LEGACY ENERGY

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Energy Market Report

Report Date: October 23, 2015

Report Week: October 14 to October 21, 2015

Questions?
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News Tracker:

-Natural gas prices fell at most market locations during the Report Week (Wednesday, October 14, to Wednesday, October 21). The Henry Hub spot price fell 8¢ from $2.44 per million British thermal units (MMBtu) to open the Report Week to $2.36/MMBtu at the end of the Report Week.

-At the New York Mercantile Exchange, the price of the near-month (November 2014) natural gas futures contract fell by 11¢ from $2.518/MMBtu at the start of the Report Week to $2.404/MMBtu at the close of the Report Week.

-Working natural gas in storage increased by 81 Bcf, rising to 3,814 Bcf as of Friday, October 16. Resulting inventories rose to 3,814 Bcf, equal to the record storage level for the week reached in 2012. This injection compares with the five-year average increase of 86 Bcf for the week and last year's increase of 94 Bcf. Working gas inventories for the report week were 434 Bcf (13%) higher than last year at this time and 163 Bcf (4%) higher than the five-year (2010-14) average. Market expectations, on average, called for a build of 88 Bcf for this week. Temperatures in the Lower 48 states averaged 63° for the storage report week, 5° warmer than the 30-year normal temperature and 3° warmer than the average temperature during the same week last year

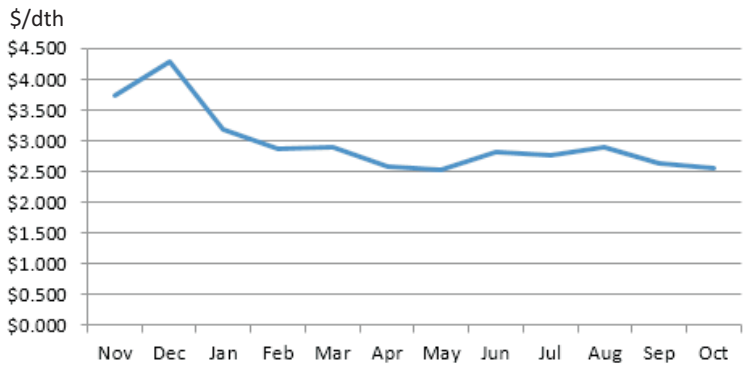
-The total rig count declined by 8 units to 787 as of Friday, October 16, according to data from Baker Hughes Incorporated. This is 1,131 units below the level at the same time last year. Oil rigs declined by 10 units to 595 (995 below last year's level), and natural gas rigs increased by 3 to 192 (136 below last year's level). The U.S. rig count has not been this low since May 2002.

-The natural gas plant liquids composite price at Mont Belvieu decreased by 4.7% to $5.09/MMBtu for the week ending October 16. Natural gasoline, propane, butane, and isobutane prices dropped by 4.3%, 6.6%, 8.3%, and 5.2%, respectively, while ethane prices increased by 1.7%.

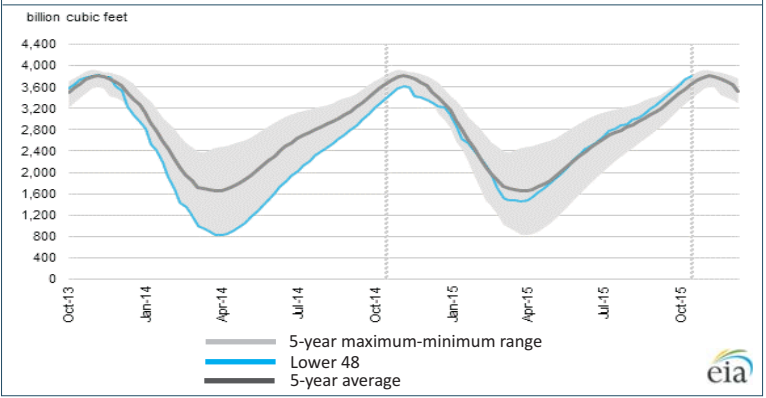
- Week-over-week consumption rose by 5.3%. Residential/commercial and industrial consumption rose this report period by 29.8% and 2.3%, respectively, while consumption of natural gas for power generation (power burn) fell 6.7%. Exports to Mexico fell for the week, down 3%, but remain higher than 2014 levels, up 56% over this time last year.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price Nov 2014 - Oct 2015:



Working nat. gas in underground storage as of October 16, 2015:

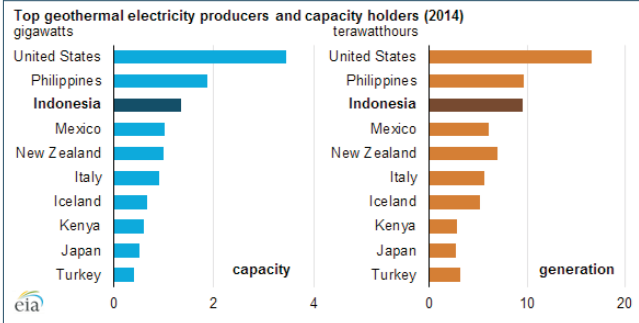


Forward 12-month NYMEX natural gas strip price - Nov15-Oct16:

Process Load-weighted $2.640/dth (w/w -$0.111)

Typical Heat Load-weighted $2.637/dth (w/w -$0.145)

Indonesia plans to grow its geothermal electricity production:



Indonesia ranked third in the world in both geothermal electricity production and geothermal generating capacity in 2014, behind only the United States and the Philippines. The country is located at the convergence of several tectonic plates in Southeast Asia, giving it significant geothermal potential, although most of its potential reserves remain unexplored. Indonesia's Ministry of Energy and Mineral Resources estimates that the country holds a potential 29 gigawatts (GW) of geothermal capacity reserves, only 5% of which is currently being used. Indonesia's current geothermal capacity of 1.3 GW consists of plants clustered around Java, Bali, North Sumatra, and North Sulawesi. Geothermal currently makes up less than 3% of Indonesia's total electricity generation capacity, but Indonesia plans to increase geothermal capacity by 2025 as part of a plan to increase electrification in the country. Despite a doubling of its total electricity generating capacity in the past decade, Indonesia still has a low electrification rate compared to countries with similar income levels. In 2014, about 84% of Indonesia's population had access to electricity compared to less than 68% in 2010, according to Indonesia's state electric utility. Indonesia's latest energy policy aims to achieve nearly complete electrification of the country by 2020. Indonesia has included several geothermal power plants in its fast-track program, which is meant to accelerate the development of more than 27 GW of total power capacity in the next several years. Indonesia has focused on geothermal in particular, signing an agreement with New Zealand in 2012 for joint development of geothermal energy projects. One impediment to unlocking the country's vast geothermal resources has been the definition of geothermal development as a mining activity, which restricted new projects in conservation areas. Indonesia passed a law in 2014 that eliminated this limitation on geothermal development while streamlining the permitting process and alleviating land acquisition issues. The law also attempted to raise private sector investment in geothermal projects by making the price more closely match development costs.

"Government exists to protect us from each other. Where government has gone beyond its limits is in deciding to protect us from ourselves ." -Ronald Reagan