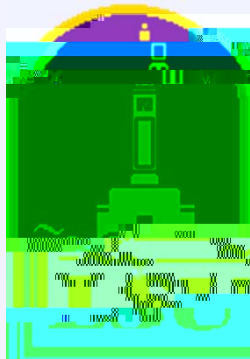


The Outlook for Energy

Presentation to the Sunshine Rotary Club
Baton Rouge, Louisiana

April 28, 2005

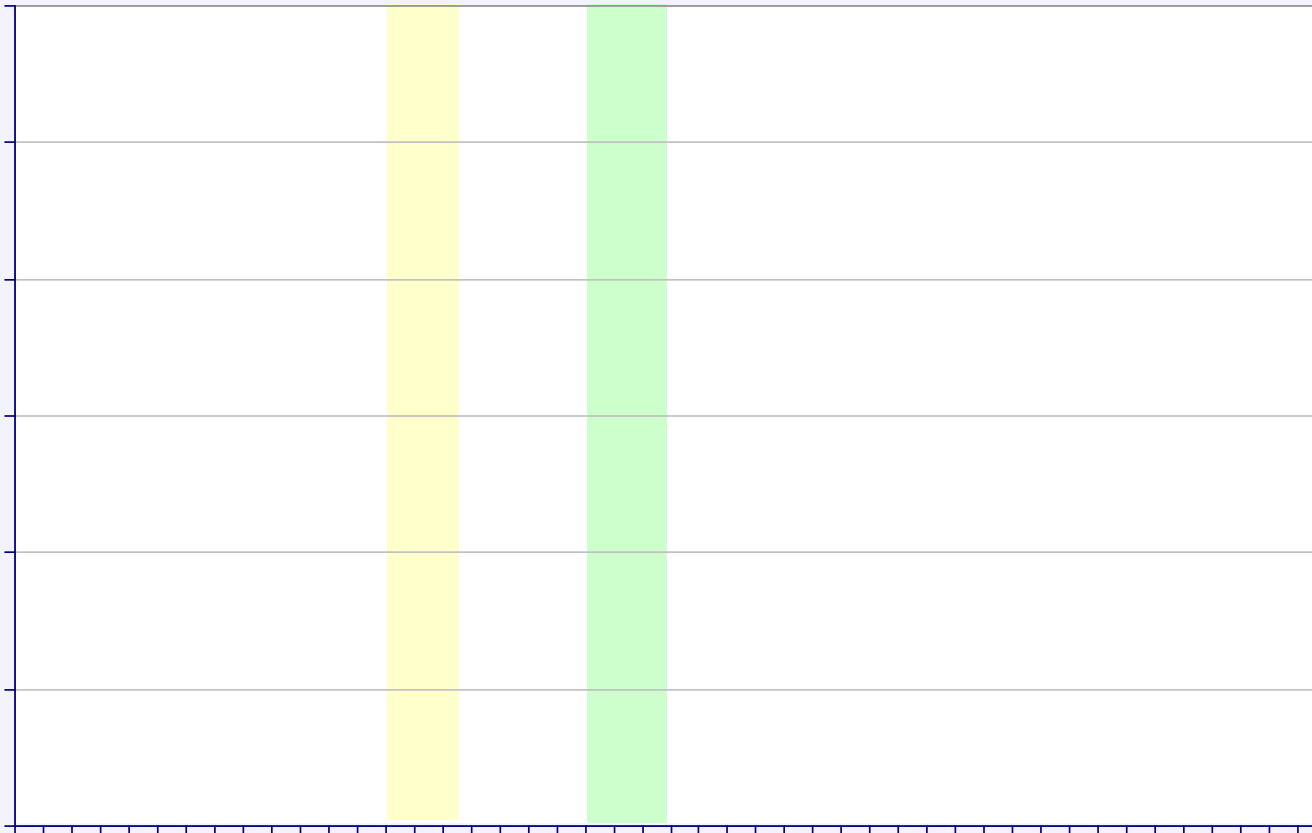
David E. Dismukes
Center for Energy Studies
Louisiana State University





**Center for
Energy Studies**

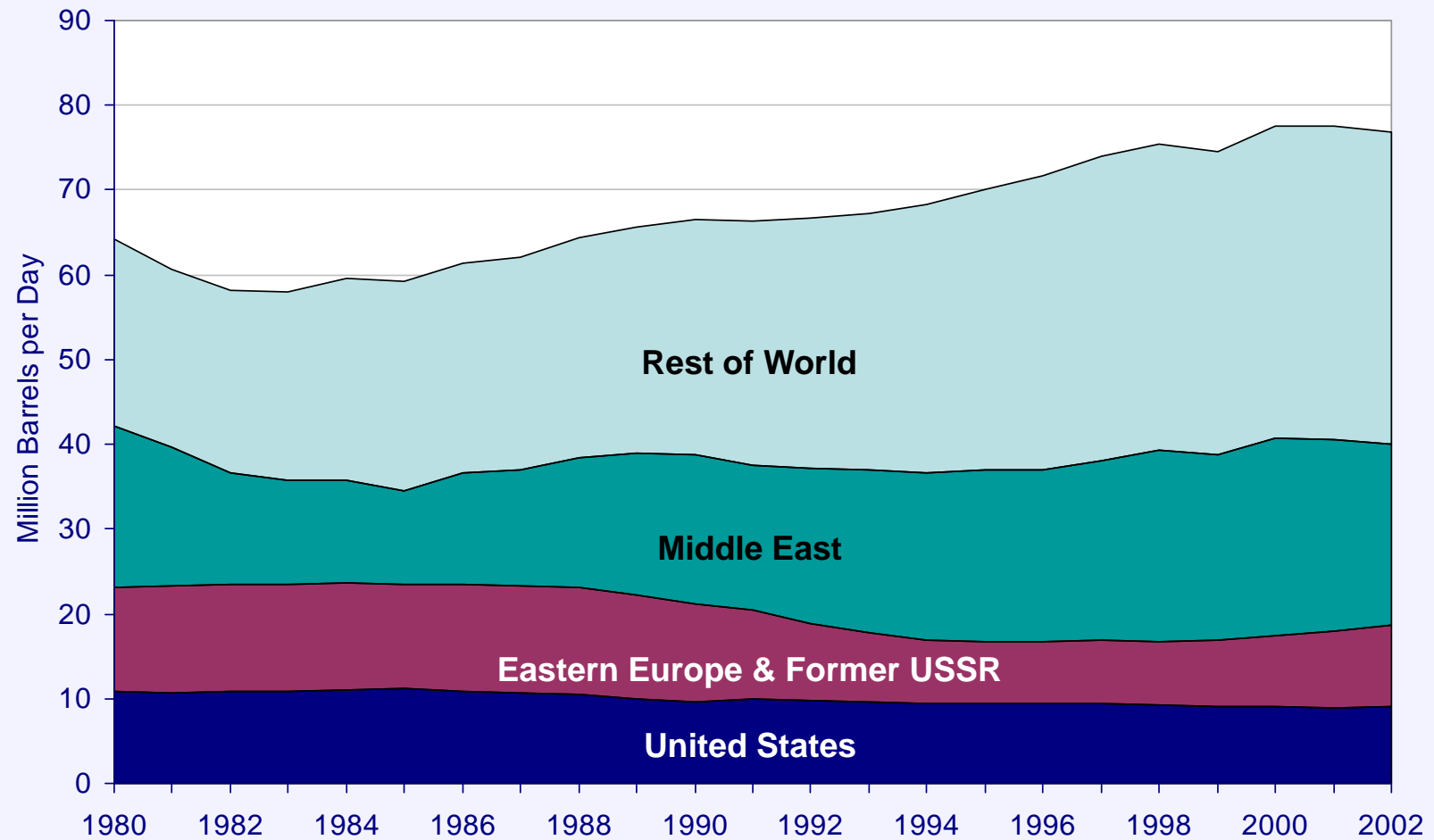
Crises of the past rooted in geopolitical strife and regulatory confusion.



