
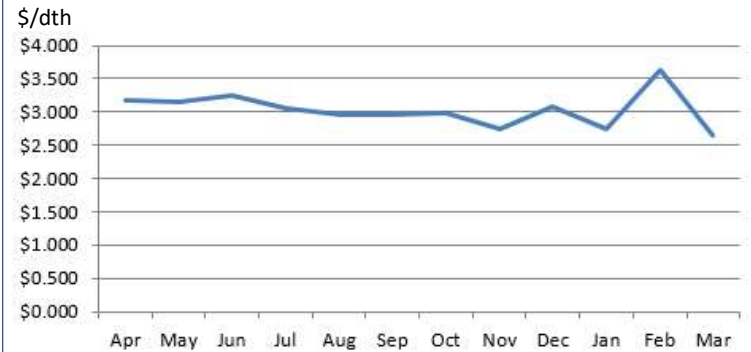


News Tracker:

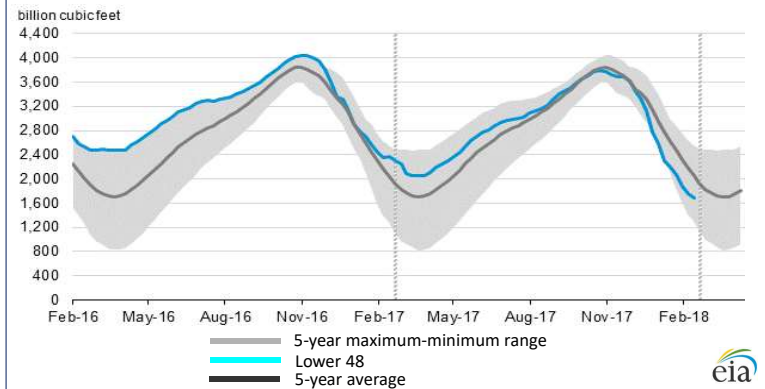
- Natural gas spot prices fell at most locations for the term of Wednesday, February 21 to Wednesday, February 28 (the Report Week). The Henry Hub spot price fell from \$2.65 per million British thermal units (MMBtu) to \$2.61/MMBtu from start to finish of the Report Week.
- At the New York Mercantile Exchange (Nymex), the March 2018 natural gas futures contract expired Monday at \$2.639/MMBtu. The April 2018 contract price decreased to \$2.667/MMBtu, down 1¢ for the Report Week.
- Net withdrawals from storage totaled 78 Bcf for the week ending February 23, compared with the five-year (2013-17) average net withdrawals of 118 Bcf and last year's net withdrawals of 7 Bcf during the same week. Working gas stocks totaled 1,682 Bcf, which is 372 Bcf (29%) less than the five-year average and 680 Bcf (18%) less than last year at this time. Working gas stocks in all regions in the Lower 48 states are lower than year-ago levels and overall working gas levels are 377 Bcf above the five-year minimum. If net withdrawals from working gas stocks match the five-year average for the remainder of the withdrawal season, working gas stocks will total 1,330 Bcf by March 31, 2018, which is 22% below the five-year average, and the second-lowest reported level at the end of heating season since 2010. Working gas stocks ended the 2013-14 heating season at 837 Bcf, which is the lowest-reported level for that time.
- The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 41¢, averaging \$7.91/MMBtu for the week ending February 28. The spot prices of natural gasoline, propane, butane, and isobutane rose by 3%, 8%, 5%, and 9%, respectively. The price of ethane remained flat week over week.
- According to Baker Hughes, for the week ending Tuesday, February 20, the natural gas rig count increased by 2 to 179. The number of oil-directed rigs rose by 1 to 799. The total rig count increased by 3, and it now stands at 978.

Excerpted from 

Monthly NYMEX Natural Gas Settle Price: Apr 2017 - Mar 2018:



Working nat. gas in underground storage as of February 23, 2018




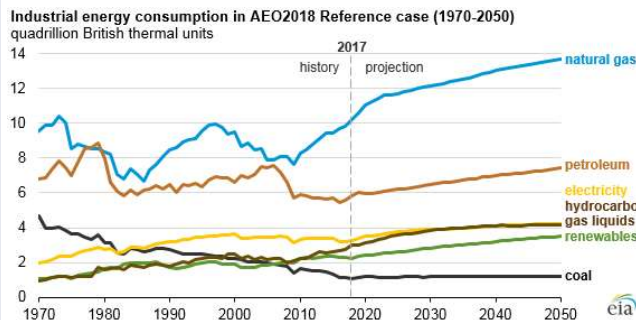
Forward 12-month NYMEX natural gas strip price - Apr18-Mar19:

Process Load-weighted \$2.835/dth - w/o/w = ▼\$0.004
 Typical Heat Load-weighted \$2.899/dth - w/o/w = ▼\$0.003

Natural gas expected to remain most-consumed fuel in the US industrial sector:

The US Energy Information Administration (EIA) expects a 40% increase in natural gas consumed in the US industrial sector, from 9.8 Btu in 2017 to 13.7 quadrillion Btu in 2050, according to their Annual Energy Outlook 2018 (AEO2018) Reference case. By 2020, industrial natural gas consumption will surpass the previous record set in the early 1970s, according to the AEO2018 Reference case. The US industrial sector consumes more natural gas than any other sector, surpassing electric power in 2017 and the combined residential and commercial sectors in 2010. In 2017, about two-thirds of total industrial natural gas consumption was consumed for heat or power applications either for industrial processes, such as in furnaces, or for onsite electricity generation. Several industries including bulk chemicals, food, glass, and metal-based durables used natural gas for 40% or more of their heat or power applications in 2017. EIA expects that these industries will continue to use about the same proportion of natural gas for heat or power applications through 2050 because of the cost associated with fuel switching. Industrial fuel switching often involves changing manufacturing processes, which requires substantial capital investment in new equipment. As the largest natural gas consumer in the industrial sector, the bulk chemicals industry consumed 3.1 quadrillion Btu of natural gas in 2017. The bulk chemicals industry includes production of organic chemicals (including petrochemicals), inorganic chemicals, resins, and agricultural chemicals. In the AEO2018 Reference case, increases in the bulk chemicals industry's consumption of natural gas outpaces overall growth in the industrial sector through 2050, with 51% growth compared with the sector average of 40%. Most natural gas in the bulk chemicals industry is used for heat or power applications, but about 25% of bulk chemical natural gas consumption is used for feedstocks in agricultural chemicals (i.e., fertilizer) and methanol production.

Excerpted from 



“War offered incalculable moments--the long sleep to many; a morning's sunrise, made sweeter by victory, to but a few.” -John Singleton Mosby¹

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¹Williamson, *Mosby's Rangers*, p.46; *OR*, pt. 1, p.1122