

News Tracker:


-Prices of natural gas varied slightly, but were generally flat at most market locations over the report week (Wednesday, August 19, through Wednesday, August 26). The Henry Hub spot price began the week at \$2.73/MMBtu last Wednesday and ended the week at \$2.72/MMBtu.

-At the New York Mercantile Exchange (Nymex), the September near-month contract began the report week at \$2.716/MMBtu and ended the report week at \$2.693/MMBtu.

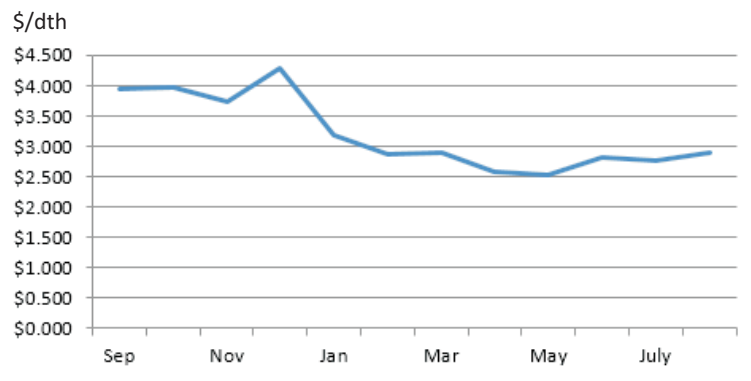
-Working natural gas in storage increased to 3,099 Bcf as of Friday, August 21. A net injection into storage of 69 Bcf for the week resulted in storage levels 18% above a year ago and 3% above the five-year average for this week. From the week ending April 3 (the beginning of the injection season) through the week ending August 21, net storage injections totaled 1,638 Bcf, or 148 Bcf less than the 1,786 Bcf injected during the same 21 weeks in 2014. During these weeks for the years 2010-14, net injections into storage averaged 1,360 Bcf. The estimated average unit value of the natural gas storage holders put into storage from April 3 to August 21 this year is \$2.77/MMBtu, 37% lower than the average value of \$4.38/MMBtu for the same 21 weeks last year. The highest winter-month Nymex price (for the January 2016 contract) in trading for the week ending August 21 averaged \$3.09/MMBtu. This price is 37¢/MMBtu more than the September Nymex contract price. A year ago, the difference was 40¢/MMBtu.

-The total oil and natural gas rig count increased by one from the previous week with 885 units in service for the week ending Friday, August 21, according to data from Baker Hughes Incorporated. The oil rig count increased by 2 to 674 units, while the natural gas rig count was unchanged at 211 units. The count for miscellaneous rigs (for exploration, testing, and survey work) was reduced to zero. The weekly rig count is 1,011 rigs less than the total for the same week in 2014.

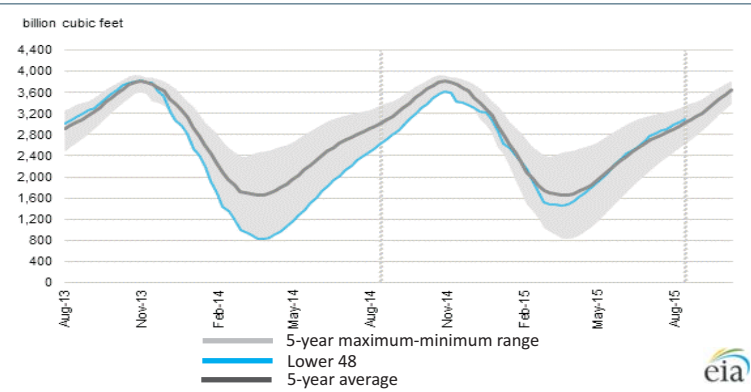
-The natural gas plant liquids composite price at Mont Belvieu, Texas, decreased by 3¢ per MMBtu to \$4.45/MMBtu, or down 0.8% for the week ending August 21. Natural gasoline, ethane, and butane decreased by 3.9%, 2.9%, and 0.5%, respectively, while propane and isobutane rose by 2.4% and 0.4%.

