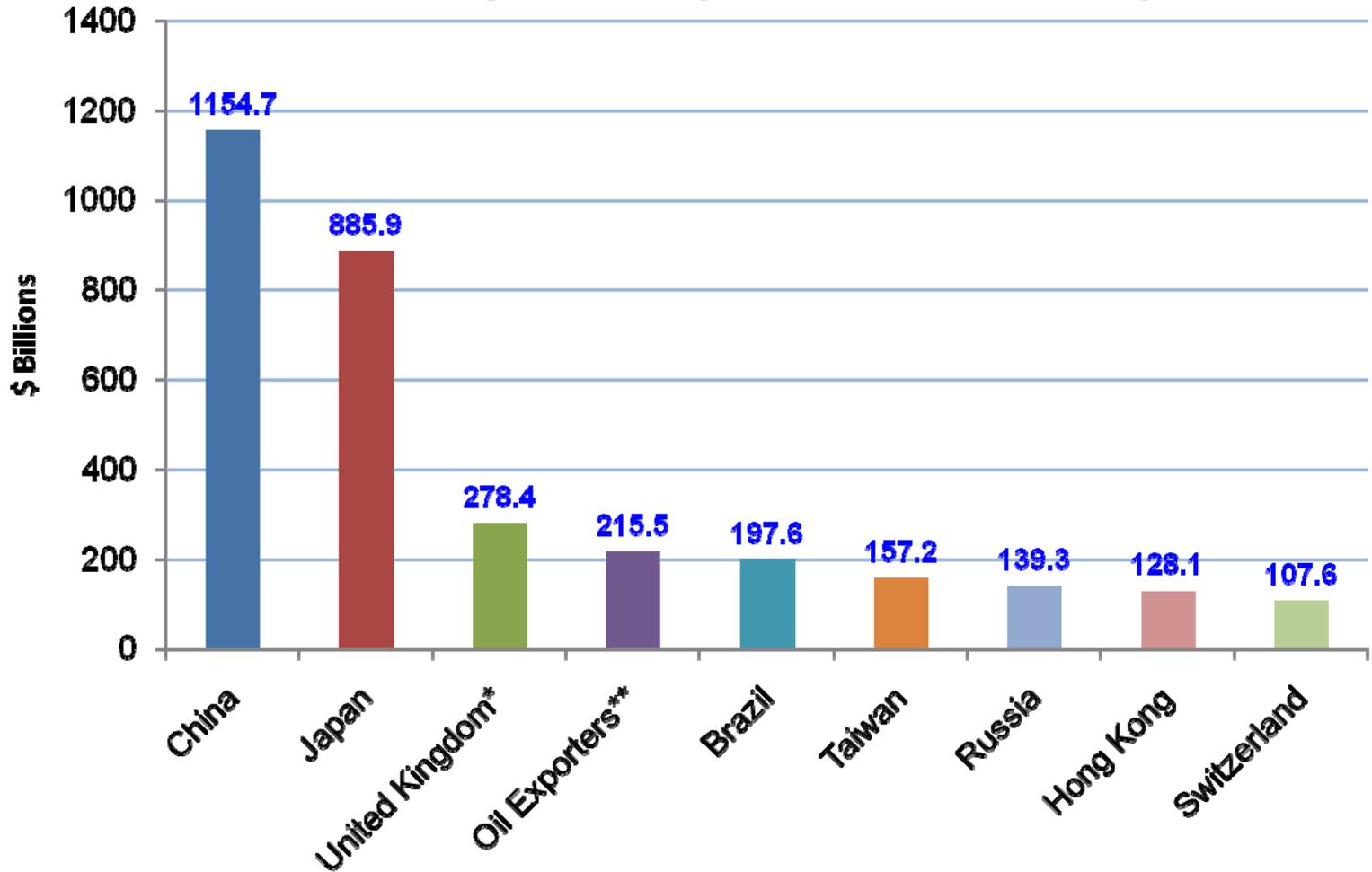
U.S. Trade And Petroleum Deficits (Annual, 2000-2009)



Source: Federal Reserve - St. Louis; U.S. Department of Commerce



Major Foreign Holders of U.S. Treasury Securities as of January 31, 2011 (of 4453.4 billion total)



