

Pierce Norton

President and CEO

ONE Gas

June 14, 2016

Tulsa, Okla.

Perspective on Energy Change

April 18, 1977

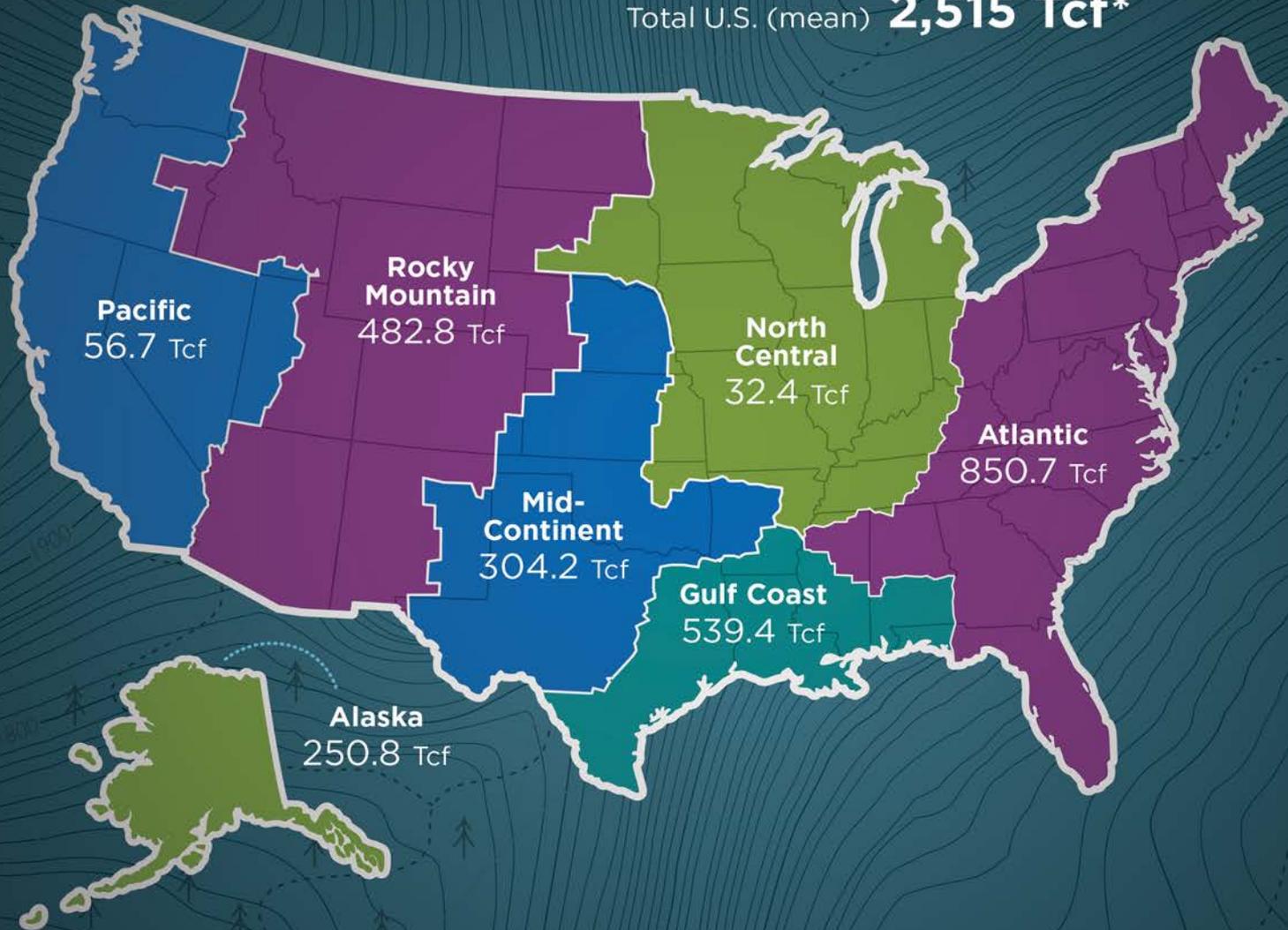


January 24, 2012



Natural Gas Regional Resource Assessment

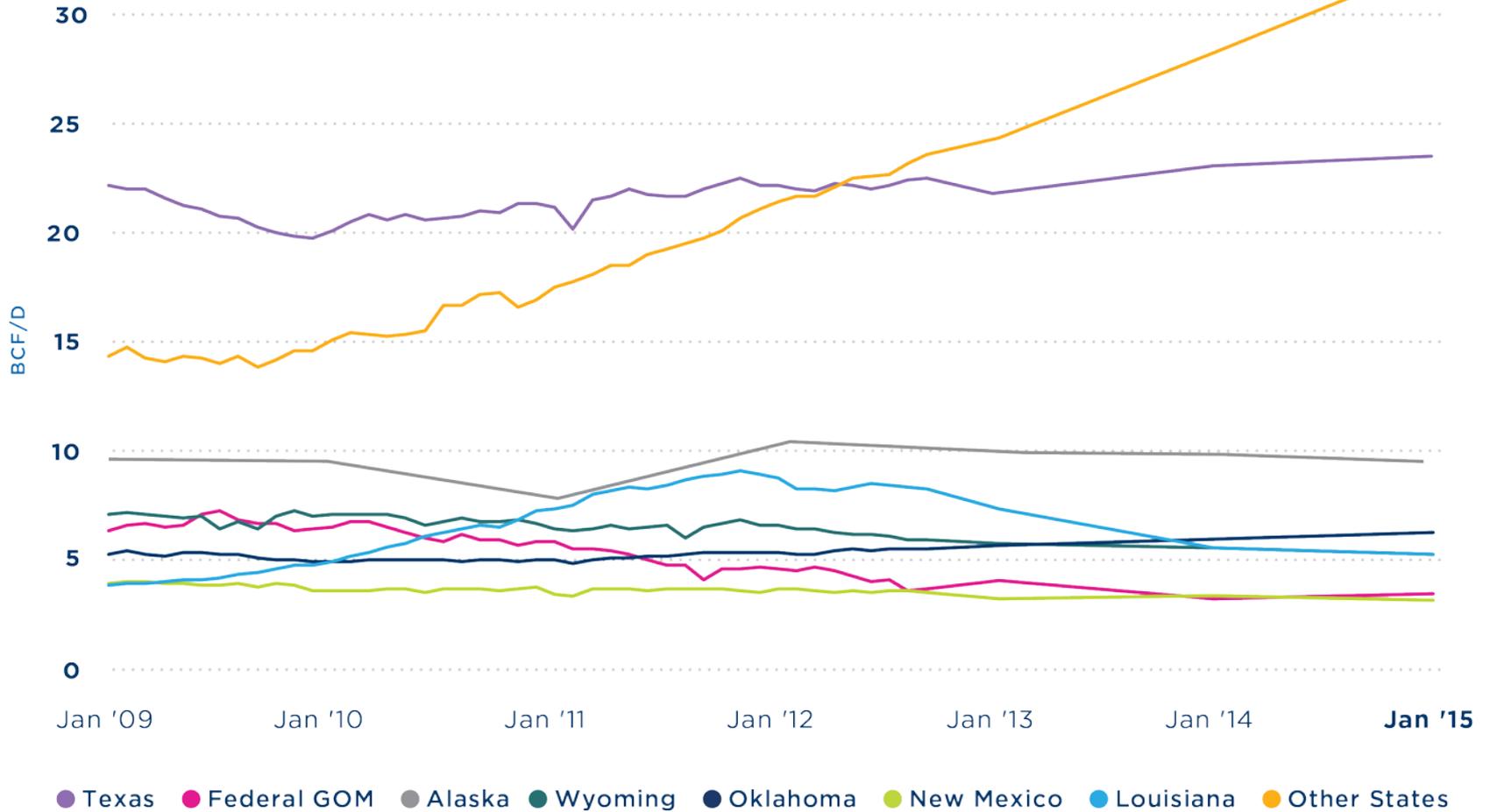
Total U.S. (mean) **2,515 Tcf***



* Total numbers, listed in trillion cubic feet (Tcf), account for traditional, coalbed and offshore natural gas resources
Data source: Potential Gas Committee (2015) | Separately aggregated from all province data.