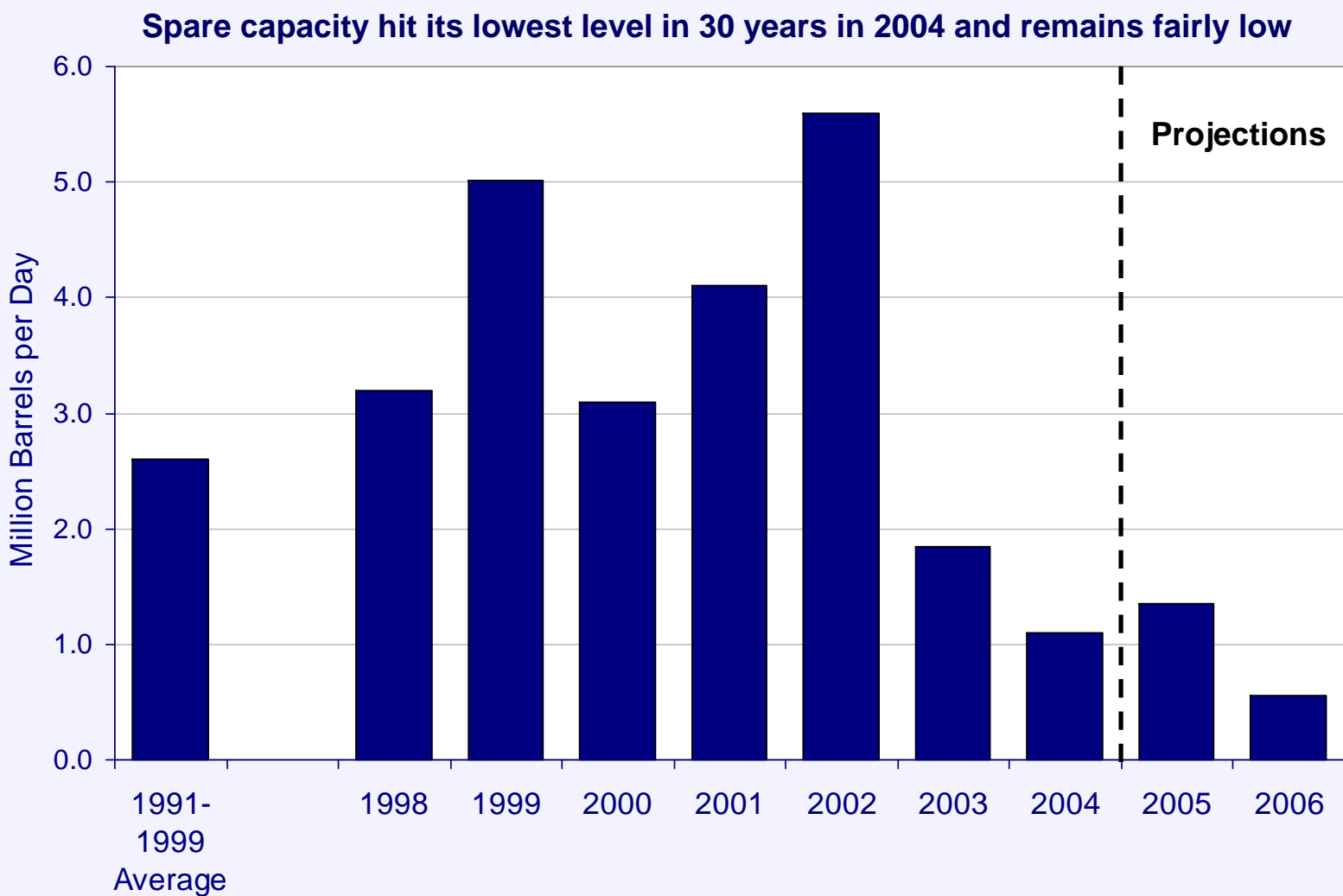


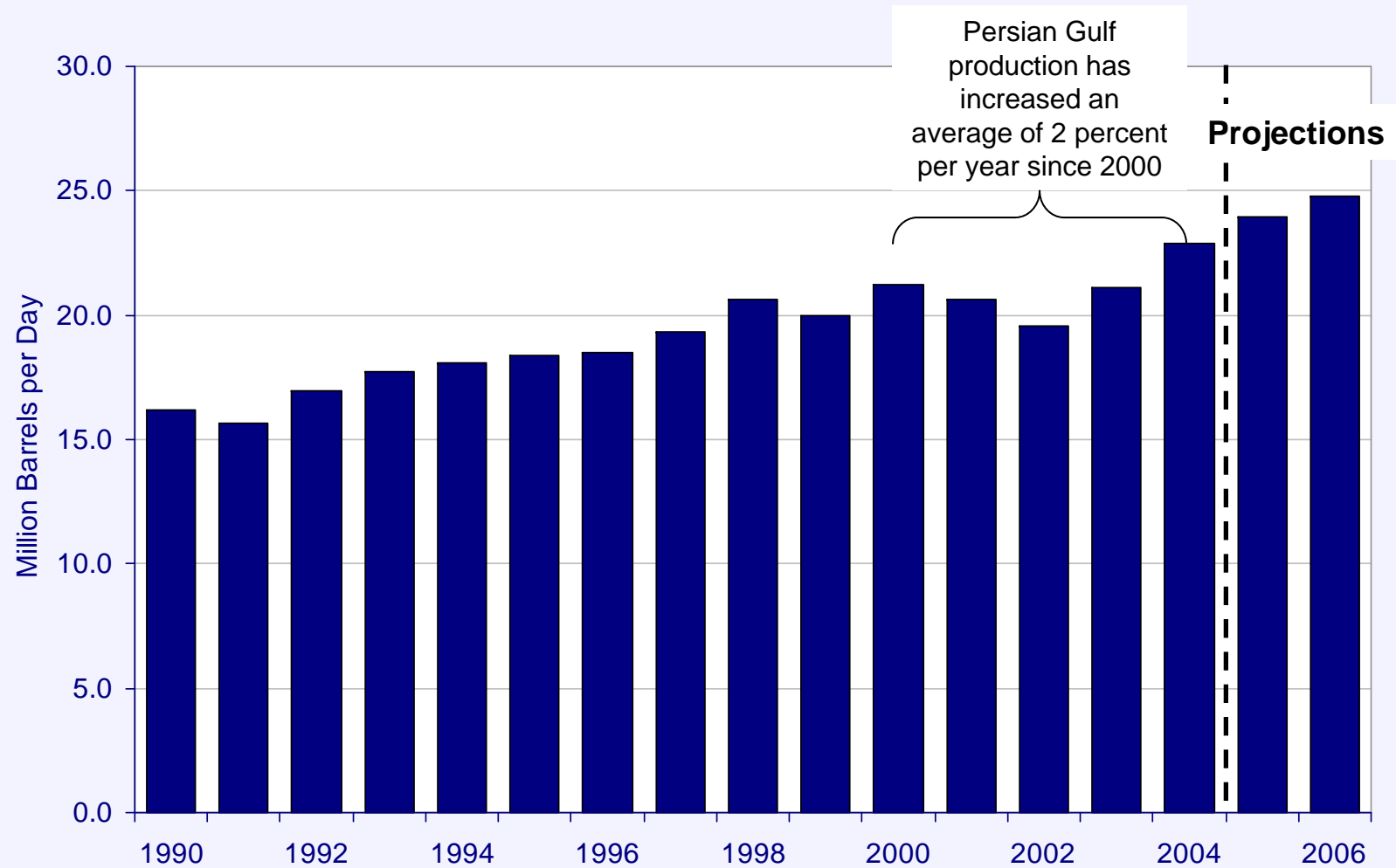
While geopolitical issues are aggravating today's energy markets, the fundamental source of the problem is clearly rooted in economic fundamentals.

