



Natural Gas Fundamentals

September 2024



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U.S. Natural Gas Outlook

Current

L48 Production Tapers While Canadian Imports Continue at Historical Highs

- L48 production has fallen 5 Bcf/d or 5% from 2024 highs as Producers manage curtailments
- Imports from Canada seen at historical highs this summer

Excess Storage Levels Decrease Substantially

- Falling production and strong power burns contribute to lower injection rates vs. 5-Year average
- Storage levels moved from 678 Bcf above the 5-year average to 274 Bcf today

Plaquemines LNG Start-Up in Focus

- Venture Global leads the “second wave” of U.S. LNG export capacity growth

2025+

Natural Gas Demand Expected to Grow by ~30 Bcf/d by 2030

- 20 Bcf/d of export growth from new U.S. LNG capacity and pipelines to Mexico
- 8 Bcf/d of higher electricity demand led by AI/data centers and electrification

High-Cost Natural Gas Basins Are Now the “Marginal Supplier”

- Haynesville’s unhedged free cash flow breakeven requires ~\$3.50+ on a maintenance capital basis

Expected Supply Shortfall of over 4 Bcf/d by Year-End 2025

- Demand growth expected to significantly outpace supply growth through 2025

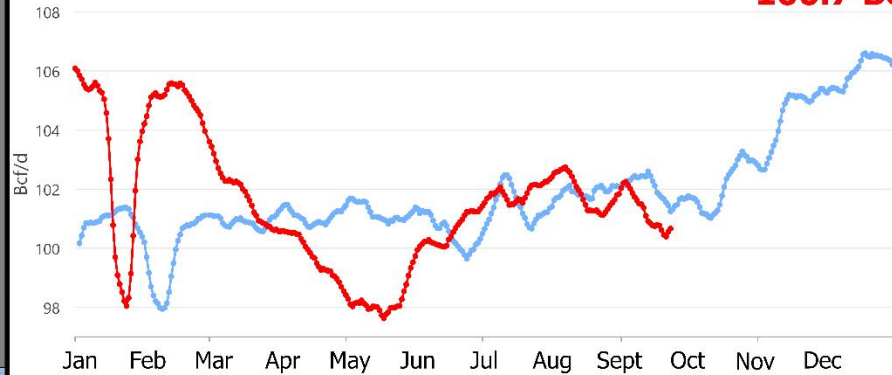


Dramatic Reduction in Rigs Leads to Lower Production

Lower 48 Production

● Genscape 2023 ● Genscape 2024

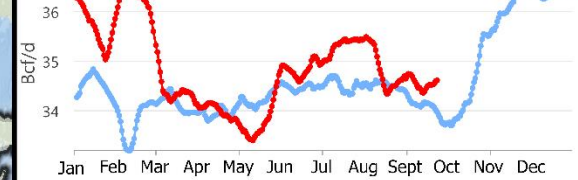
100.7 Bcf



Appalachia Production

● Genscape 2023 ● Genscape 2024

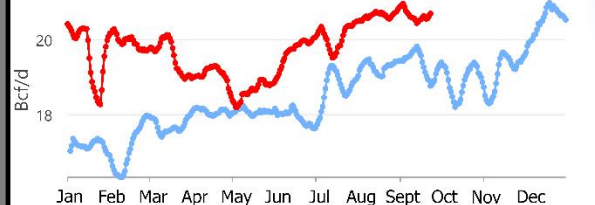
34.6 Bcf



Permian Production

● Genscape 2023 ● Genscape 2024

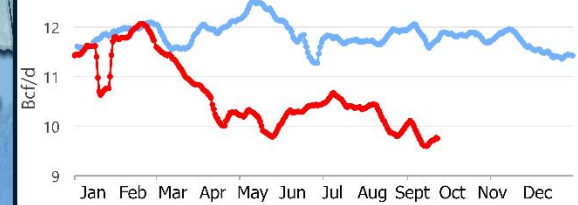
20.7 Bcf



Haynesville Production

● Genscape 2023 ● Genscape 2024

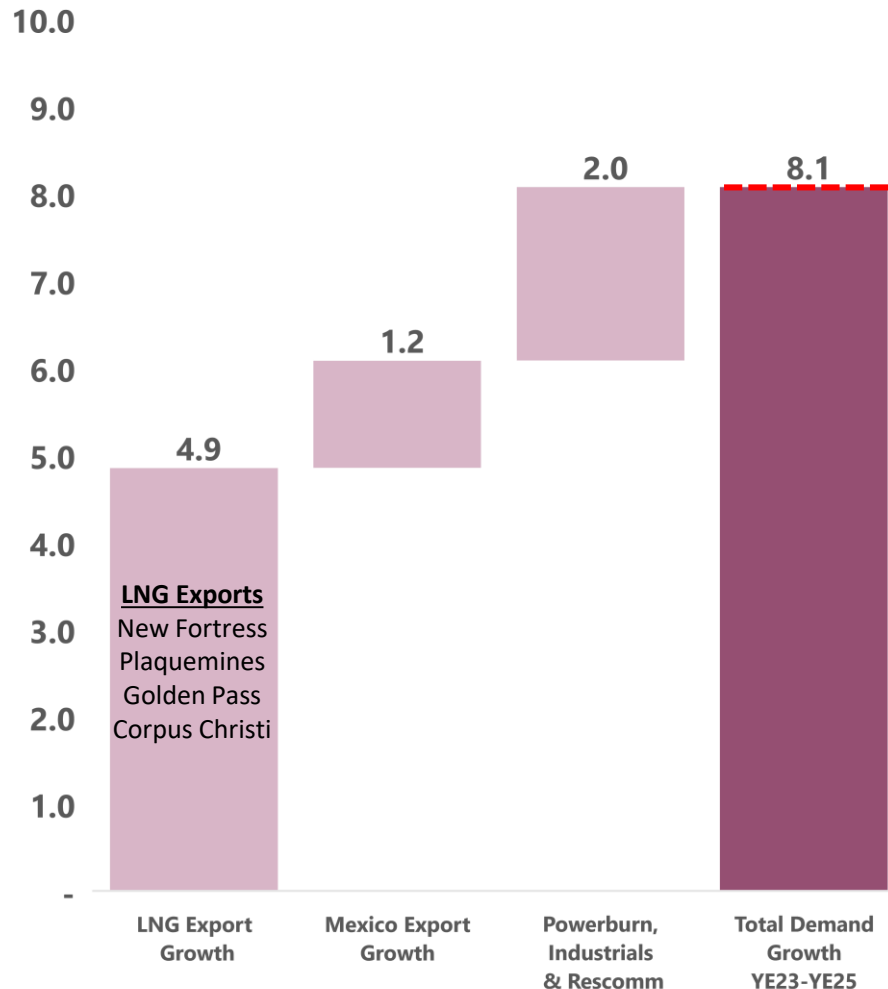
9.8 Bcf



U.S. Demand Outpaces Supply Through YE 2025

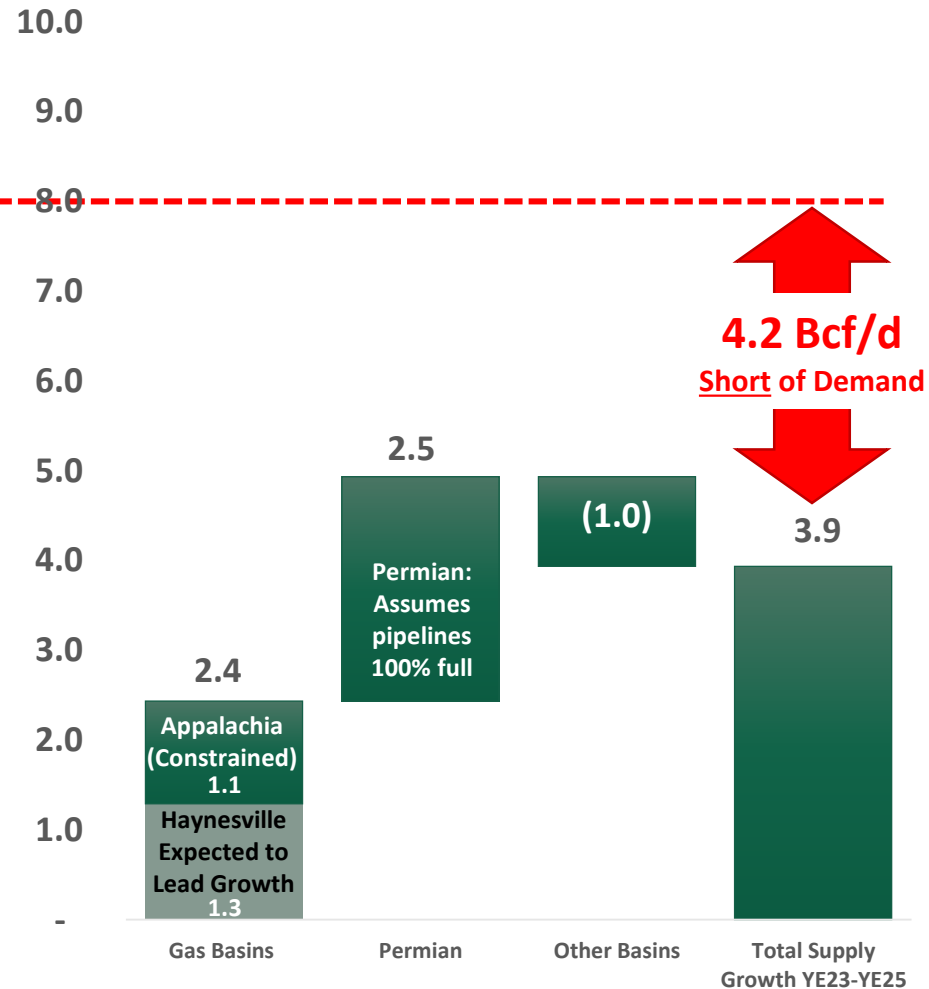
U.S. Natural Gas Demand Growth

(Bcf/d from YE23 to YE25)



U.S. Natural Gas Supply Growth

(Bcf/d from YE23 to YE25)



Robust Natural Gas Demand Growth

30+ Bcf/d Demand Growth

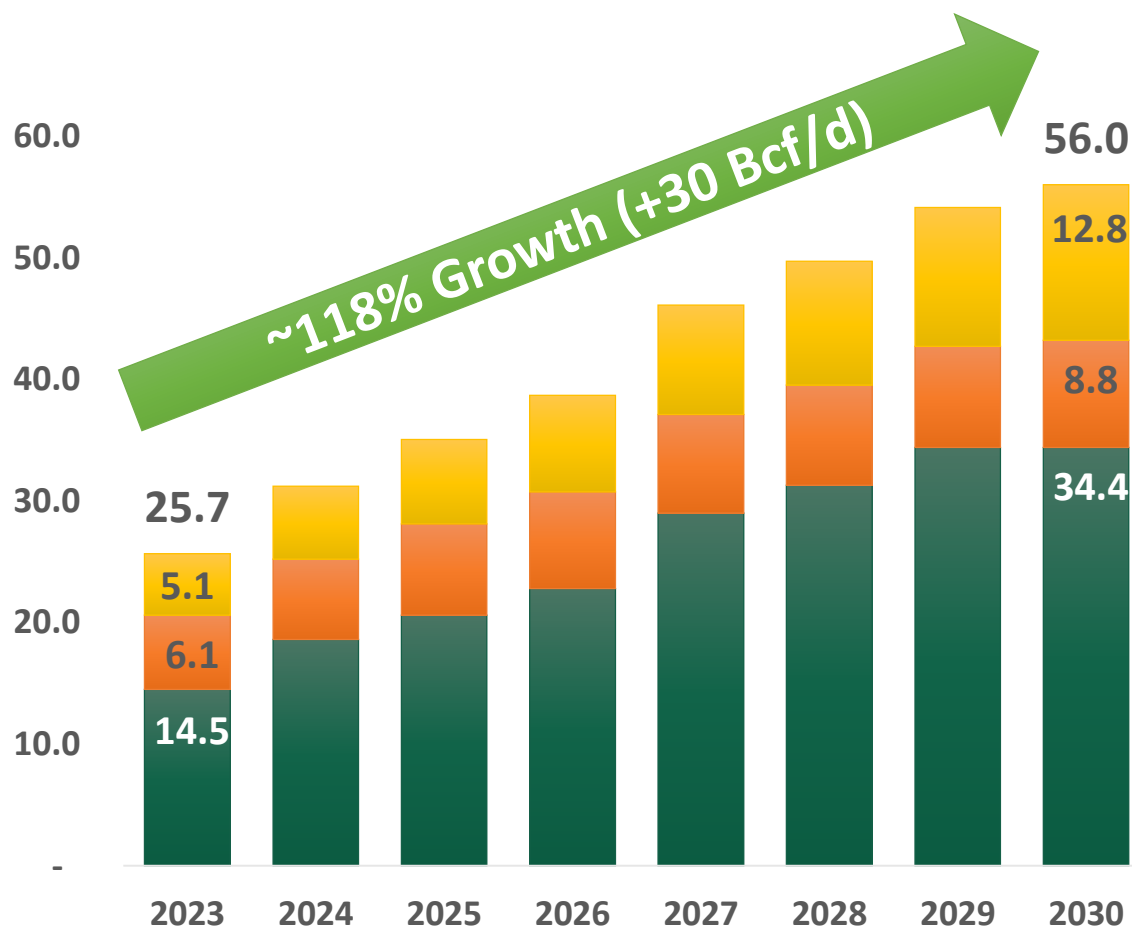
LNG Exports:
+20 Bcf/d

AI/Data Center; Crypto; EVs:
+7.7 Bcf/d

Mexico Exports:
+2.7 Bcf/d

Natural Gas Demand Forecasts (Bcf/d)

