



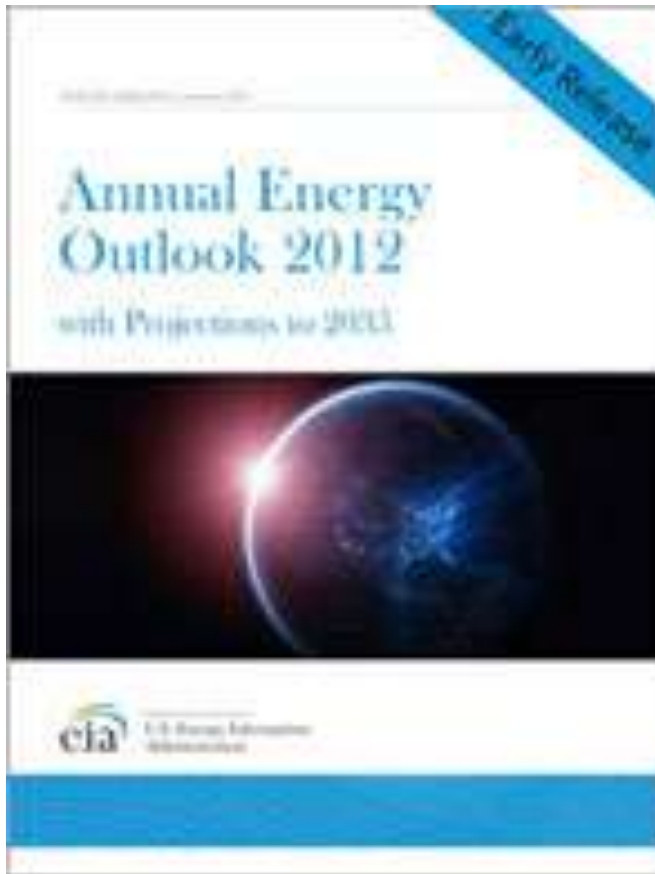
Estimating the Future Fund (S.B. 182)

WV Senate Economic Development Committee
February 10, 2012, 9 a.m.

Ted Boettner, *Executive Director*

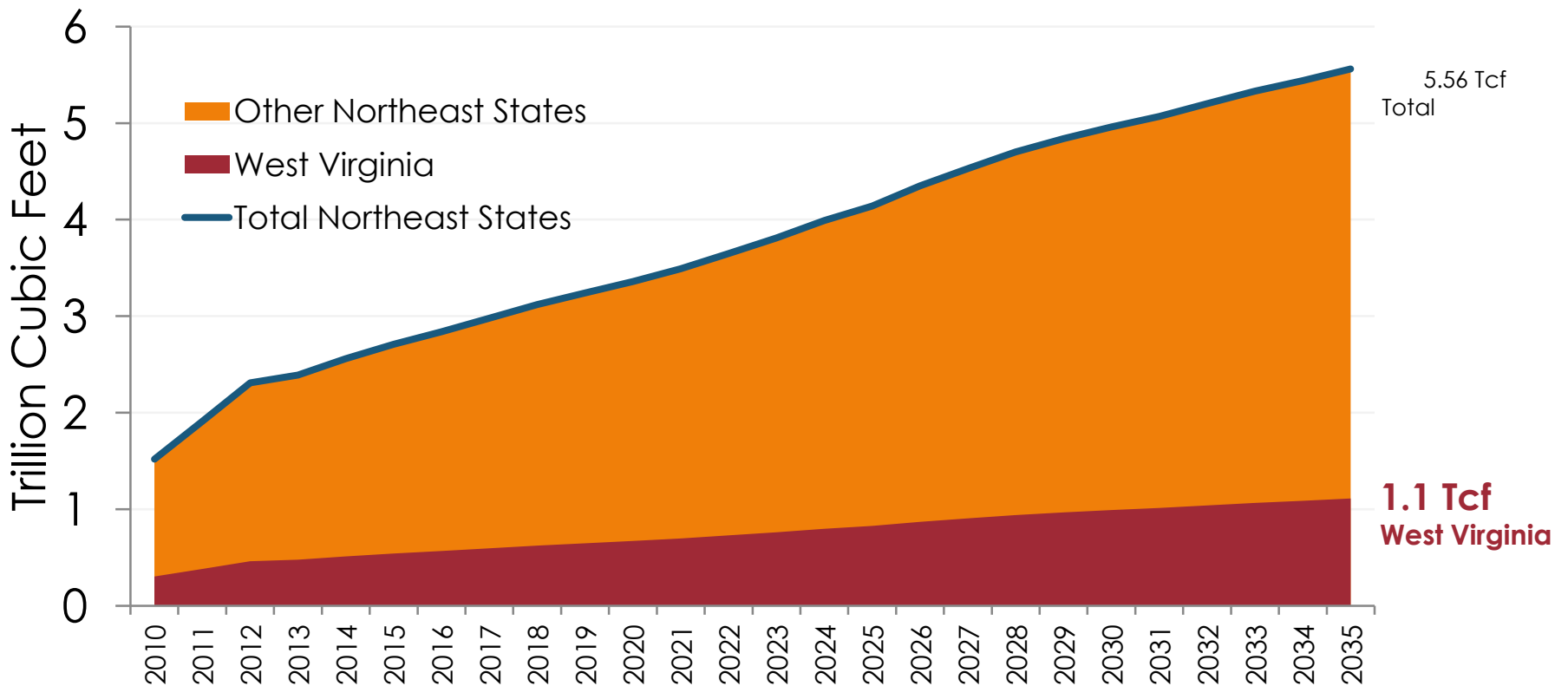


Estimates Derived from U.S. Dept of Energy Energy Information Administration (EIA)

