

News Tracker:

-Natural gas prices fell at many market locations again this Report Week (Wednesday, October 21, to Wednesday, October 28). The Henry Hub spot price fell 26¢ from \$2.36/MMBtu to open the Report Week to \$2.10/MMBtu on October 28. In addition to relatively high storage levels and year-over-year production growth entering this winter, the anticipation that El Nino will moderate the upcoming winter temperatures may be contributing to the lower prices. The winter strip, which averages the November through March Nymex contracts, settled yesterday at \$2.349/MMBtu. This is very low compared to previous years. Last year's winter strip price on Oct. 28, for example, was \$3.750.

-At the New York Mercantile Exchange, the price of the near-month (November 2015) futures contract fell by 37¢ from \$2.404/MMBtu to start the Report Week to \$2.033/MMBtu to close the Report Week. The last day of the Report Week is also the day that the November futures contract settled. December is now the prompt-month contract.

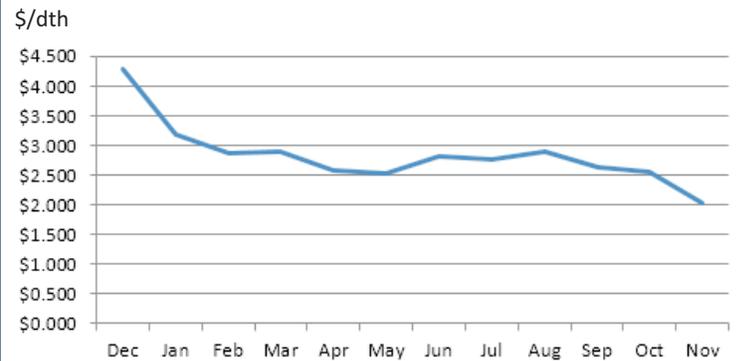
-Working natural gas in storage increased by 63 billion cubic feet (Bcf), rising to 3,877 Bcf as of Friday, October 23. The net injection into storage resulted in storage levels 12% above a year ago and 4% above the five-year average for this week. This injection compares with the five-year average increase of 73 Bcf for the week and last year's increase of 88 Bcf. Despite the below-average weekly inventory build, working gas climbed closer to the all-time record high of 3,929 Bcf reported for the week ending November 2, 2012. Injections over the next two weeks will need to exceed the five-year (2010-14) average in order to reach this record level. At this point in 2012, working gas stocks totaled 3,908 Bcf. Working gas stocks in the Producing region are well above the record level of 1,297 Bcf reported for this region in November 2013. Temperatures in the Lower 48 states averaged 57° for the storage report week, 1° warmer than the 30-year normal temperature and 1° cooler than the avg. temp. during the same week last year.

-The total rig count was flat at 787 units as of Friday, October 23, according to data from Baker Hughes Incorporated. This is 59% lower than last year at this time. Oil rigs declined by 1 unit to 594 and natural gas rigs increased by 1 to 193.

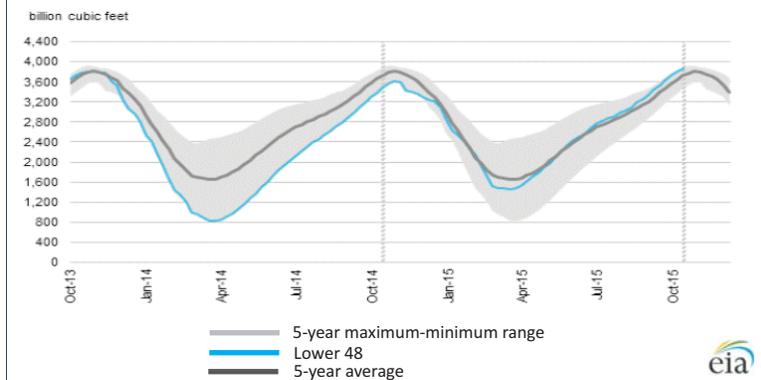
-The natural gas plant liquids composite price at Mont Belvieu continued to decline, falling by 5% to \$4.83/MMBtu for the week ending October 23. All liquids prices fell this week, with ethane falling the least (-0.7%) and isobutane falling the most (-8.1%). Crude oil prices have been inching down since mid-month, which is likely applying downward pressure on liquids prices.

Excerpted from 

Monthly NYMEX Natural Gas Settle Price Dec 2014 - Nov 2015:



Working nat. gas in underground storage as of October 23, 2015:



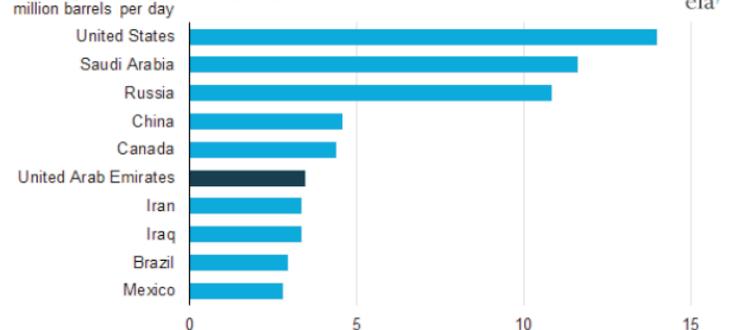
Forward 12-month NYMEX natural gas strip price - Dec15-Nov16:

Process Load-weighted \$2.472/dth (w/w -\$0.169)
Typical Heat Load-weighted \$2.438/dth (w/w -\$0.200)

United Arab Emirates plans to increase crude oil and natural gas production:

The United Arab Emirates (UAE) was the world's sixth-largest oil producer in 2014, and the second-largest producer of petroleum and other liquids in the Organization of the Petroleum Exporting Countries (OPEC), behind only Saudi Arabia. Because the prospects for further oil discoveries in the UAE are low, the UAE is relying on the application of enhanced oil recovery (EOR) techniques in mature oil fields to increase production. Using EOR techniques, the government plans to expand production 30% by 2020. EOR is an expensive process, and at current prices, these projects may not be economic. However, despite today's low oil prices, the UAE continues to invest in future production. The Upper Zakum oilfield is one region that has been targeted for further development. The field is the second-largest offshore oilfield and fourth-largest oilfield in the world, and it currently produces about 590,000 barrels per day (b/d). In July 2012, the Zakum Development Company awarded an \$800 million engineering, procurement, and construction contract to Abu Dhabi's National Petroleum Construction Company, with the goal of expanding oil production at the Upper Zakum field to 750,000 b/d by 2016. Production from the Lower Zakum field should also increase, with oil production eventually reaching 425,000 b/d, an increase from the current level of 345,000 b/d.

Top 10 global oil producers (2014)



“Posterity! You will never know how much it cost the present generation to preserve your freedom!
I hope you will make a good use of it.” -John Adams