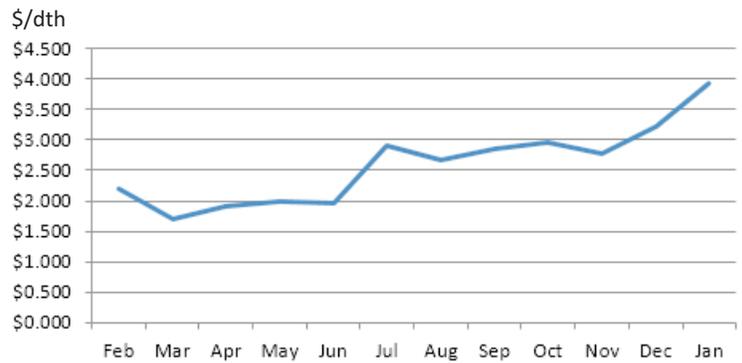


### News Tracker:

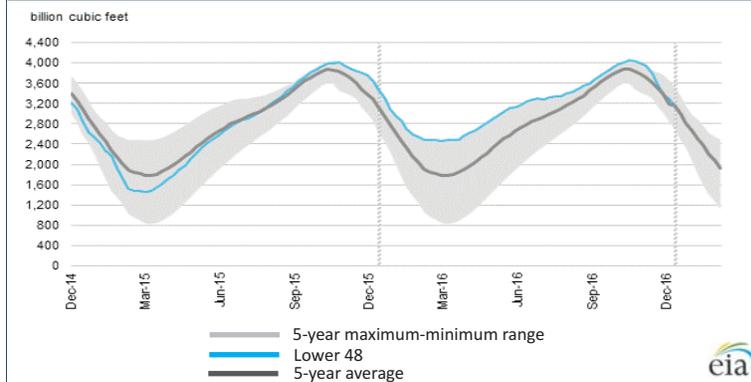
- Natural gas spot prices fell at most locations from Wednesday, January 4 to Wednesday, January 11 ( the Report Week). The Henry Hub spot price fell from \$3.37 per million British thermal units (MMBtu) at the open of the Report Week to \$3.28/MMBtu to close the Report Week.
- At the New York Mercantile Exchange (Nymex), the February 2017 natural gas futures contract fell 4¢ from \$3.267/MMBtu to begin the Report Week to \$3.224/MMBtu to end the Report Week.
- Net withdrawals from working gas storage totaled 151 billion cubic feet (Bcf) for the week ending January 6, compared with the five-year (2012-16) average net withdrawal of 167 Bcf and last year's net withdrawal of 152 Bcf during the same week. Working natural gas stocks are 3,160 Bcf, which is 10% less than the year-ago level and the nearly the same as the five-year (2012-16) average for this week.
- Natural gas pipeline flows to the Sabine Pass liquefaction terminal averaged 1.6 Bcf/d for the report week, 1% higher than flows last week. Three vessels (combined LNG-carrying capacity of 10.5 Bcf) departed Sabine Pass last week, and one vessel (3.8 Bcf) is currently loading at the terminal. In December, 12 cargoes were exported from the terminal, exceeding the previous monthly record set in November, with 10 exported cargoes. The majority (8 cargoes) were shipped to Asia, as cold winter temperatures and increasing spot LNG prices in the region supported demand for additional LNG imports.
- Week over week, power burn climbed by 35%, industrial sector consumption increased by 7%, and residential and commercial sector consumption increased by 35%. Natural gas exports to Mexico increased 6%.
- The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 27¢, closing at \$6.87/MMBtu for the week ending January 6. The price of ethane, butane, and isobutane fell by 12%, 16%, and 4%, respectively. The price of natural gasoline and propane both rose by 3%.
- According to Baker Hughes, for the week ending Friday, January 6, the natural gas rig count increased by 3 to 135. The number of oil-directed rigs rose by 4 to 529. The total rig count climbed by 7 and now stands at 665.

Excerpted from 

### Monthly NYMEX Natural Gas Settle Price: Feb2016 - Jan 2017:



### Working nat. gas in underground storage as of January 6, 2017

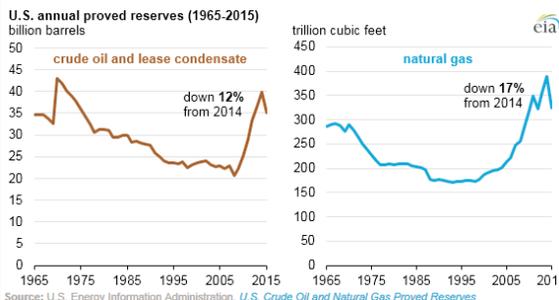


### Forward 12-month NYMEX natural gas strip price - Feb17-Jan18:

Process Load-weighted \$3.306/dth - w/w = +\$0.018  
 Typical Heat Load-weighted \$3.312/dth - w/w = -\$0.007

### US oil and natural gas proved reserves declined in 2015 because of lower prices:

U.S. crude oil proved reserves declined 4.7 billion barrels (11.8%) from their year-end 2014 levels to 35.2 billion barrels at year-end 2015, according to the U.S. Energy Information Administration's (EIA) recently released U.S. Crude Oil and Natural Gas Proved Reserves report. U.S. natural gas proved reserves decreased 64.5 trillion cubic feet (Tcf), a 16.6% decline, reducing the U.S. total to 324.3 Tcf at year-end 2015. The significant reduction in the average price of both oil and natural gas between 2014 and 2015 resulted in more challenging economic and operating conditions, important factors in determining proved reserves. West Texas Intermediate crude oil spot prices declined nearly 50% from \$94.55 per barrel in 2014 to \$50.00 per barrel in 2015. The natural gas spot price at the Louisiana Henry Hub declined more than 40% from \$4.55 per million Btu in 2014 to \$2.62 per million Btu in 2015. These price reductions led to reduced drilling activity and lower reported proved reserves across a broad range of U.S. producers in 2015. Proved reserves are volumes of oil and natural gas that geologic and engineering data demonstrate with reasonable certainty to be recoverable under existing economic and operating conditions. Because they depend on economic factors, proved reserves shrink or grow as commodity prices and extraction costs change. EIA bases its estimates of proved reserves on an annual survey of domestic oil and natural gas well operators. Crude oil and lease condensate reserves decreased in most states in 2015, with the largest net decrease in Texas. Texas also had the largest net decrease in natural gas proved reserves. New Mexico was one of four states that experienced a net increase in proved reserves of crude oil and lease condensate in 2015, mostly from development of the Wolfcamp shale and Bone Spring plays in the Delaware Basin. Ohio added more than 5 Tcf of natural gas proved reserves, mostly from the Utica-Point Pleasant Shale play, and Ohio surpassed Arkansas and the Gulf of Mexico to become the ninth-largest natural gas reserves state.



Source: U.S. Energy Information Administration, U.S. Crude Oil and Natural Gas Proved Reserves

Excerpted from 

“People who pride themselves on their ‘complexity’ and deride others for being ‘simplistic’ should realize the truth is often not very complicated. What gets complex is evading the truth.” -Thomas Sowell<sup>1</sup>

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<sup>1</sup>[https://www.goodreads.com/author/quotes/2056.Thomas\\_Sowell](https://www.goodreads.com/author/quotes/2056.Thomas_Sowell)