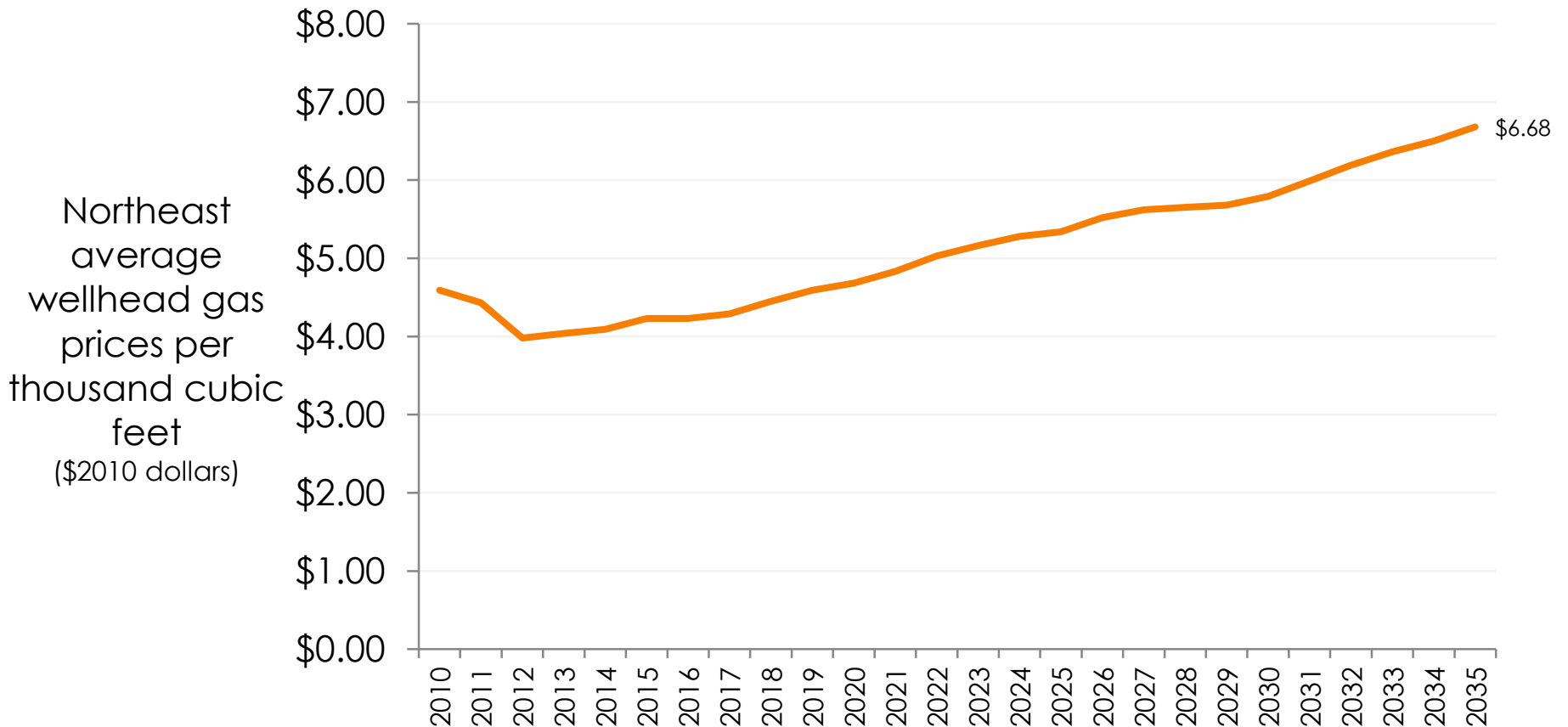


- EIA projects regional natural gas production and prices to 2035.
- West Virginia makes up 20-23 percent (2004-2009) of Northeast gas production.
- **Caution:** Impossible to predict how production and price for any commodity will react to regulatory and market changes over time.

