

Barnett Shale in the US - Gas Shale Market Analysis and Forecasts to 2020

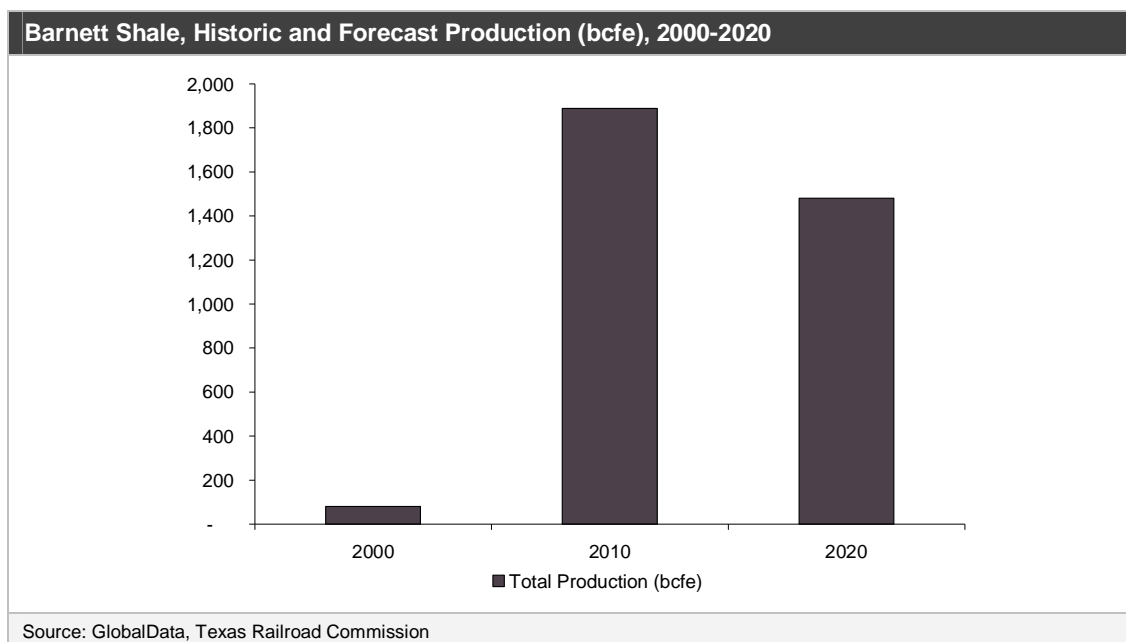
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GlobalData's new report "***Barnett Shale in the US, 2011 - Gas Shale Market Analysis and Forecasts to 2020***" analyzes the recent activities in the Barnett shale play. The report details the operational activities in the play analyzing drilling activities, cost trends, initial production rates and well decline curves. The report also provides information on production trends in the Barnett shale play with forecast to 2020. It analyzes the competitive landscape of the Barnett shale, detailing operations of top five companies. The report highlights infrastructure details in the shale play. It also details the merger and acquisition activities in the shale play during the period 2007-till date.

The Barnett Shale Continues to Contribute to US Natural Gas Production

The Barnett shale was the first shale gas play to be strategically developed and provides a model for the development of other shale plays. There were total of 15,269 Barnett wells as of August 2011, of which two-thirds horizontal and one-third are vertical. The cumulative gas production of the Barnett Shale is 9.27 trillion cubic feet (tcf) of which the majority comes from horizontal wells. It is expected that the production from the Barnett shale will reach 2,079.5 billion cubic feet equivalent (bcfe) in 2011 and stabilize at 1,323.8bcfe in 2020. The shale play will continue to play a major role in the US natural gas production.

The figure below details historic and forecast production from the Barnett shale during 2000–2020.



Modest Drilling Activities amidst Fluctuating Natural Gas Prices

Fluctuating natural gas prices have slowed down E&P activities in the Barnett shale play. Although drilling activities in the shale play have been subdued due to the low demand for natural gas, improved technology has provided the means to operate at high recovery rates in the initial production phase of the Barnett shale. The number of permits issued increased from 1,112 in 2004 to 3,152 in 2011, indicating increased interest in the shale play. Although fewer permits were approved during 2009–2011 due to low natural gas prices, companies such as Legend natural gas were keen to enter the market due to the potential of the play. With further discoveries in other counties in Texas, the total numbers of permits is set to increase and lead to more drilling locations in the Barnett play.

Constant Flow of Investments in to the Barnett Combo Play in the Future

The Barnett combo play of the Fort Worth Basin will witness stable investments flowing in Texas during 2011–2012. In the current difficult natural gas price scenario, the Barnett combo play economics are considerably better due to both the blend of crude oil and rich natural gas production. Companies such as Chesapeake have been expanding their acreage position in the Barnett combo play. The company has been producing aggressively in Texas since 1990. The company has close to 5,400 operating wells in 86 Texas counties. The dynamic trend in the Barnett shale combo play has provided encouraging results in terms of increasing the liquid production from the play. This will attract more investments into the combo shale play over the next two years.

Drilling Continues Despite Low Rig Counts due to Multipad Technology

Barnett production continues to grow despite a modest decline in drilling activities, reaching 5.3 bcfe/d in January 2011. In the first three months of 2011, production from the shale play averaged 5.35 bcfe/d, asserting growth in overall production since 2001. The Energy Information Administration (EIA) expects there to be a reduced rig count in 2010–2011. This is due to the fact that improved drilling programs have resulted in the use of fewer rigs in 2011. Moreover, fewer rigs are required in the drilling process to drill a higher number of wells, improving the productivity of the wells drilled. Operators have improved their techniques to reduce drilling times to around 10 days per well. This also reduces drilling costs, making the commercial development of Barnett shale gas more economical. In the current scenario, several wells are being drilled from one multi-well pad which leads to growing efficiency in production rates in the Barnett shale gas play.

Precise Investments in Barnett Shale Play due to the Search for Other Shale Plays

The developmental growth in the Barnett shale play has rewarded producers such as Devon with high-quality natural gas. Decades of experience in the Barnett shale has helped companies to obtain and develop basic knowledge on how to derive benefits from newer resource plays. Since developments in these plays are also subject to systematic analysis and approaches, the Barnett shale play becomes the platform for advancements in technology for shale development.

This has promoted the search for new liquid rich shale plays such as Bakken and Eagle Ford. In order to capture newer resources at lower costs, companies are divesting their stakes and acquiring resources in the newer shale plays. Moreover, struggling natural gas prices have diverted the interest of many operators towards the liquid rich plays. In 2010 however, even though the US natural gas consumption was about 24tcf, the demand for US natural gas is expected to increase by nearly 2% from 2010 to 24.6tcf in 2011. However, although investments in the Barnett shale core play will become tighter and more precise over the next few years, it is expected that the play will provide reasonable growth in the future.

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