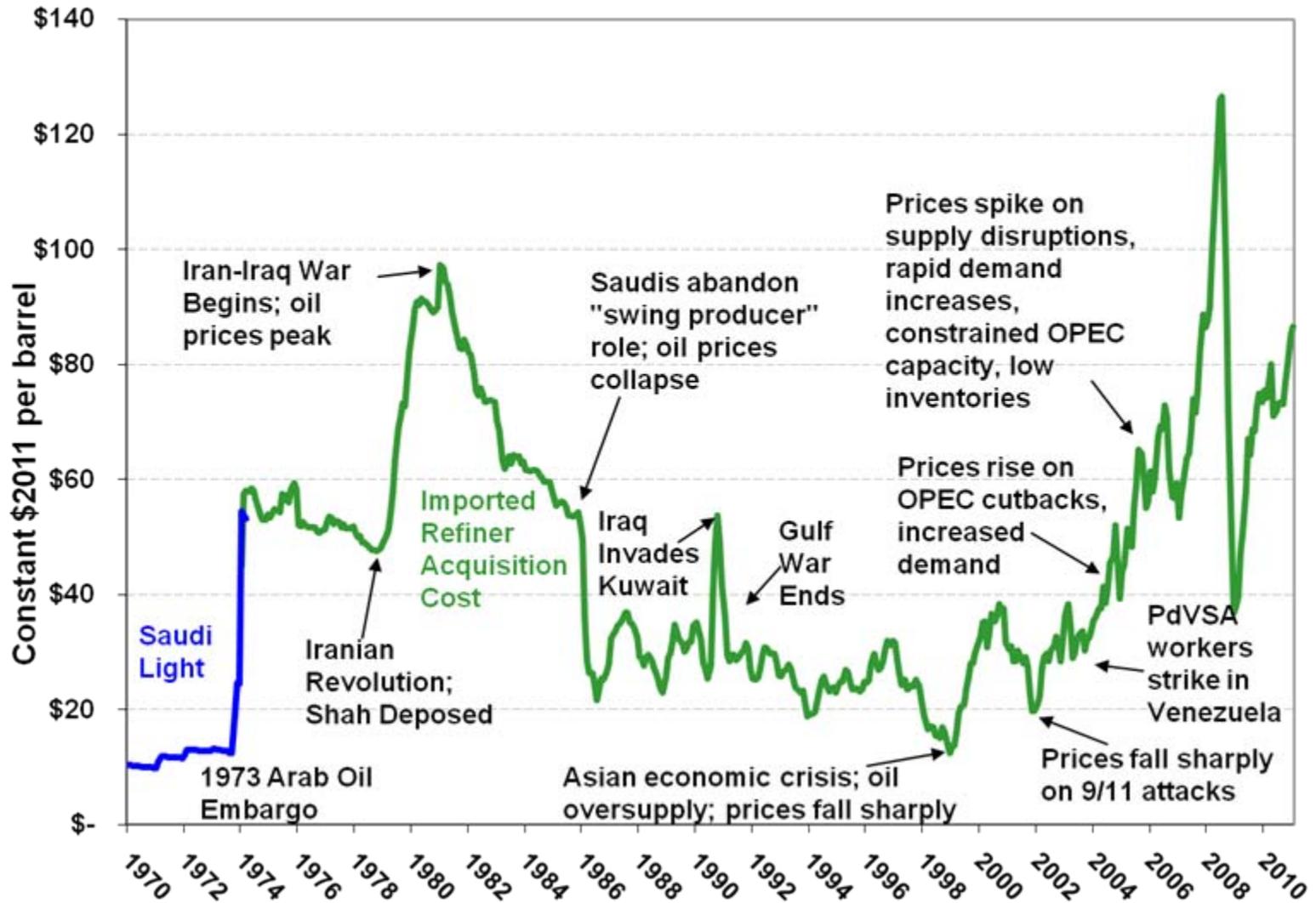
Source: U.S. Treasury Department

* U.K. includes Channel Islands and Isle of Man.

** Oil Exporters include Ecuador, Venezuela, Indonesia, Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates, Algeria, Gabon, Libya, and Nigeria.

Major Events and Real World Oil Prices, 1970-Jan2011

(Prices adjusted by CPI for all Urban Consumers, Jan. 2011)