Projected Natural Gas Production 2010 to 2035



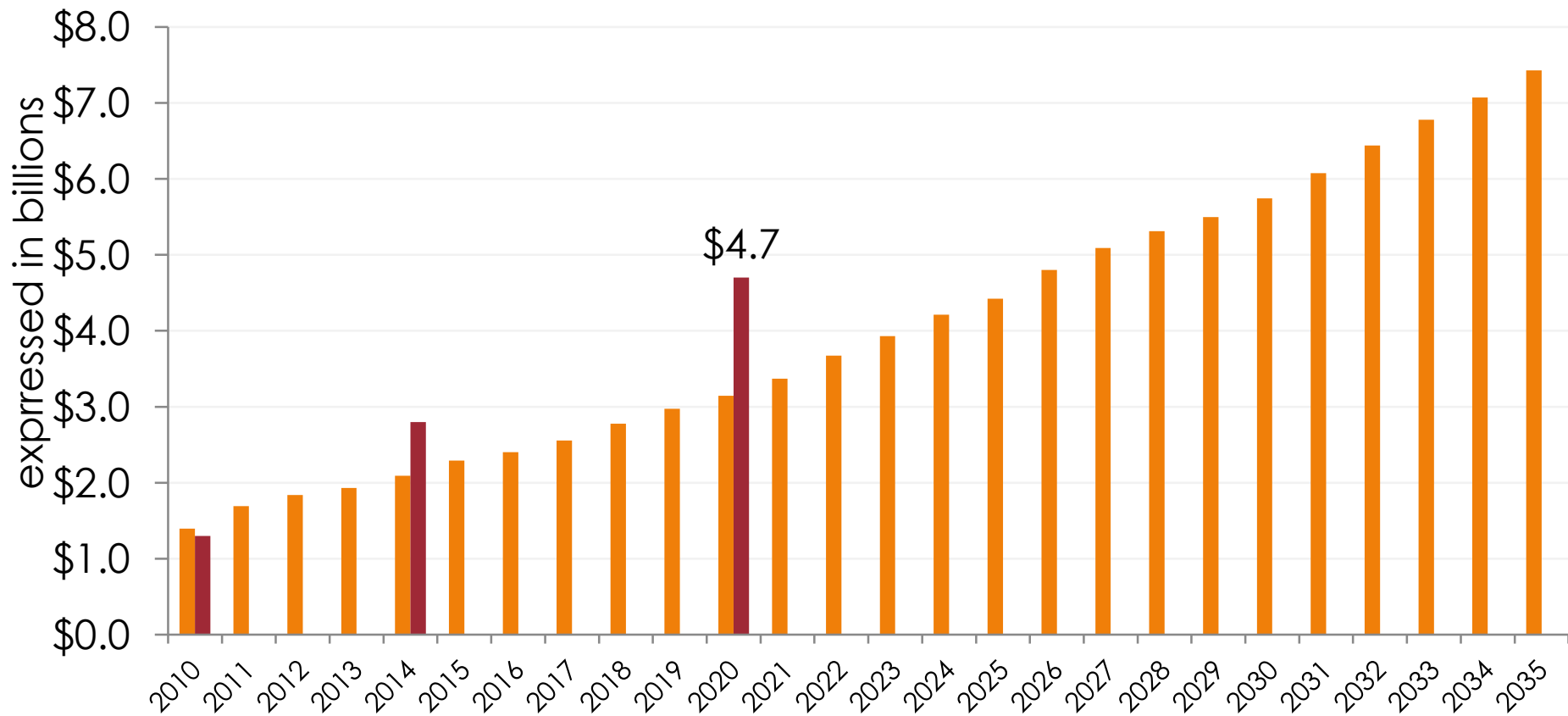
Projected Northeast Gas Prices



Source: WVCBP, "Creating an Economic Diversification Trust Fund," WVCBP, Jan 2012

Projected Gross Production Value of WV Natural Gas

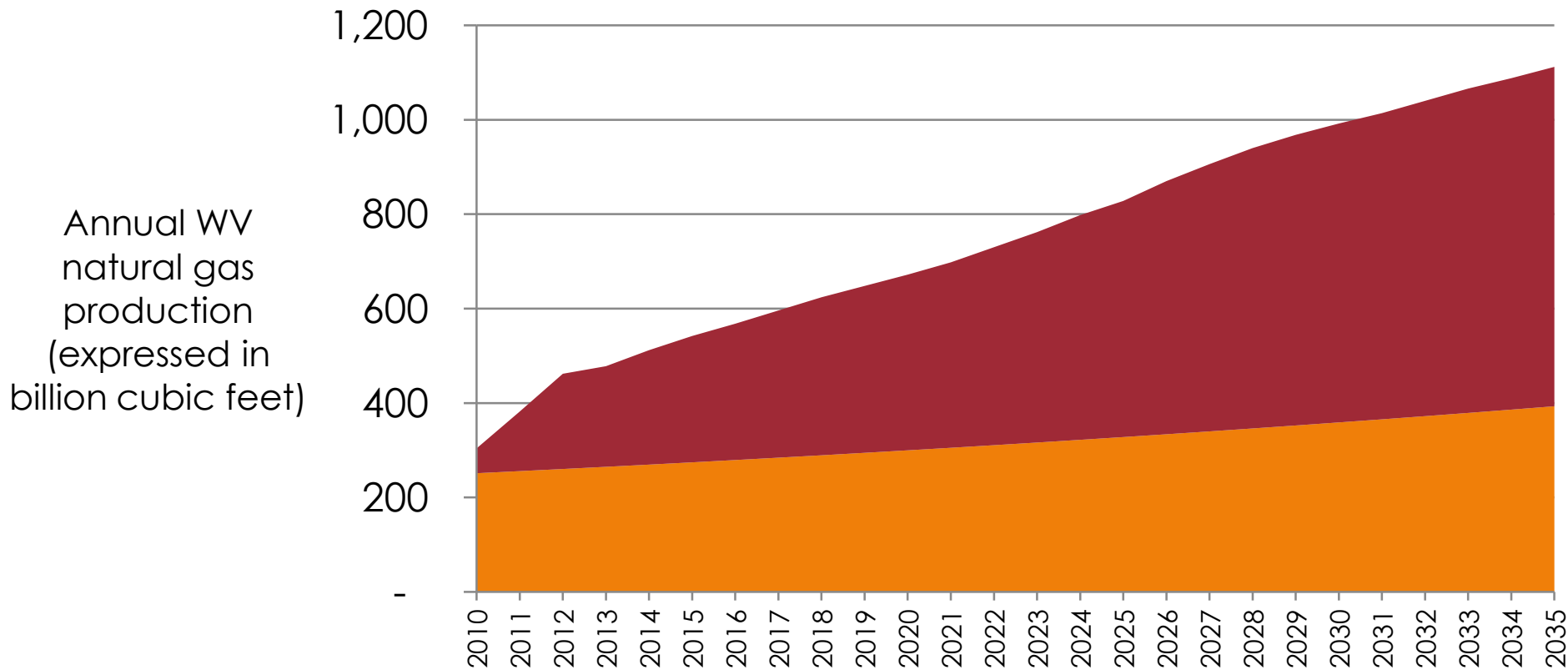
■ WVCBP analysis of EIA projections ■ NETL Projections (March 2010)