- **Most basic energy markets are global, and prices are driven by what goes on in global markets.**
 - **Capital is mobile across the globe for energy production decisions.**
 - **Production and output are global in destination markets.**
 - **Prices are traded on recognized hubs, and through recognized institutions, throughout the globe.**
 - **While natural gas has been primarily continental, the development of LNG is pushing these markets towards globalization as well.**





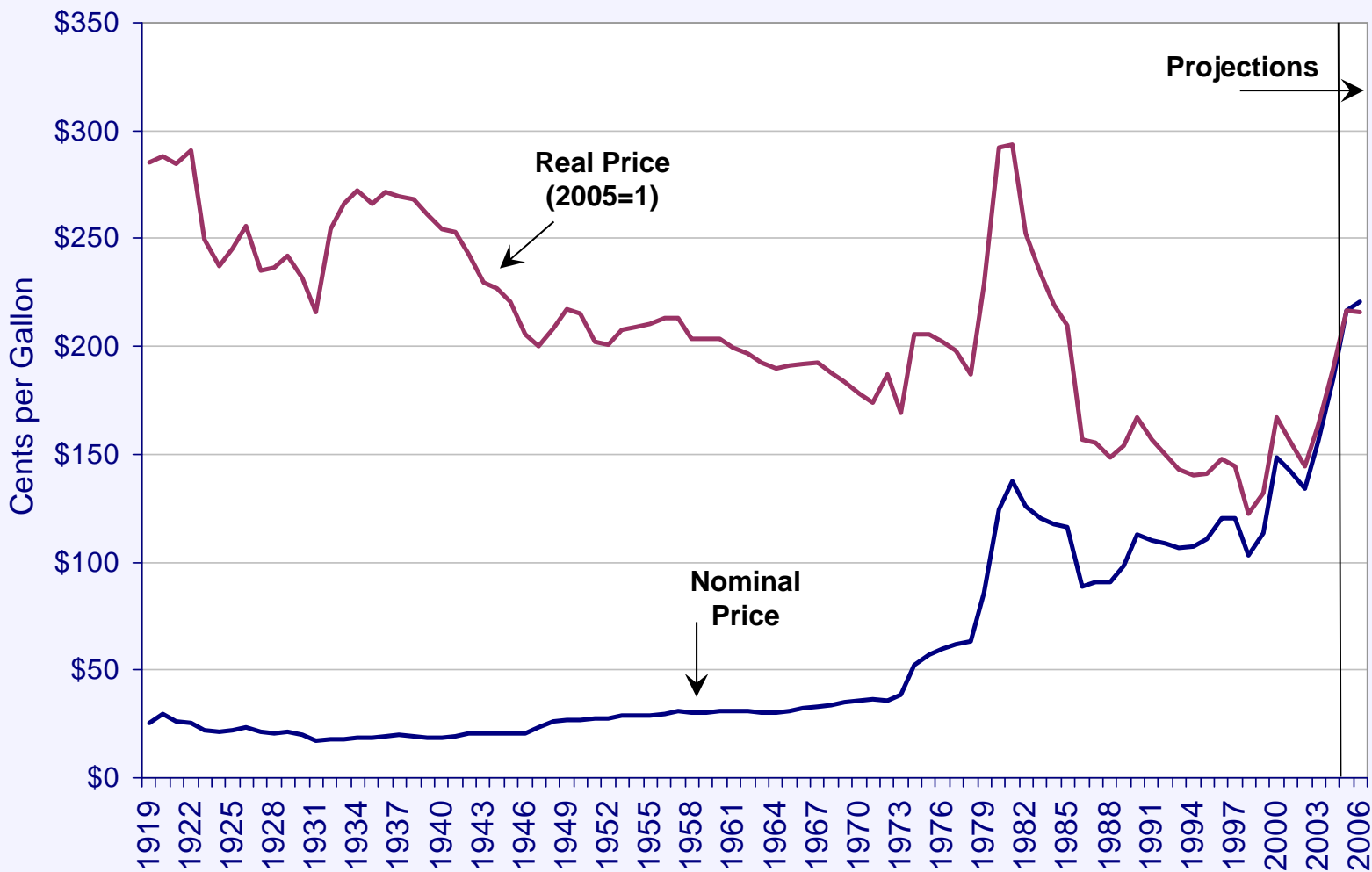






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Are Things as Bad as They Seem? Real Gasoline Pump Price, Annual Average 1919-2006

