



Westport Innovations CFO Bill Larkin on the Future for Natural Gas Prices

Description

Bill Larkin, CFO of **Westport Innovations** (TSX:WPT)([NASDAQ:WPRT](#)), recently sat down with The Motley Fool's Brendan Byrnes in a wide-ranging interview at Westport's offices.

In the following clip, Larkin offers his thoughts on where natural gas prices should eventually settle, and why exporting natural gas may not be in the United States' best interest. (Run time: 1:46; a transcript is provided below. If you'd like to view the entire interview, [click here](#).)

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Brendan Byrnes: How confident are you that natural gas, especially here in North America, will stay cheap versus oil, especially in the long term when we look out even decades into the future?

Bill Larkin: It comes down to supply and demand. Based on all of the shale gas reserves that they've identified, there's a substantial amount of supply that will support these lower prices.

One of the challenges, though, is we've seen suppressed or very low natural gas prices. Prices need to be at a certain level for that whole ecosystem to work. Ideally — some people might cringe — but I think a good price would be \$5-\$6 an mcf for natural gas because the whole ecosystem works.

Brendan: It gives them incentive to go get it out of the ground.

Bill: Correct, because there's a cost to going out and fracking, and setting up and extracting the gas. When gas is at \$2.50, \$3.00 an mcf, the economics aren't there to go out there and explore for it.

Brendan: What do you think about exporting natural gas from the United States? Is that something we should do? How does that affect Westport overall? I should say from North America, overall.

Bill: My standpoint is, if you listen to what T. Boone Pickens has been trying to communicate, the U.S. — this is focused on the U.S. first — they've got to get off of OPEC oil. By doing that, they control their future. Right now, their hands are tied to the OPEC oil, so I'm somewhat against exporting natural gas

in the U.S. until they can get off OPEC oil.

Brendan: Do you see that happening?

Bill: No, I don't.

Disclosure: The Motley Fool owns shares of Westport Innovations.

CATEGORY

1. Investing

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1. NASDAQ:WPRT (Westport Fuel Systems Inc.)

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