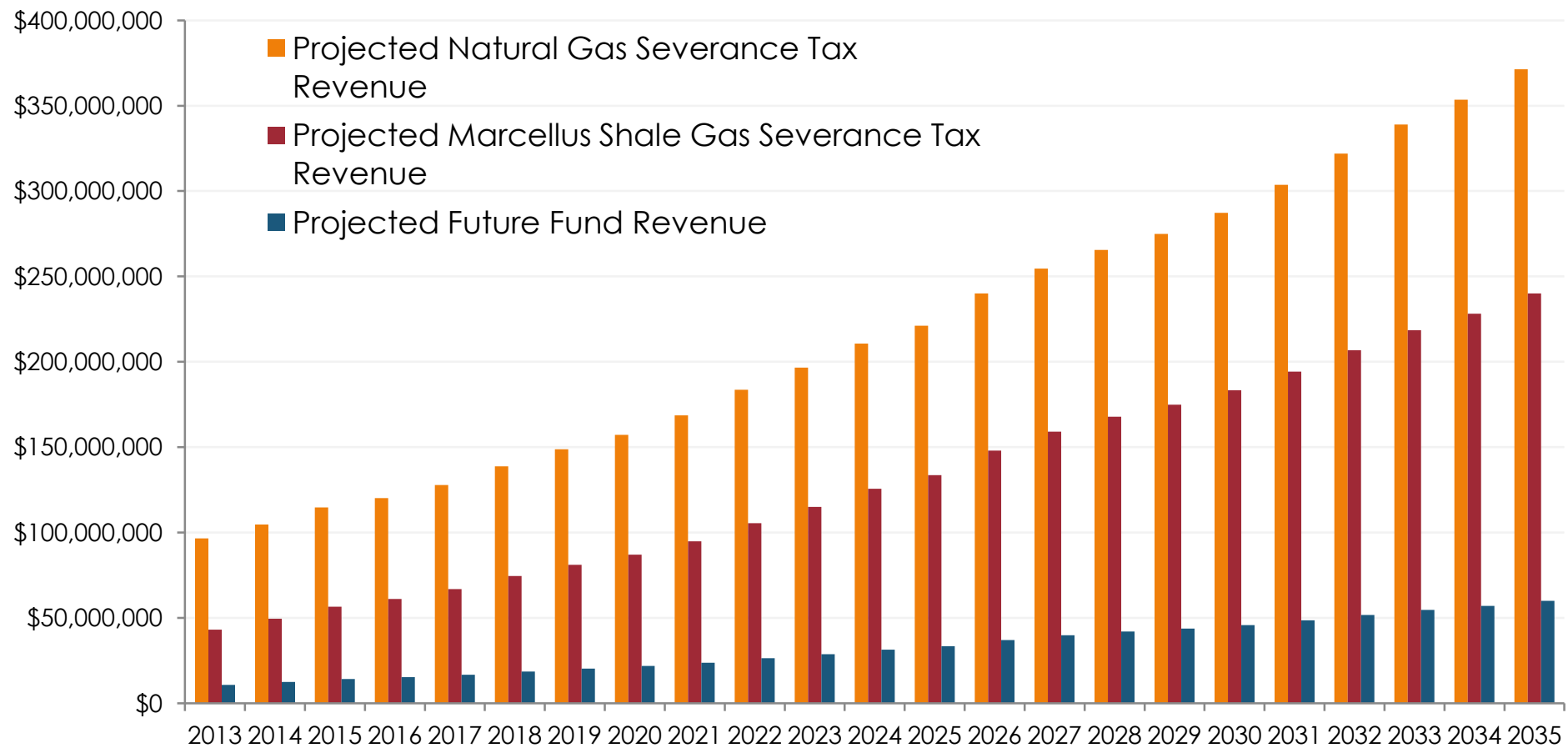
Marcellus Gas Production in WV

Marcellus Grows from an estimated 17% to 65% of total gas production

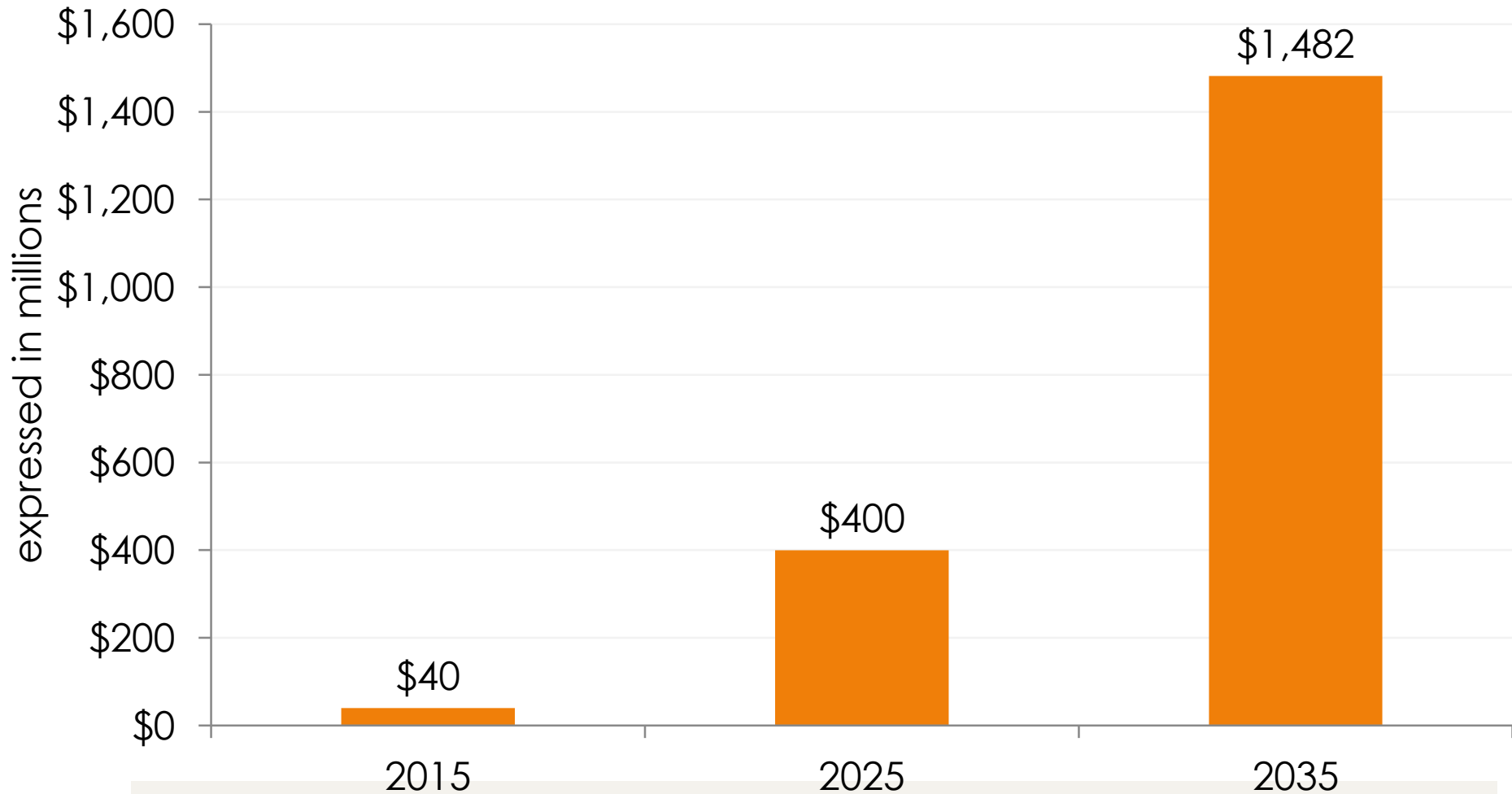
■ Non-shale production ■ Marcellus Shale production



