NATURAL GAS PRICES EXPECTED TO RISE

According to the EIA (Energy Information Administration), U.S. natural gas prices are expected to increase in 2014 to $3.84/MMbtu (Million British Thermal Units); up from $3.68/MMbtu in 2013.

The EIA released these numbers in November 2013, in their Short-Term Energy Outlook. Many experts credit the increase in natural gas price to colder-than-average winter temperatures projected for 2013 and 2014 by Weather Services International. Colder temperatures result in an increased demand for natural gas, which is used for residential and commercial heating.

The EIA’s predictions have prompted analysts such as BNP Paribas (The fifth largest bank and financial services company in the world) to forecast even higher natural gas prices, stating they expect U.S. prices will reach $4.20/MMbtu by the fourth quarter of 2014.

Colder-than-average winter temperatures projected for 2013 and 2014 are expected to increase demand and the market price for natural gas.

The EIA also expects natural gas production to increase in 2014 to 71.0 Bcf/d (Billion cubic feet daily), up from 70.3 Bcf/d in 2013. Natural gas storage (the amount of inventory kept in reserve) for October 2013 was an estimated 3.81 Tcf (trillion cubic feet); about 0.05 Tcf above the five-year average.

EIA head, Adam Sieminski, recently stated that the “EIA boosted its forecast for U.S. natural gas production by 0.4% this year and nearly reached record levels during the past several months. Gas from the Marcellus Shale has been the main driver of the production growth.”

Natural gas prices decreased dramatically with the economic slowdown of 2008. Improvements in drilling technology, including shale drilling and horizontal drilling, have increased supply and kept the market price per mmbtu in the $3.50 range for the last four years.

Sources: http://www.eia.gov http://www.naturalgasintel.com NYMEX

See Reverse for Important Disclosures.
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- The revenues are directly related to the ability to market the oil and gas and their price, which is volatile and cannot be predicted. If oil and/or gas prices decrease, then your investment return will decrease.
- If you choose to invest as an investor general partner, then you will have unlimited liability during the drilling of the wells for partnership obligations until you are converted to a limited partner.
- Lack of liquidity or a market for the units.
- Total reliance on the managing general partner and its affiliates.

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