

News Tracker:

-Natural gas prices are down at virtually all trading locations for the Report Week (Wednesday, December 2, through Wednesday, December 9). The Henry Hub spot price began the Report Week at \$2.17 per million British thermal units (MMBtu) and ended the Report Week at \$2.00/MMBtu.

-At the New York Mercantile Exchange (NYMEX), the January Nymex natural gas futures contract price began the Report Week at \$2.165/MMBtu and finished the Report Week at \$2.062/MMBtu.

-The Henry Hub price of natural gas dips below symbolic \$2.00/MMBtu. Following a record-warm October, continuing growth in natural gas production, record underground natural gas storage levels, and the projected continuation of mild winter weather, the Henry Hub price closed at \$1.98/MMBtu on Tuesday, December 8 and \$2.00/MMBtu on Wednesday, December 9. Prior to this week, the Henry Hub spot price has only closed below \$2.00/MMBtu on 20 trading days since 2002. During the summer of 2012, when natural gas storage stocks were very high following an unusually mild winter, prices dipped into the \$1.80-\$1.90/MMBtu range for a few days. That summer, the ample supply of low-priced natural gas was absorbed in large part by the electric power sector.

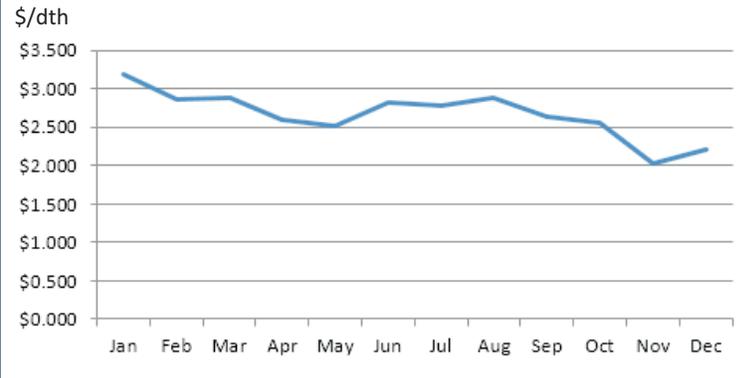
-Working natural gas in storage decreased by 76 billion cubic feet (Bcf), declining to 3,880 Bcf as of Friday, December 4. The net withdrawal from storage resulted in storage levels 15% above a year ago and 6% above the five-year (2010-14) average for this week.

-The total oil and natural gas rig count fell by 7 units this week, with 737 units in service for the week ending Friday, December 4, according to data from Baker Hughes Incorporated. This is the lowest combined oil and natural rig count since October of 1999. The oil rig count fell by 10 units to 545, and the natural gas rig count increased by 3 units to 192 units.

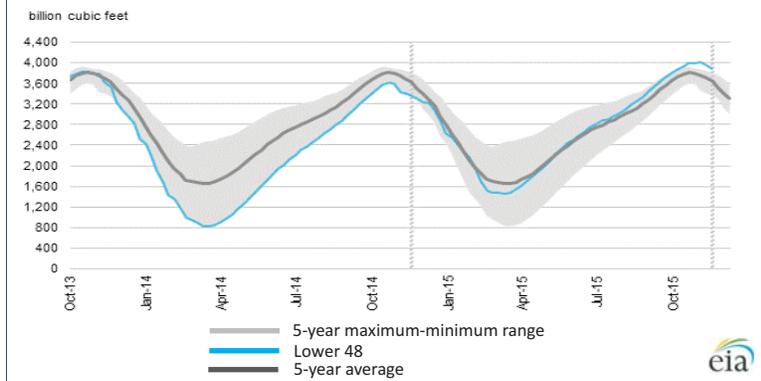
-The natural gas plant liquids composite price at Mont Belvieu, Texas, increased by 1.3% to \$4.86/MMBtu for the week ending Friday, December 4. The prices for ethane and natural gasoline declined by 2.0% and 0.6%, respectively; the prices for propane, butane, and isobutane increased by 2.2%, 3.9%, and 4.5%, respectively.

Excerpted from 

Monthly NYMEX Natural Gas Settle Price Jan: 2015 - Dec 2015:



Working nat. gas in underground storage as of December 4, 2015:

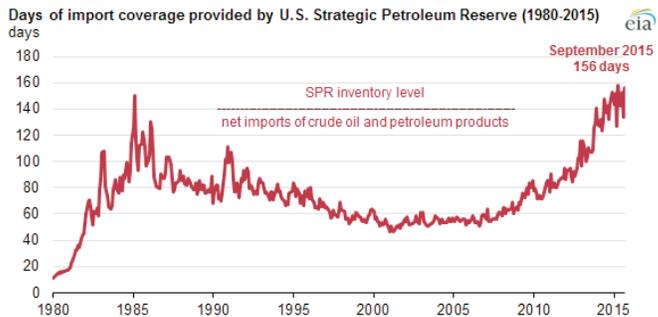


Forward 12-month NYMEX natural gas strip price - Jan16-Dec16:

Process Load-weighted \$2.347/dth (w/w -\$0.079)
 Typical Heat Load-weighted \$2.275/dth (w/w -\$0.112)

New legislation affects US Strategic Petroleum Reserve:

Two recently enacted laws authorize significant sales of crude oil from the Strategic Petroleum Reserve (SPR) over the next decade. The Bipartisan Budget Act authorizes the sale of 58 million barrels of SPR oil between FY 2018-25 for deficit reduction purposes and an estimated 40-50 million barrels of oil in FY 2017-20 for SPR modernization. As part of the Bipartisan Budget Act, the U.S. Department of Energy (DOE) is required to complete a long-term strategic review of the SPR to ensure it meets current and future energy and economic security goals and objectives. The Fixing America's Surface Transportation Act authorizes the sale of 66 million barrels of oil in FY 2023-25 to help support the Highway Trust Fund. As the largest stockpile of government-owned emergency crude oil in the world, the SPR is designed to help alleviate significant disruptions in oil supplies from events such as severe weather; major geopolitical events; and unplanned production, transport, and delivery outages. Located in four storage sites along the Gulf of Mexico, the SPR currently holds more than 695 million barrels of crude oil, or about 96% of its 727 million barrel design capacity. Although the SPR does not store petroleum products, one million barrels of ultra-low sulfur distillate are held in the Northeast Home Heating Oil Reserve, and one million barrels of gasoline are held in the Northeast Gasoline Supply Reserve. As a member of the International Energy Agency (IEA), the United States is obligated to maintain stocks of crude oil and petroleum products, both public and private, to provide at least 90 days of import protection and to collectively participate in the release or sale of oil supplies to help balance a shortage among IEA members in the event of a severe energy supply disruption. Based on September levels of net crude oil and petroleum product imports, the SPR alone holds crude oil stocks equivalent to 156 days of import protection. Including average levels of commercial stocks over the past 5 years, total days of import coverage provided by strategic and commercial stocks is currently 450 days.



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“Farming looks mighty easy when your plow is a pencil and you’re a thousand miles from the corn field.” -Dwight D. Eisenhower