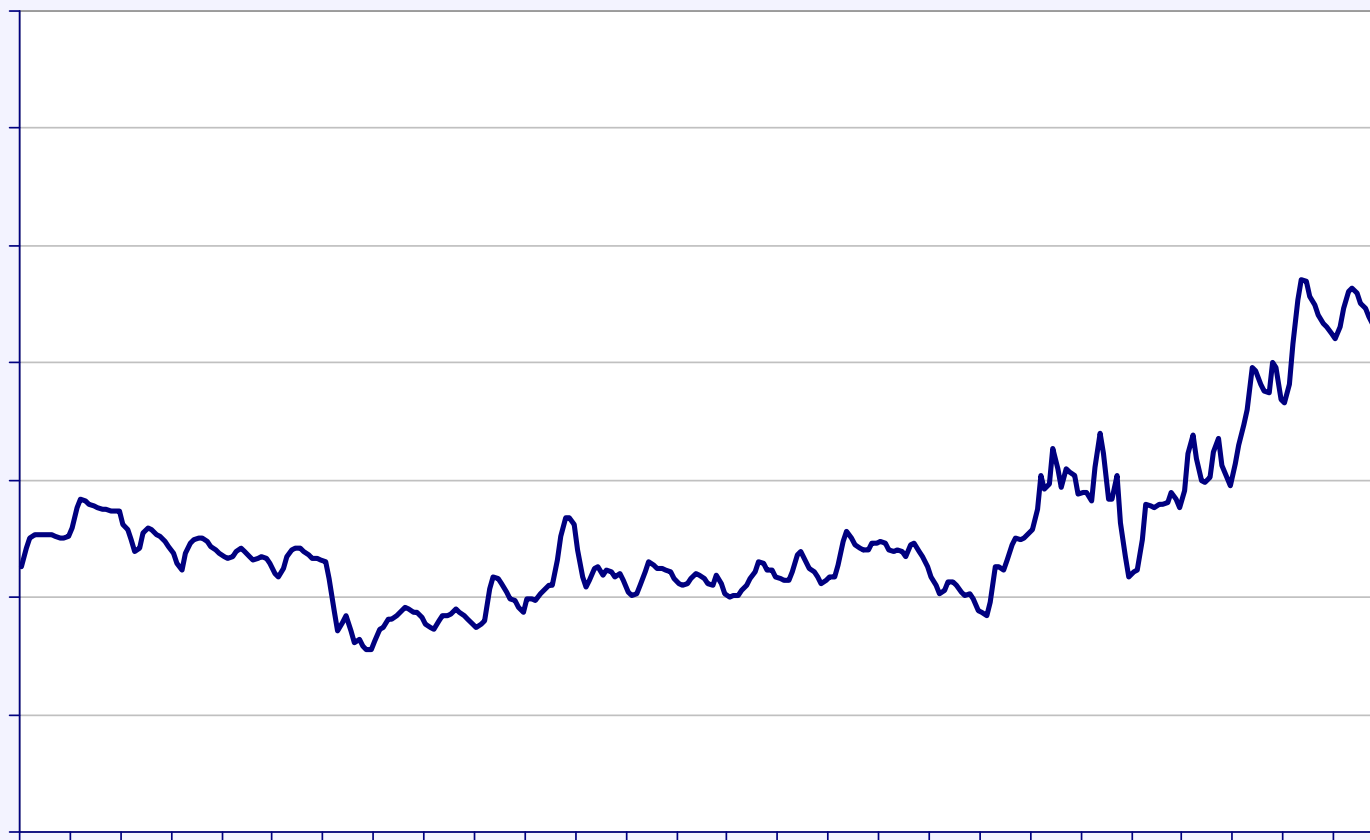


Source: Energy Information Administration



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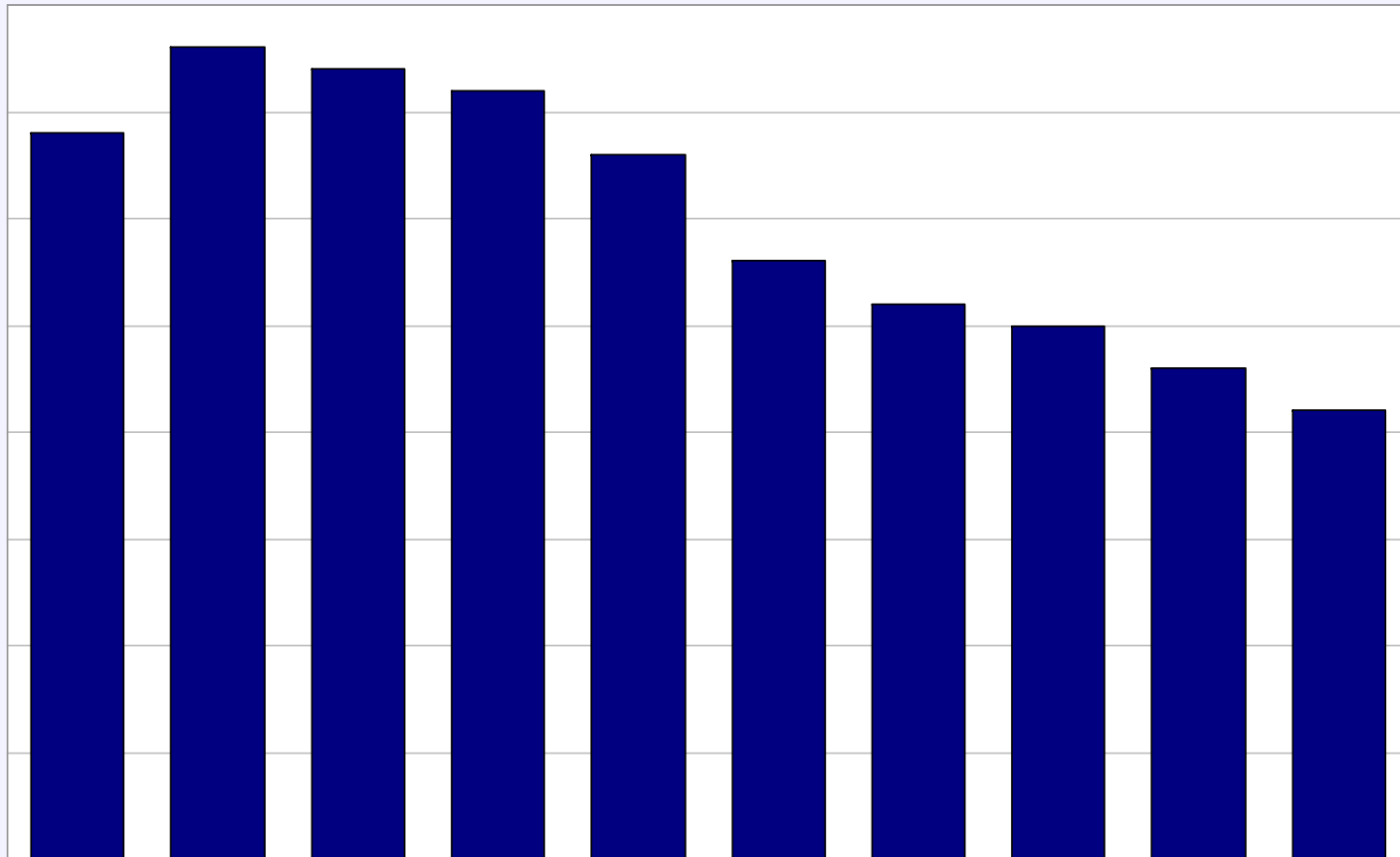
Are Things as Bad as They Seem? Regular Gasoline Prices, Nominal and Real





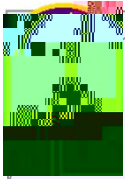
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US Household Energy Expenditure as a Percent of Real Disposable Personal Income

