

News Tracker:

-Natural gas spot prices fell at most locations from Wednesday, December 7 to Wednesday, December 14 (the Report Week). The Henry Hub spot price fell from \$3.76 per million British thermal units (MMBtu) to open the Report Week to \$3.52/MMBtu to end the Report Week.

-At the New York Mercantile Exchange (Nymex), the January 2017 natural gas futures contract price fell 6¢ from \$3.603/MMBtu to \$3.540/MMBtu from the open to the close of the Report Week, respectively.

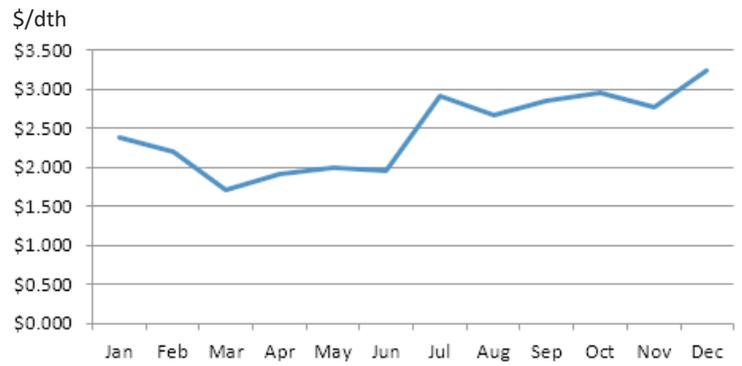
- Net natural gas withdrawals from storage totaled 147 Bcf for the week ending December 9, compared with the five-year (2011-15) average net withdrawal of 79 Bcf and last year's net withdrawals of 46 Bcf during the same week. This reporting period is the first time since 2013 that withdrawals from working natural gas topped 100 Bcf in December. This week posted the third largest December withdrawal since 2010, behind pulls in 2013 of 285 Bcf and 177 Bcf on December 13 and 20, respectively. Working natural gas stocks total 3,806 Bcf, which is 186 Bcf more than the five-year average and 50 Bcf less than last year at this time. Working natural gas stocks fell below the five-year maximum for the first time since April 15, 2016. Falling temperatures this week brought temperatures within 1°F of the normal level for this time of year and 4°F lower than last year at this time. Heating degree days (HDD) in the Lower 48 states totaled 179, compared with 147 last year and a normal of 181.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 66¢, closing at \$6.72/MMBtu for the week ending December 9. The prices of natural gasoline, ethane, propane, butane, and isobutane all rose, increasing by 5%, 15%, 10%, 12%, and 15%, respectively. These increases may be related to recent strength in crude oil prices.

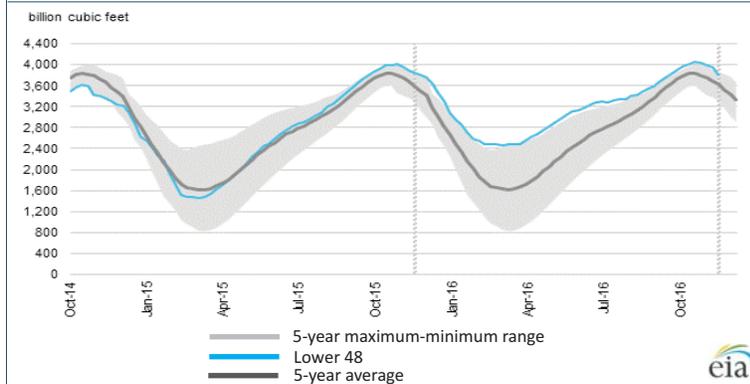
-According to Baker Hughes, for the week ending Friday, December 9, the natural gas rig count increased by 6 to 125. The number of oil-directed rigs rose by 21 to 498. The total rig count climbed by 27, and it now stands at 624. Both WTI and Brent Crude spot prices averaged above \$50/barrel (b) for this period, compared with the \$30-\$40/b-range about this time last year. Higher oil prices may be driving increased drilling.

Excerpted from 

Monthly NYMEX Natural Gas Settle Price: Jan2016 - Dec 2016:



Working nat. gas in underground storage as of December 9, 2016

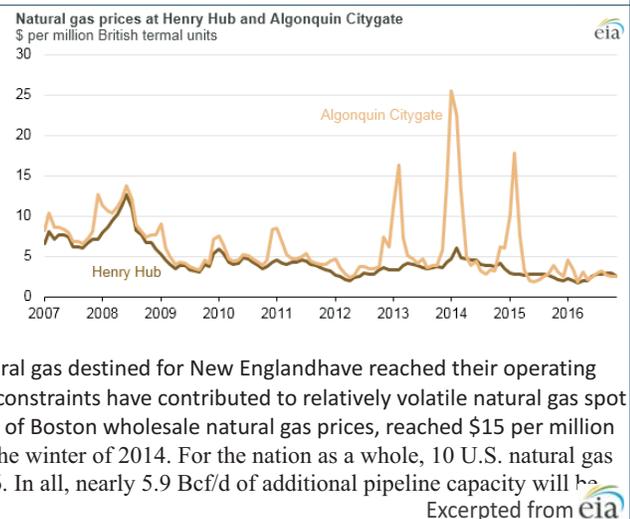


Forward 12-month NYMEX natural gas strip price - Jan17-Dec17:

Process Load-weighted \$3.468/dth - w/w = +\$0.031
 Typical Heat Load-weighted \$3.496/dth - w/w = +\$0.009

New England natural gas pipeline capacity increases for first time since 2010:

Utilization of the first of two natural gas pipeline projects (the first natural gas pipeline projects in New England since 2010) is expected to commence this month. The \$972 million AIM project will bring additional natural gas from the Appalachian Basin into New England. It is the largest pipeline project since 2007 to transport natural gas into New England from outside the region. The pipeline will provide an additional 342 million cubic feet per day (MMcf/d) of pipeline capacity to the New England market. The second, the Salem Lateral Project, is expected to be in service in June 2017. For many years, some points along the natural gas pipelines in New England have reached full capacity utilization rates during the winter months. The Algonquin Gas Transmission pipeline is the major pipeline delivering Appalachian gas into New England. Even as capacity has remained relatively flat, deliveries have been growing since 2010 because the pipeline has been operating at capacity for a longer portion of the winter season and higher levels of summer use. Over the past several years, natural gas flows through the Stony Point compressor station a key entry point for natural gas destined for New England have reached their operating capacity throughout the year, even in non-winter months. New England natural gas pipeline constraints have contributed to relatively volatile natural gas spot prices. Average monthly natural gas prices at the Algonquin Citygate, a trading hub indicative of Boston wholesale natural gas prices, reached \$15 per million British thermal units (MMBtu) during the winters of 2013 and 2015 and \$25/MMBtu during the winter of 2014. For the nation as a whole, 10 U.S. natural gas pipeline projects have been completed or are expected to be completed before the end of 2016. In all, nearly 5.9 Bcf/d of additional pipeline capacity will be placed in service throughout 2016.



Excerpted from 

“The roots of education are bitter, but the fruit is sweet.” -Aristotle¹