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Energy Market Report

Report Date: July 8, 2016

Report Week: June 29, 2016 to July 6, 2016

Questions?
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News Tracker:

-Natural gas spot prices fell at most locations this Report Week (Wednesday, June 29, to Wednesday, July 6). The Henry Hub spot price ended five weeks of increases, falling by 18¢ from $2.93/MMBtu at the start of the Report Week, to $2.75/MMBtu to close the Report Week.

-At the New York Mercantile Exchange (Nymex), the August 2016 natural gas futures contract also declined, falling from $2.863/MMBtu at the beginning of the Report Week to $2.786/MMBtu at the close of the Report Week.

-Net injections into storage totaled 39 Bcf during the storage report week ending July 1, compared with the five-year (2011-15) average of 77 Bcf and last year's net injection of 83 Bcf during the same week. As a result, the divergence in storage compared with the five-year average declined from the previous week to 599 Bcf, and the gap compared with year-ago levels decreased to 538 Bcf. Working gas stocks are 3,179 Bcf, which is 20% above the year-ago level and 23% above the five-year (2011-15) average for this week.

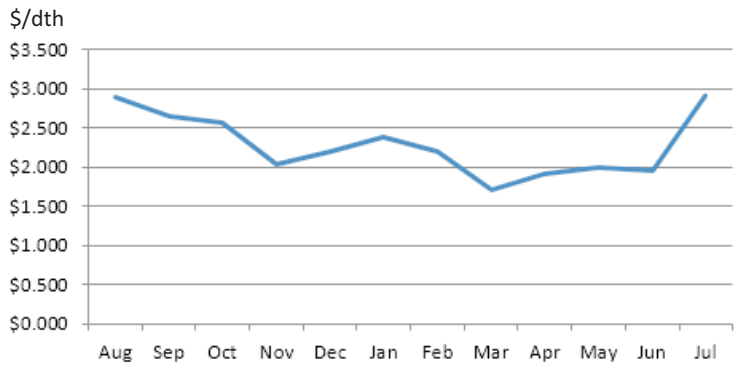
-According to Baker Hughes, for the week ending Friday, July 1, the natural gas rig count declined by 1 to 89. Oil-directed rigs increased by 11 to 341, the largest weekly increase in the rig count since December 2015. The total rig count increased by 10 over the week.

-During the Report Week, total U.S. consumption of natural gas fell by 4%, according to data from PointLogic. Power burn fell by 5% week over week. Industrialsector consumption fell by 1% week over week. In the residential and commercial sectors, consumption fell by 8%. Natural gas exports to Mexico were the same as last week, averaging 3.7 Bcf/d.

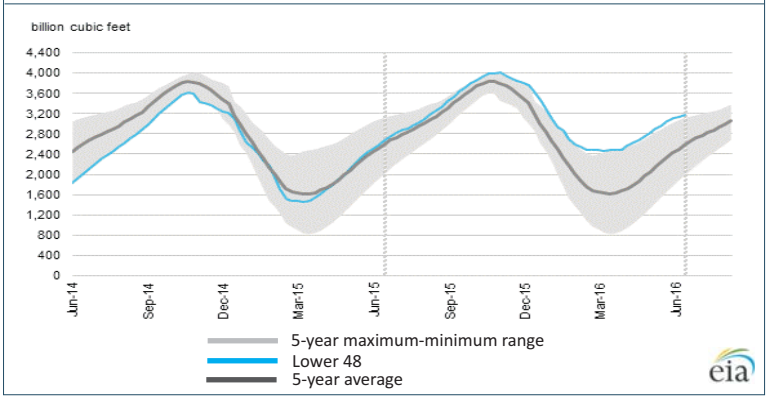
-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 3¢, closing at $5.41/MMBtu for the week ending July 1. The price of natural gasoline fell 2%, but the prices of all of the other natural gas liquids products rose. Propane and isobutane each rose by 1%; and butane and ethane rose by 2%.

Excerpted from eia

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



Working nat. gas in underground storage as of July 1, 2016



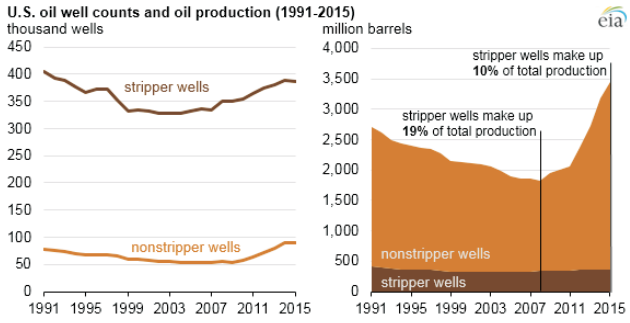
Forward 12-month NYMEX natural gas strip price - Aug16-Jul17:

Process Load-weighted $3.075/dth (w/w = -$0.020)

Typical Heat Load-weighted $3.181/dth (w/w = -$0.022)

Stripper wells accounted for 10% of US oil production in 2015:

Stripper wells, or wells that produce small volumes, represent an important but decreasing share of total U.S. oil and natural gas production. These wells are characterized as producing no more than 15 barrels of oil equivalent per day (boe/d) over a 12-month period. EIA estimates that there were about 380,000 stripper oil wells (so called because they are stripping the remaining oil out of the ground) in the United States operating at the end of 2015, compared to about 90,000 nonstripper oil wells. Wells become stripper wells through the normal decline of producing wells, some of which may have at one time been very prolific. These wells usually have low ongoing maintenance costs and relatively low transportation costs to move their products to distribution systems. As long as these wells are economically feasible, they are kept active and may continue to produce for many years. The well counts in this analysis include oil wells that may also produce some natural gas. Wells producing less than 6,000 cubic feet of natural gas per barrel of oil are considered oil wells, while wells producing 6,000 cubic feet or more of natural gas per barrel of oil are considered gas wells. Stripper gas wells produce no more than 90,000 cubic feet per day of natural gas over 12 months. Despite each stripper well's small individual production, their large number ensures a significant contribution to total oil production. The production share of oil stripper wells has fallen from a high of 19% in 2008 to an estimated 10% in 2015. This decrease in share reflects the large increase of production volume from very prolific wells drilled in shale and tight oil formations with enhanced completion techniques. These wells, as well as non-shale onshore and offshore wells in Alaska, the Gulf of Mexico, and other areas, produce at a much higher rate than stripper wells, and thus account for a much larger percentage Of total U.S. oil production.



Excerpted from eia

"My parents telling me to stop doing it is probably what caused the company to get created." -Michael S. Dell[1]

[1] Michael S. Dell Interview - Academy of Achievement (August 1, 2008), retrieved July 8, 2016, from http://www.achievement.org/autodoc/page/del0int-1