Less Traditional Areas Now Making the Biggest Impact

State Natural Gas Gross Withdrawals



And Then There Was Abundance

The U.S. estimated future supply of natural gas (reserves plus resources) stood at 2,884 Tcf at year end 2014 — enough natural gas to meet America's diverse energy needs for more than 100 years.

Production

*Volume of gas produced
from proved reserves*



Consumption

Volume consumed by all users

Reserves

*Known quantities of gas
associated with wells drilled,
completed and producing*

369 Tcf

Potential Resources

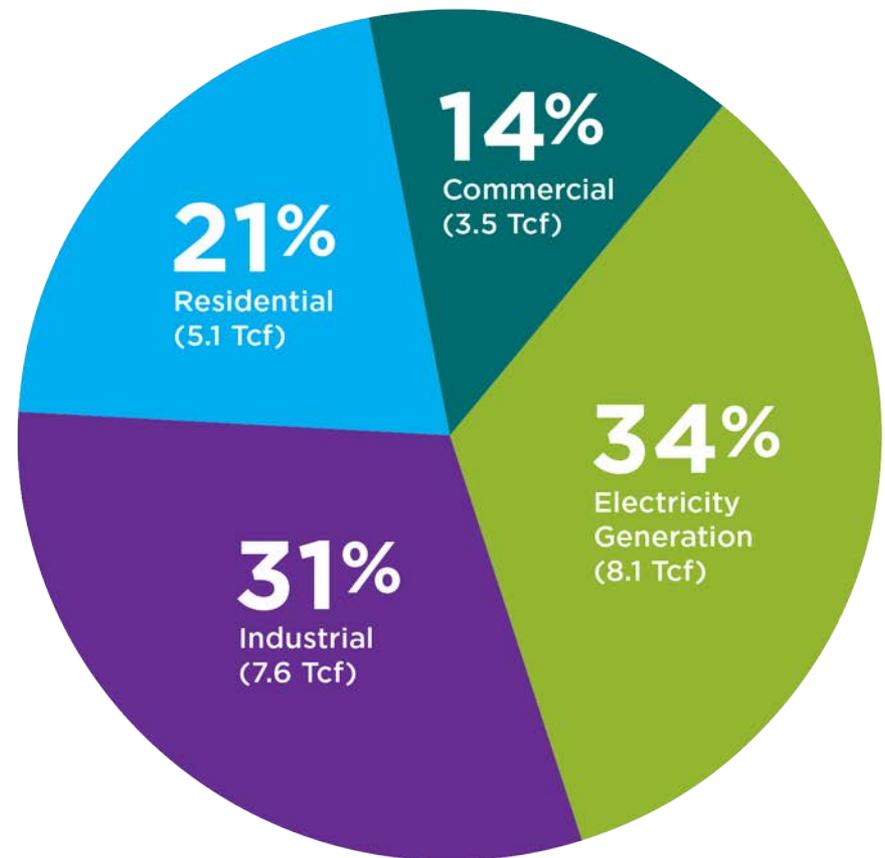
*Technically recoverable
sources of gas not yet
discovered*

2,515 Tcf
(Trillion Cubic Feet)

Clean Natural Gas Touching Every Segment of American Life

Natural gas is the dominant source of energy for heat, hot water and cooking in homes and businesses in the U.S.

