



This article, "Is Shale Gas Shallow or the Real Deal?," from Power does a nice job of laying out two sides of the debate about the decline rates of shale gas wells.

"The geological flap raises questions about just how durable the shale gas boom will be and whether a long regime of low-cost gas can continue to fuel a dash to gas among electric generators that is clobbering coal, wrecking renewables, and negating the long-awaited nuclear renaissance."

The crux of the issue is whether a typical shale gas well declines according to a hyperbolic production curve or does it decline exponentially. A hyperbolic curve indicates that there is a decreasing rate of decline year after year. With exponential decline, the well declines quickly after its initial high production, then levels out quickly. This debate is technical but critical. The "exponentials" projection of US natural gas reserves are factors less than the "hyperbolics" and result in very challenging economics (short and long term) for the drillers. Currently, the exponentials are in the geological minority but incredibly close attention is being paid to the production numbers of the wells in service to attempt to validate the correct approach to decline rates.



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