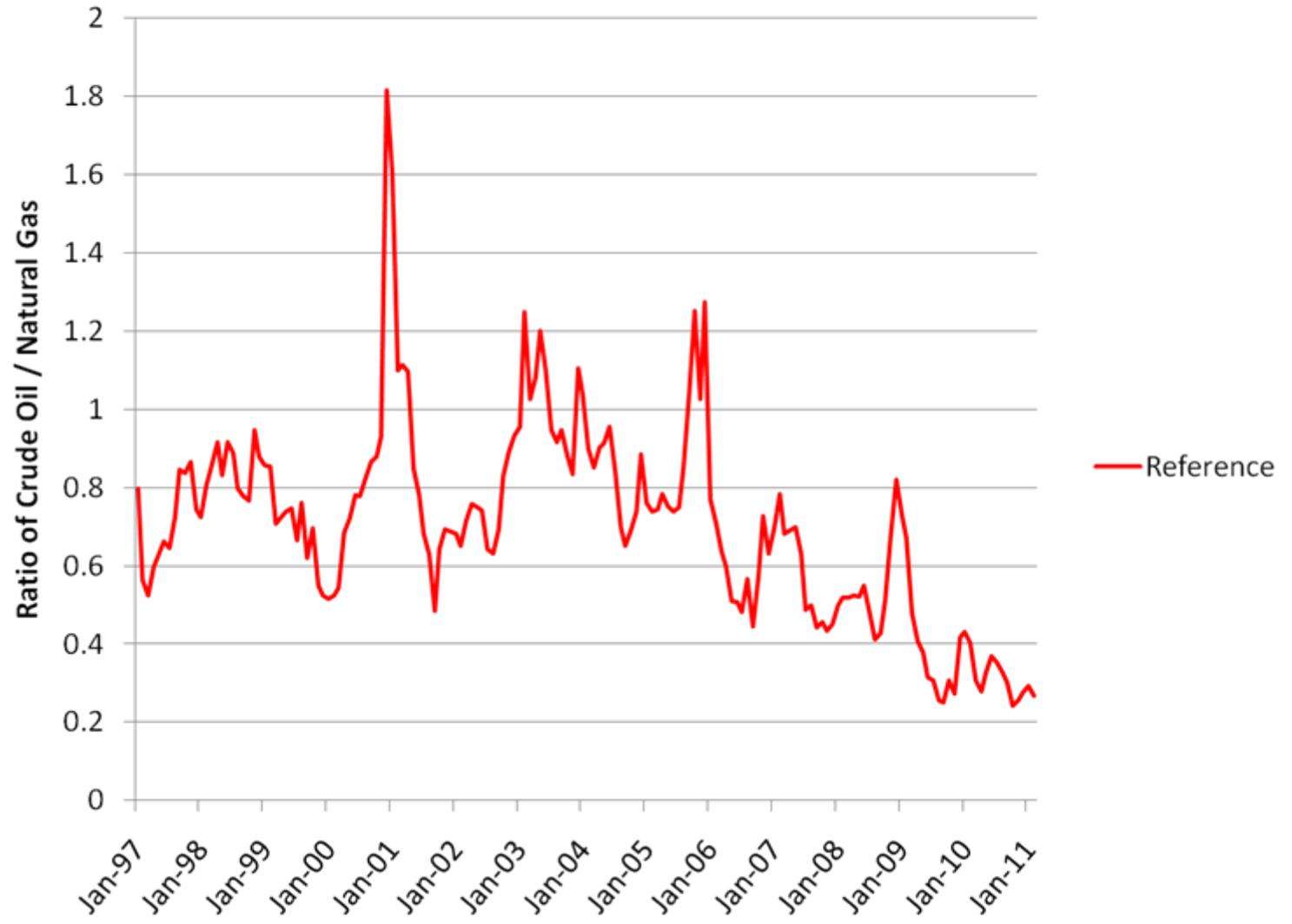


Source: EIA



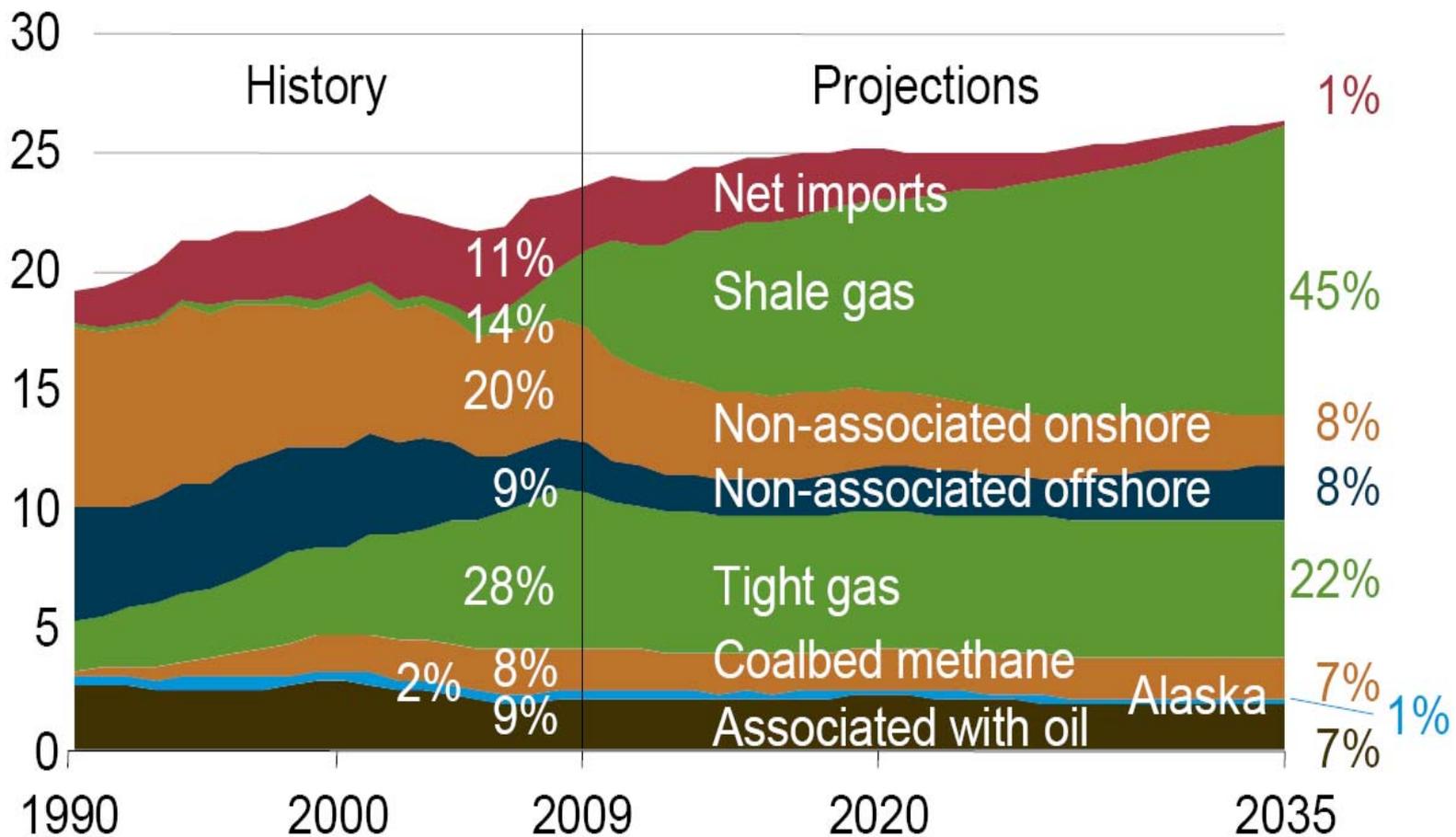


Ratio of Natural Gas to WTI Crude Oil Prices on an