Natural gas industry improving, exec says

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LAFAYETTE — The future of the natural-gas industry shows signs of improvement, provided the federal government stays out of the business, a gas-company president told the Lafayette Rotary Club on Thursday.

“Gas prices will go up. They’ve got to go up,” said Robert Best, president of Texas Gas Transmission Corp.

Prices probably will jump to $2.50 to $3 per thousand cubic feet, Best predicted.

He said Texas Gas buys 90 percent of its natural gas in the Gulf Coast region.

“That’s where we think the future lies,” he said.

He said natural-gas consumers used 22 trillion cubic feet of the product in 1970, but usage is down to 17 trillion cubic feet now.

Federal regulations kept gas prices low, providing little incentive for companies to drill new wells, he said. With a diminishing supply, shortages resulted in the 1970s, and industries converted to other fuels, Best said. That led to reduced consumption and the resulting natural-gas “bubble,” or over-supply, he said.

But the bubble will disappear as soon as supply and demand become more evenly matched, he predicted.

“This bubble is going to disappear by 1990,” Best said.

Full deregulation of natural gas will be in effect in 1990, he said.

Presently, he said, Canada supplies about a trillion cubic feet of gas a year, but the U.S. has enough of the fuel in proven reserves to supply the nation for the next 10 to 12 years.

Users of natural gas are going straight to suppliers, using pipeline companies only as transporters of the fuel, he said.

“Right now the buyers are in the driver’s seat, but I think that will change,” he said.

Texas Gas has its headquarters in Owensboro, Ky. The company laid its first pipeline in Louisiana in 1951, and Texas Gas now has 6,000 miles of pipeline in nine states with 1,200 miles of pipeline in Louisiana, according to Best.

The company, formed in the late 1940s, transports 800 billion cubic feet of natural gas to 92 distribution companies and 560 towns and communities, he said.