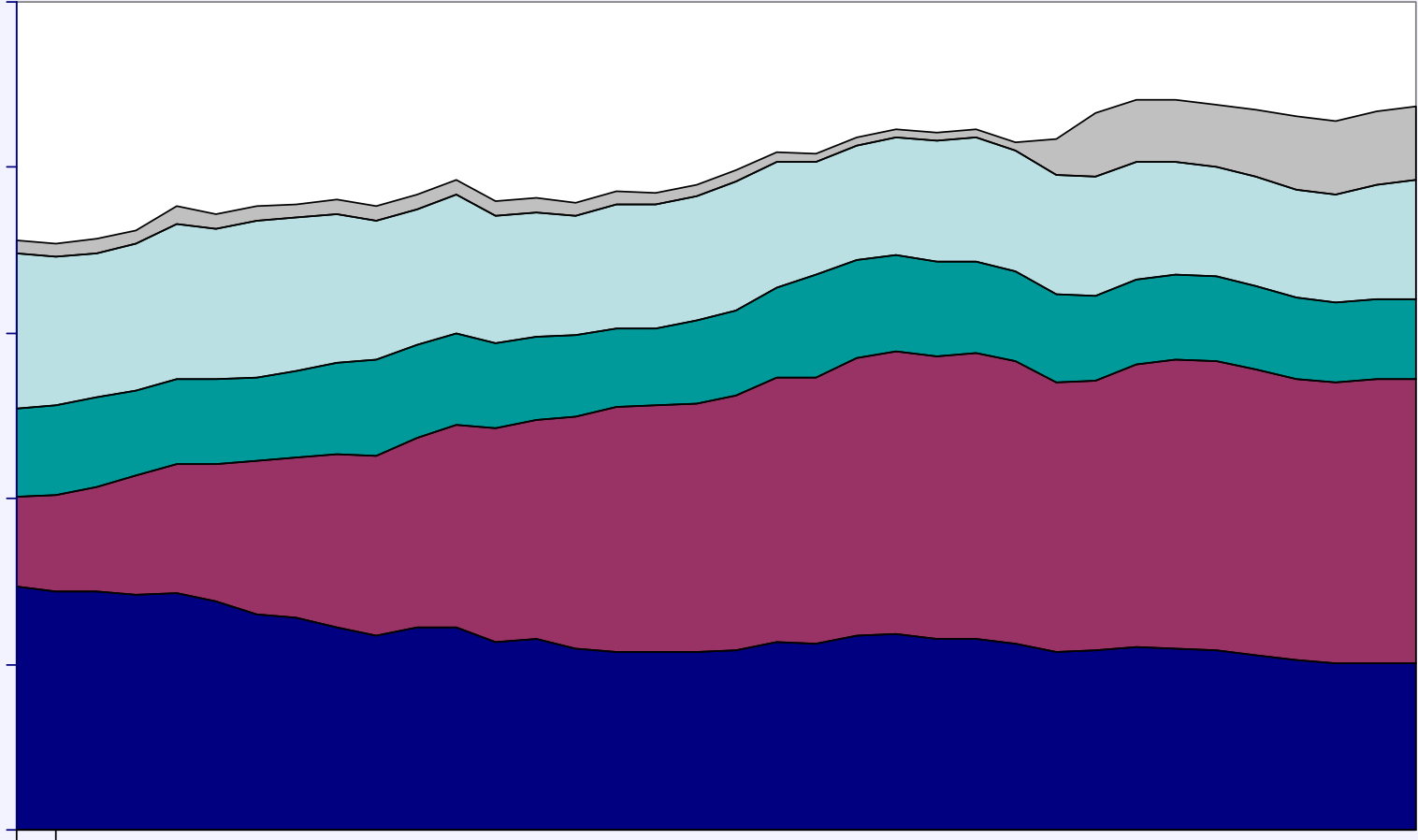




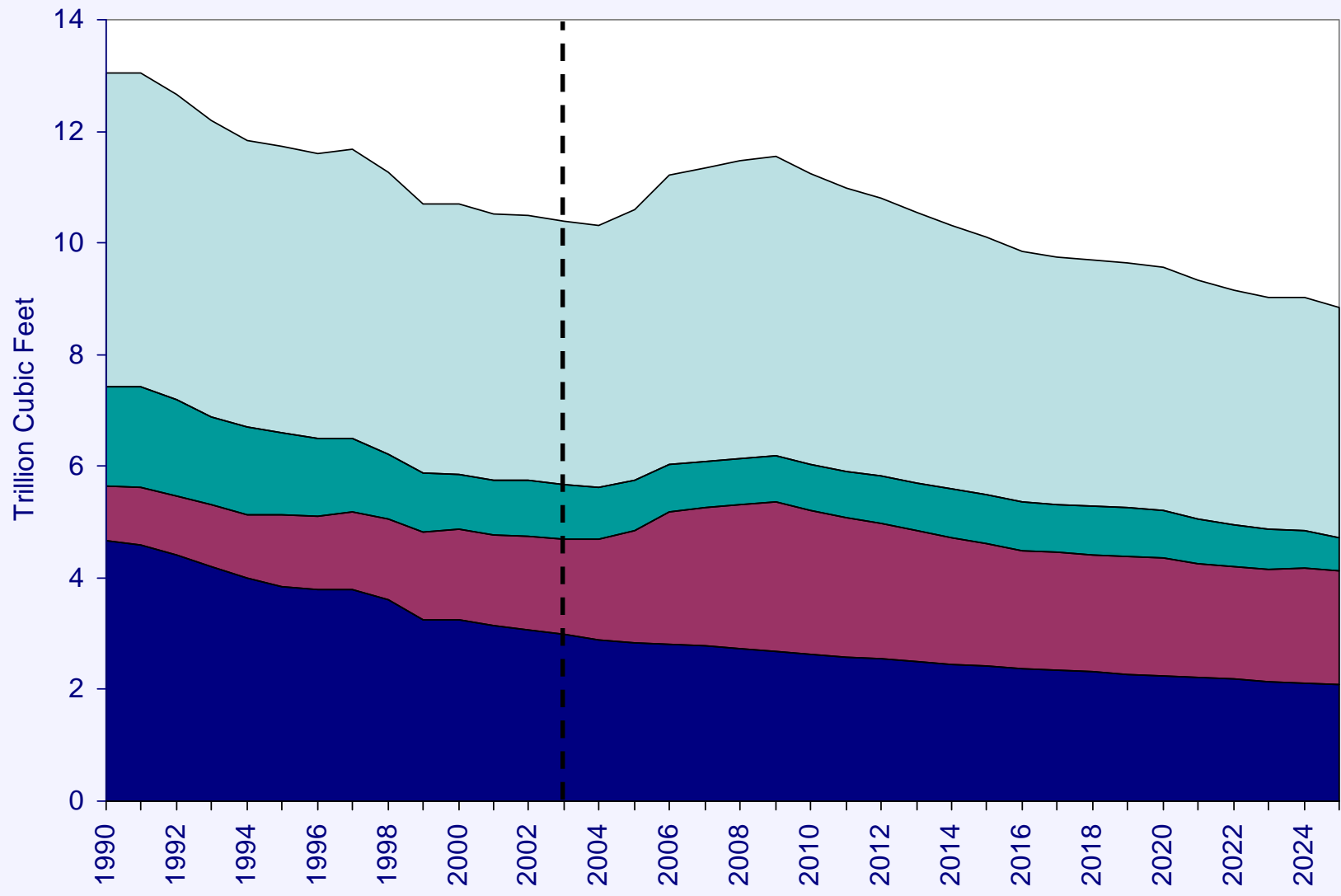
- 1. Increase domestic production capabilities – but recognizing that we will NEVER be energy independent.**
- 2. Increase fuel diversity through market based approaches – coal, nuclear, renewables.**
- 3. Increase energy efficiency through market based mechanisms**
 - a. households**
 - b. businesses**
 - c. industry**



US Natural Gas Production by Source 1990-2025



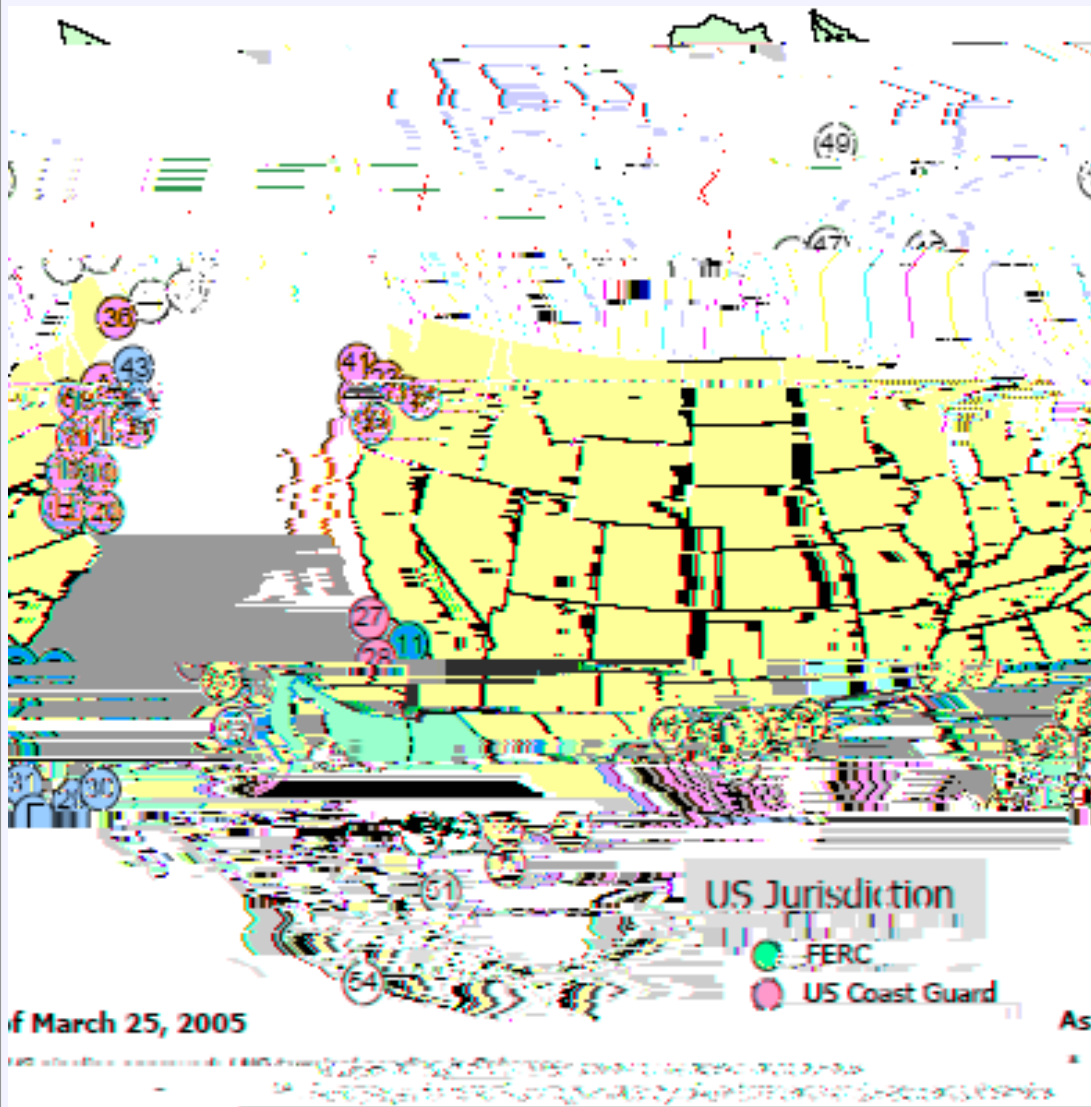
US Crude Oil Production by Source 1990-2025