■ LNG Exports ■ Mexico Exports ■ AI/Data Centers; Crypto; EVs

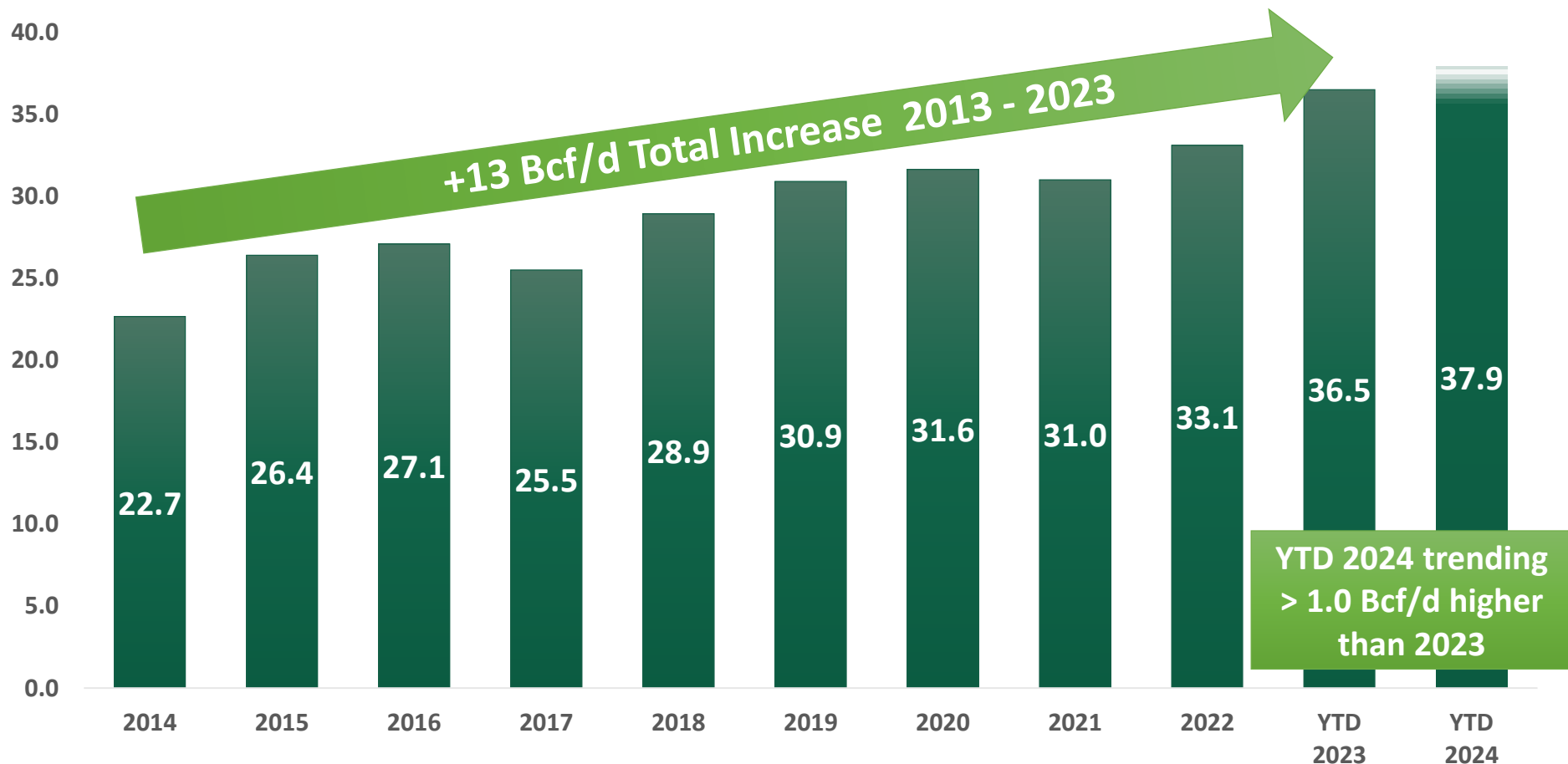


U.S. Power Burn

On average, U.S. power burn has increased 1.5 Bcf/d each year since 2013

U.S. Natural Gas Demand From Power Burn (2013 – YTD 2024)

(Bcf/d)

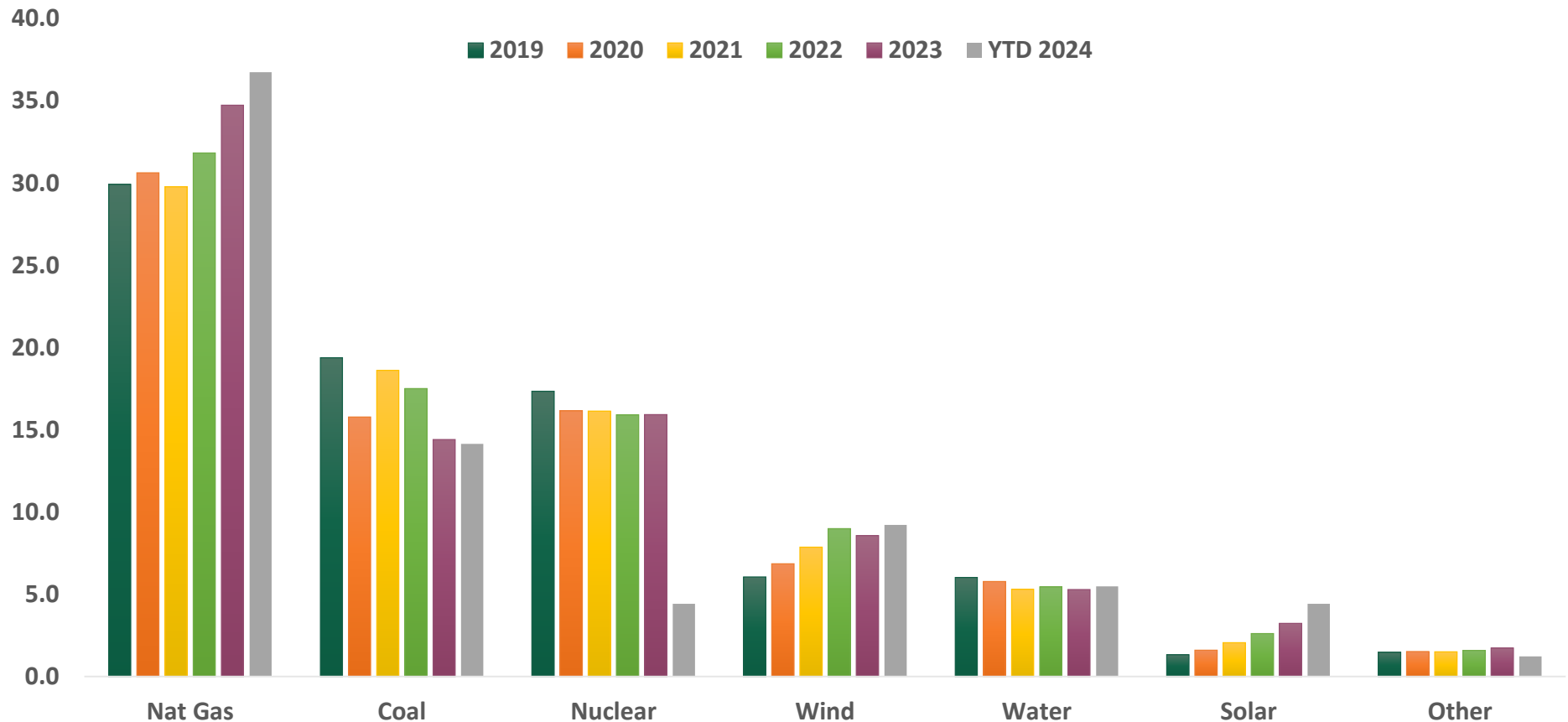


Natural Gas Dominates Power Generation Mix

In 2023, natural gas power generation demand grew by ~3.0 Bcf/d, or 9% from the prior year, while all other categories declined by a total of ~3.0 Bcf/d