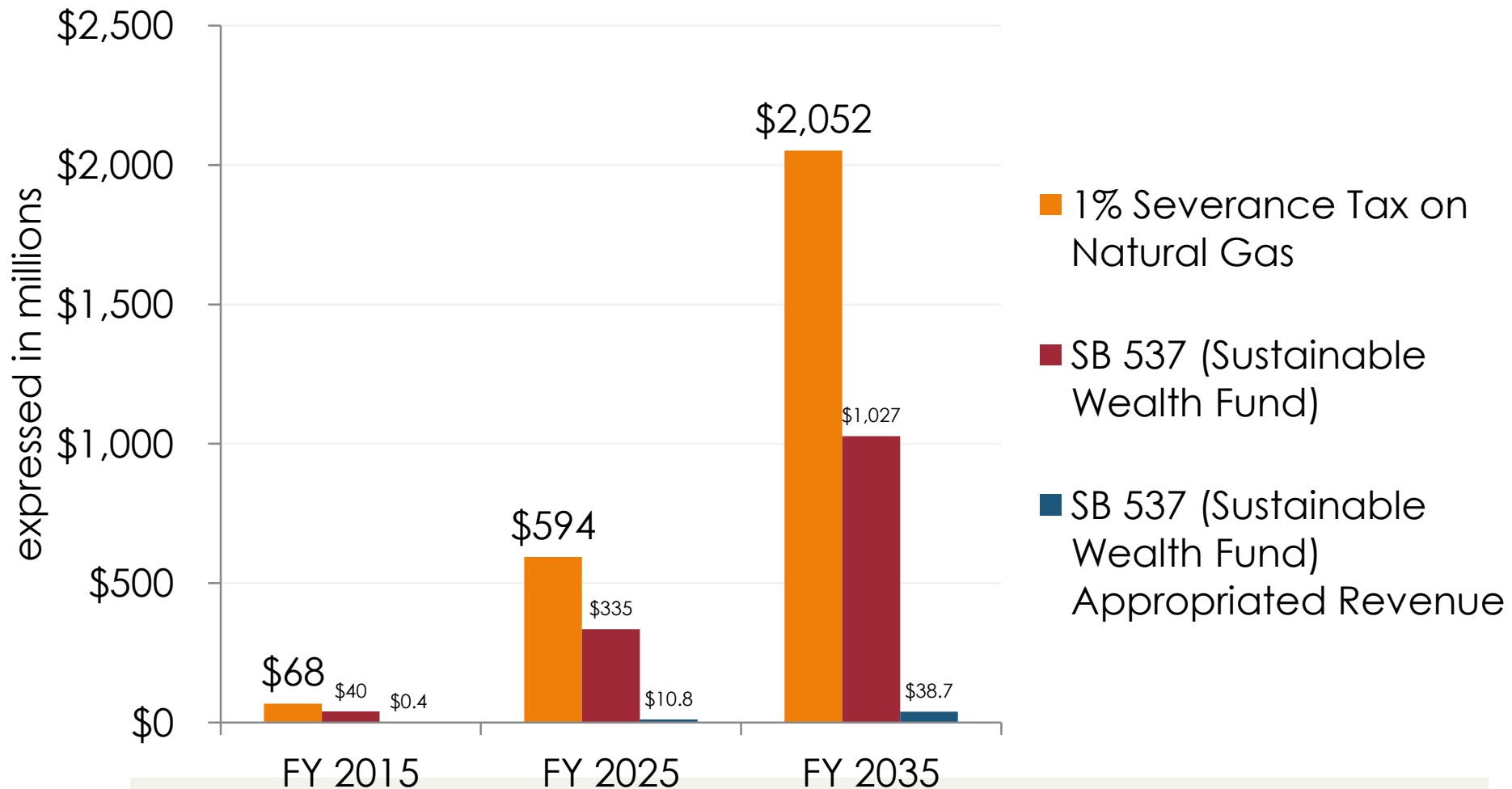
Projecting WV Future Fund Revenue



Cumulative Balance of Future Fund

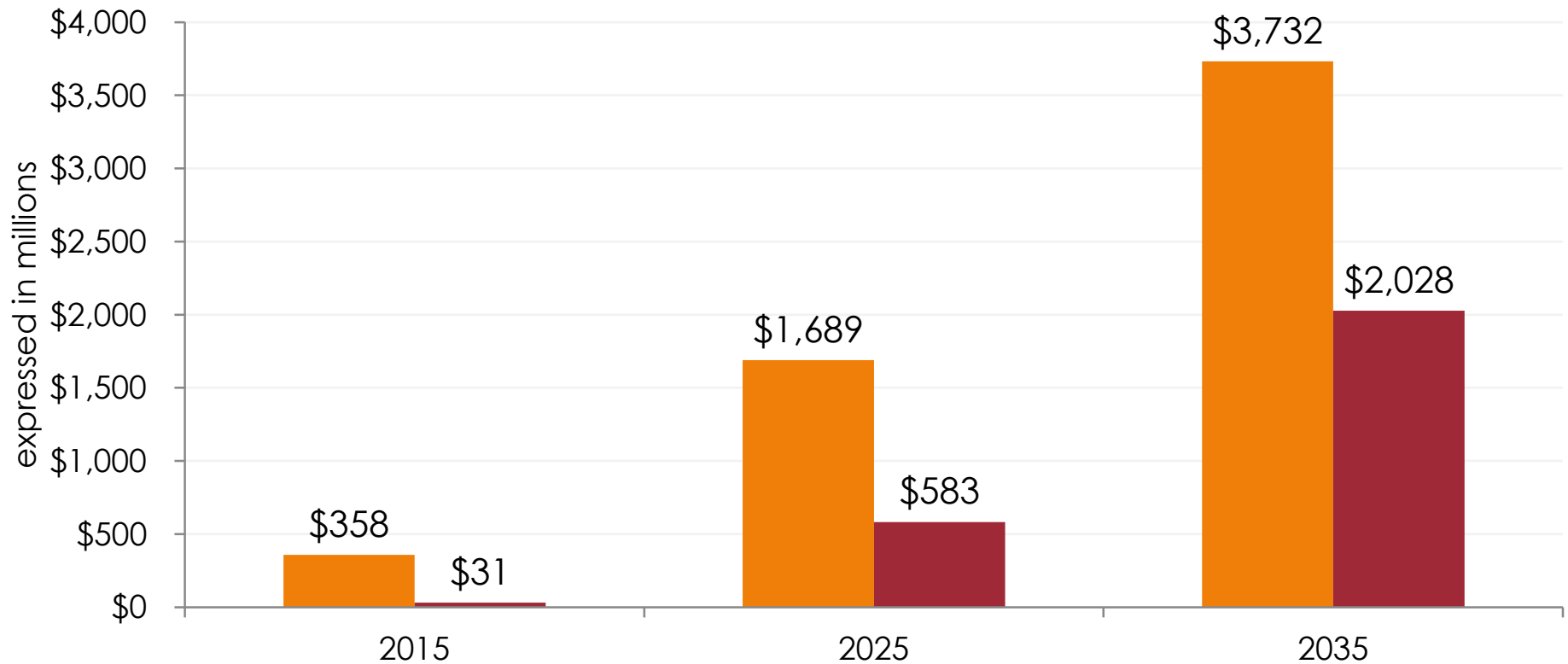


