

News Tracker:


-Natural gas spot prices were mixed from Wednesday, January 18 to Wednesday, January 25 (the Report Week). The Henry Hub spot price remained flat at \$3.25 per million British thermal units (MMBtu).

-At the New York Mercantile Exchange (Nymex), the February 2017 natural gas futures contract rose 3¢ from \$3.302/MMBtu at the Report Week open to \$3.332/MMBtu at the close of the Report Week.

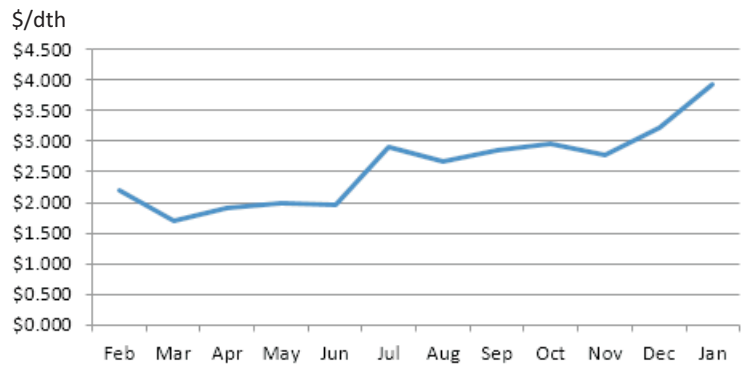
-Net withdrawals from working gas in storage totaled 119 billion cubic feet (Bcf) for the week ending January 20. Working natural gas stocks are 2,798 Bcf, which is 11% less than the year-ago level and 1% less than the five-year (2012-16) average for this week. The net withdrawal or 119 Bcf compared with the five-year (2012-16) average net withdrawal of 176 Bcf and last year's net withdrawals of 202 Bcf during the same week. Warmer-than-normal temperatures throughout most of the Lower 48 states mitigated heating demand for gas and contributed to the below-average withdrawals from storage. Despite the significantly smaller-than-normal withdrawals this storage week, withdrawals from storage are ahead of the average pace so far for the 2016-17 heating season compared with previous years. Working gas levels declined 1,236 Bcf from November 8, 2016 (a seasonal peak), to January 20, 2017. This total net withdrawal is the second largest over the comparable period since 2010 the beginning of EIA's five-region weekly working gas history. The five-year average pull over this period is 1,058 Bcf.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 13¢, closing at \$6.63/MMBtu for the week ending January 20. The price of natural gasoline and ethane fell by 4% and 12%, respectively. The price of propane and isobutane both rose by 2%. The price of butane remained flat week over week.

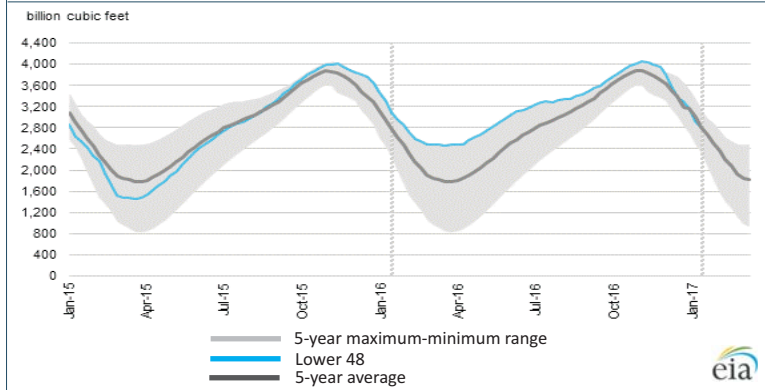
-According to Baker Hughes, for the week ending Friday, January 20, the natural gas rig count increased by 6 to 142. The number of oil-directed rigs rose by 29 to 551. The total rig count climbed by 35, and it now stands at 694.

Excerpted from 

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



Working nat. gas in underground storage as of January 20, 2017



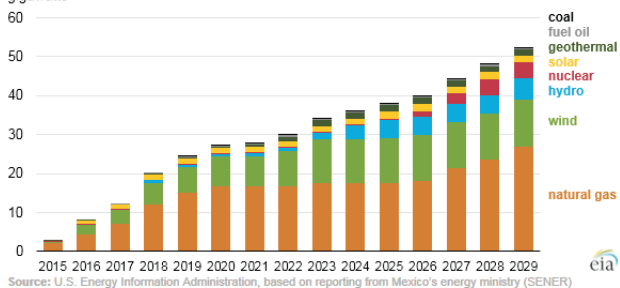
Forward 12-month NYMEX natural gas strip price - Feb17-Jan18:

Process Load-weighted \$3.459/dth - w/w = +\$0.057
 Typical Heat Load-weighted \$3.455/dth - w/w = -\$0.051


Natural gas-fired power plants lead electric capacity addition in Mexico - adding to increasing US exports:

Natural gas is Mexico's largest source of electricity generation, accounting for 54% of the country's generation in 2015, up from 34% in 2005. According to Mexico's national energy ministry (SENER), more than 60% of Mexico's electric capacity additions between 2016 and 2020 are projected to come from natural gas-fired power plants, and significant natural gas capacity additions are expected to continue through 2029. SENER projects that natural gas-fired capacity will account for 24.9 gigawatts (GW) of total capacity additions from 2016 to 2029. The remainder of Mexico's projected capacity additions are made up of renewables (20.4 GW) and nuclear (3.9 GW). The growth in natural gas-fired capacity is projected to accelerate sharply over the next four years, with SENER projecting that 14.7 GW of new gas-fired capacity will come online by 2020. New natural gas-fired capacity additions are planned to continue through 2029, replacing more than 15.9 GW of retiring capacity, of which most are plants fueled by coal and fuel oil. Most new natural gas-fired capacity additions will be located in the northern and central parts of the country. New natural gas-fired plants will greatly increase Mexico's natural gas demand. SENER projects an increase in natural gas demand by the power generation sector from 3.6 billion cubic feet per day (Bcf/d) in 2015 to 5.4 Bcf/d in 2029. Expected demand growth will be met mainly by a combination of increasing imports of natural gas from the US and by large expansions of both cross-border U.S.-Mexico pipeline capacity and Mexico's domestic natural gas pipeline networks. Recent reforms in Mexico's electricity sector are intended to open it to private investment and create a new wholesale power market to encourage development of cost-effective electric capacity, reduce high electricity costs, and transition Mexico's generation fleet to cleaner fuels. Much of the new natural gas-fired capacity added in recent years replaced petroleum-fired capacity. More than 4.3 GW of fuel oil units were converted to natural gas by the end of 2016. Mexico's Federal Electricity Commission is targeting a 90% reduction in the country's fuel oil consumption for electricity generation between 2012 and 2018, leaving the remaining fuel oil power plants to serve as peaking units for reliability purposes.

Cumulative projected generation capacity additions in Mexico by fuel type, 2015-29
 gigawatts



Source: U.S. Energy Information Administration, based on reporting from Mexico's energy ministry (SENER)

Excerpted from 

"The function of education is to teach one to think intensively and to think critically. Intelligence plus character - that is the goal of true education." -Martin Luther King, Jr.¹

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¹<https://www.brainyquote.com/quotes/quotes/m/martinluth402936.html>