



News Tracker:

-Natural gas prices hit historic lows at many market locations this Report Week (Wednesday, February 24, to Wednesday, March 2). The Henry Hub spot price fell by 20¢, from \$1.79/MMBtu to open the Report Week, to \$1.59 to close the Report Week. This is the lowest nominal Henry Hub price since 1998.

-The price of the April 2016 Nymex natural gas futures contract fell by 16¢ this Report Week, from \$1.834/MMBtu at the start of the Report Week to \$1.678 at the end of the Report Week. The price of the 12-month strip (the average of the 12 futures contracts between April 2016 and March 2017) fell slightly, from \$2.206/MMBtu to \$2.187.

-Net natural gas withdrawals from storage totaled 48 Bcf for the week ending February 26. Working gas stocks are 46% and 36% above the year-ago and the five-year (2011-15) averages, respectively. Temperatures in the Lower 48 states averaged 46°F during the storage report week, 7°F above the normal temperature for the week, and 19°F higher than last year at this time.

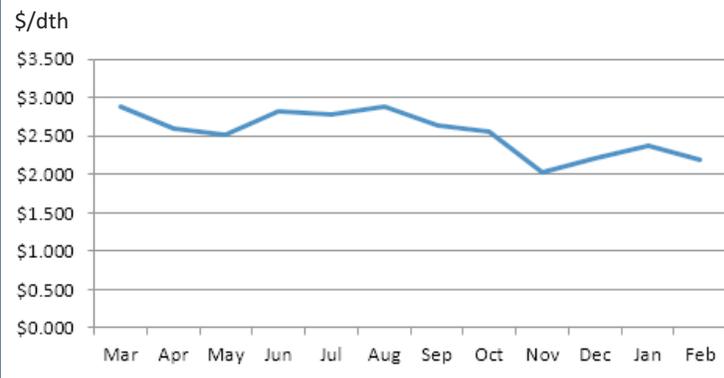
-The total oil and natural gas rig count declined by 12 units, with 502 units in service for the week ending Friday, February 26, according to data from Baker Hughes Incorporated. The oil rig count decreased by 13 units to 400, and the natural gas rig count rose by 1 unit to 102. This is the eighth consecutive double-digit weekly decline in the total rig count, and the second-lowest recorded natural gas rig count in the Baker Hughes dataset, which goes back to 1987.

-The natural gas plant liquids (NGPL) composite price at Mont Belvieu, Texas, increased by 15¢ to \$3.96/MMBtu for the week ending Friday, February 26. The spot prices of all liquids products except ethane increased this week, with natural gasoline rising 8.9%, propane rising 5.8%, butane rising 1.3%, and isobutane rising 1.4%. The spot price of ethane, which is more correlated with natural gas prices than other natural gas liquids, fell by 2.1%, possibly because of recent declines in the natural gas price.

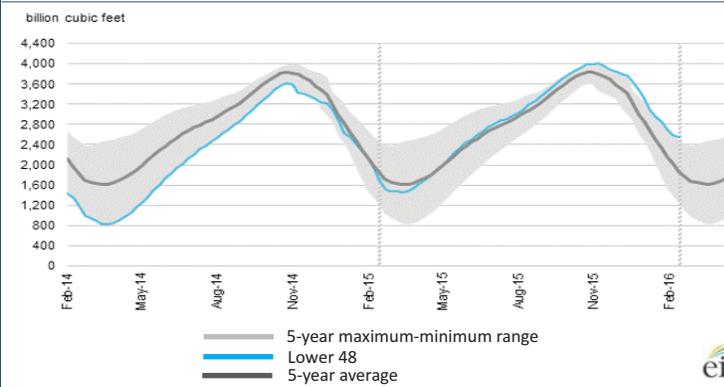
- Despite the weather being generally mild for the Report Week, natural gas consumption increased by 2.0% compared with the previous Report Week. The modest increase was driven by the power sector, which consumed 4.7% more natural gas for generation, and the residential sector, which consumed 2.9% more gas for home heating. Exports to Mexico fell by 5% this Report Week.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Apr 2015 - Mar 2016:



Working nat. gas in underground storage as of February 26, 2016



Forward 12-month NYMEX natural gas strip price - Apr16-Mar17:

Process Load-weighted \$2.187/dth (w/w = +\$0.043)
 Typical Heat Load-weighted \$2.188/dth (w/w = +\$0.123)

Growth in domestic natural gas production leads to development of LNG export terminals:

U.S. Lower 48 liquefied natural gas export facilities



Source: U.S. Energy Information Administration, based on Federal Energy Regulatory Commission



The first export shipment of liquefied natural gas (LNG) produced in the Lower 48 states on February 24 is a milestone reflecting a decade of natural gas production growth that has put the U.S. in a new position in worldwide energy trade. U.S. natural gas production has grown each year since 2006. The resulting decline in domestic natural gas prices has led to rising natural gas exports, both via pipeline to Mexico and, since last week, to overseas markets via LNG tankers. The U.S. is currently a net importer of natural gas, and gross imports represented nearly 10% of total supply in 2015, based on data through November. The United States imported 7.5 billion cubic feet per day (Bcf/d) of natural gas, mostly from Canada by pipeline, and exported 4.8 Bcf/d, mostly to Mexico by pipeline. For years, Alaska has exported LNG, mostly to Pacific Rim countries, but these volumes have been small. In addition to the Sabine Pass terminal that was the source of last week's LNG shipment, four other LNG export terminals are currently under construction. When natural gas is cooled to -260 degrees Fahrenheit, it becomes a liquid that is 1/600th of its gaseous volume, making it easier to

transport via vessel. Many of the LNG export terminals now under construction or proposed are at sites that have functioned, and may continue to function, as LNG import terminals. Several LNG import terminals were built in the 1970s, and a new wave of terminals was constructed in the mid- to late-2000s. As domestic production increased, LNG imports declined, as many new terminals were barely used and the utilization rates of older terminals declined. Four LNG export terminals are currently under construction: >Cove Point, Maryland, scheduled to be online near the end of 2017 >Corpus Christi, Texas, scheduled to begin service in 2018 >Hackberry, Louisiana, scheduled to be online in 2018 >Freeport, Texas, scheduled to begin service in 2019.

"I figured I was pretty lucky to make general. I only had a high school education. I came in as a GI - an enlisted man - and worked my way up." -Gen. Chuck Yeager¹

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¹ "Chuck Yeager Interview - Academy of Achievement," 2013