LEGACY ENERGY®

Your Energy. Our Mission.™

Energy Market Report

Report Date: July 29, 2016

Report Week: July 20, 2016 to July 27, 2016

Questions?
Ph: 888-351-0981
info@legacyenergy.com
www.legacyenergy.com

News Tracker:

-Spot natural gas prices at most market locations rose this Report Week (Wednesday, July 20, to Wednesday, July 27). The Henry Hub spot price rose 8¢ from $2.72 per million British thermal units (MMBtu) to begin the Report Week to $2.80/MMBtu to end the Report Week.

-At the New York Mercantile Exchange (Nymex), the August 2016 natural gas futures contract expired on Wednesday, July 27 at $2.672/MMBtu, up 1¢ from the previous Wednesday. The now-prompt-month September 2016 contract rose to $2.660/MMBtu, up 4¢ from the previous week.

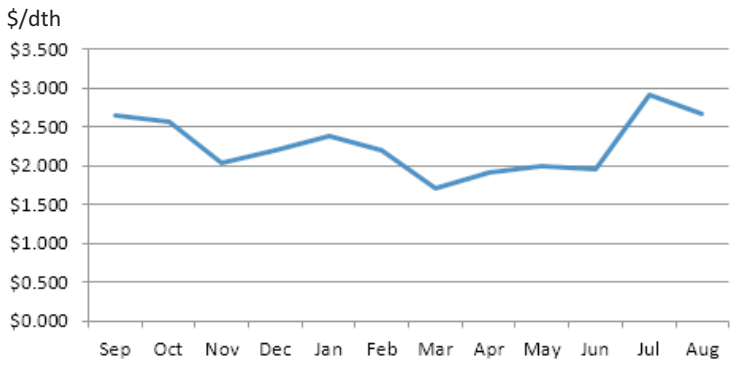
-Natural gas net injections to working gas totaled 17 Bcf for the storage calendar week ending July 22. Working gas stocks are 3,294 Bcf, which is 15% greater than the year-ago level and 19% greater than the five-year (2011-15) average for this week. This compares with the five-year (2011-15) average net injection of 52 Bcf and last year's net injections of 52 Bcf during the same week. This is the smallest summertime (JuneAugust) weekly net injection since August 2012. Working gas stocks total 3,294 Bcf, 524 Bcf above the five-year average and 436 Bcf above last year at this time. Temperatures in the Lower 48 states averaged 77°F, 2°F above the normal and 1°F above last year at this time. Cumulative cooling degree-days in the Lower 48 states totaled 656 since April 1, compared to the normal of 556. Every US Census region featured above-normal temps for the report week.

-According to Baker Hughes, for the week ending Friday, July 22, the natural gas rig count fell by 1 to 88. Oil-directed rigs increased by 14 to 371. The number of miscellaneous rigs increased by 2 during the week. The total rig count increased by 15, and now stands at 462.

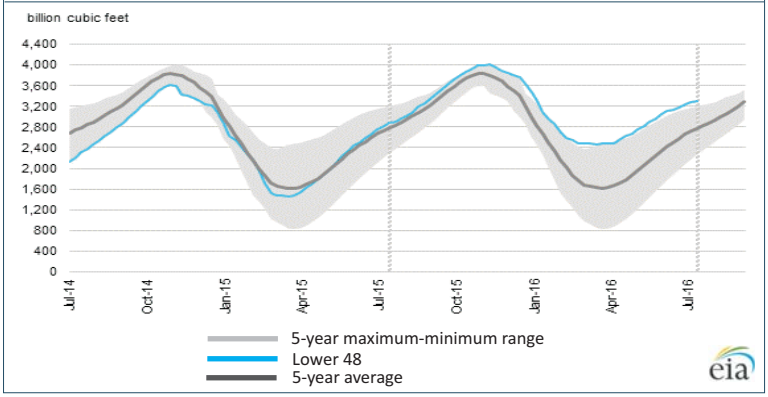
- During the Report Week, total US consumption of natural gas rose by 5% according to data from PointLogic. Natural gas consumed by electric generators increased 9% week over week and hit a record high at 40.7 Bcf on Monday. Electric power consumption was particularly high in the southeastern states this week. Industrial sector consumption remained the same as last week, averaging 19.5 Bcf/d. In the residential and commercial sectors, consumption fell by 7%. Natural gas exports to Mexico rose by 2%.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Sep 2015 - Aug 2016:



Working nat. gas in underground storage as of July 22, 2016



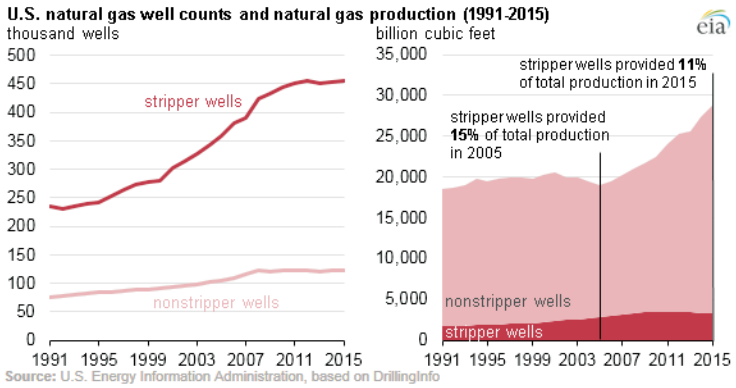
Forward 12-month NYMEX natural gas strip price - Sep16-Aug17:

Process Load-weighted $2.992/dth (w/w = +$0.036)

Typical Heat Load-weighted $3.106/dth (w/w = +$0.035)

Stripper wells accounted for 11% of US natural gas production in 2015:

Stripper wells, also known as marginal wells, individually produce small volumes of natural gas or oil but in aggregate have provided 11% to 15% of total US oil and natural gas production over the past decade. Natural gas stripper wells (so called because they are stripping the remaining natural gas out of the ground) are characterized as producing no more than 90,000 cubic feet per day over a 12-month period. EIA estimates that there were about 456,000 stripper gas wells in the United States operating at the end of 2015, compared with about 122,000 nonstripper gas wells. These well counts include natural gas wells that may also produce some oil. Wells producing more than 6,000 cubic feet of natural gas per barrel of oil are considered gas wells, while wells producing 6,000 or less cubic feet of natural gas per barrel of oil are considered oil wells. Stripper wells contribute a small but significant portion of production of both natural gas and oil. Stripper wells may have originally been high-volume wells, but through normal production declines now produce only small volumes. Because these wells usually have low ongoing maintenance costs, they are kept active and may continue to produce for many years, as long as they are economically feasible. Despite each stripper well's small individual production, in aggregate they make a contribution to total natural gas production. The production share of stripper gas wells has remained relatively constant over the past 25 years, rising from about 10% in 1991 to 15% in 200609 and dropping again to about 11% in 2015.



Excerpted from eia

"If you're looking for shortcuts then life is not going to treat you very well." -Hank Aaron[1]

[1] Hank Aaron Interview - Academy of Achievement (September 10, 2013), retrieved July 28, 2016 from http://www.achievement.org/autodoc/page/aar0int-1