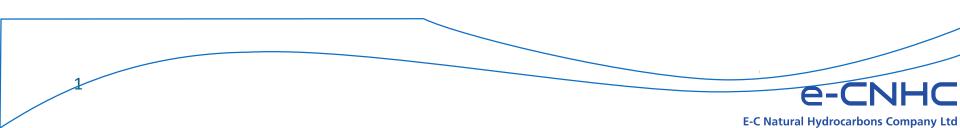
Global gas markets and prices

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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