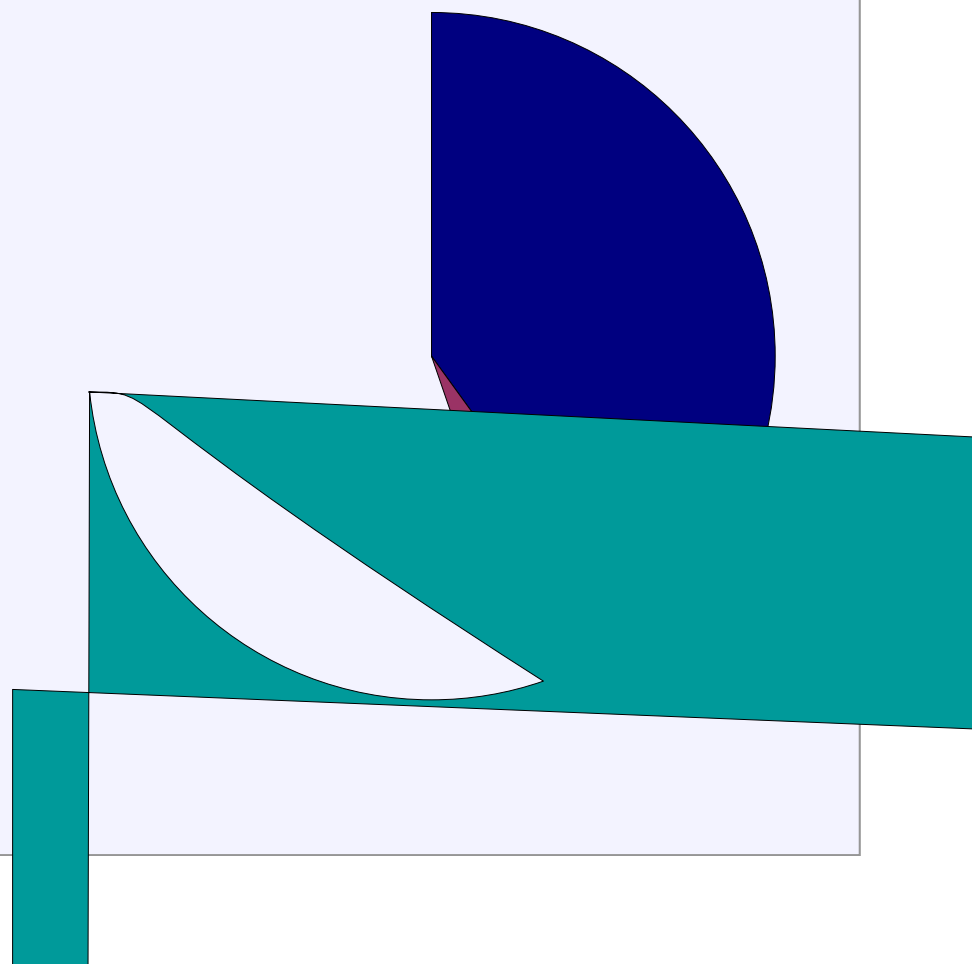
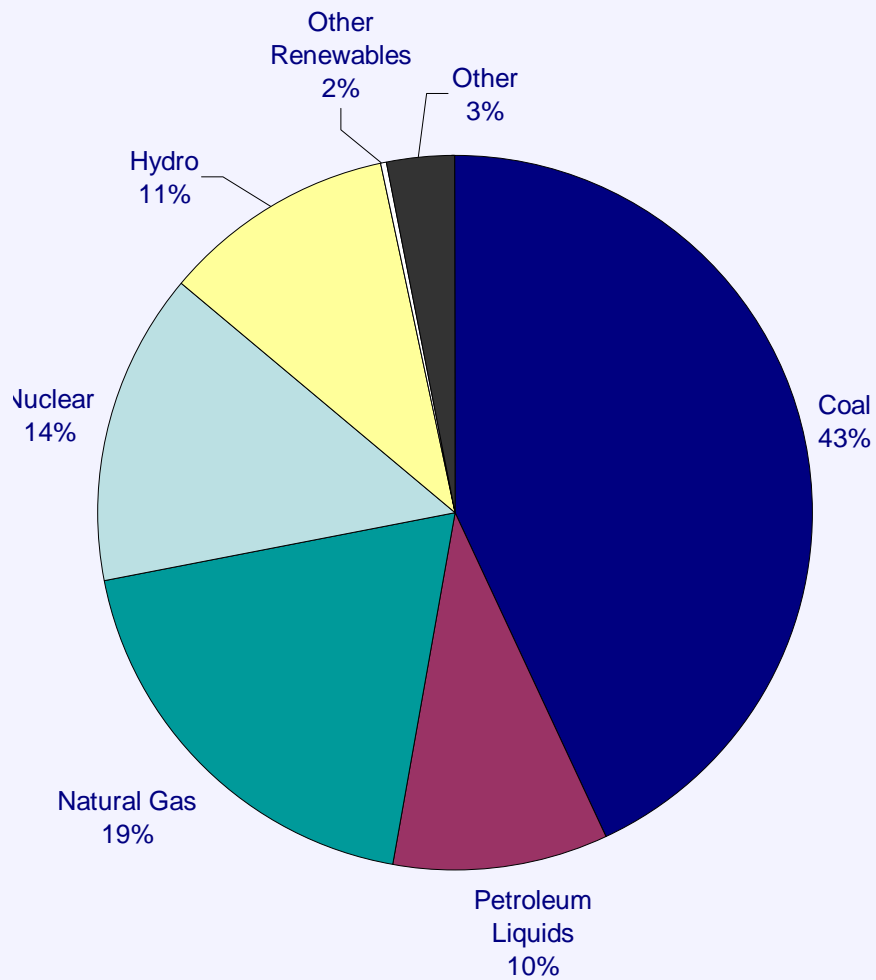
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Existing and Proposed LNG Terminals



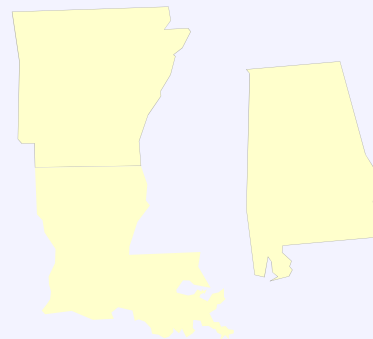
Source: Federal Energy Regulatory Commission