energy-equivalent basis, Jan. 1997- Feb. 2011(monthly)



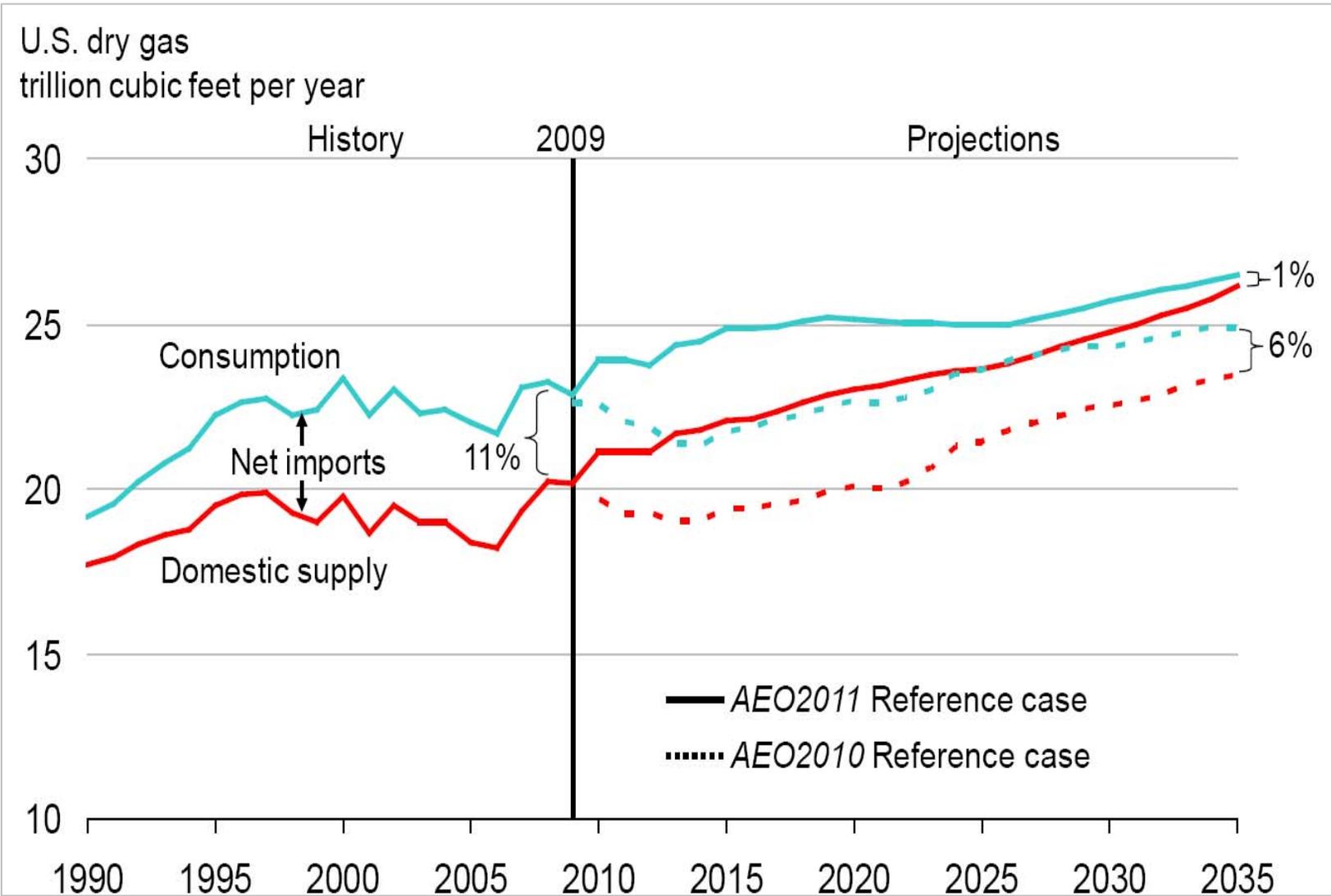
Projected U.S. Natural Gas Production by Type (EIA)