Alternative Trust Fund Scenarios # 1



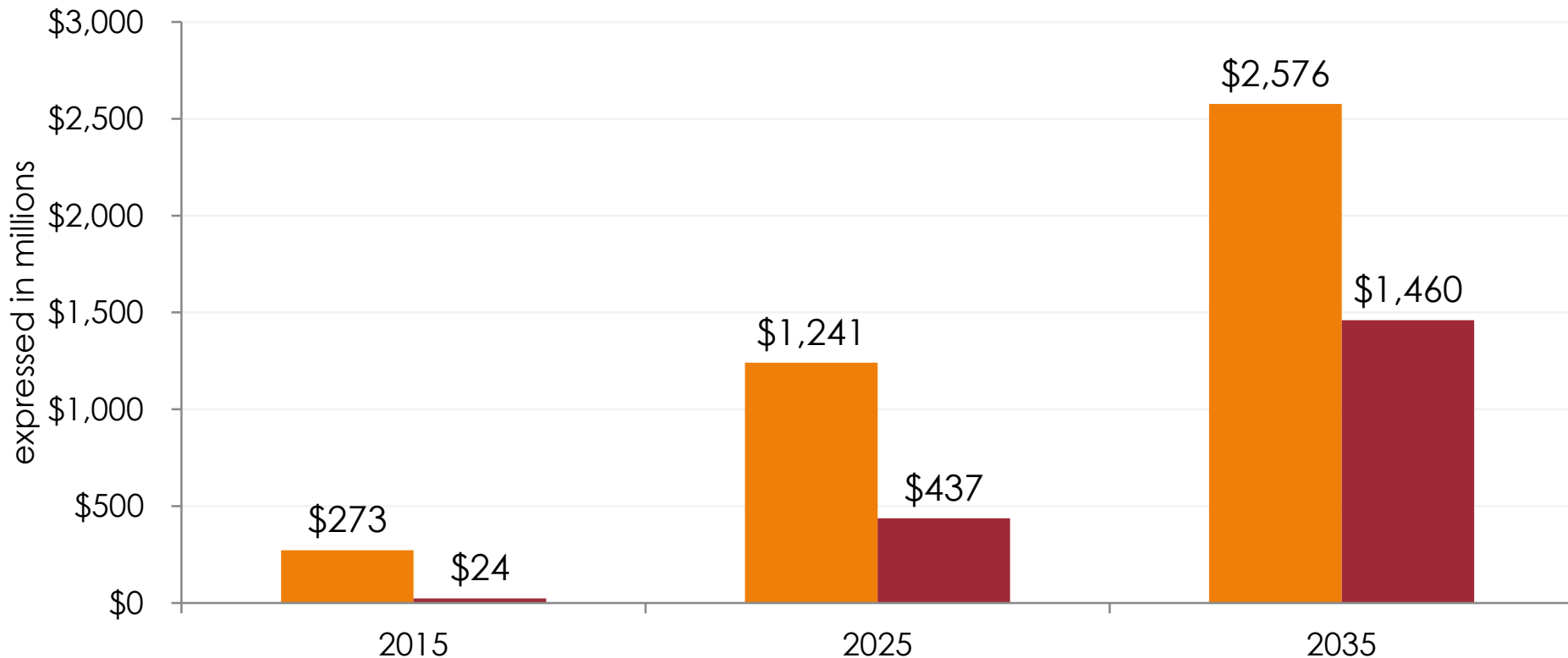
Alternative Scenario #2: 1% Severance Tax Increase

- End-of-Year Principal Balance
