





















Winter Outlook

*Heating season
2013-2014*

Winter outlook: Outline

- Review: How did we do last winter?
- Looking ahead to winter 2013-2014
 - *Market pressure points:
economy, weather, storage & drilling*
 - *Wild card factors*
 - *Winter expectations*
- Summary

Last year's projection: How did we score?

Price Pressure	2012-2013 Estimate	2012-2013 Actual	Last winter's Score
Weather			
Economy			
Overall demand			
Storage			
Supply			
Market Price Pressure			

Market Pressure Points 2013-2014

Economy

Winter season Period-to-period change Data source: Global Insight	Last winter 2012-2013 ACTUAL	This winter 2013-2014 FORECAST
Economy	Weak momentum	Slow improvement
GDP growth	1.6%	2.1%
Unemployment rate	7.8%	7.4%
Manufacturing	2.5%	2.2%
CPI	1.8%	1.3%

**Winter-to-winter pressure
on natural gas prices**



Weather demand: Winter season

Data source: NOAA, EVA

Last winter Nov.- March

2012-2013

ACTUAL

This winter

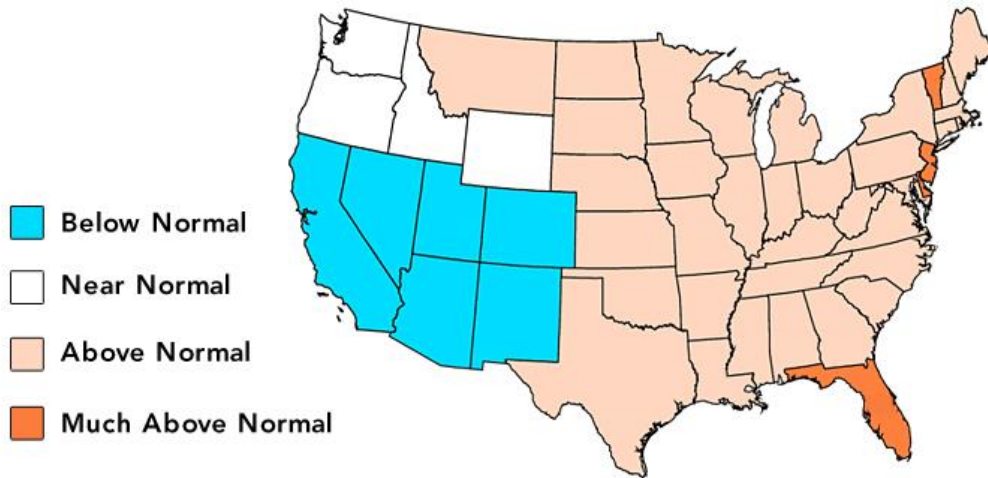
2013-2014

FORECAST

Actual Season:

Description (NOAA)

16 % colder than previous winter, which was very warm; 2% warmer than 30-year average

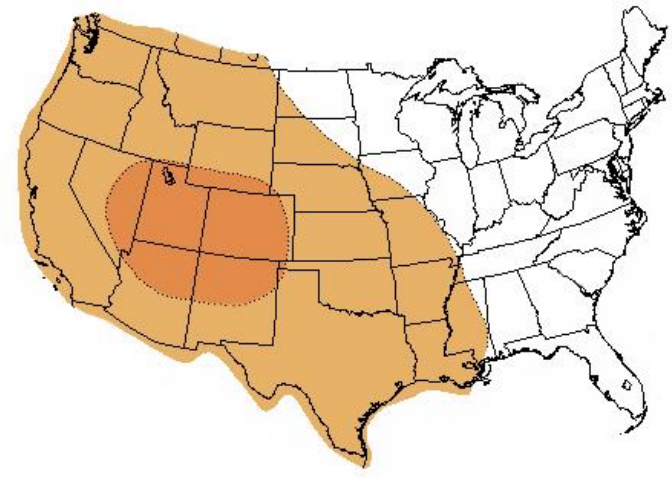


3,462 Heating degree days (NOAA)

EVA's projection:

Description

1% warmer than last year, 3% warmer than 30-year average



3,418 Heating degree days

Winter-to-winter pressure on natural gas prices



Overall gas demand

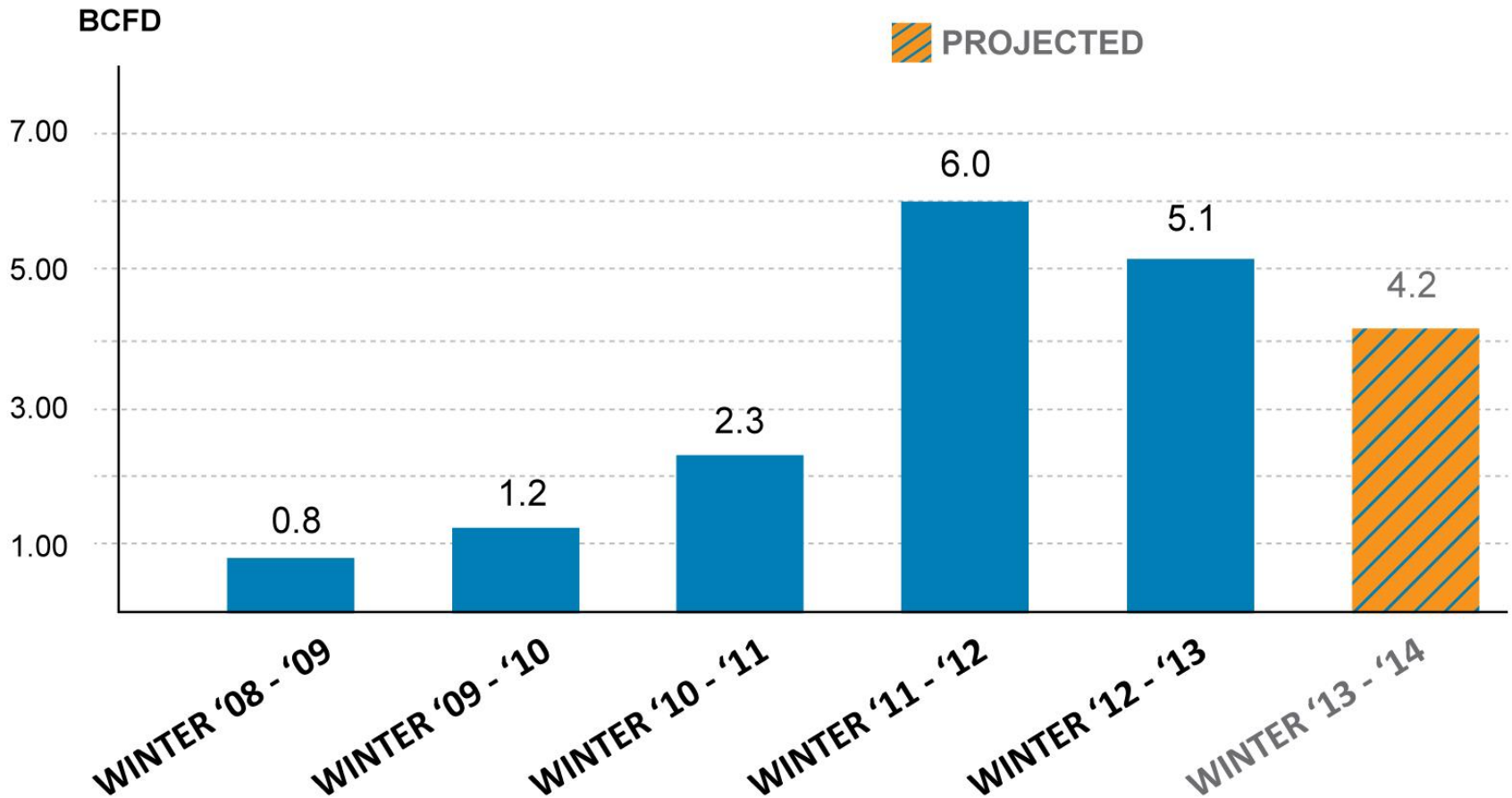
Winter season Period-to-period change <i>Data source: EVA</i>	Last winter 2012-2013 ACTUAL	This winter 2013-2014 FORECAST
Demand	83.3 Bcf/d	83.2 Bcf/d
• Electric	19.6	19.1
• Industrial	21.3	22.0
• Residential/Commercial	36.2	35.9
Growth sector	Residential/ commercial	Industrial +3.5%

Winter-to-winter pressure on natural gas prices



Coal-to-Gas Switching Trend Continues

Monthly switching to natural gas-fired generation sustained since 2008, but less than last winter



