

# Shale Gas: Price Killer?

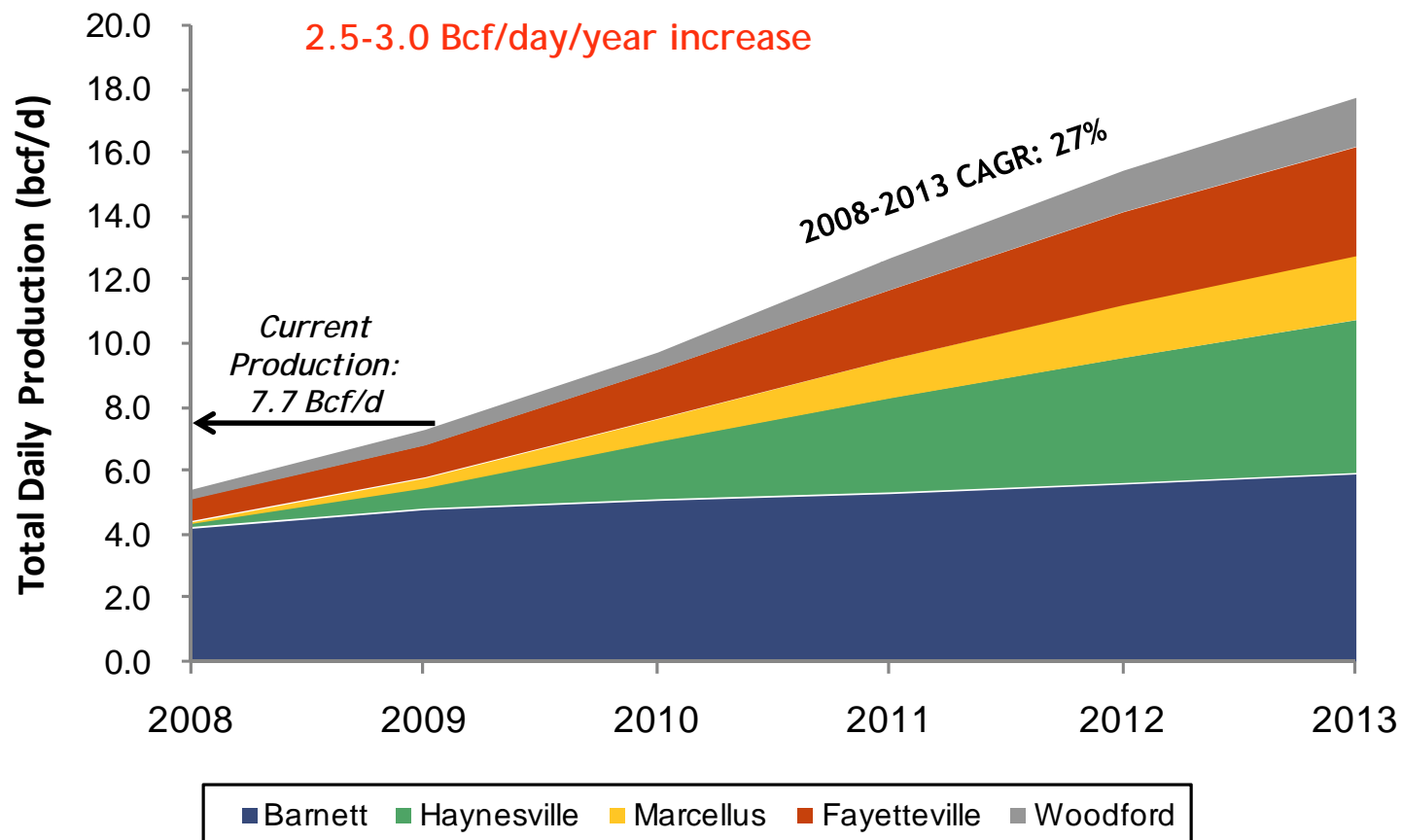
## IPAMS Conference

Ward Polzin, CFA

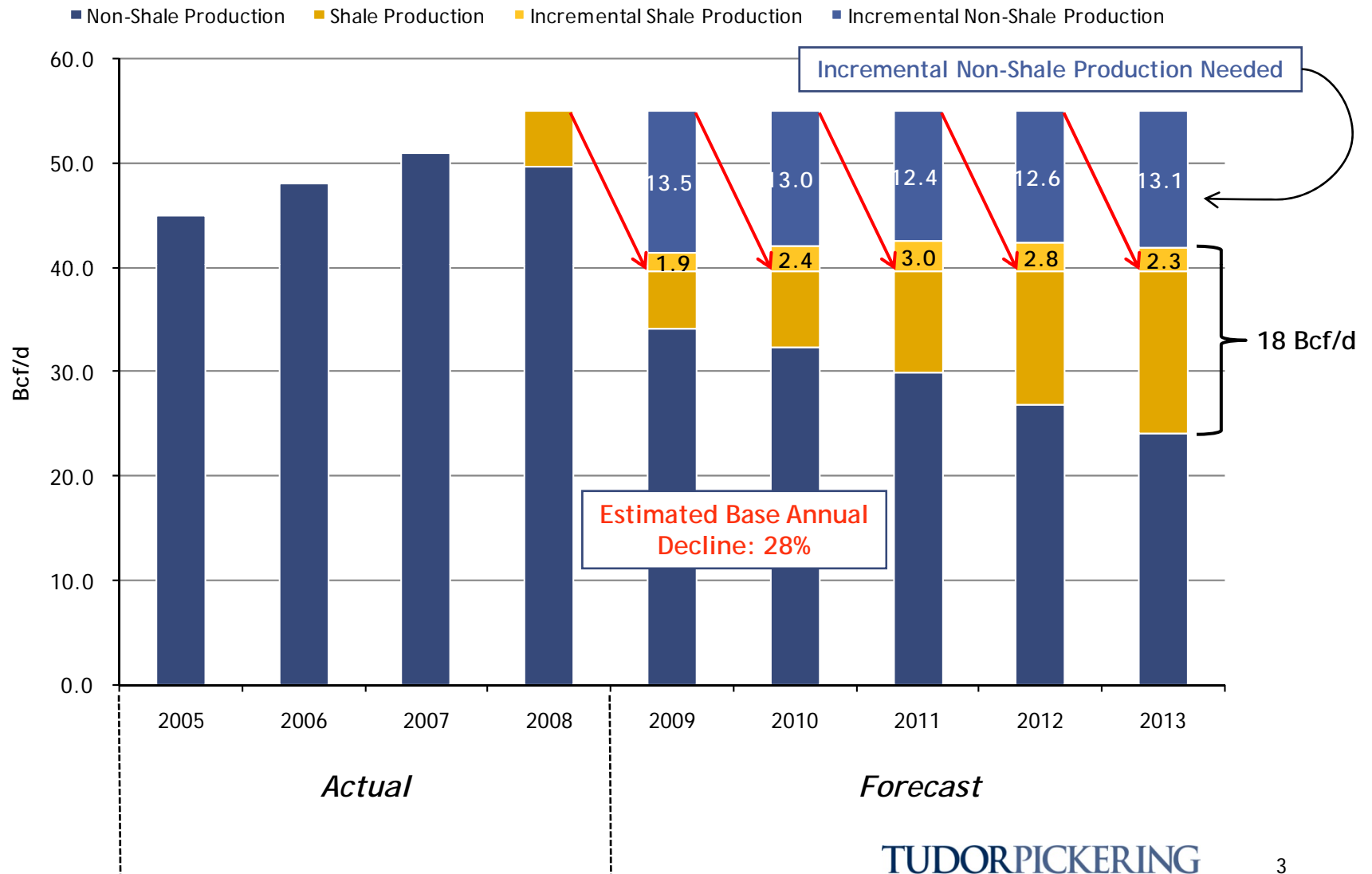
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**TUDOR PICKERING**  
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# Shale Gas Production Forecast