U.S. dry gas production (trillion cubic feet per year)

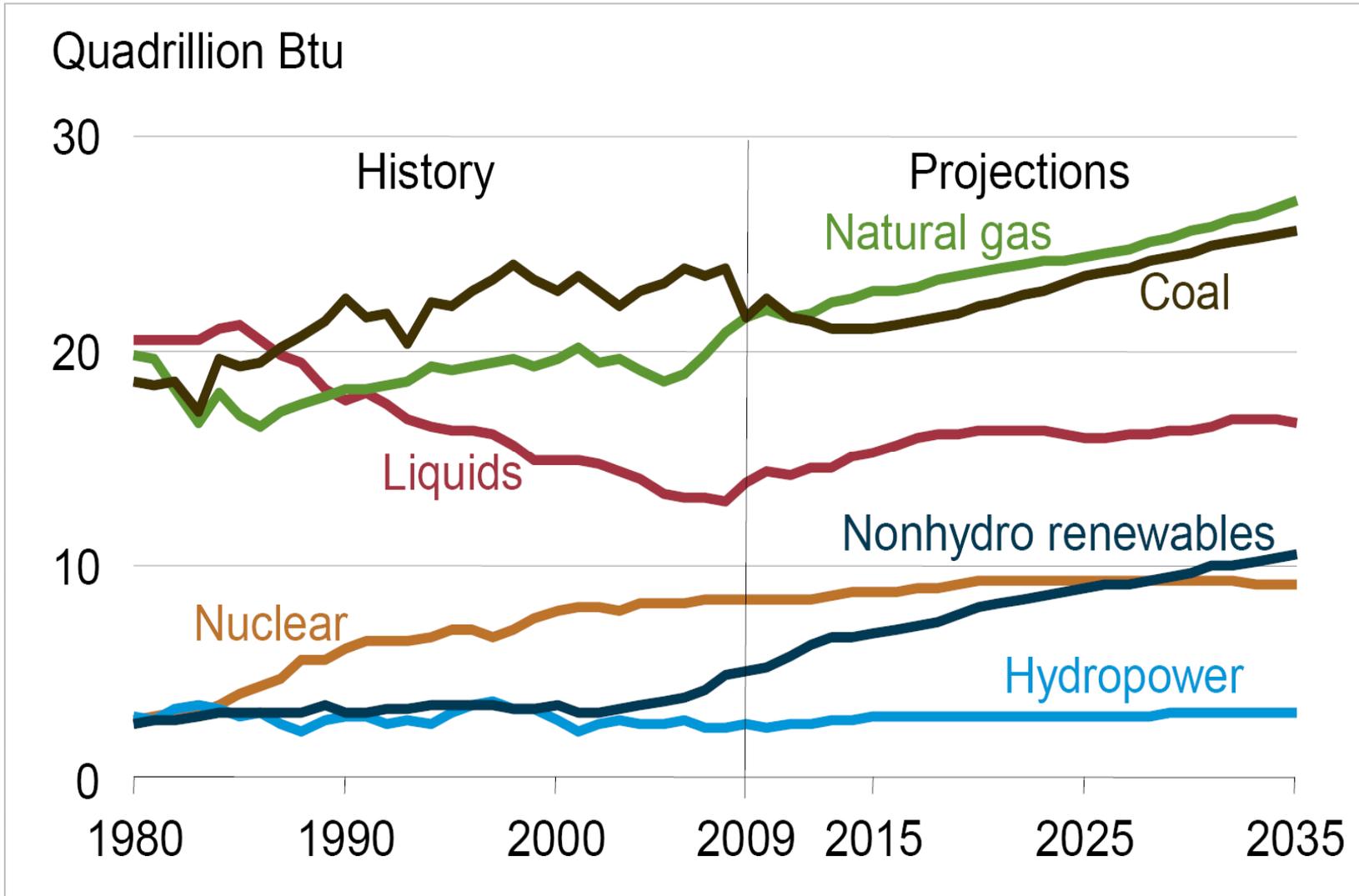




Projected U.S. Natural Gas