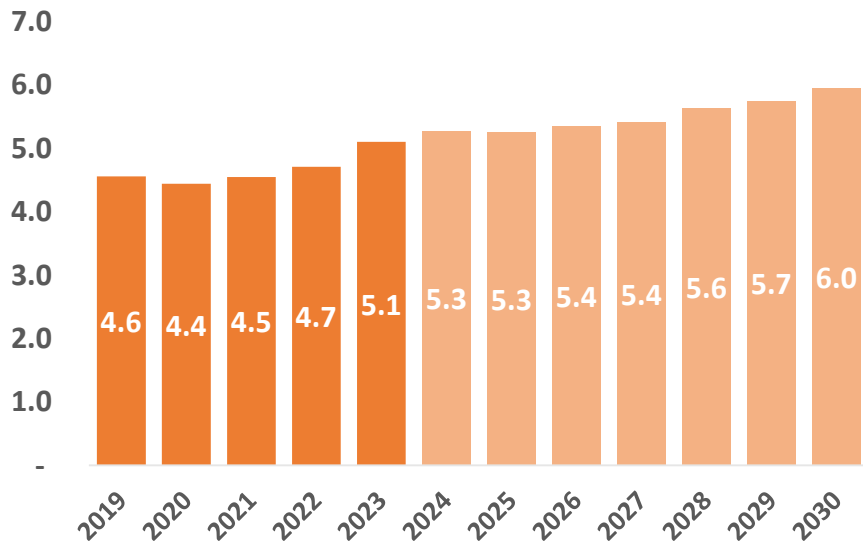
Power Generation Mix

(Bcf/d)

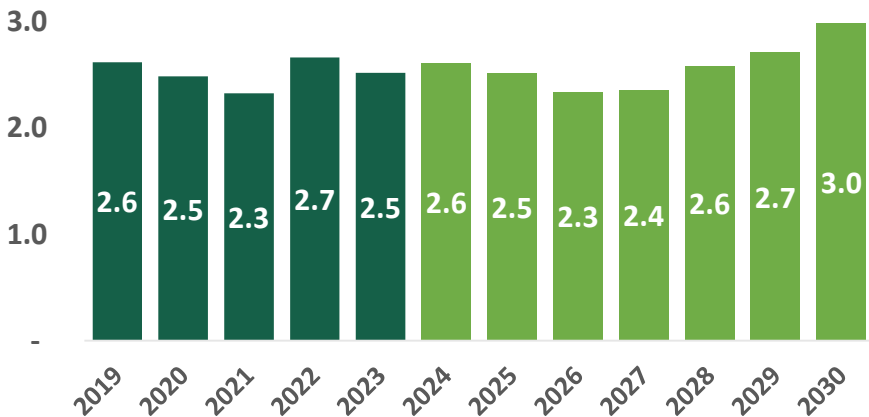


United States Exports to Mexico Rise

Rising Mexico Power Burn Demand...



Combined With Flat Production...



