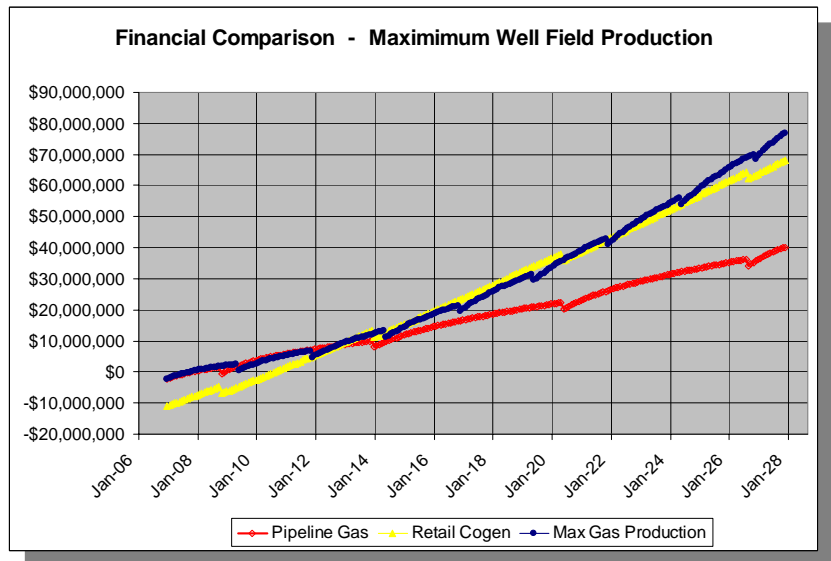


Energy Feasibility Study

AHP was retained by an energy company to prepare a feasibility study to compare alternatives for best use of the natural gas they produce in the Barnett shale formation in north central Texas.

The options investigated were:

- ❖ Sell the gas to pipeline
- ❖ Produce electricity by gas turbine generator and sell to grid
- ❖ Produce electricity by gas turbine generator and sell to retail client
- ❖ Produce electricity and process steam and sell to retail client



The study revealed that selling all the gas produced to the pipeline is by far the best alternative. This option has a simple payback of investment of one year compared to a range of 3.8 years to 14.6 years for the other options.

A sensitivity analysis was performed to determine if changes in natural gas prices, electricity prices, equipment costs, interest rates or inflation rates would change the conclusion. It does not for a wide range of reasonably expected ranges of these values.

Completion Date

November 2006

Project Delivery Method

N/A