Consumption and Production (EIA)

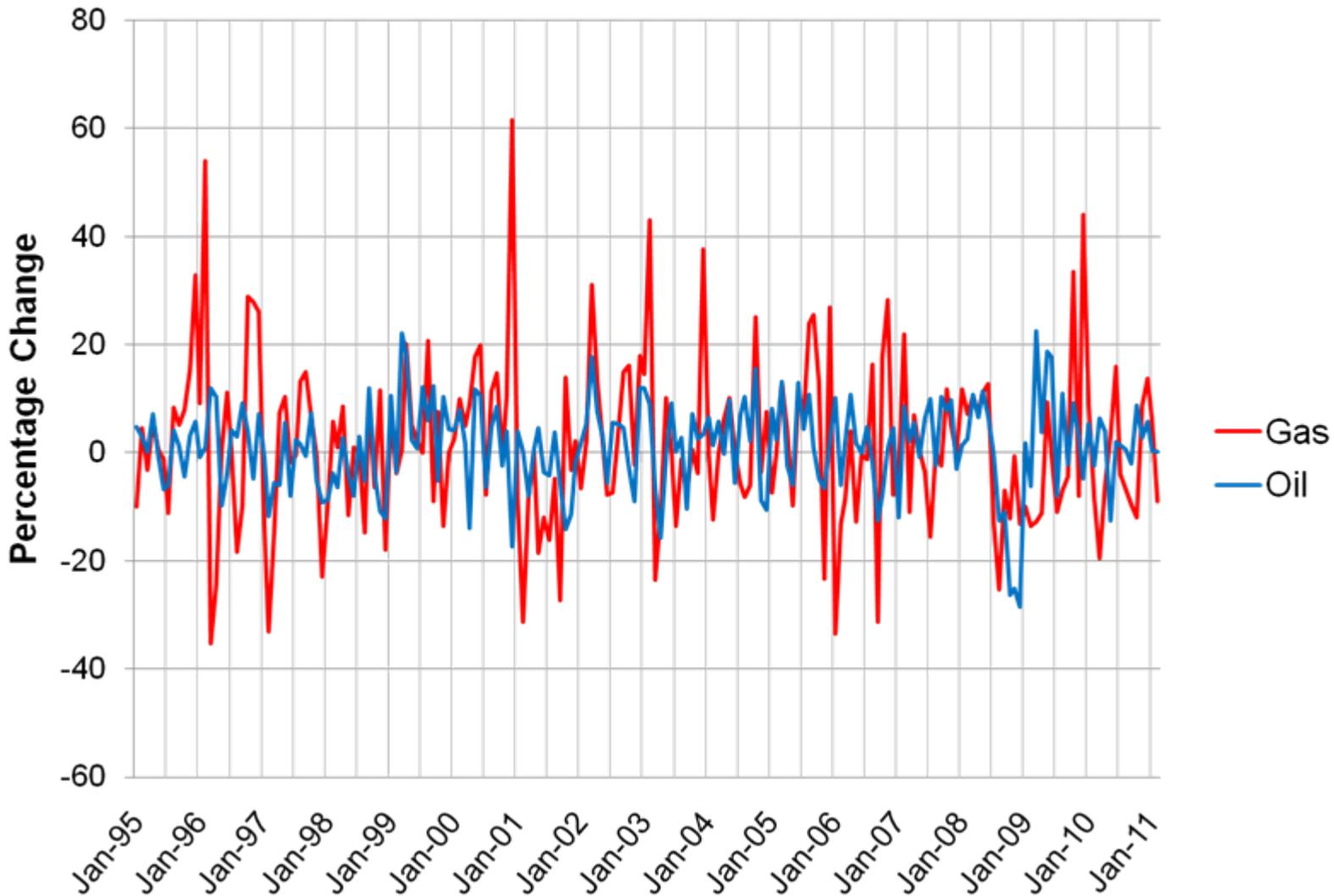


Projected U.S. Energy Production By Fuel (EIA)