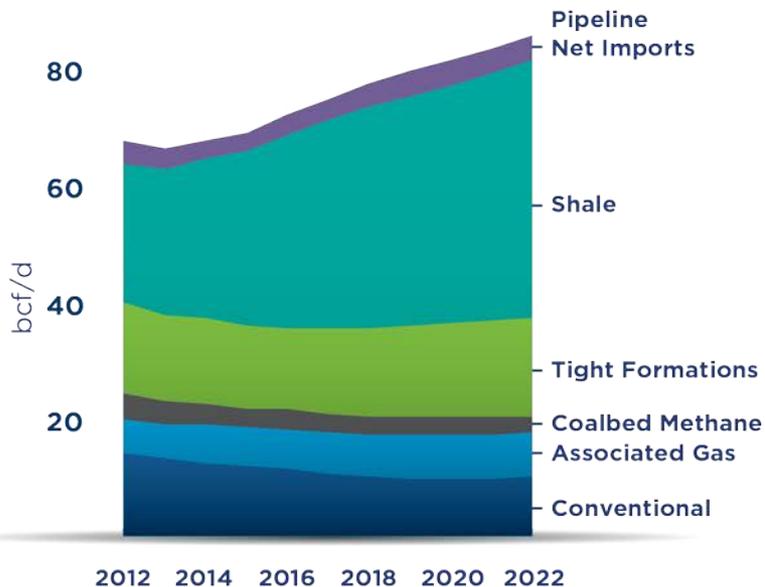
2014 NATURAL GAS U.S. Consumer Consumption by Sector = 24.3 Tcf



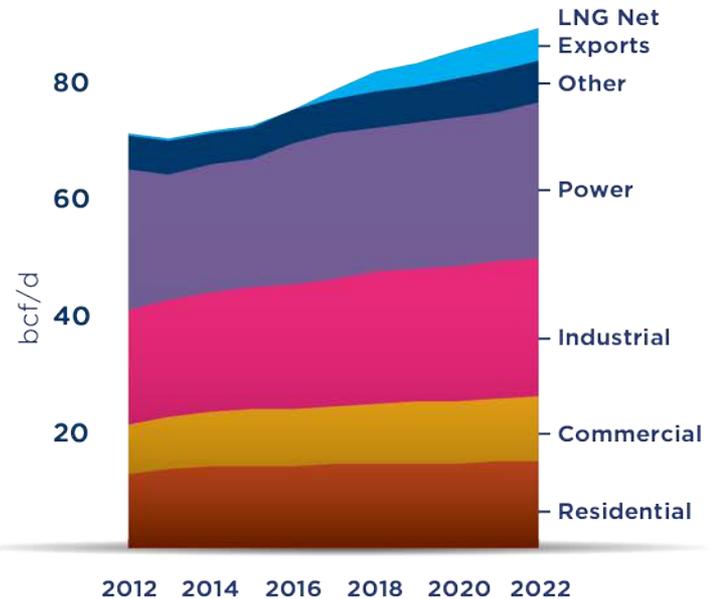
The Promise of Natural Gas

For the next decade and beyond, domestic natural gas supplies are expected to be sufficiently robust to meet growth in demand across all sectors.