US Electric Generation Capacity by Fuel Type 1993 and 2003



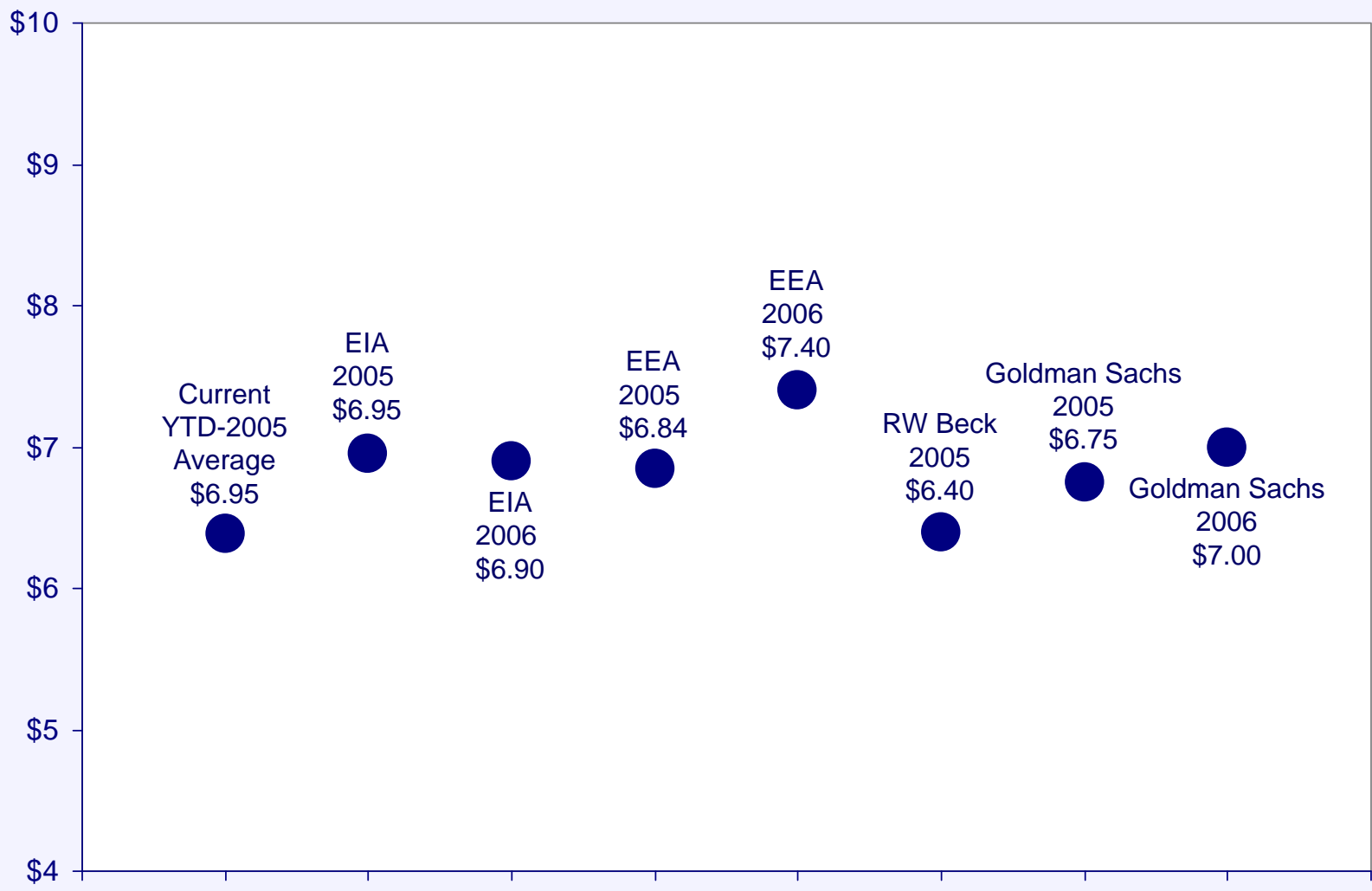


**States with Renewable Portfolio Standards
and State Mandates, 2004**

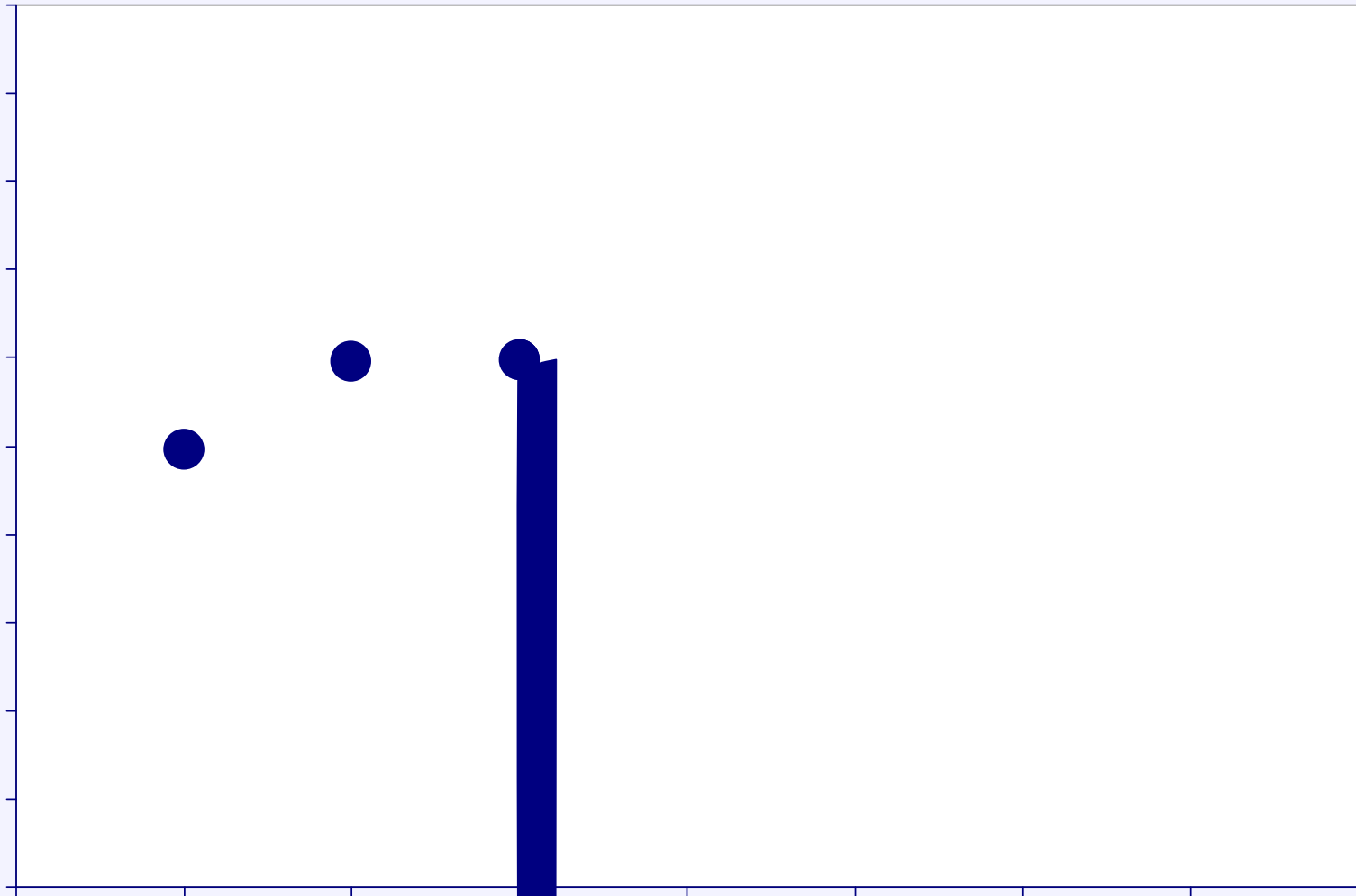




Short Term Outlook Henry Hub Natural Gas Spot Price

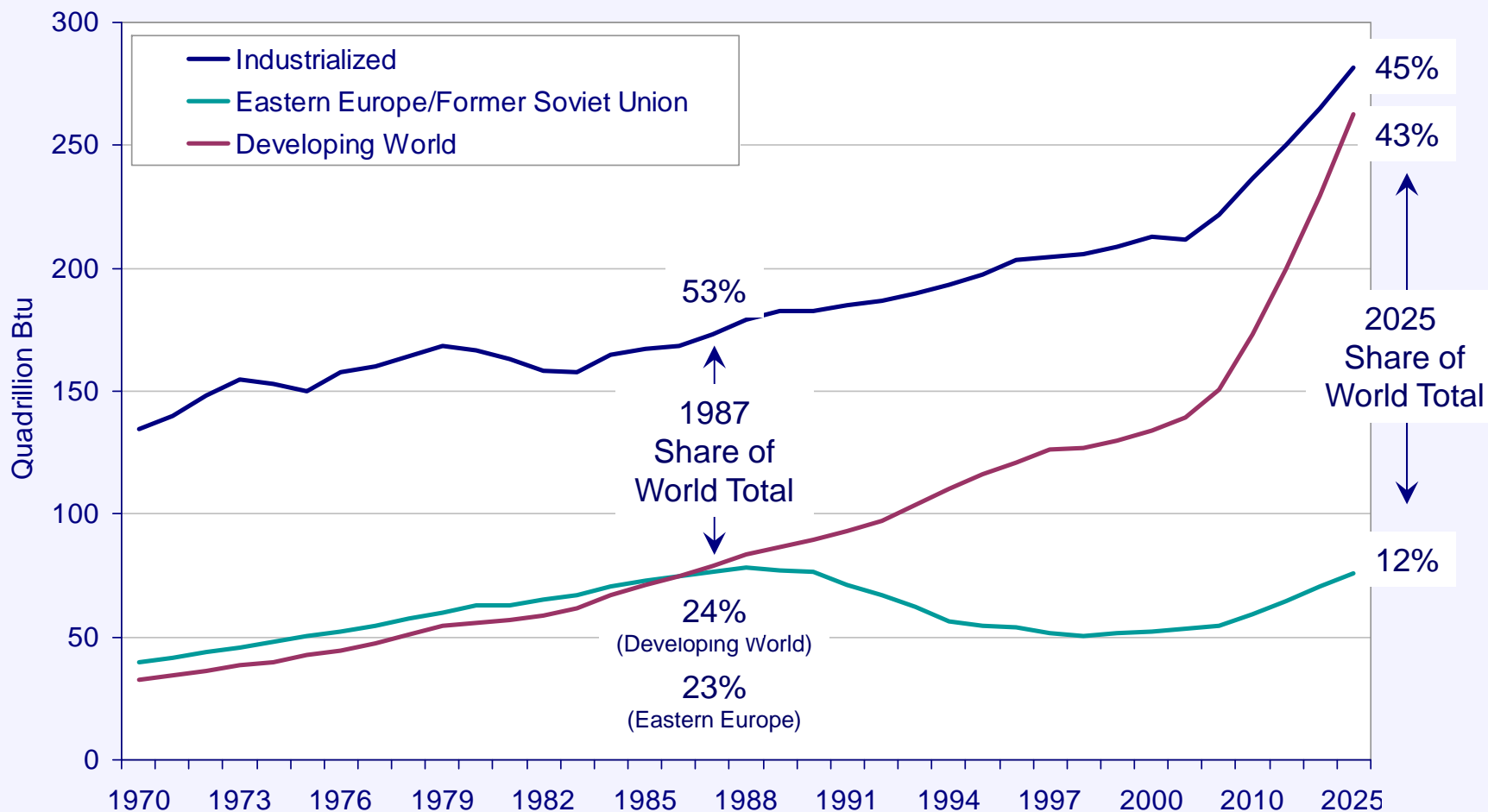


Short Term Outlook WTI Crude Oil Price

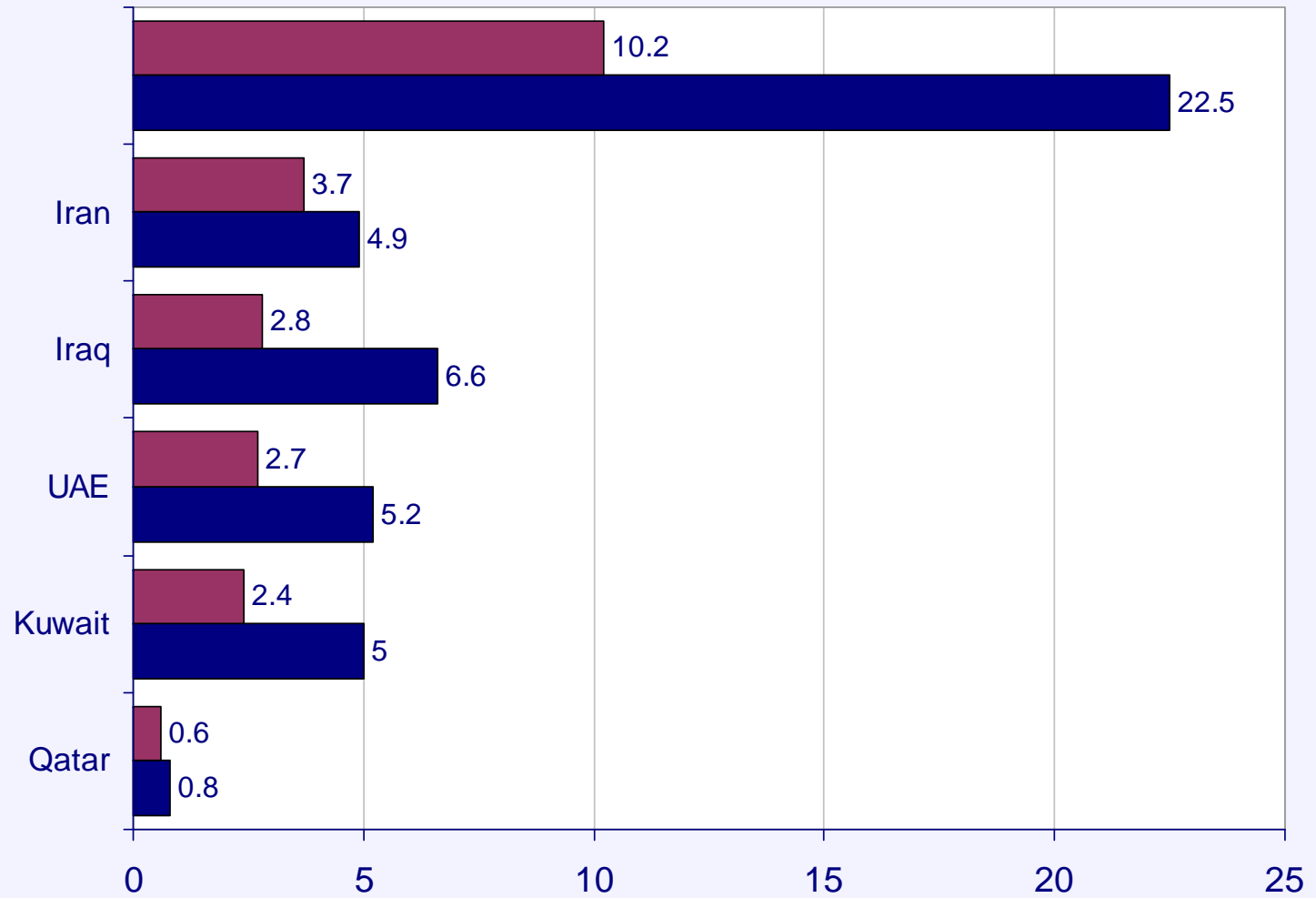


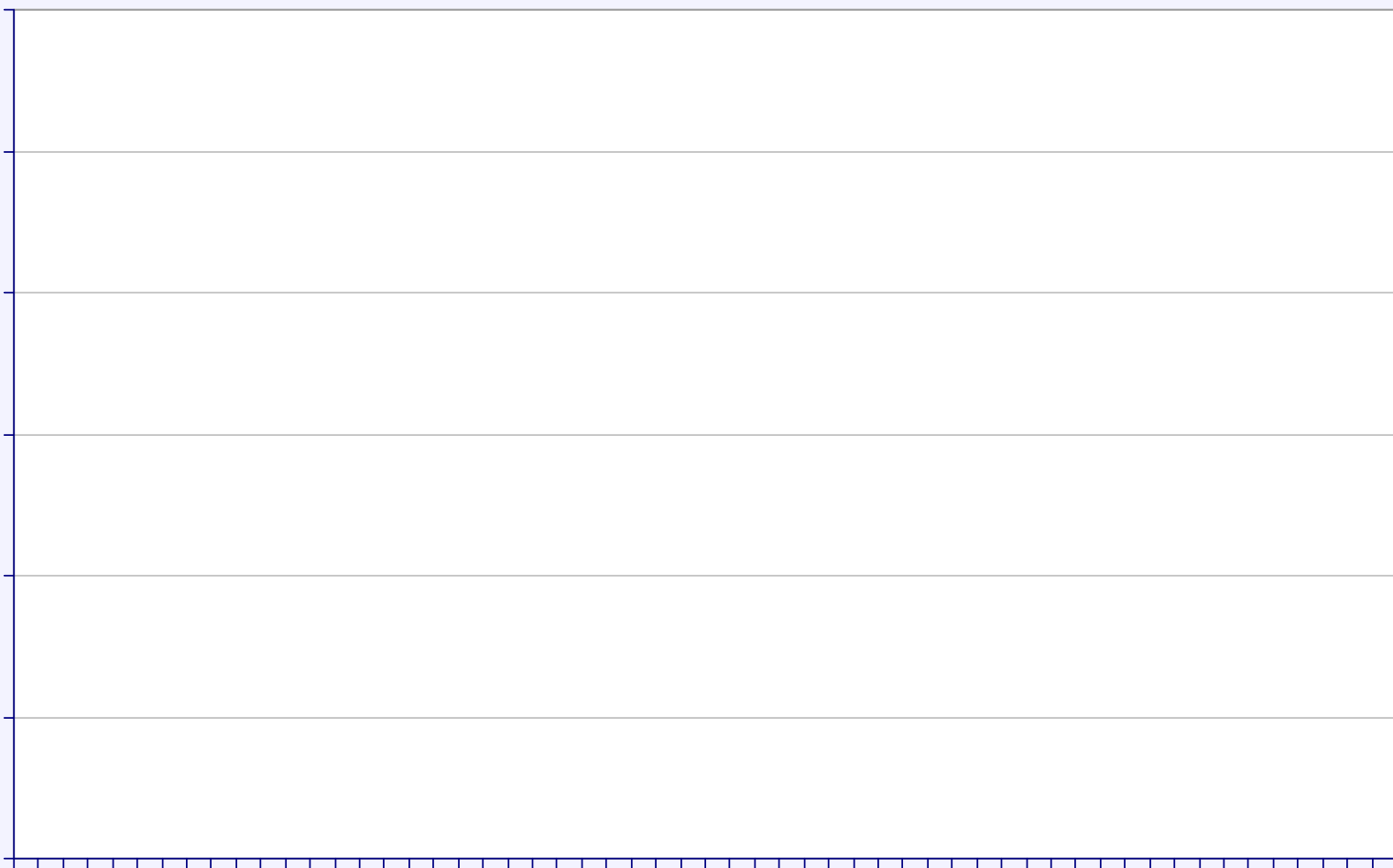


Long run sees significant increase in usage for developing world



Persian Gulf Oil Productive Capacity by Country 2001 and 2025







- **Continued high prices in near term**
- **Developed world will rely on imports more heavily**
- **Continued demand will put increased pressure on global energy markets**
- **US dependence on foreign energy will increase**
- **Overall problem in real terms is not severe but we are nearing the pressure point**



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Questions, Comments, & Discussion

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