- Withdraw for State Investments (5% per year, Cumulative)



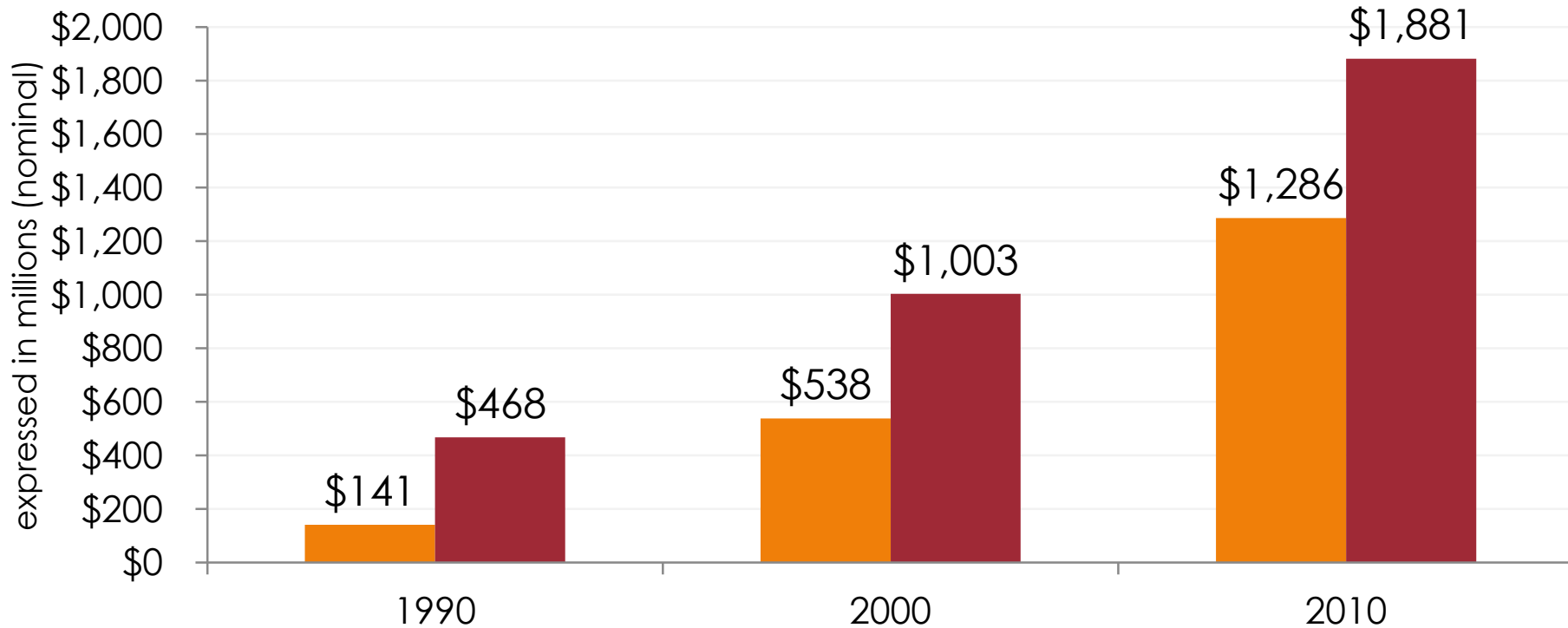
Alternative Scenario #3: Workers' Compensation Tax