Natural Gas Supply



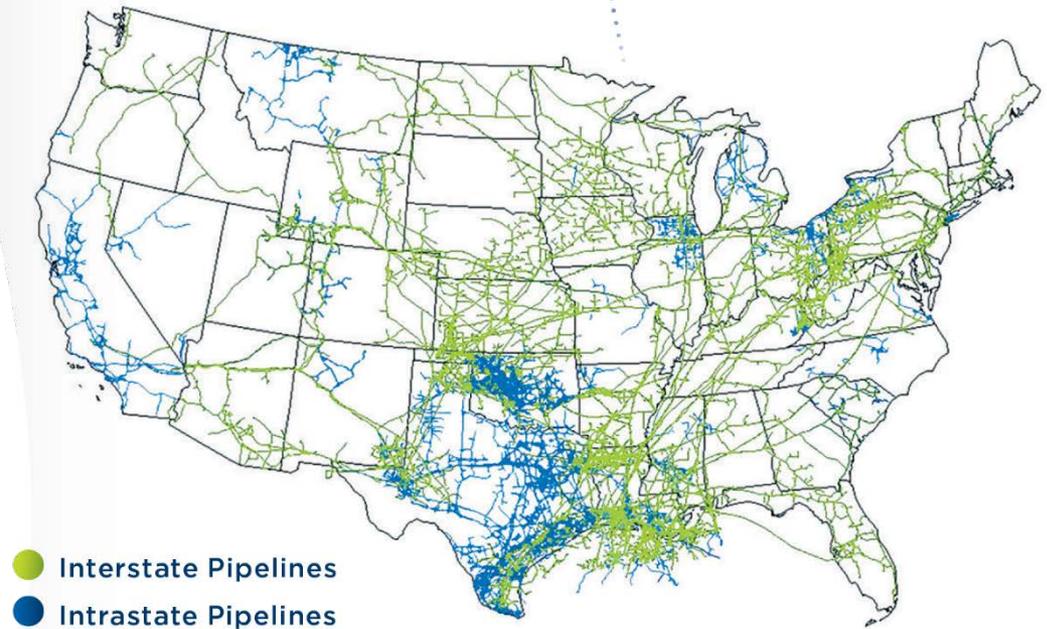
Natural Gas Use



Safely transported **Across the Country**

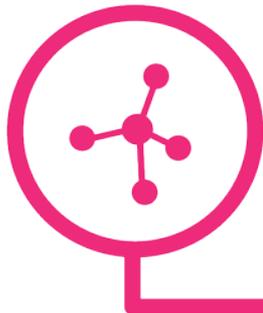
Natural gas pipelines, which transport approximately one-fourth of the energy consumed in the U.S., are an essential part of the nation's infrastructure. Transportation by pipeline is the safest form of energy delivery in the country.

2.5
MILLION
miles of pipeline



The Safest Energy Delivery System in the Nation

Safety is the core value for America's natural gas utilities. The industry takes a number of steps to help maintain a longstanding record of safely and reliably delivering natural gas to homes and businesses across the nation.



Modernized Pipeline

Materials

In the past decade, natural gas utilities have installed updated plastic lines at a rate of **30,000 miles per year**.



Continued work with regulators and key stakeholders to help enhance industry safety.

