

### News Tracker:

-Natural gas spot prices rose at most locations for the period of Wednesday, March 28 to Wednesday, April 4 (the Report Week). The Henry Hub spot price rose from \$2.64 per million British thermal units (MMBtu) to \$2.77/MMBtu from start to finish of the Report Week.

-At the New York Mercantile Exchange (Nymex), the May 2018 natural gas futures contract price rose 2¢ from \$2.698/MMBtu to \$2.718/MMBtu from start to end of the Report Week.

-Net natural gas withdrawals from storage totaled 29 Bcf for the week ending March 30, compared with the five-year (2013-17) average net withdrawals of 28 Bcf and last year's net withdrawals of 4 Bcf during the same week. The implied net flow for the week, which excludes the effects of a 9 Bcf non-flow-related adjustment in the South Central nonsalt region, totaled 20 Bcf. Working gas stocks totaled 1,354 Bcf, which is 347 Bcf (20%) lower than the five-year average and 697 Bcf (34%) lower than last year at this time. Temperatures in the Lower 48 states averaged 46 degrees Fahrenheit (°F), 2°F lower than the normal and 6°F lower than last year at this time.

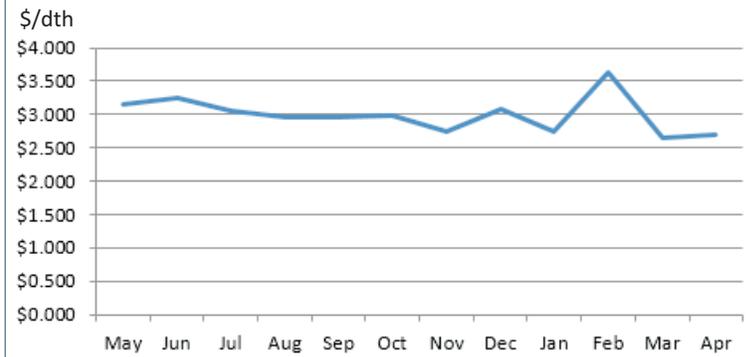
-Total U.S. consumption of natural gas fell by 6% compared with the previous report week, according to data from PointLogic Energy. Natural gas consumed for power generation declined by 2% week over week. Industrial sector consumption decreased by 1% week over week. In the residential and commercial sectors, consumption declined by 13%, as weather was warmer than normal in California and across the south and close to normal on the eastern seaboard. Natural gas exports to Mexico decreased 9% because of maintenance on the Los Ramones pipeline in Mexico.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 21¢, averaging \$7.25/MMBtu for the week ending April 4. The price of natural gasoline, propane, butane, and isobutane fell by 5%, 3%, 6%, and 5%, respectively while the price of ethane rose by 4%.

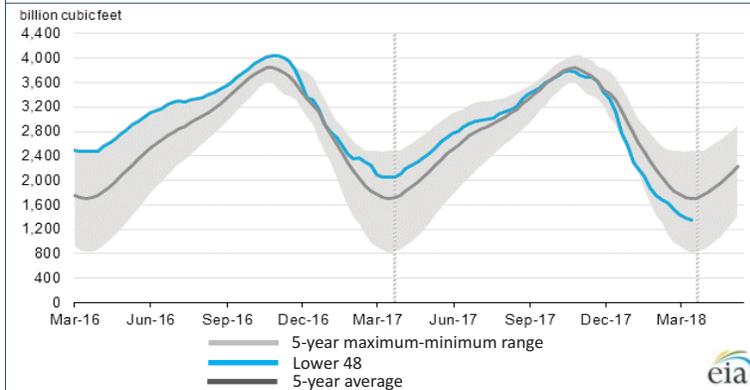
According to Baker Hughes, for the week ending Tuesday, March 27, the natural gas rig count increased by 4 to 194. The number of oil-directed rigs fell by 7 to 797. The total rig count fell by 2, and it now stands at 993.

Excerpted from 

### Monthly NYMEX Natural Gas Settle Price: May 2017 - Apr 2018:



### Working nat. gas in underground storage as of March 30, 2018



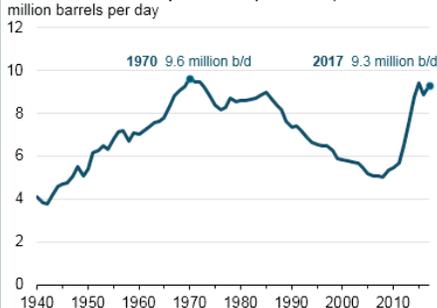
### Forward 12-month NYMEX natural gas strip price - May18-Apr19:

Process Load-weighted \$2.876/dth - w/o/w = ▼\$0.003  
 Typical Heat Load-weighted \$2.994/dth - w/o/w = ▼\$0.001

### U.S. production of crude oil grew 5% in 2017, likely leading to record 2018 production:

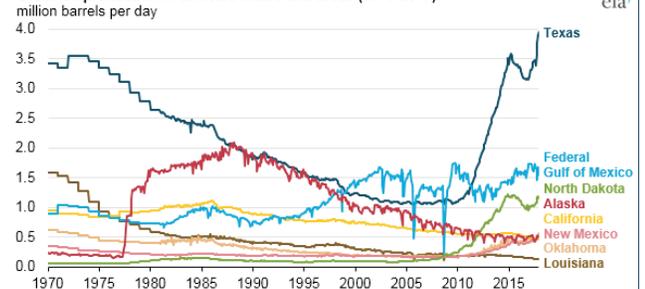
Annual average U.S. crude oil production reached 9.3 million barrels per day (b/d) in 2017, an increase of 464,000 b/d from 2016 levels after declining by 551,000 b/d in 2016. In November 2017, monthly U.S. crude oil production reached 10.07 million b/d, the highest monthly level of crude oil production in U.S. history. U.S. crude oil production has increased significantly over the past 10 years, driven mainly by production from tight rock formations using horizontal drilling and hydraulic fracturing. The U.S. Energy Information Administration (EIA) projects that U.S. crude oil production will continue to grow in 2018 and 2019, averaging 10.7 million b/d and 11.3 million b/d, respectively.

Annual U.S. crude oil production (1940-2017)



Although much has changed since 1970, Texas continues to produce more crude oil than any other state or region of the U.S.. Texas has held the top position in nearly every year since 1970, with the exceptions of 1988, when Alaska produced more crude oil than Texas, and from 1999 through 2011, when production from the Federal Gulf of Mexico was higher. Texas crude oil production averaged 3.5 million b/d in 2017 and reached a record high monthly level of 3.95 million b/d in December 2017. Texas's 2017 annual production increase of nearly 300,000 b/d driven by significant growth within the Permian region was more than all other states and the Federal Gulf of Mexico combined.

Crude oil production in selected states and areas (1970-2017)



Excerpted from 

“Set your course by the stars, not by every passing ship.” -Omar N. Bradley<sup>1</sup>