Source: Energy Ventures Analysis, 2013

Storage/Supply

Winter season

Period-to-period change

Data source: EVA

Last winter

2012-2013

ACTUAL

This winter

2013-2014

FORECAST

End of injection season

3,929 Bcf

3,900 Bcf

Percent of average fill
(Five-year average)

99%

96%

New storage capacity


137 Bcf

Est. 101 Bcf

**Winter-to-winter pressure
on natural gas prices**

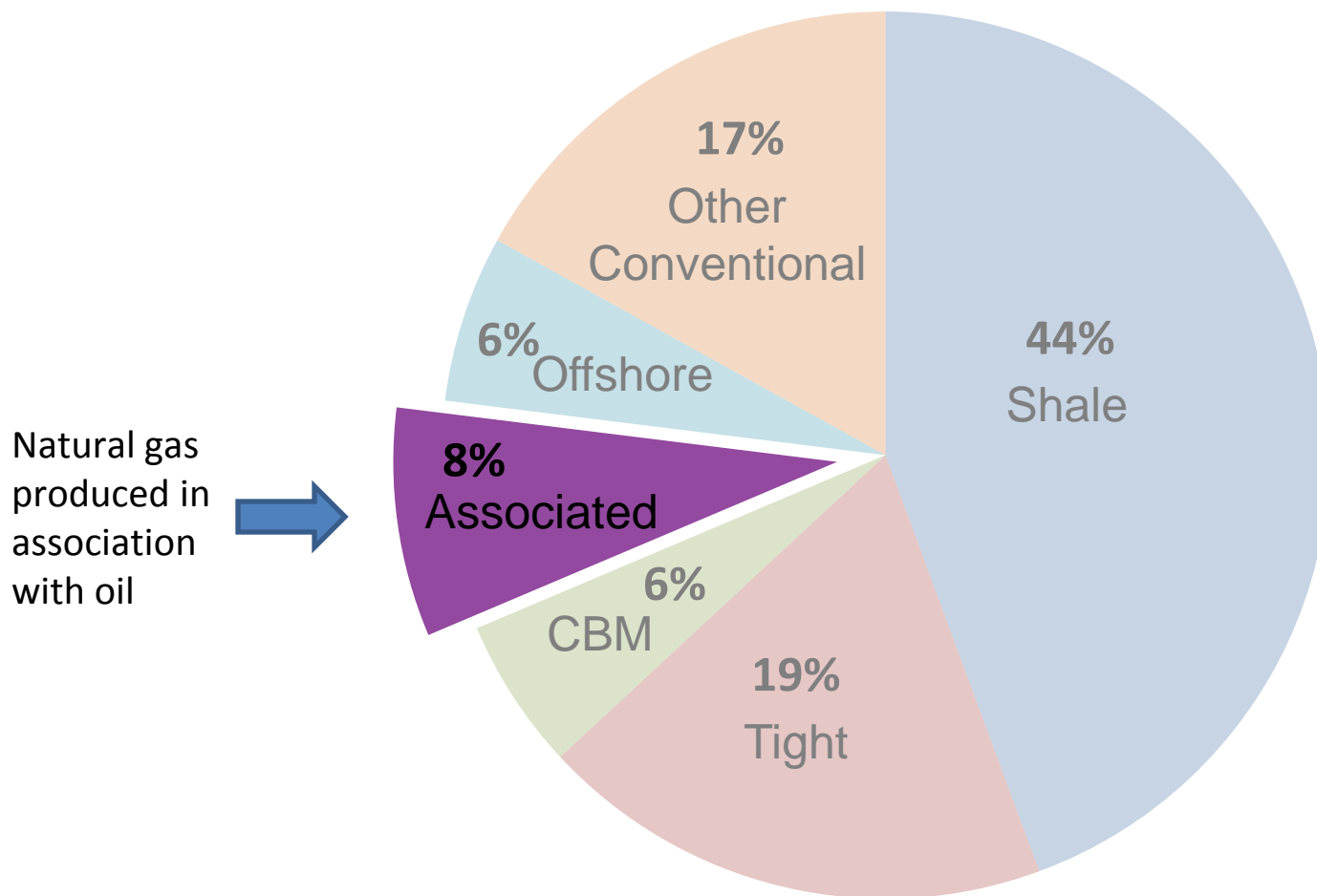


Production/Supply

Winter season Period-to-period change Data source: EVA	Last winter 2012-2013 ACTUAL	This winter 2013-2014 FORECAST
Annual natural gas well completions (Lower 48)	8,900	6,400
Winter average production (Lower 48)	65.1 Bcf/d	65.7 Bcf/d
Canadian imports	4.7	4.2
LNG imports	0.4	0.4
Mexican exports	1.7	2.1
Winter-to-winter pressure on natural gas prices		

