LEGACY ENERGY

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Energy Market Report

Report Date: July 3, 2015

Report Week: June 24 to July 1, 2015

Questions?
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News Tracker:

-Natural gas price movement varied across market locations through the report week (Wednesday, June 24 through Wednesday, July 1). The Henry Hub spot price began the report week at $2.77/MMBtu and ended the report week up slightly at $2.81/MMBtu.

-The NYMEX July natural gas contract began the report week at $2.759/MMBtu and settled its position as the near-month contract on Friday, June 26 at $2.773/MMBtu, when the August contract moved to the near-month position. The August contract gained 1¢ over the report week, moving from $2.782/MMBtu to $2.783/MMBtu.

-Working natural gas in storage increased to 2,577 Bcf as of Friday, June 26. A net injection into storage of 69 Bcf for the week resulted in storage levels 35% above a year ago and 1% above the five-year average for this week. Temperatures in the Lower 48 states averaged 75° Fahrenheit for the storage report week, 3° warmer than the 30-year normal temperature and 2° warmer than the average temperature during the same week last year

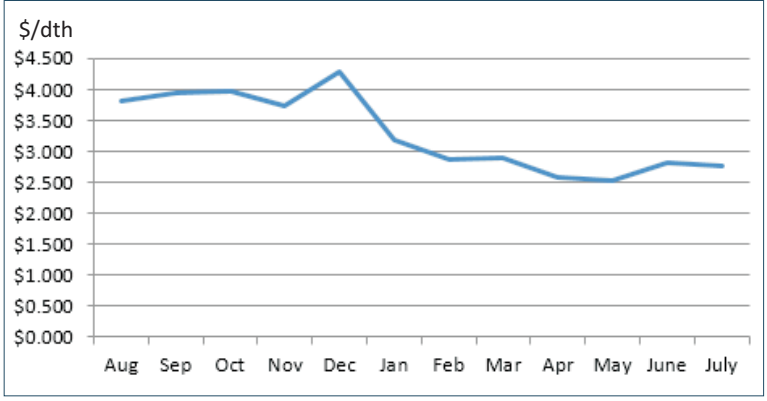
-The total oil and natural gas rig count increased by 2 units to 859 for the week ending Friday, June 26, according to data from Baker Hughes Incorporated. Oil rigs decreased by 3, down to 628. Natural gas rigs, however, went up by 5 units to 228. Miscellaneous rigs remained at 3. This was the first time the total rig count has increased since October 2014.

- U.S. natural gas consumption was down by 3.2% this week, led by reductions in gas demand for the power sector, which was down 5.5% overall. Cooler temperatures in the Southeast, Northeast, and Midwest (three of the higher consuming regions) drove the overall decrease in natural gas for power generation (power burn). Power burn in those regions fell by 17.4%, 11.6%, and 18.2%, respectively.

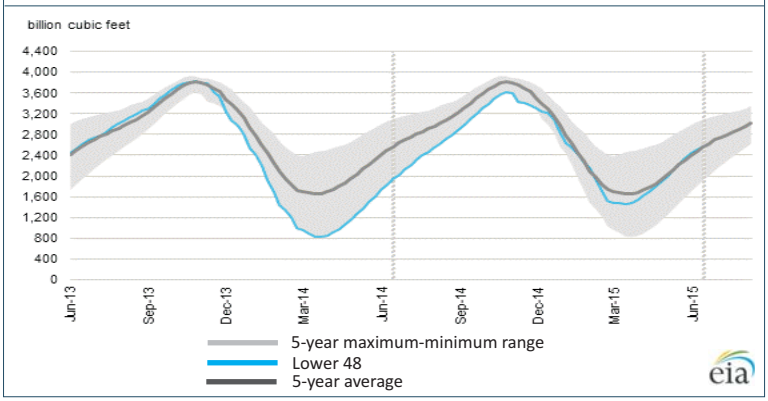
-The natural gas plant liquids composite price at Mont Belvieu, Texas, declined by 1¢ to $4.53/MMBtu for the week ending June 26, a change of 0.3%. Prices of ethane, butane, and isobutane increased by 2.1% (5¢), 2.6% (13¢), and 2.7% (14¢) respectively, while prices of natural gasoline and propane decreased by 0.6% (6¢) and 3.8% (15¢) from the previous week

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price Aug 2014 - Jul 2015:



Working nat. gas in underground storage as of June 26, 2015:



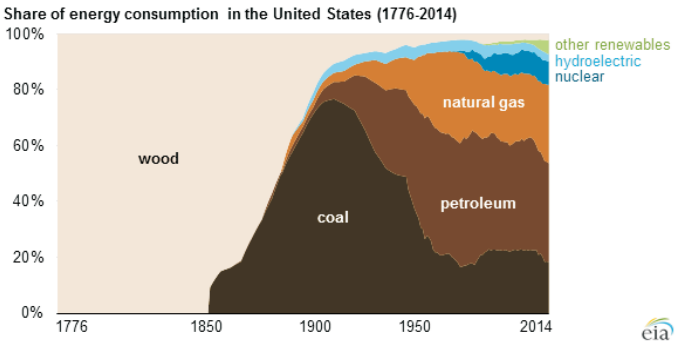
Forward 12-month NYMEX natural gas strip price - Jul15-Jun16:

Process Load-weighted $3.062/dth (w/w +$0.044)

Heat Load-weighted $3.132/dth (w/w +$0.020)

Fossil fuels have made up at least 80% of US fuel mix since 1900:

While the energy history of the United States is one of significant change, three fossil fuel sources - petroleum, natural gas, and coal - have made up at least 80% of total U.S. energy consumption for more than 100 years. Recent increases in the domestic production of petroleum liquids and natural gas prompted shifts between the uses of fossil fuels (largely from coal-fired to natural gas-fired power generation), but the predominance of these three energy sources is likely to continue into the future. For the first several decades of American history, families used wood (a renewable energy source) as a primary source of energy. Coal became dominant in the late 19th century before being overtaken by petroleum products in the middle of the 20th century, a time when natural gas usage also rose quickly. Since the mid-20th century, use of coal increased again (mainly as a primary energy source for electric power generation), and a new form of energy - nuclear electric power - emerged. After a pause in the 1970s, the use of petroleum and natural gas resumed growth. Petroleum consumption decreased in recent years, but natural gas has continued to provide a greater share of U.S. energy consumption. In the late 1980s, renewable energy consumption (other than wood and hydroelectric) began to appear, increasing significantly in the mid-2000s. In 2014, the renewable share of energy consumption in the United States was the highest (nearly 10%) since the 1930s, when wood represented a larger share of consumption. Renewable energy is a small but growing piece of the U.S. energy mix. The greatest growth in renewables today is in solar and wind power, which along with geothermal and biomass, are included in other renewables.



"The language of experiment is more authoritative than any reasoning: facts can destroy our ratiocination - not vice versa." -Alessandro Volta

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