Percentage Changes in **Natural Gas** and **Oil** Prices, Jan. 1995 - Feb. 2011 (monthly)



SD(NatGas)≈15.3%

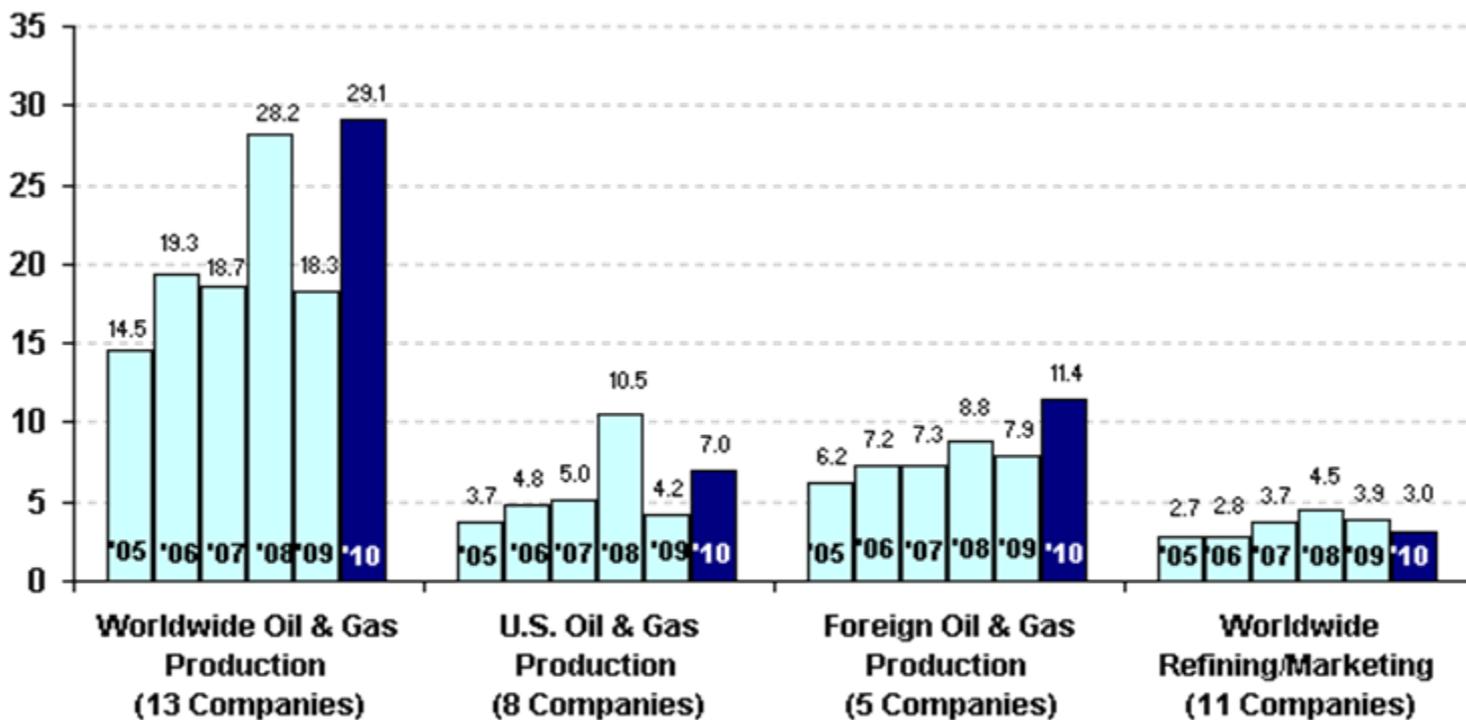
SD(Oil)≈8.3%

Global Oil & Gas Capital Spending Hit \$800 Bn In 2010, To Rise In 2011



Third Quarter Petroleum Capital Expenditures, 2005-2010

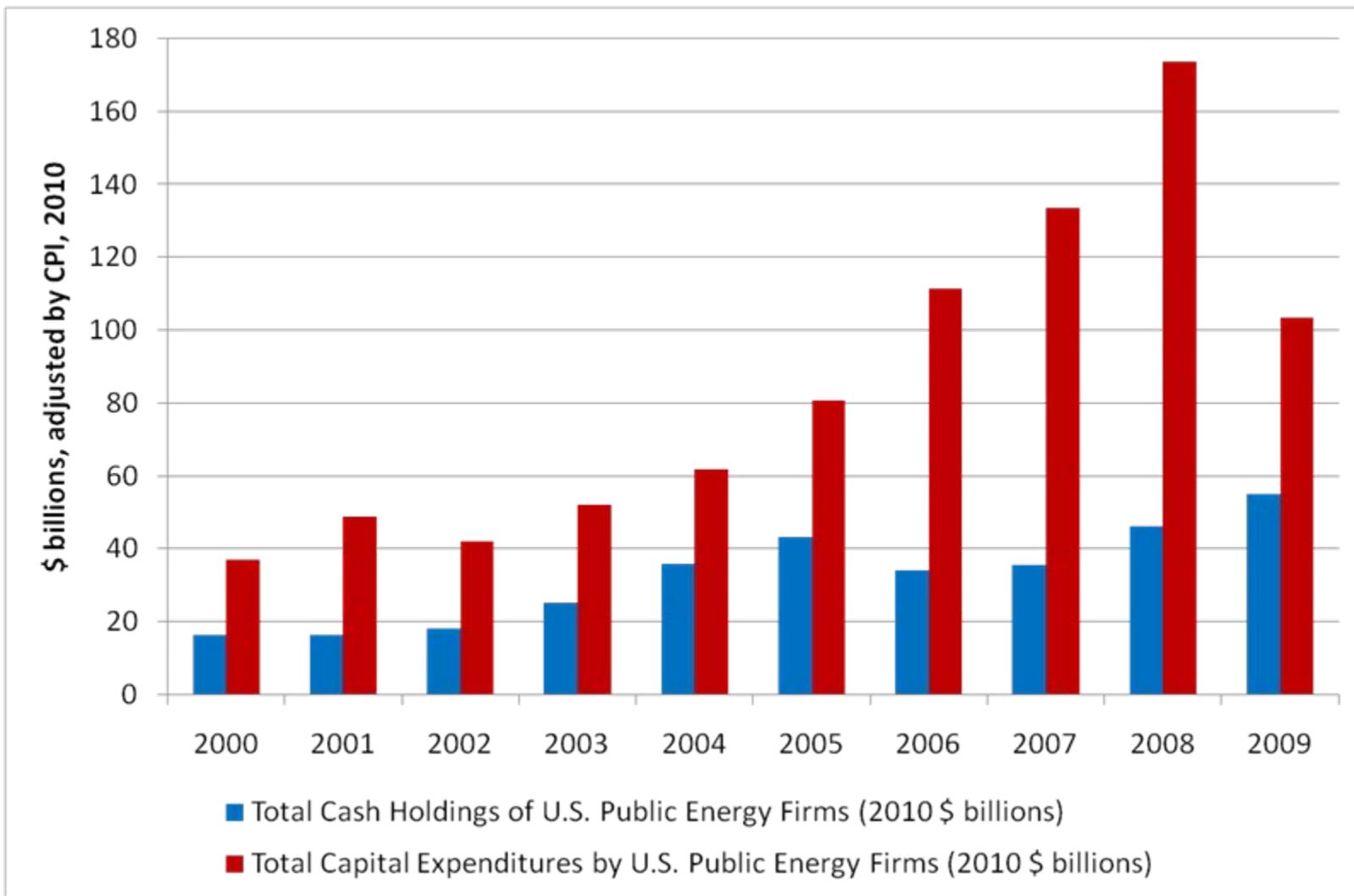
Billion Q310 Dollars



Note: Worldwide expenditures considerably exceed the sum of U.S. and foreign because some companies do not separate their overall spending into U.S. and foreign categories.

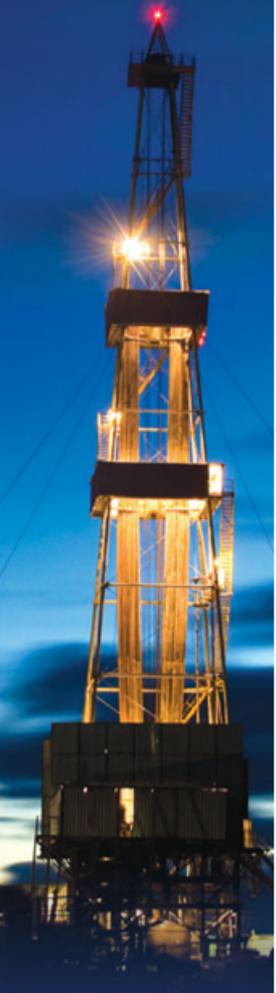
Sources: Company quarterly earnings releases.

Cash Holdings And Capital Expenditures By U.S. Energy Firms (2000-2009)



Source: Compustat





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