Associated Gas Contributes 8 Percent to Overall Supply

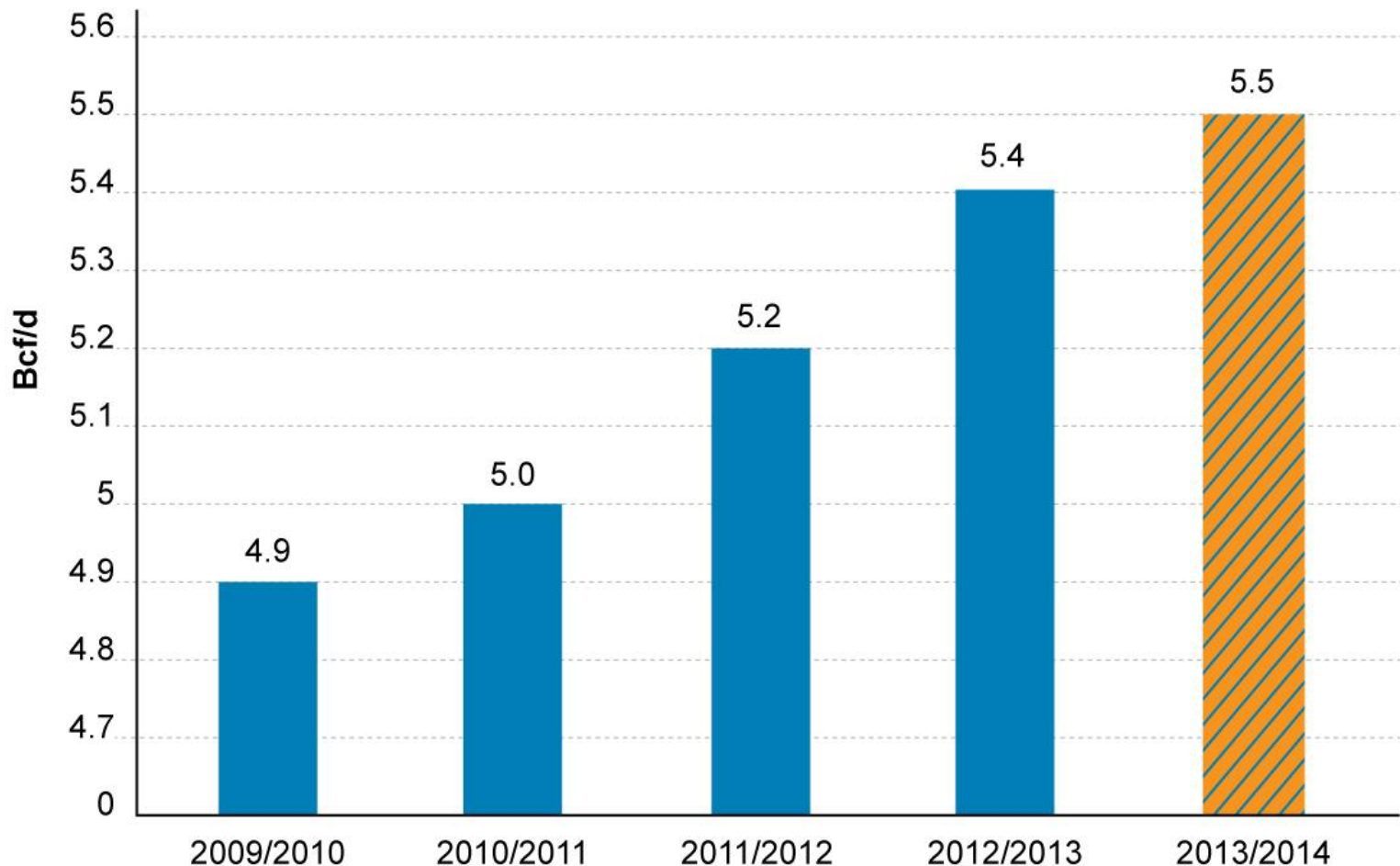
Winter 2013-2014 US Lower-48 Production



Data source: EVA

Associated Gas a Growing Part of Overall Supply

ASSOCIATED U.S. GAS PRODUCTION



Data source: EVA

Winter outlook: Wild cards

- Unexpected cold – or warm – snaps
- Decline in NGLs or change in oil market
- Higher consumption by power sector
due to coal-to-gas switching
- Debt ceiling crisis materializes

