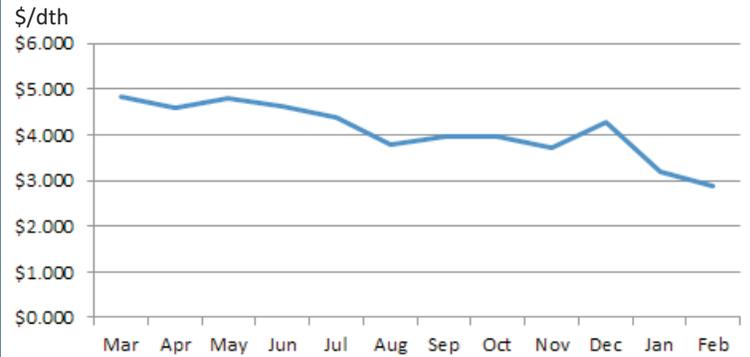


News Tracker:

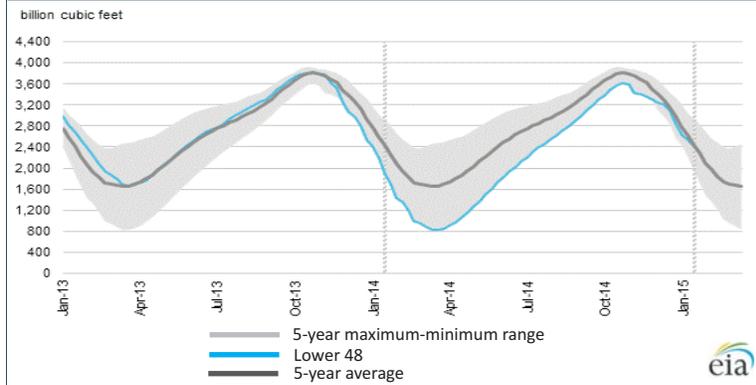
- Natural gas spot prices responded to regional weather through the report week (January 28th to February 4th). While the Midwest and Northeast faced severe winter conditions, weather moderated in other regions. The Henry Hub spot price fell 16¢ from \$2.89/MMBtu on January 28 to \$2.73/MMBtu yesterday, February 4.
- The NYMEX March 2015 natural gas futures contract opened the report week at \$2.842/MMBtu and then moved down, with some minor fluctuation, to settle at \$2.662/MMBtu to end the report week.
- Working natural gas in storage decreased to 2,428 Bcf as of Friday, January 30, according to the U.S. Energy Information Administration Weekly Natural Gas Storage Report. A net withdrawal from storage of 115 Bcf for the week resulted in storage levels 23.9% above year-ago levels and 1.2% below the five-year average for this week.
- The total U.S. rotary rig count decreased by 90 active units to 1,543 rigs for the week ending January 30, and is 14% less than a year ago, according to data from Baker Hughes Inc. The natural gas rig count rose by 3 units to 319, while the oil rig count fell by 94 to 1,223. The largest decline in oil rigs occurred in the Permian, where the count fell by 27. One miscellaneous rig was placed into operation.
- The natural gas plant liquids composite price dropped 1¢ for the week ending January 30, decreasing by 0.3% from \$5.20/MMBtu to \$5.19/MMBtu from Friday to Friday. Mont Belvieu NGL spot prices were mixed this week, with natural gasoline and propane rising 2.0% and 0.9% respectively, while ethane fell 1.2%, butane fell 3.5%, and isobutane fell 3.6%.
- Dry natural gas production rose 0.5% from last week, and was 12.5% higher than last year, according to data from Bentek Energy.
- Domestic consumption rose 7.8% from the previous report week. Residential and commercial consumption increased 13.8% week-over-week, while industrial consumption increased 0.7%. Consumption of gas for power generation rose 2.8%, driven by increases in the Northeast, Midwest, and Midcontinent, and is 10.8% more than year-ago levels



Monthly NYMEX Natural Gas Settle Price Mar 2014 - Feb 2015:



Working nat. gas in underground storage as of January 30, 2015:

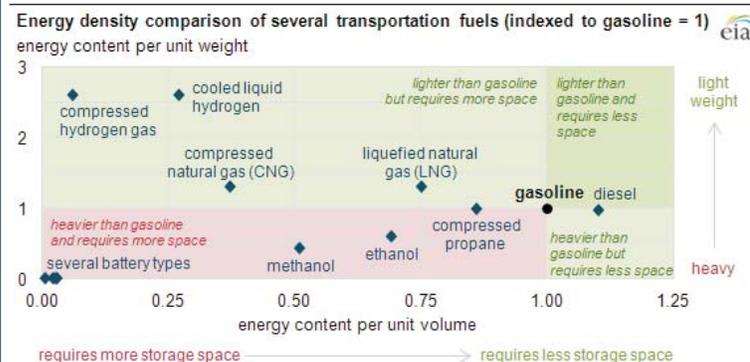


Forward 12-month NYMEX natural gas strip price - Mar15-Feb16:

Process Load-weighted - \$2.900/dth
Heat Load-weighted - \$3.000/dth

Gasoline and diesel have a wide lead in the transportation fuel arena:

Energy density and the cost, weight, and size of onboard energy storage are important characteristics of fuels for transportation. Fuels that require large, heavy, or expensive storage can reduce the space available to convey people and freight, weigh down a vehicle (making it operate less efficiently), or make it too costly to operate, even after taking account of cheaper fuels. Compared to gasoline and diesel, other options may have more energy per unit weight, but none have more energy per unit volume. On an equivalent energy basis, motor gasoline (which contains up to 10% ethanol) was estimated to account for 99% of light-duty vehicle fuel consumption in 2012. Over half of the remaining 1% was from diesel; all other fuels combined for less than half of 1%. The widespread use of these fuels is largely explained by their energy density and ease of onboard storage, as no other fuels provide more energy within a given unit of volume. The attached chart compares energy densities (both per unit volume and per unit weight) for several transportation fuels that are available throughout the United States. The data points represent the energy content per unit volume or weight of the fuels themselves, not including the storage tanks or other equipment that the fuels require. For instance, compressed fuels require heavy storage tanks, while cooled fuels require equipment to maintain low temperatures. Beyond gasoline and diesel, other fuels like compressed propane, ethanol, and methanol offer energy densities per unit volume that are less than gasoline and diesel, and energy densities per unit weight that are less than or equal to that of gasoline. Natural gas, either in liquefied form (LNG) or compressed (CNG), are lighter than gasoline but again have lower densities per unit volume. The same is true for hydrogen fuels, which must be either cooled (down to -253oC) or compressed (to 3,000 to 10,000 psi).



“Nothing strengthens authority so much as silence.” -Leonardo da Vinci