



News Tracker:

-Natural gas prices increased modestly at most trading locations over the report week (Wednesday, April 1, to Wednesday, April 8). Though cooler temperatures continued in parts of the North and Northeast, overall weather remained mild enough to keep the heating demand low. The Henry Hub spot price rose during the report week from its starting point at \$2.60 per MMBtu on April 1st to \$2.67/MMBtu on April 8th.

-The NYMEX May natural gas futures contract opened the report week at \$2.605/MMBtu and ended the report week at \$2.619/MMBtu. The 12-month strip (the average of the 12 contracts between May 2015 and April 2016) rose from \$2.883/MMBtu on April 1st to \$2.895/MMBtu on April 8th.

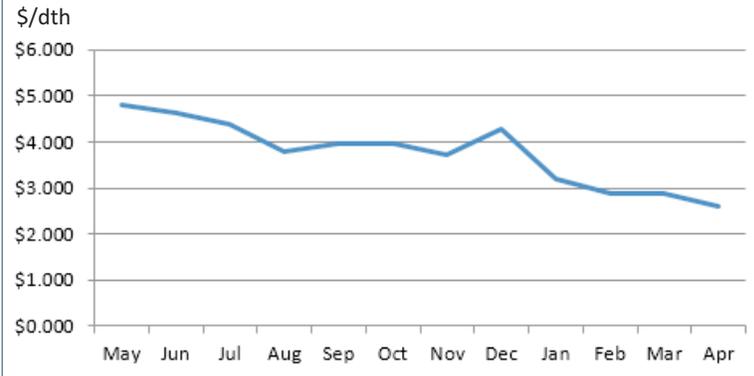
-Working natural gas in storage increased to 1,476 Bcf as of Friday, April 3, according to the U.S. Energy Information Administration Weekly Natural Gas Storage Report. A net injection into storage of 15 Bcf for the week resulted in storage levels 78.9% above year-ago levels and 10.5% below the five-year average for this week. Temperatures in the Lower 48 states averaged 49.3° for the storage report week, 0.7° warmer than the 30-year normal temp. and 1.6° warmer than the average temp. during the same week last year.

-The total U.S. rig count continued to decline this week, dropping 20 units to 1,028 active rigs, 43.5% (790 units) below the year-ago count, according to Baker Hughes Inc. The natural gas rig count fell by 11 units to 222, while the oil rig count fell by 11 units to 802. Four miscellaneous units were in service, an increase of two units.

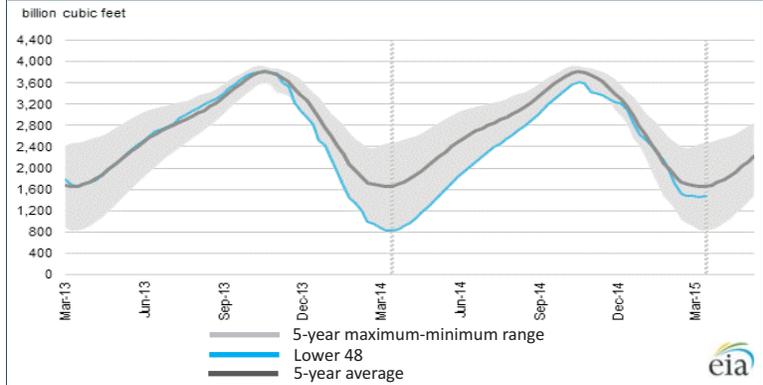
- For the second time this year weekly average consumption fell below 70 Bcf/d, averaging 69.7 Bcf/d for the report week, more than 3 Bcf/d (10.5%) less than last week and down over the same week last year by 1.3%. Consumption declined in all sectors. Residential and commercial consumption led the sectors with a drop of 23.3% over last week, and an 11.9% decline compared with a year ago. Consumption of gas for electric power generation (power burn) fell 1.8%, led by declines in the Midwest, Northeast, and Southeast. Notable, however, was an increase in power burn of 121% week-over-week in the Pacific Northwest, one of the smaller power burn sectors, with consumption doubling in the second half of the report week during a cold spell. Industrial consumption also declined this week by 2.5%.



Monthly NYMEX Natural Gas Settle Price May 2014 - Apr 2015:



Working nat. gas in underground storage as of April 3, 2015:

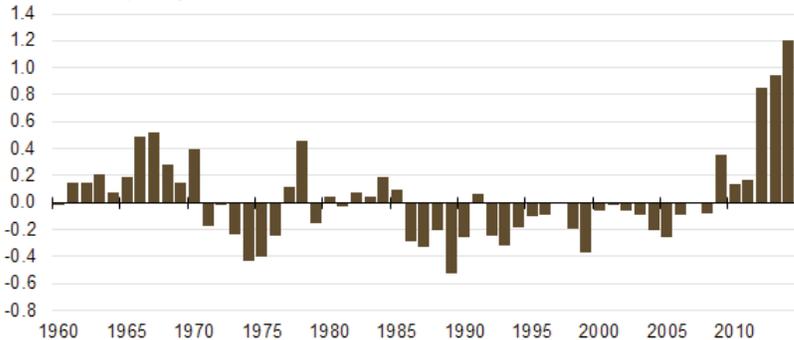


Forward 12-month NYMEX natural gas strip price - May15-Apr16:

Process Load-weighted - \$2.822/dth
Heat Load-weighted - \$2.928/dth

US oil production growth in 2014 was largest in more than 100 years:

Annual change in U.S. field production of crude oil (1960-2014)
million barrels per day



Source: U.S. Energy Information Administration, Petroleum Supply Monthly



U.S. crude oil production (including lease condensate) increased during 2014 by 1.2 million bbl/d to 8.7 million bbl/d, the largest volume increase since recordkeeping began in 1900. On a percentage basis, output in 2014 increased by 16.2%, the highest growth rate since 1940. Most of the increase during 2014 came from tight oil plays in North Dakota, Texas, and New Mexico where hydraulic fracturing and horizontal drilling were used to produce oil from shale formations. In percentage terms, the 2014 increase is the largest in more than six decades. Annual increases in crude oil production regularly surpassed 15% in the first half of the 20th century, but those changes were relatively less in absolute terms because production levels were much lower than they are now. Crude oil production in the United States has increased in each of the previous six years. This trend follows a period from 1985 to 2008 in which crude oil production fell in every year (except one). Although oil production is expected to rise in 2015 and again in 2016, the growth is not expected to be as strong as in 2014.

“I cannot make my days longer so I strive to make them better.” -Paul Theroux