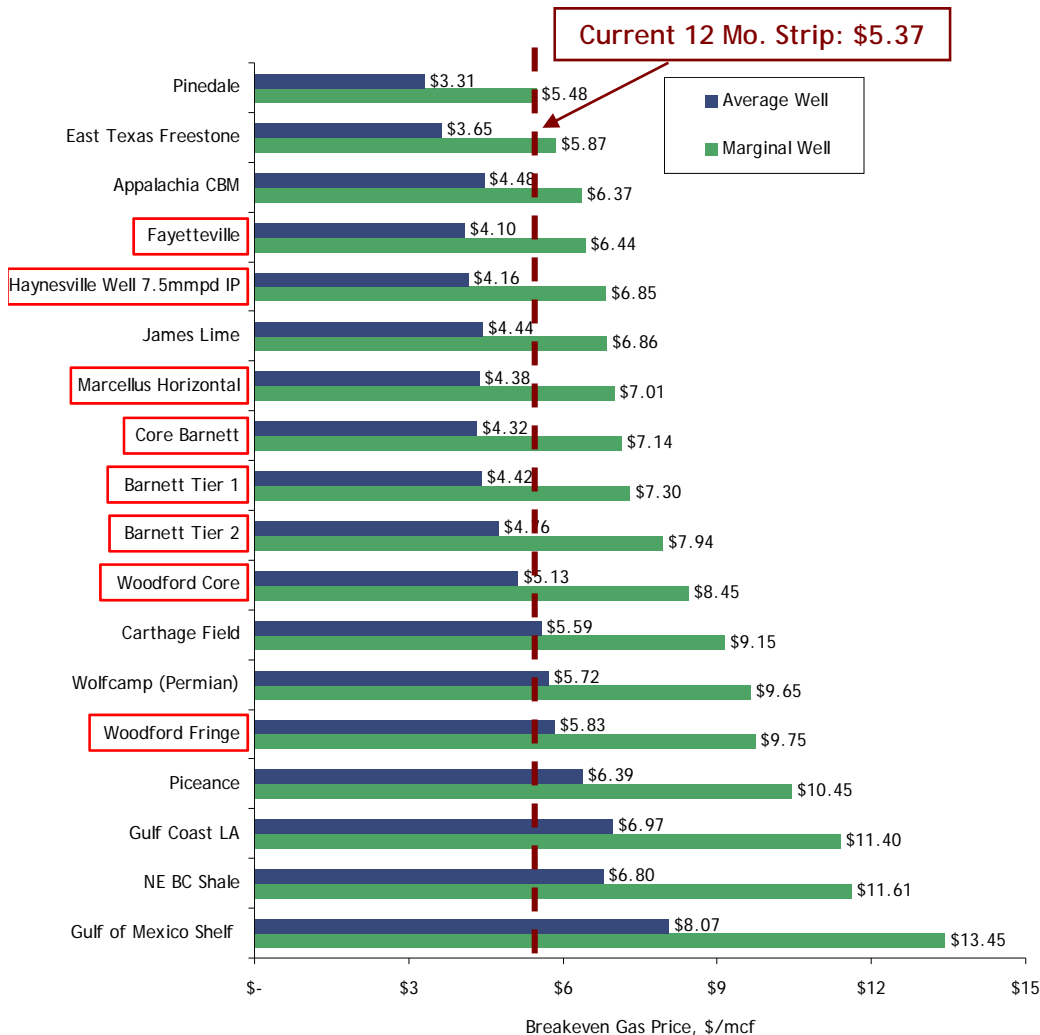
# Significant Non-Shale Gas Required



Source: TPH.

# Non-Shale Gas Requires >\$6/Mcf

Break-Even Prices by Location<sup>(1)</sup>



- Shale plays generally have lower breakeven prices
- Rig counts support breakeven relative ranking
- Significant portion of future non-shale production is from the “edge of the play”
- Non-Shale plays generally require >\$6/Mcf to drill new wells
- Gas must be >\$6/Mcf to grow non-shale production

(1) Assumes annual discounting with Net Present Value equal to 1.1x initial investment.

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