

**From:** "Hale, Brent" <Brent.Hale@Williams.com>  
**To:** <jgopal@energy.state.ca.us>  
**Date:** 1/22/03 2:46PM  
**Subject:** CEC Natural Gas Supply And Infrastructure Assessment

Jairman,

Thanks for taking time to visit with Bruce and me today. I am attaching the spreadsheet I told you about in our conversation. The area I am most familiar with and have studied most thoroughly is the San Juan Basin where the CEC forecast appears to be overly optimistic by a significant margin. I do believe that the San Juan Basin has a lot of future potential, but expect that it will be very difficult to maintain volumes at the current levels. I would expect modest decline over the next few years because of the recent Fruitland downspacing order. With expected additional downspacing of the Fruitland fairway and other conventional drilling, we could see a short term supply increase but would view that as a one time event rather than a trend. However, I do not see the strength in this basin for any long term supply growth.

I have a similar view of the US national forecast. I have a difficult time imagining a scenario where we could increase gas supplies more rapidly in the next decade than we did in the last decade. If it is possible, I would recommend that the CEC staff update performance trends so that the forecast can capture the economics, drilling success, etc of the last few years.

In the Rocky Mountain area, I would look for more upside or new gas supply in areas other than the San Juan Basin because most other Rocky Mountain area basins have been less heavily explored.

I hope you get some good input at your workshop in Friday.

Brent Hale  
Williams E&P

<<ProdusaCharts-short.xls>>

**CC:** "Heine, Bruce" <Bruce.Heine@Williams.com>