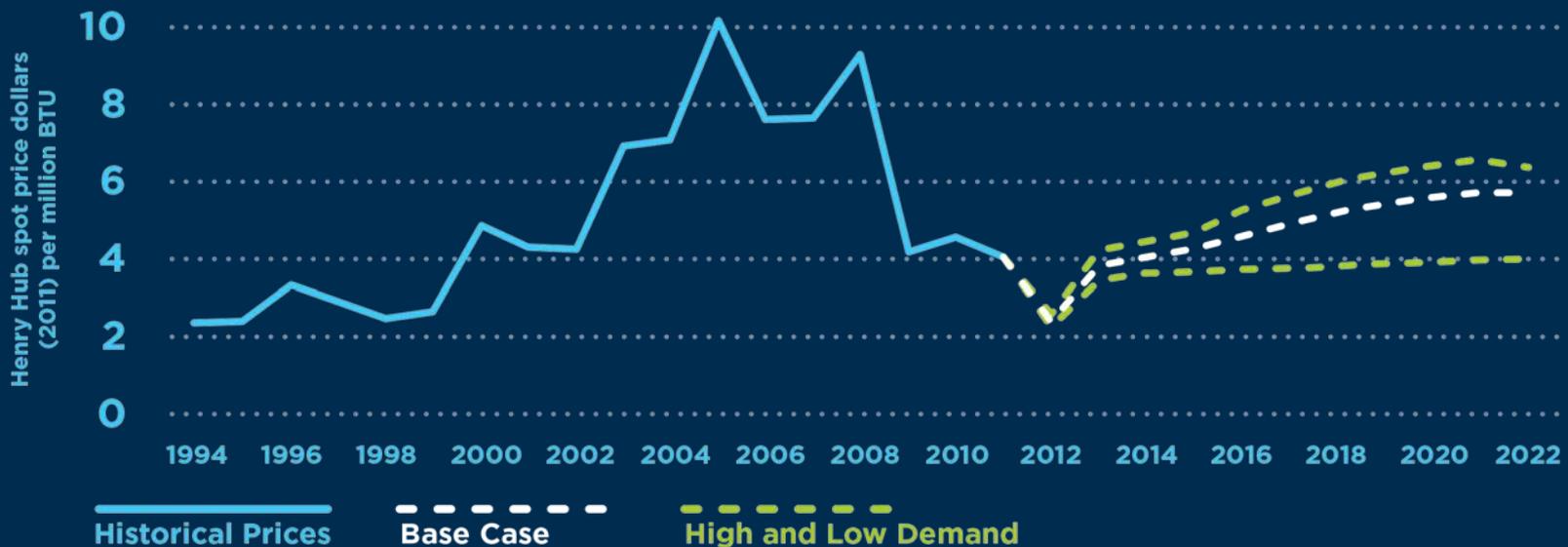


Best Practices

AGA's member companies work together to identify and share best practices to help enhance safety and reliability.

Natural Gas Price Outlook

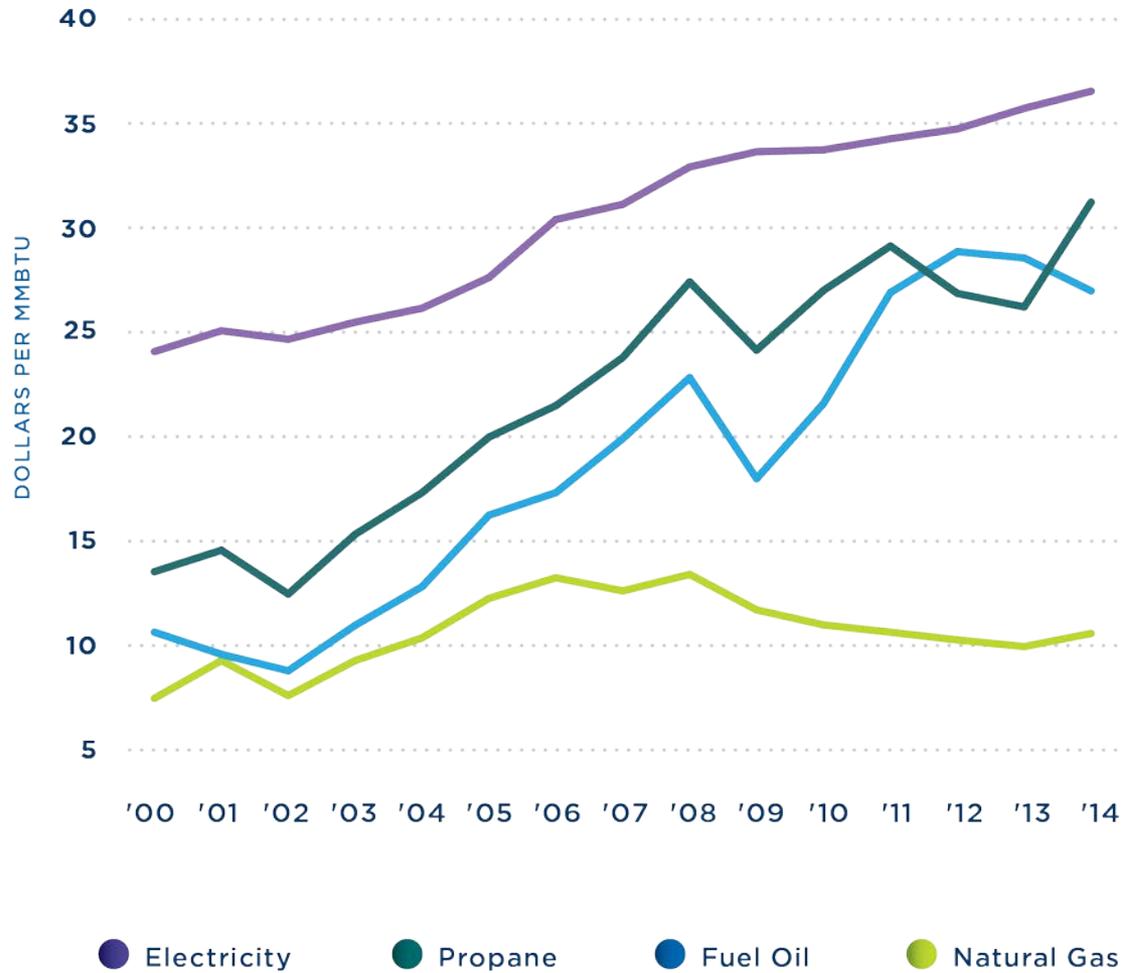
Our nation's strong natural gas supply fundamentals and robust and reliable natural gas delivery infrastructure suggest that over the next decade, a range of demand scenarios can be met by a diverse and responsive supply market within an estimated price band of \$4.00-\$6.50 per MMBtu — a level well below the peak market prices of the preceding decade.