Drives Increase in U.S. Mexico Exports

10.0

> 2 Bcf/d Increase
Forecasted by 2030

9.0

8.0

7.0

6.0

5.0

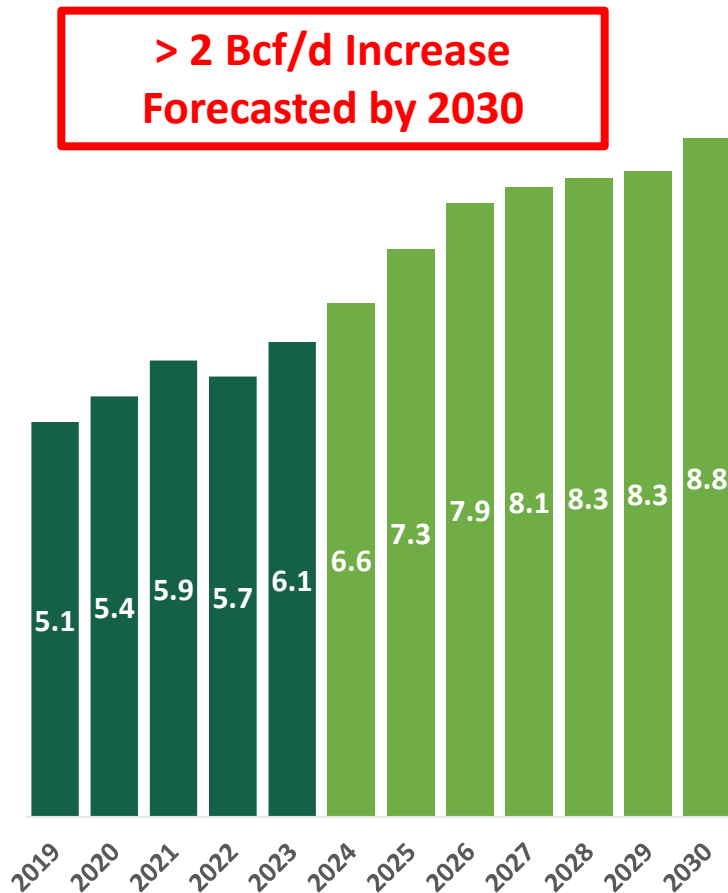
4.0

3.0

2.0

1.0

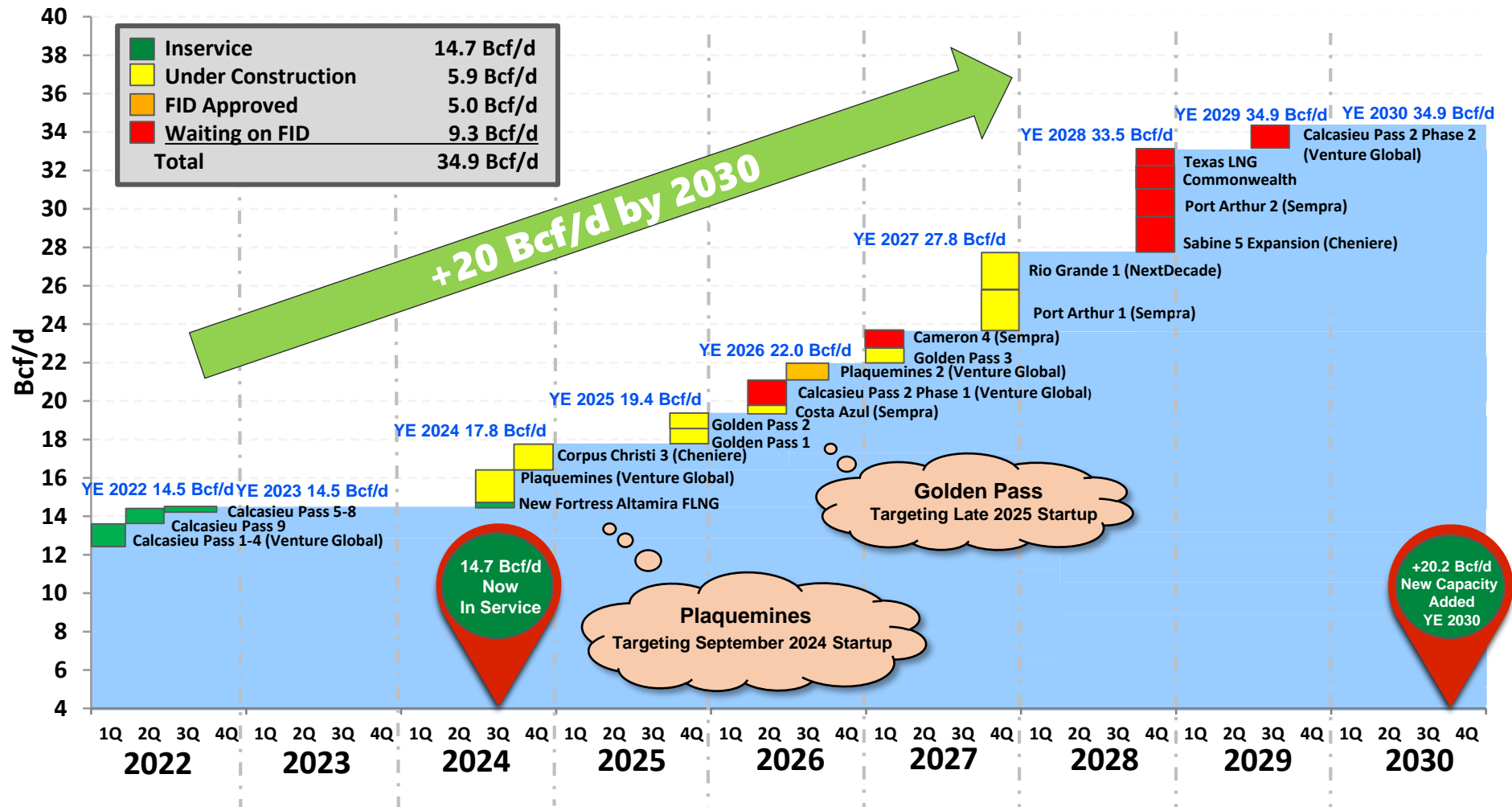
0.0



Visible U.S. LNG Exports Will Feed Global Demand Growth

U.S. LNG Export Capacity Through 2030

(Bcf/d)



Not All Transport to the U.S. Gulf Coast is Equal

Henry Hub-Linked (% of '24E Production)

75%

13%

Peer
Average ⁽¹⁾

"While everything 100 miles back of Henry Hub could be at \$3-4/MMBtu regional cash price, Henry Hub cash could find itself at periods of time comfortably above \$5/MMBtu."

