

Title:

Sprott Analyst Has Zero Doubt on Higher Natural Gas Prices

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Summary:

We talked with Sprott analyst Eric Nuttall. With bloated natural gas storage levels, Natural a

Keywords:

energy, coalbed methane companies, natural gas, CBM, CBM companies, Alberta, Canada, drilling

Article Body:

Introduction: We talked with Sprott Asset Management Research Analyst Eric Nuttall about the m

Eric Nuttall told us, ^Nearly all small-cap natural gas producers have taken it in the teeth t

StockInterview: How are the lower natural gas prices impacting Coalbed Methane producers?

Eric Nuttall: For many CBM or shallow gas producers, this means their current drilling program

StockInterview: What, then, should investors do while storage levels are rebalancing?

Eric Nuttall: I would view this period as an opportunity for medium to long-term minded indivi

StockInterview: How do you view the long-term fundamentals for gas?

Eric Nuttall: North American natural gas production has been in decline for several years. Mos

StockInterview: And you expect a continuation of declining natural gas production? And that is

Eric Nuttall: Conventional gas production has been in decline for many years, and the growth a

StockInterview: Earlier, you noted drilling was more expensive.

Eric Nuttall: Over the past year, onshore drillings costs are up over 15 percent while operati

StockInterview: How would bad weather, such as a hurricane, impact natural gas prices?

Eric Nuttall: Short term, you would see both natural gas and related stocks surge. If a hurric

StockInterview: Should investors be watching the Weather Channel and ready to phone their stoc

Eric Nuttall: Timing on any natural gas investment right now is tricky. You need to have a med

StockInterview: What does the other camp say?

Eric Nuttall: Another camp says that the current natural gas strip already discounts the prese

StockInterview: One equities strategist, whom we interviewed, suggested some time in August we

Eric Nuttall: There is the potential that we might endure another month or two of flat trading

StockInterview: And until then?

Eric Nuttall: Until that time comes, I think it likely, as a group, the large caps will outper

StockInterview: How do you feel about the smaller, lesser known gas companies?

Eric Nuttall: Nearly all small-cap natural gas producers have taken it in the teeth this year.

StockInterview: How do you sum up the natural gas equities market, right now?

Eric Nuttall: Currently, there are many very cheap natural gas weighted companies. Companies w

StockInterview: Let's review some of the more speculative companies we talked about this past

Eric Nuttall: Crew (TSX: CR) is a very well run natural gas focused company. They are set to g

StockInterview: What unconventional companies are you following?

Eric Nuttall: We are keenly following the drilling progress of EnCana (NYSE: ECA; Toronto: ECA

StockInterview: And some of the others we talked about, such as Ember, Real Resources and Paci

Eric Nuttall: Ember Resources (TSX: EBR) has gotten absolutely crushed. They have an active dr

StockInterview: What do you see for the near-term?

Eric Nuttall: Many people have been hoping that warm weather or hurricanes would assist in wor

StockInterview: Have you given up on the CBM sector or is it coming back?

Eric Nuttall: There is zero doubt in my mind that natural gas is an excellent long-term invest

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