- End-of-Year Principal Balance
- Withdraw for State Investments (5% per year, Cumulative)

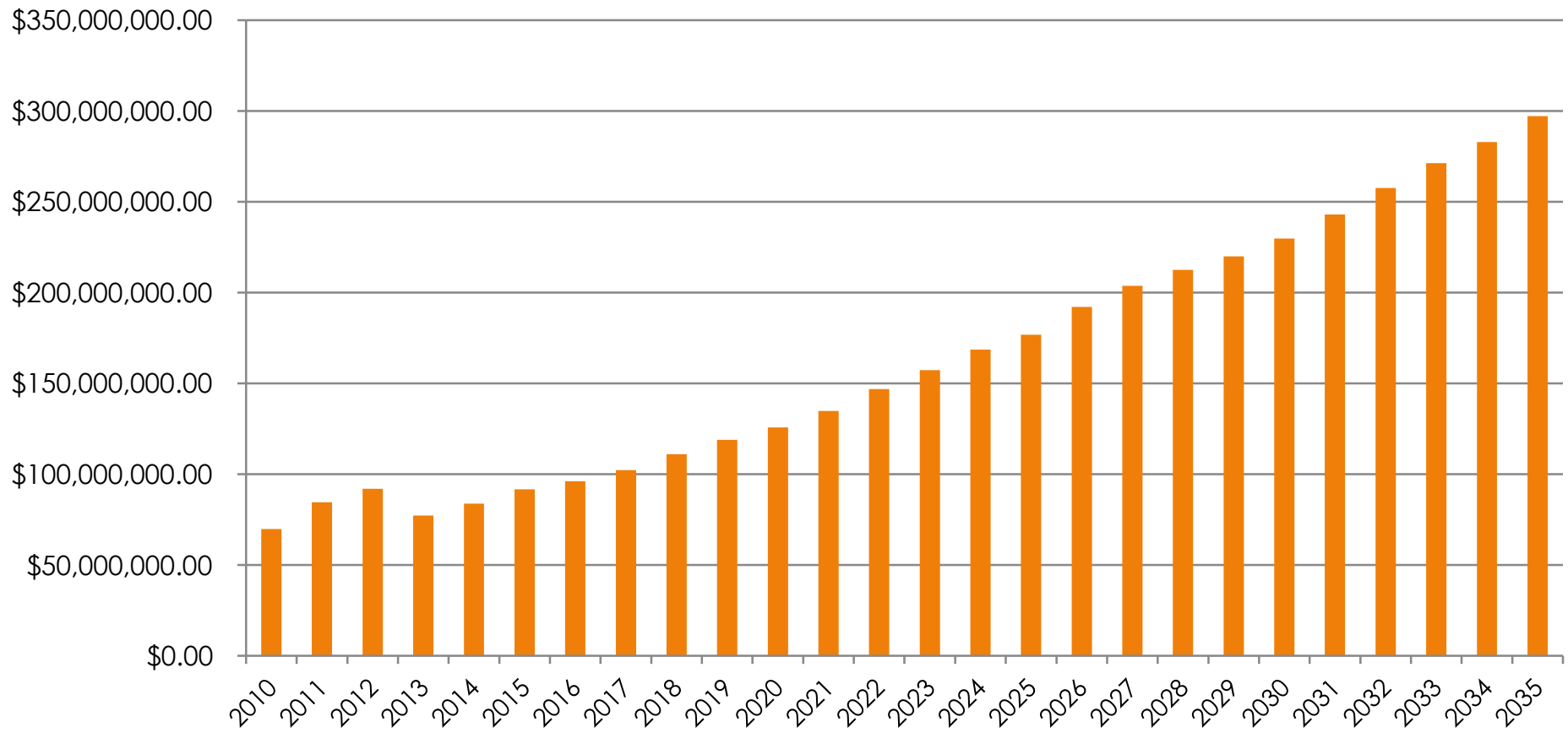


If a Coal Trust Fund Had Been Created in 1980 (1% Severance Tax)

- Withdraw for State Investments (5% per year, Cumulative)
- End-of-Year Balance



Appendix: Net Estimated Natural Gas Severance Tax Revenue with Future Fund Withdraw



Source: Author's analysis of EIA data