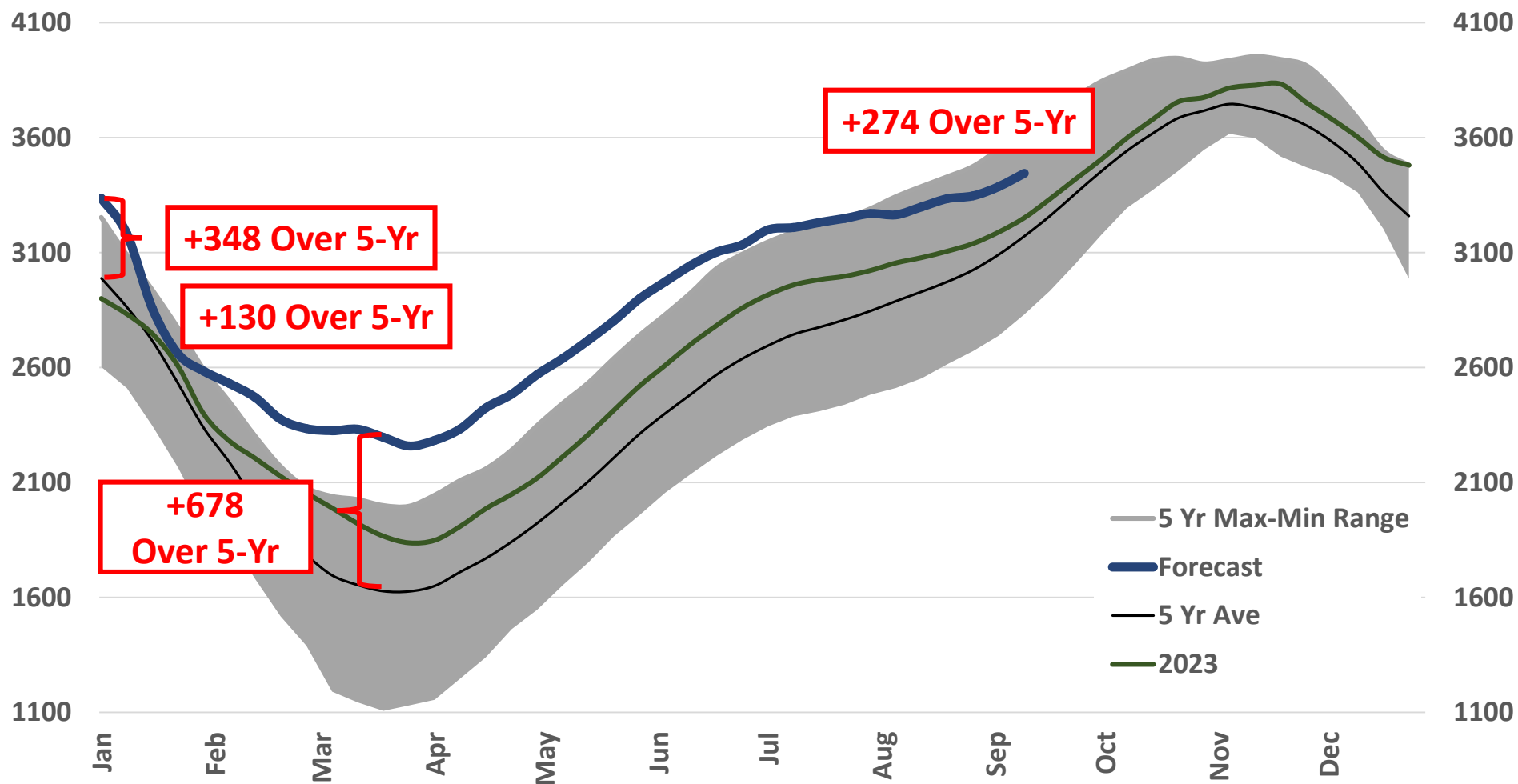
- JPM Commodities Research

LNG Fairway Transport and Tiered Map



2024 Storage Compared to 5 Year Average

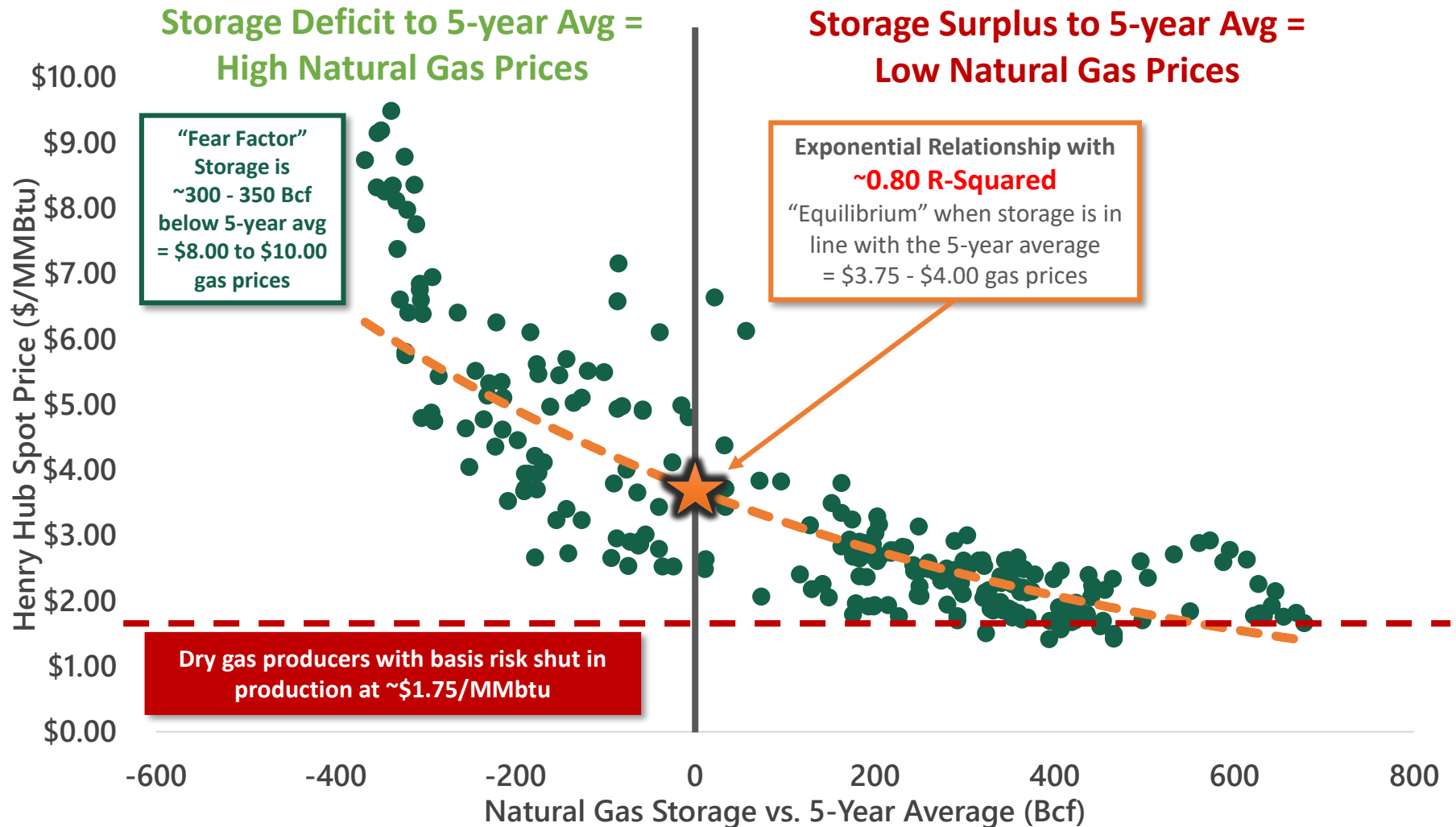
Storage Surplus Above 5 year Shrinks over 400 Bcf Since March 15



Natural Gas Prices Highly Correlated to Storage Levels

Natural Gas Price vs. Gas Storage Surplus / (Deficit) to 5-year Average

(2020 – 2024)



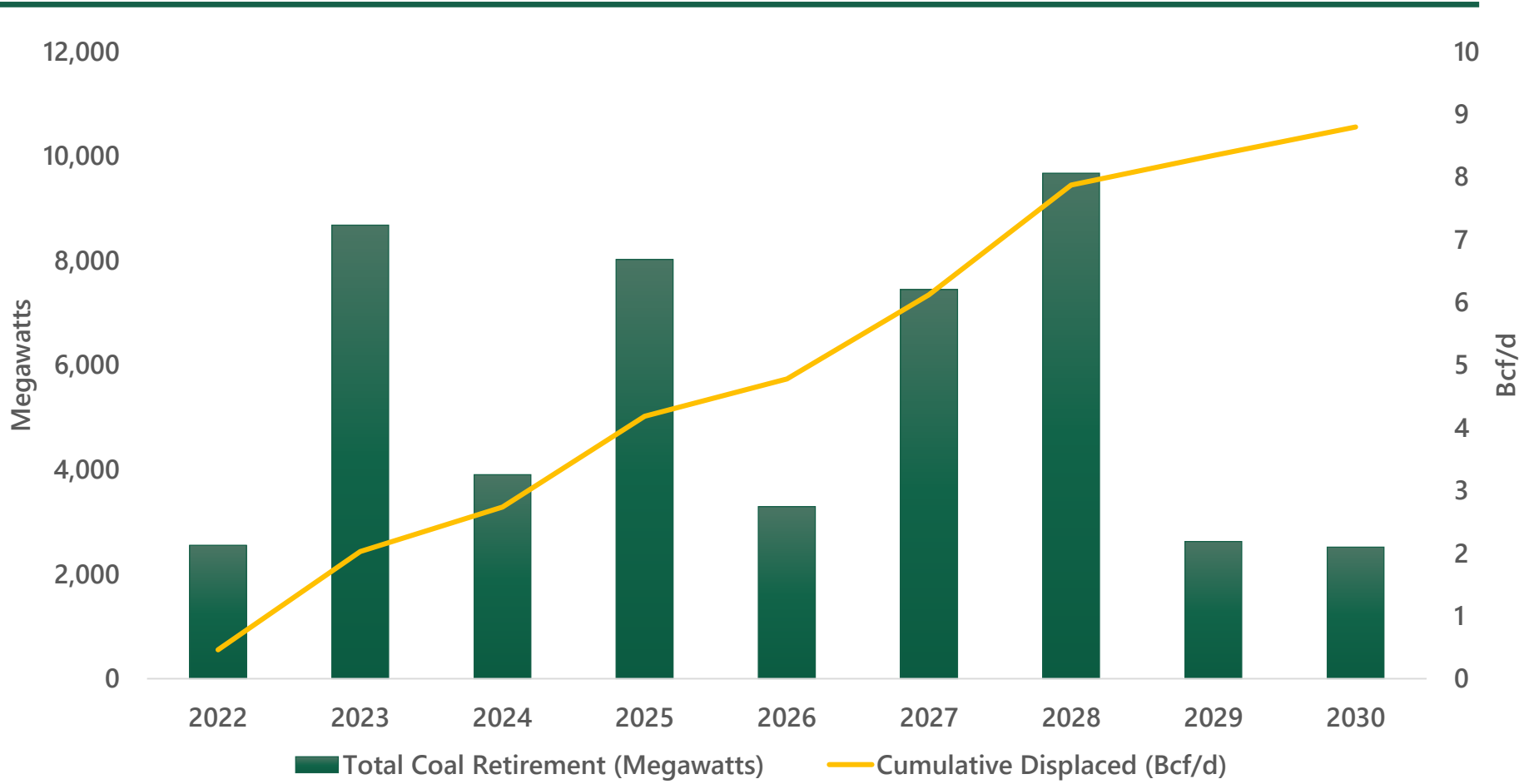


APPENDIX

Coal Plant Retirements

Large amounts of coal plant retirements provide upside to natural gas power generation through 2030

