

Global gas markets and prices

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An era of 'plenty'

- **The world has entered an era of energy 'plenty'**
- **Shale oil and gas**
- **Renewables – especially following COP21**
- **Energy efficiency**
- **Still increasing use of oil, gas and coal**
- **Technology is the enabling factor – fracking, solar efficiency**
- **Fracking with horizontal drilling help improve recovery from conventional fields**
- **Message: low prices are here to stay**

The oil&gas industry

- **2016 may be worse than 2015**
- **Cost cutting, restructuring, refinancing**
- **Tough for Noble**
- **Emphasis on projects with quick and healthy paybacks**
- **Emphasis on longer term developments**

Gas in Europe

- **Gas demand in Europe at best stagnant – down 20% from peak 10 years ago**
- **It may have peaked already**
- **Key reasons are cheap coal and subsidized renewables**
- **No prospect of these factors being reversed anytime soon**
- **Russian gas supplies increasing due to low price**
- **Costly to develop gas-fields dependent on exports to Europe may remain stranded**

The gas price

- 2016 more difficult for gas prices
- Huge quantities of new LNG between now and 2022
- Prices will stay low at \$5-6 per mmBTU into 2020s
- In Europe hub prices account for 60% of gas trading
- Cheniere LNG finding it difficult to penetrate EU hubs
- Gazprom can still be profitable at less than \$3.50 per mmBTU
- Good prices in captive markets – Egypt & Israel – encouraging project development
- High prices in Turkey – viable for East Med gas