

Book Review—'After the US Shale Gas Revolution' (November 2012)

Thierry Bros' exhaustive account of the worldwide natural gas business.

Société Générale analyst Thierry Bros' new book, 'After the US Shale Gas Revolution*' is a 150 page, copiously illustrated and highly readable textbook-cum-treatise on the worldwide gas industry in the light of the 'shale gale.'

We were concerned by the title that 'After' might be an attempt to look into the future in what, as was outlined in our September 2012 editorial, is a complex field with many unknowns. But Bros is no Nostradamus and 'After' is a solid analysis of the US situation and an overview of the potential of shale gas in other parts of the world (where the future demand will come from) and the impact of 'green' issues.

Bros' argument can be summarized thus. The cost of natural gas production in the US is around \$4/mcf but current market 'imperfections' ('free' gas associated with shale liquids) are 'blurring' the price signal—gas was selling for around \$2 when 'After' was written. As the imperfections ease, prices will move up to around the \$4 mark—but not much more as drilling will quickly return, dampening a potential hike.

The forecasting part is contained in the last ten pages where the impact of LNG export from the US is briefly examined. Bros opines that today, EU is paying almost 1% of GDP on 'overpriced' Russian gas today. But since Gazprom's cost base of \$6/mcf is about the same as the delivered cost of US LNG to the EU, Russian exports will remain key.

'After' is bang up-to-date, including Exxon's Polish disappointment and the 2012 US Department of Energy downgrade of the Marcellus resource (but not production). It is hard to capture, in a short review, the sheer quantity of information in 'After,' every page is packed with facts, figures and perceptions. A must read—even *sans* an index!

* Technip 2012, ISBN 9782710810162—www.editionstechnip.com.

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