GRADIENT ENERGY ADVISORY

How can producers afford to produce natural gas at today's lower prices?

Canada has many advantages when it comes to natural gas. One of its biggest challenges, however, is its distance from major demand centers. Transporting gas over long distances—either to other parts of North America or to tidewater for export to international markets—is expensive. As a result, Canadian natural gas is often heavily discounted to compete with supplies that are closer to demand.

Closing the transportation gap helps restore value to producers. Shipping to overseas markets from Canada's east and west coasts can result in lower overall delivery costs compared to other global suppliers. Those savings allow Canadian gas to compete at higher price levels.

There is another way producers can continue operating at lower gas prices: the value of the other products contained within natural gas (*see next page for details*). Natural gas liquids (NGLs)—including ethane, propane, butane, and condensate—are valuable hydrocarbons produced alongside natural gas. Supporting this production is a network of transportation, processing, fractionation, and storage businesses that extract and separate these molecules, delivering them to premium markets. The resulting value flows directly back to the producer's bottom line.

If you're interested in learning more about these valuable liquids—the business, the markets, and the opportunities—I invite you to follow along as I share insights from my work advising the midstream energy industry.

Follow the Molecule!