

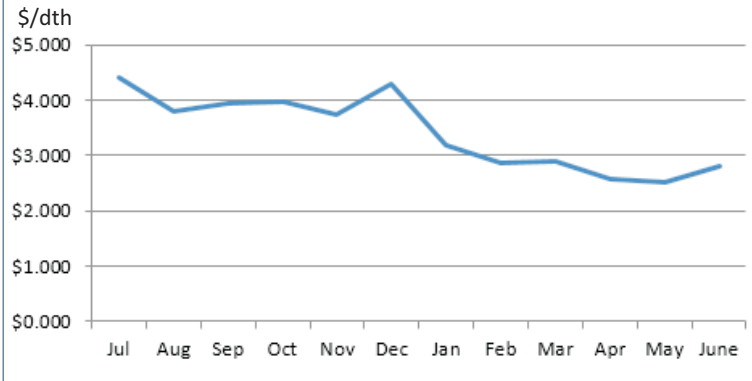


News Tracker:

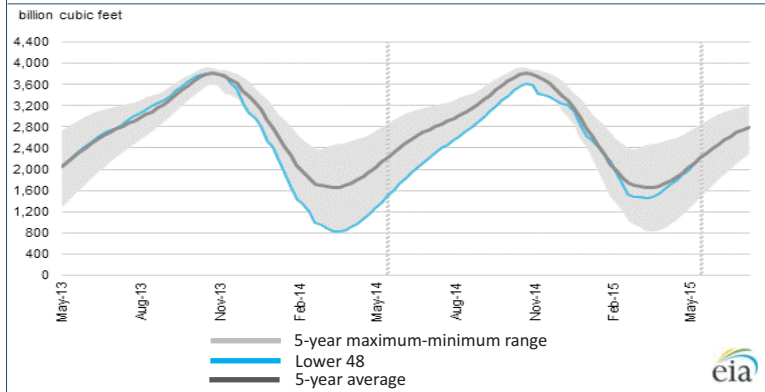
- Prices of natural gas at most market locations declined over the report week (Wednesday, May 27 Wednesday, June 3), and remained relatively low. The Henry Hub spot price began the week at \$2.82/MMBtu and ended the week at \$2.64/MMBtu.
- The NYMEX June natural gas contract expired Wednesday, May 27, at \$2.815/MMBtu. The July contract moved into the front-month slot and declined over the week from \$2.706/MMBtu to \$2.634/MMBtu.
- Working natural gas in storage increased to 2,233 Bcf as of Friday, May 29, according to the U.S. Energy Information Administration (EIA) Weekly Natural Gas Storage Report. A net injection into storage of 132 Bcf for the week resulted in storage 50.7% above a year ago and 1.0% above the five-year average for this week. Temperatures in the Lower 48 states averaged 66.6° Fahrenheit for the storage report week, 1.4° warmer than the 30-year normal temperature and 1.7° cooler than the average temperature during the same week last year.
- The total oil and natural gas rig count fell by 10 units to 875 for the week ending Friday, May 29, down 991 rigs from the same week in 2014 and the lowest since January 2003, according to data from Baker Hughes Incorporated. This week marked the 25th week of straight declines since December 12, 2014, with total rigs declining by 53% over this period. Oil rigs led the decline, with a reduction in rig count every week, from 1,546 units on December 12 to 646 units on May 29, a decrease of 58%. Natural gas rigs also declined over this period, falling from 346 units to 225 units (35%). As of May 29, the natural gas rig count increased from the week before by 3 units to 225 units, and was 101 units (31%) below the same week last year.
- The natural gas plant liquids composite price at Mont Belvieu declined sharply by 63¢ per MMBtu to \$4.53/MMBtu for the week ending May 29, its lowest level since EIA began producing the series in 2009. The largest decline was in the price of propane, which decreased by \$1.07/MMBtu (22%) to \$3.89/MMBtu. The price of natural gasoline also declined, by 83¢ (7.1%) and ended the week at \$10.84/MMBtu. Prices of ethane, butane, and isobutane declined by 6.4%, 10.7%, and 7.5%, respectively.
- U.S. gas consumption increased by 2.2% this week, with the largest increase in the power sector, which more than offset declines in residential/commercial sectors. Consumption of natural gas for power generation (power burn) increased by 10.2% and averaged 24.1 Bcf/d week over week.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price Jul 2014 - Jun 2015:



Working nat. gas in underground storage as of May 29, 2015:



Forward 12-month NYMEX natural gas strip price - Jul15-Jun16:

Process Load-weighted \$2.868/dth (w/w -\$0.040)
Heat Load-weighted \$2.928/dth (w/w -\$0.034)

Record high weekly addition pushes natural gas stocks above five-year average :

With a net injection of 132 billion cubic feet (Bcf) for the week ending May 29, working natural gas in storage surpassed the 5-year (2010-14) average level. This was the largest implied weekly net injection ever reported in the U.S. Energy Information Administration's (EIA) Weekly Natural Gas Storage Report, raising stocks to 2,233 Bcf, 22 Bcf (1%) above the five-year average and 751 Bcf (51%) above this same week last year. Because EIA does not survey storage operators directly on the flows in and out of their facilities, the change in storage levels, week over week, is considered an implied net flow. Working natural gas inventories at the beginning of the 2015 injection season on April 1 totaled 1,476 Bcf, which was 10.5%, or 173 Bcf, below the five-year average. Inventories in 2014, following a strong 2013-14 winter withdrawal season that led to stocks falling to a 10-year low of 837 Bcf in March, remained below their five-year average throughout 2014. Earlier this year, on February 13, inventories exceeded the five-year average by 2.8%, or 58 Bcf, because of milder temperatures and reduced demand. With the return of extremely cold weather during the remainder of the winter, however, withdrawals pushed stocks back below their five-year average. Since the start of this year's natural gas injection season on April 1, weekly injections surpassed their five-year average each week, and often by a wide margin. Net injections from April 1 through May 29 totaled 772 Bcf, 38% higher than the five-year average of same-period injections. Over this period, there was: increased production averaging 72.8 billion cubic feet per day (Bcf/d), 10.3 Bcf/d (16.5%) above the 5-year average of 62.5 Bcf/d, as reported by Bentek Energy; moderate power burn that increased by 3 Bcf/d, or 15%, over the five year average as reported by Bentek, offsetting some of the production gain; and moderate weather, during which cooling degree days totaled slightly above the five-year average for April, but below the average for May. Marketed natural gas production in EIA's the Short-Term Energy Outlook (STEO), May 2015, is forecasted to be 4.3 Bcf/d (6.0%) higher than the five-year average over the remainder of the 2015 injection season (through October), reflecting production continuing above 2014 levels in the Lower 48 states. This strong natural gas production, along with near-average summer weather forecasted by the National Oceanic and Atmospheric Admin., supports conditions needed for an above-average injection season. However, even assuming average summer temperatures, EIA is forecasting an annual increase in power burn of 12.9% for 2015 because of moderate prices and the retirement of coal-fired power plants replaced by natural gas generation. If summer temperatures are warmer than the current forecast, that would likely result in greater power burn. In the May STEO, EIA forecast that end-of-October 2015 inventories will total 3,890 Bcf, 92 Bcf above the 5-year average.

“Titus, Nerva, Trajan, Hadrian, Antoninus, and Marcus had no need of praetorian cohorts, or of countless legions to guard them, but were defended by their own good lives, the good-will of their subjects, and the attachment of the senate.” -Niccolo Machiavelli