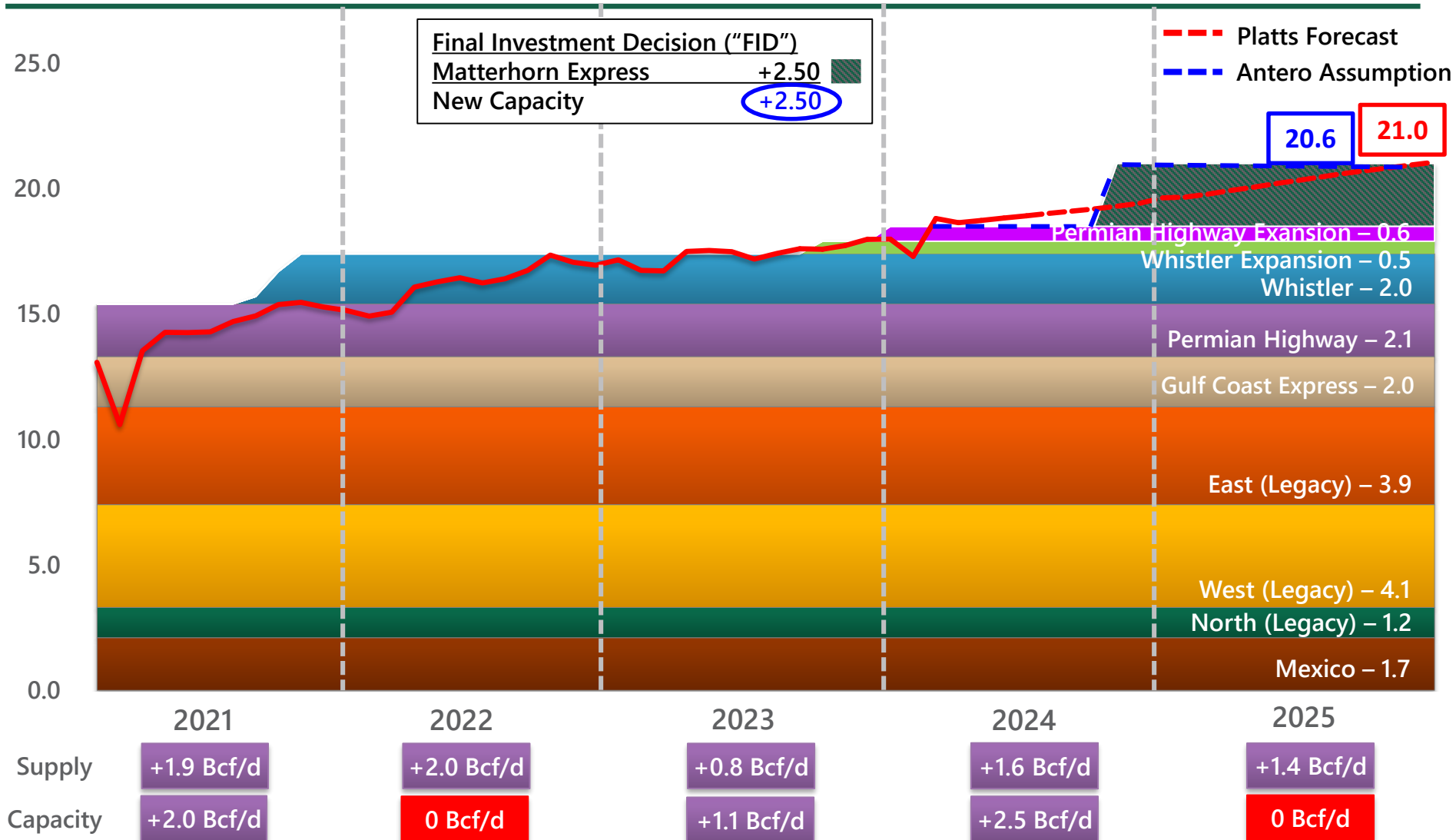
Coal Plant Capacity Retirements
(2022-2030)



Supply: Permian Takeaway Capacity Increasing

Permian Takeaway Capacity Additions

(Bcf/d)



Antero Resources (NYSE: AR)

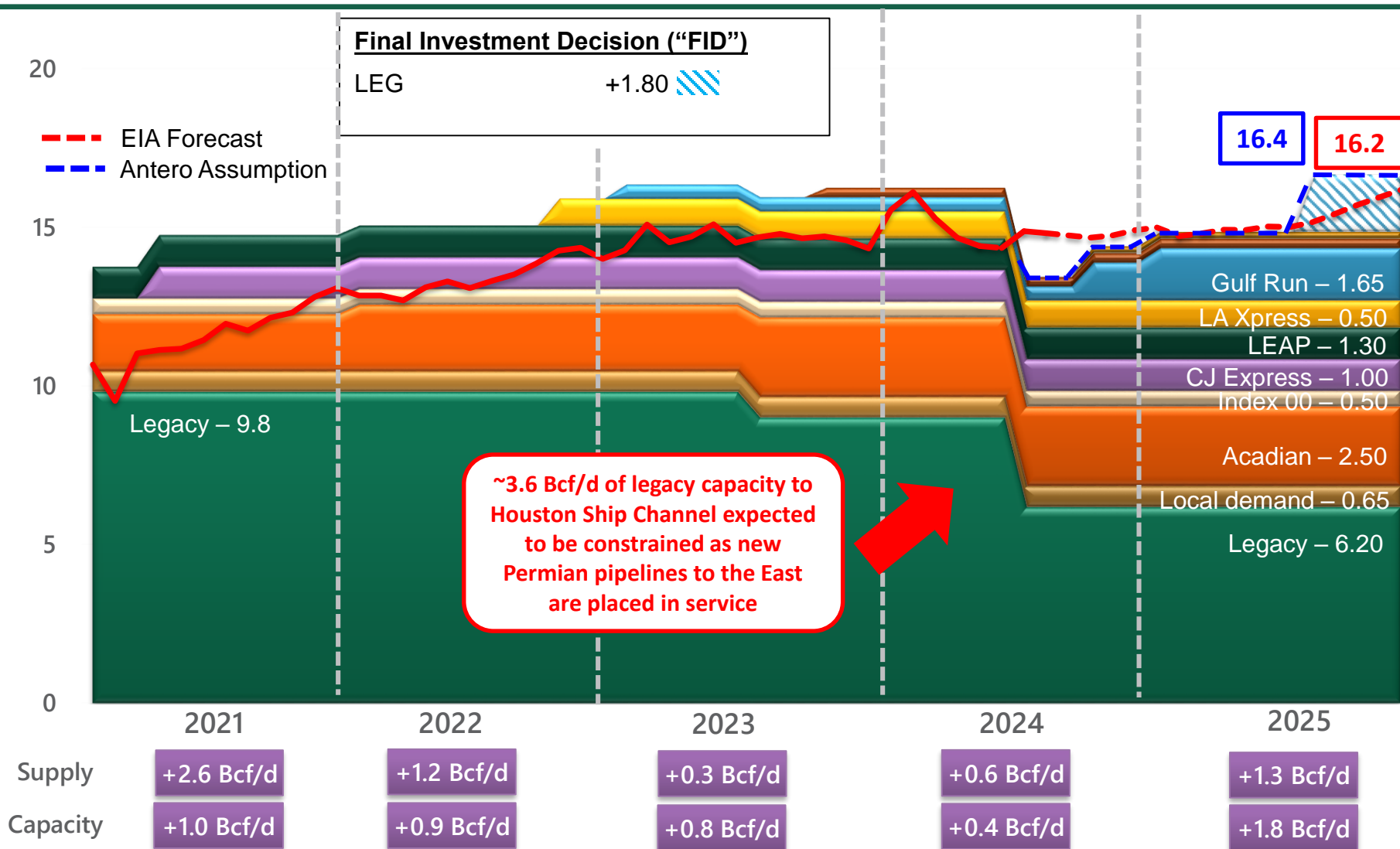
Source: S&P Global Platts

1) Mexico capacity includes Comanche Trail, Roadrunner and Trans-Pecos pipelines; Capacity shown reflects single-day high of 1.7 Bcf/d flowed from Permian to Mexico

Supply: Moderated Growth Expected Once Capacity is Online

Haynesville Takeaway Capacity Additions

(Bcf/d)