This season's winter outlook

Winter season
Period-to-period change

This winter
2013-2014
FORECAST

Economy



Weather



Overall demand



Storage



Overall supply



**Winter-to-winter pressure
on natural gas prices**



Natural gas spurring 77 major industrial projects 2012-2019

45

NEW PROJECTS

25 Petrochemical
12 Steel
6 Fertilizer
2 Gas-to-liquids

23

EXPANSIONS

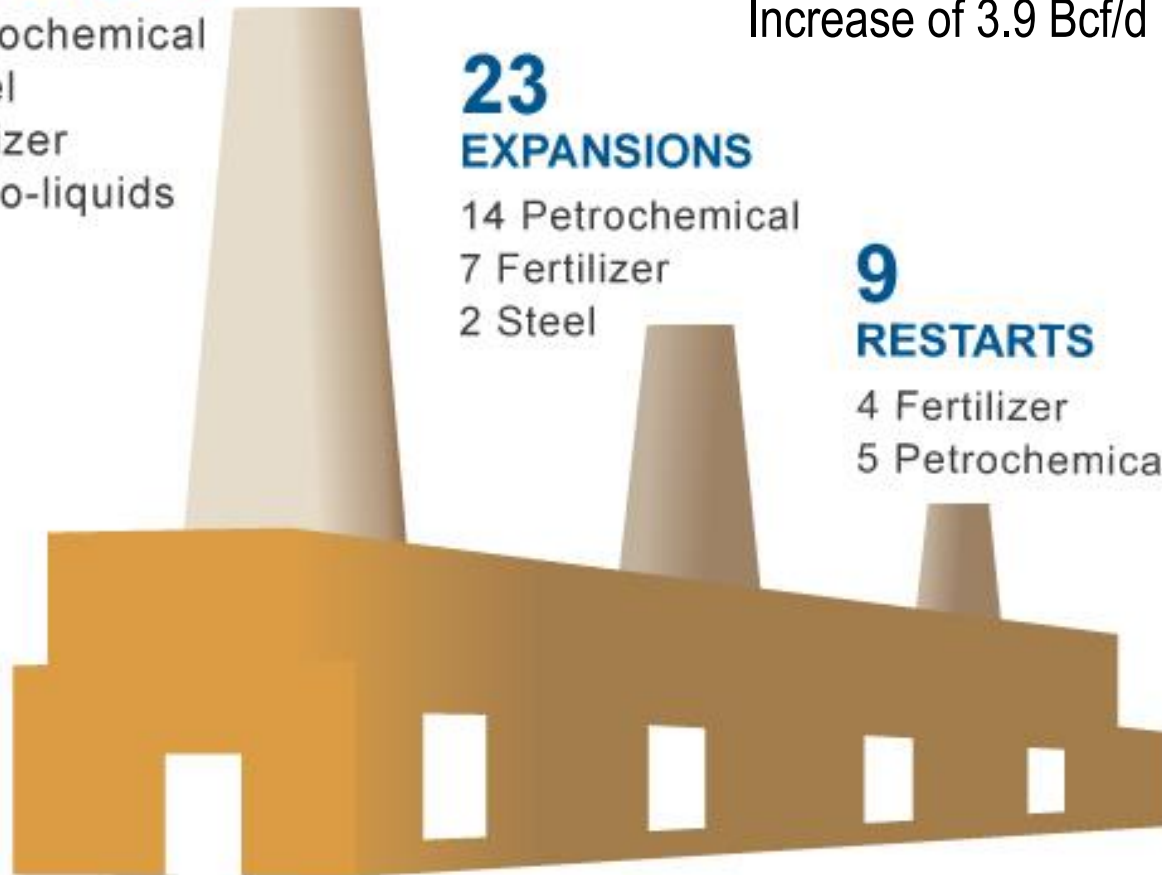
14 Petrochemical
7 Fertilizer
2 Steel

Increase of 3.9 Bcf/d

9

RESTARTS

4 Fertilizer
5 Petrochemical



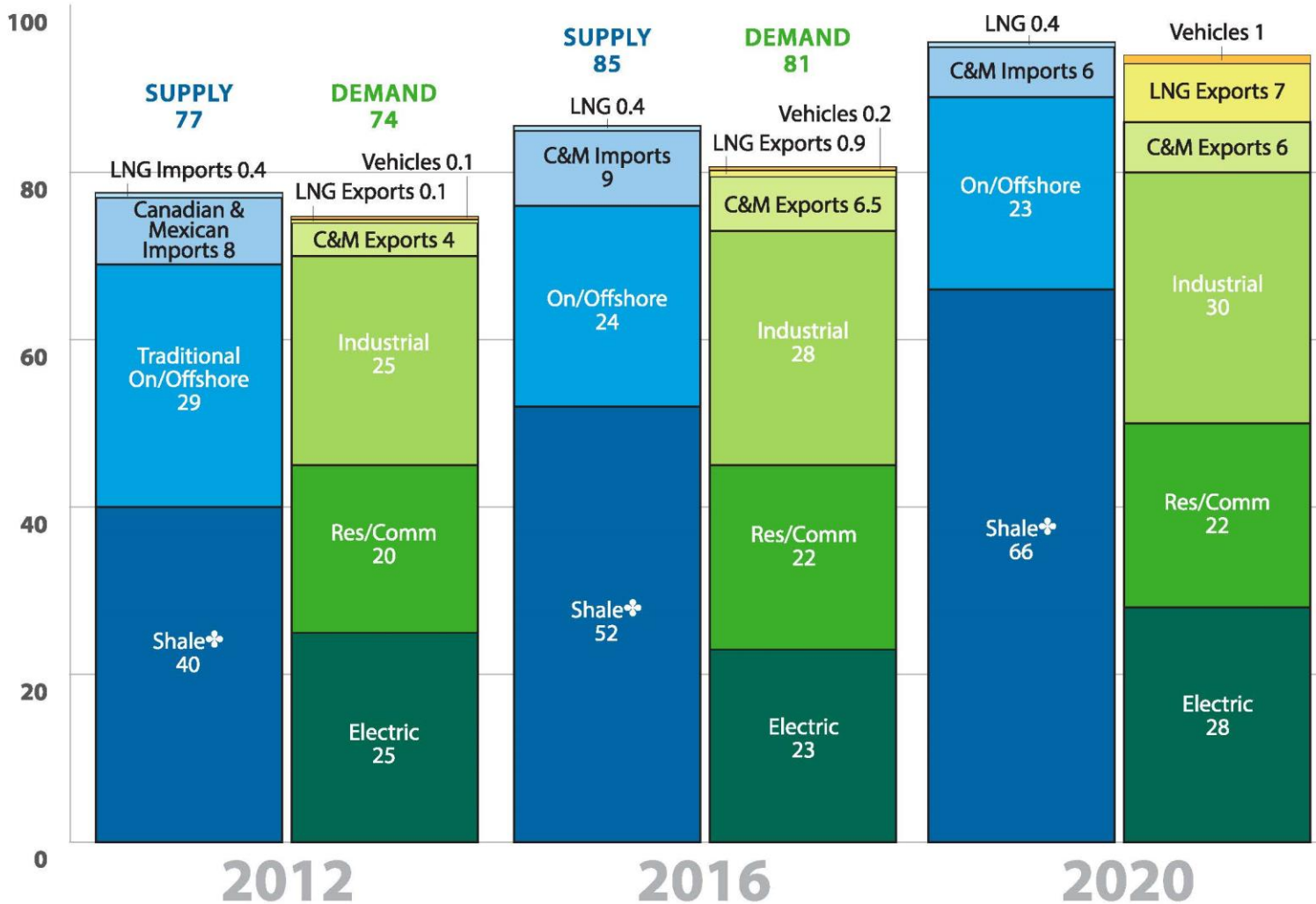
Data source: EVA

2012-2020

As Electric and Industrial Demand Grow, So Does Supply

Supply Base Remains Diverse and Flexible

Bcf/day



✦ Shale = includes tight gas and coalbed methane

Source: Energy Ventures Analysis Inc. "Long-Term Outlook Fuelcast," September 2013

FALL 2013

Natural gas outlook: Quiet growth

- Strong supply continues
 - Associated gas a growing contributor
 - Takeaway pipeline capacity and processing plants coming online to support Marcellus shale
- Coal-to-gas switching projected to continue for 6th winter
- Industrial market poised for growth this decade
- Stable natural gas outlook for consumers
 - But regions with infrastructure constraints remain vulnerable to occasional volatility



Winter Outlook

*Heating season
2013-2014*