- U.S. consumption decreased 6% for the week, led by an 11% decrease in the power sector. Consumption of natural gas for power generation (power burn) decreased in all regions, except for the Southeast, which had a 0.3% increase over the preceding week. Led by a reduction of 61% in the Midwest, total power burn was down 11% week-over-week, and down 0.8% from the same week last year. Industrial consumption declined slightly by 0.8%, and was 2% lower than the same week last year. Exports to Mexico averaged 2.9 Bcf/d, a 1.4% decrease from the previous week but 41% higher than exports for the same week last year. Excerpted from 

Monthly NYMEX Natural Gas Settle Price Sep 2014 - Aug 2015:



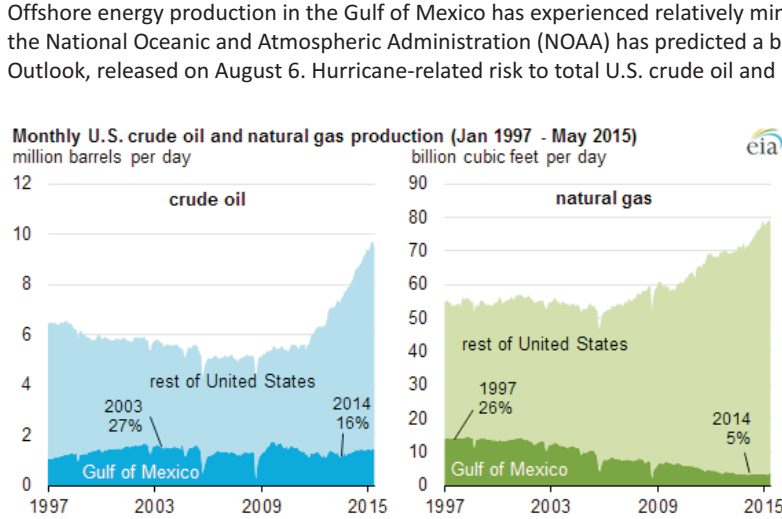
Working nat. gas in underground storage as of August 14, 2015:



Forward 12-month NYMEX natural gas strip price - Sep15-Aug16:

Process Load-weighted \$2.878/dth (w/w -\$0.048)
Heat Load-weighted \$2.926/dth (w/w -\$0.050)

Reduced offshore share in US oil and natural gas production along with minor weather-related disruptions lowers supply risk:



Offshore energy production in the Gulf of Mexico has experienced relatively minor disruptions because of tropical storms and hurricanes in recent years, and the National Oceanic and Atmospheric Administration (NOAA) has predicted a below-normal 2015 hurricane season in its updated Atlantic Hurricane Season Outlook, released on August 6. Hurricane-related risk to total U.S. crude oil and natural gas production has decreased over recent years as the share of total U.S. production originating in the Gulf of Mexico has declined sharply. In 2003, 27% of the nation's crude oil was produced in the Gulf of Mexico; by 2014, that share had declined to 16%. The Gulf of Mexico's share of natural gas production has also declined from a high of 26% in 1997 to 5% in 2014. This decline in the Gulf of Mexico's share of production has reduced the vulnerability of U.S. crude oil and natural gas supply to hurricanes. Based on NOAA's outlook, EIA estimated in its June Short-Term Energy Outlook that storm-related disruptions in the Gulf of Mexico during the 2015 hurricane season would total 9.7 million barrels of crude oil and 15.9 billion cubic feet of natural gas, or 3.5% and 2.8% of total Gulf of Mexico oil and natural gas production, respectively, and even smaller percentages of total U.S. production. No crude oil or natural gas production in the Gulf of Mexico was shut in during the 2014 hurricane season, and EIA estimated a 14% probability that production during the current hurricane season will also be unaffected.

“Look back over the past, with its changing empires that rose and fell, and you can foresee the future, too.” -Marcus Aurelius