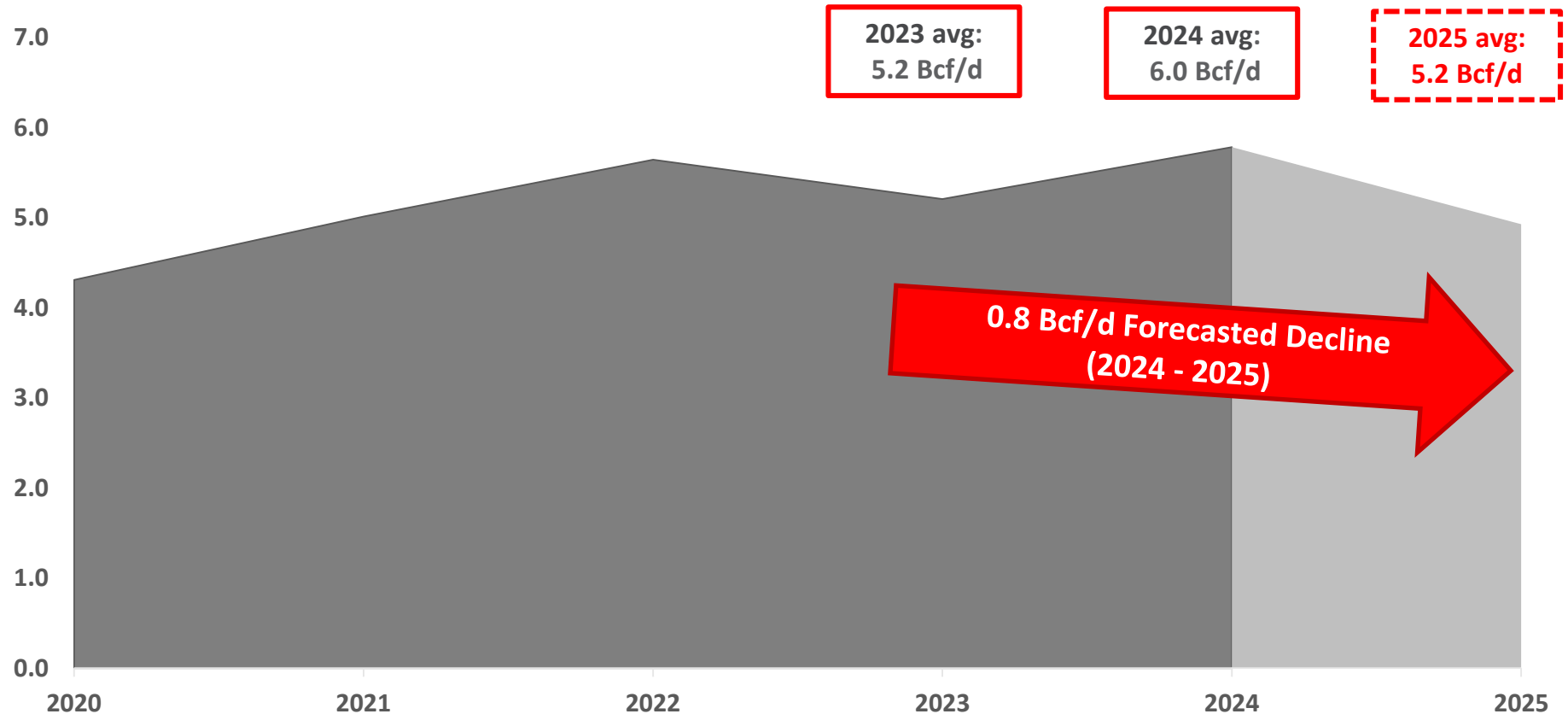


Canada Net Imports

Net imports are expected to moderately decline through 2025 as Canadian LNG exports ramp and production growth slows

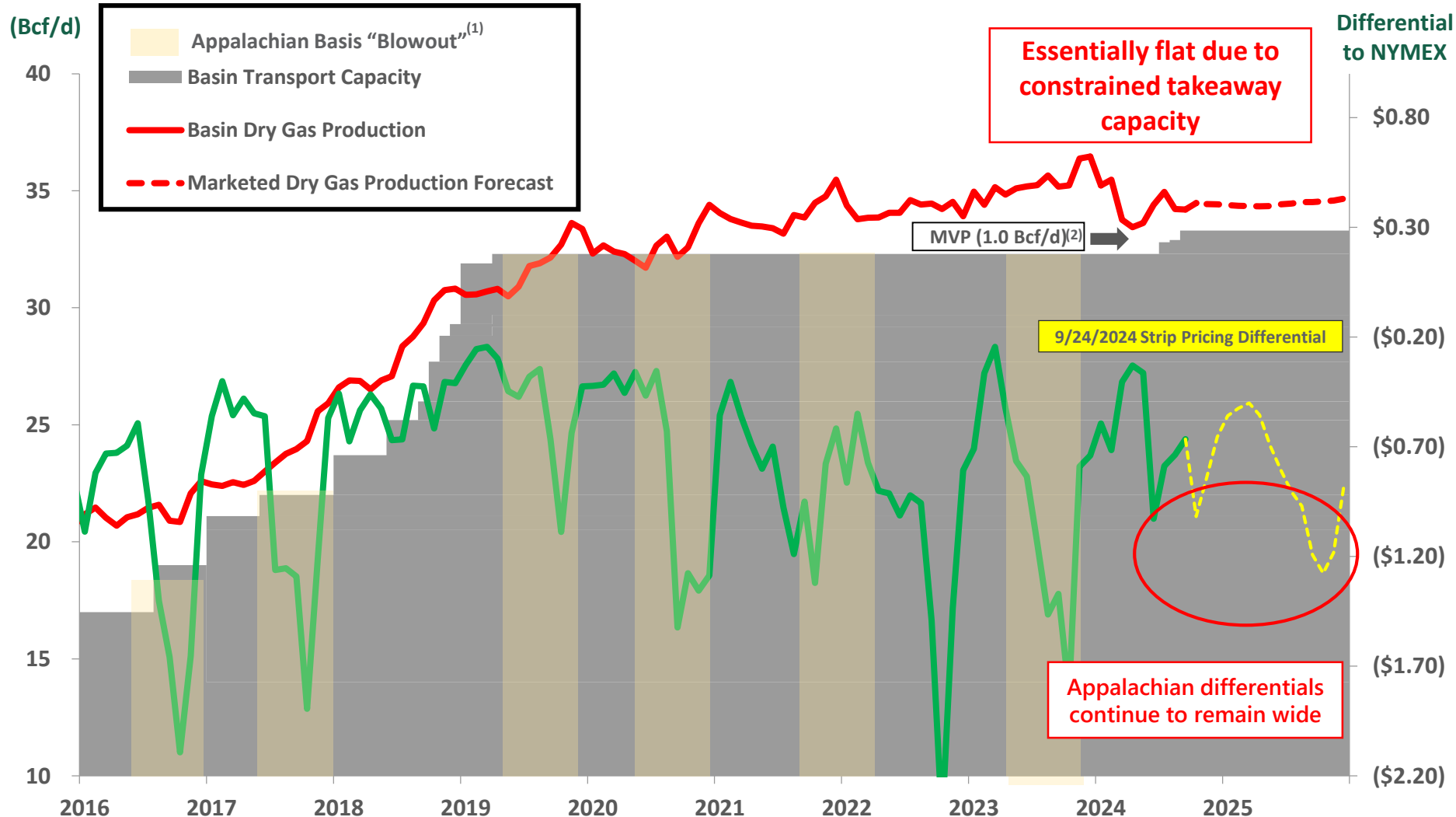
Canada Net Imports (2020 – 2025)

(Bcf/d)



Supply: Appalachia is Constrained

Appalachia Takeaway Capacity Additions



Tight Permian Takeaway Capacity in 2024

With limited eastbound capacity in the near term and crude-oil-driven economics, Waha basis is expected to remain wide in 2024

