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# Continental Resources positive on LNG but wary of related gas price volatility

Jeremy Beaman • Commodity Insights

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[Continental Resources Inc.](#) is planning for significant natural gas price volatility associated with rising LNG export demand as the company contemplates how to develop its four-basin position, according to its Anadarko Basin chief.

Aaron Chang, vice president of the Anadarko Basin for the private shale producer, said Continental is constructive on LNG and what exports mean for the "gas story." But he said there are questions when looking at the forward curve.

"If LNG doesn't go, and it doesn't go at 100% utilization — whether it's hurricanes, whether it's the issues we've seen at Freeport with electricity and power — it feels like the skew is to the downside right now when you consider how the story is being fully baked," Chang said May 15 in an interview at Hart Energy's Super DUG shale conference in Fort Worth, Texas.

## Gas market outlook

NYMEX Henry Hub natural gas futures show an [improving price environment](#) through the end of 2024 and thereafter. The prompt June 2024 contract settled May 16 at \$2.49/MMBtu, data from CME Group showed. Beginning with November 2024, prices rise beyond \$3/MMBtu, while 2025 and 2026 have some contracts trading well above \$4/MMBtu.

New US export facilities, including [Golden Pass LNG](#) and [Plaquemines LNG](#), are expected to come online over the same period. LNG feedgas demand is forecast to rise 7.5 Bcf/d from September 2024 to January 2026, according to the latest North American short-term gas outlook published by S&P Global Commodity Insights analysts.

By 2028, LNG feedgas demand is forecast to rise to about 24.5 Bcf/d, up nearly 90% from 13 Bcf/d. Market participants have made note of the potential for considerable price volatility within the domestic market in conjunction with growing exports as US gas competes with other major producers such as Qatar.

Chang agreed, saying that big fluctuations in gas prices are likely. "The highs get higher and the lows get lower as you try to meet this growing international market that's a little more squishy and hard to define," he said.

## Continental program

Continental, which operates in the Powder River, Bakken, Anadarko and Permian basins, reported net production of 438,647 barrels of oil equivalent for the first quarter, composed of 54% crude oil. Net production for the quarter was up 8% compared with the year prior.

Chang said the company continues to be predominantly focused on oil-weighted development considering the superior economics, but that it could pivot capital to its more gas-rich acreage if warranted.

"If we see a signal that gas for whatever reason is the right commodity to deploy capital into in the forward 12-18 months ... we have the assets to do it," he said.

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