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Natural Gas Production May Rise to Record in 2010, DOE Says

By Moming Zhou - Dec 7, 2010

U.S. natural gas production this year may reach an all-time high as drilling for the heating and power-plant fuel increased.

Gas output will average a record 62.09 billion cubic feet a day this year, Energy Department [production data](#) show. The total, which may be revised next month, was up 1 percent from a November estimate, according to the department's [Short-Term Energy Outlook](#), released today in Washington.

“The increase in the natural-gas-directed drilling rig count since mid-2009, combined with a growing share of horizontal drilling rigs in the lower 48 states, contributed to natural gas production growth in 2010,” the Energy Department said in the report, released today in Washington.

Output will average 62.01 billion cubic feet a day in 2011, up from 60.77 billion estimated in November.

Prices for gas at the benchmark Henry Hub in Erath, Louisiana, will average \$4.33 per million British thermal units next year, up from November's estimate of \$4.31, according to the report from the department's Energy Information Administration. Prices will average \$4.37 per million Btu this year, up from \$4.35.

[Gas stockpiles](#) will total 1.833 trillion cubic feet at the end of the winter heating season in March, about 171 billion cubic feet higher than at the end of March 2010.

Natural gas for January delivery fell 9.5 cents, or 2.1 percent, to settle at \$4.393 per million Btu on the New York Mercantile Exchange. Prices have declined 21 percent this year.

Spot natural gas at the Henry Hub rose 0.45 cent to \$4.4788 per million Btu, according to data compiled by Bloomberg.

Next year's gas demand will average 65.4 billion cubic feet a day, unchanged from last month's estimate.

The government cut its outlook for imports of liquefied natural gas. LNG imports will average 1.21 billion cubic feet a day next year, down from the previous estimate of 1.32 billion.

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