Source: *Rethinking Natural Gas, A Future for Natural Gas in the U.S. Economy*, p.6, American Gas Association, ©2012, Citing Wood MacKenzie Spring 2012. See paper for outlook limitations.



Annual Energy Prices to Residential Consumers



Natural Gas

SOURCE ENERGY

100
MMBtu

EXTRACTION, PROCESSING
& TRANSPORTATION

▼ 7% Energy Loss

93 MMBtu



GENERATION

No energy conversion
necessary, therefore
no energy is lost

DISTRIBUTION

▼ 1% Energy Loss

92 MMBtu



DELIVERED
TO CUSTOMER

92
MMBtu



Electricity

SOURCE ENERGY

100
MMBtu

EXTRACTION, PROCESSING
& TRANSPORTATION

▼ 5% Energy Loss

95 MMBtu



GENERATION

▼ 64% Energy Loss

34 MMBtu



DISTRIBUTION

▼ 6% Energy Loss

32 MMBtu



DELIVERED
TO CUSTOMER

32
MMBtu



*Based on 2009 actual generation mix of all energy sources

Natural Gas Means Savings for Consumers

- Households that use natural gas for heating, cooking and clothes drying spend an average of \$840 less per year than homes using electricity for those applications.
- Low domestic natural gas prices have led to savings of almost \$69 billion for residential natural gas customers over the past four years.

Average savings of
\$840
per year



Jobs, Jobs, JOBS

The new era of abundant and affordable natural gas has created significant job growth. The industry employs people in 50 states, and it supports direct, indirect and induced jobs.



jobs are directly involved in exploring for, producing, transporting and distributing natural gas (direct employment). Natural gas distribution employment provided between 116,000 and 122,000 (nearly 20%) of these direct jobs.



additional jobs are created in industries such as agriculture and manufacturing that support and supply goods and services to the natural gas industry (indirect employment).



jobs are supported when direct and indirect natural gas employees introduce their income back into the economy and create demand for further goods and services (induced employment).

— JOBS —



“This natural gas revolution is driving economic growth across the country, lowering energy prices and creating jobs.”

Ernest Moniz

U.S. Secretary of Energy

COP21

In 2015, a landmark climate agreement was adopted during the COP21 meeting of the United Nations Framework Convention on Climate Change.

The United States had a credible leadership role in the negotiations, in part because of the country's abundant supply of natural gas and the adoption of aggressive fuel economy standards, that have led to significant and continued declining emissions. Natural gas is part of the solution to climate change and will help the United States make progress toward the ambitious emissions reduction target set in Paris.

