

Whether it's called "supply and demand" or "buying and selling," a market for any product requires access and activity by a large number of participants. Market openness, combined with a critical mass of participants and degree of activity, give rise to a market price. Without openness or activity, a market price is not achievable. The existence of some form of a single market price has been the primary characteristic differentiating natural gas prices in regional markets around the world. As a result, many gas prices and contracts have long been linked to the price of oil—gas-to-oil—rather than gas-to-gas.

Figure 8–9 provides a brief overview to the regional pricing differences that dominate natural gas markets.