

News Tracker:

-Natural gas spot prices were mixed Wednesday, July 27, to Wednesday, August 3 (the Report Week). The Henry Hub spot price rose from \$2.80 per million British thermal units (MMBtu) on Wednesday, July 27 to \$2.88/MMBtu on Wednesday, August 3.


-At the New York Mercantile Exchange (Nymex), the August 2016 natural gas futures contract expired on Wednesday, July 27 at \$2.672/MMBtu. The September 2016 contract finished the report week at \$2.839/MMBtu, up 17¢ from beginning to end of the Report Week.

- US posts first summertime weekly net withdrawal since 2006. Net withdrawals from storage totaled 6 Bcf, compared with the five-year (2011-15) average net injection of 54 Bcf and last year's net injections of 41 Bcf during the same week. This is only the third time ever that net withdrawals from working gas stocks were reported on a national basis during the summer months. The two other summertime withdrawals both occurred in 2006 (July 21 and August 4), which predates the new five-region format of EIA's WNGSR that was introduced in 2015. Working gas stocks total 3,288 Bcf, 464 Bcf above the five-year average and 389 Bcf above last year at this time. The net withdrawal on the national level resulted from two key factors: relatively small injections in the East and Midwest regions and large withdrawals from storage in the South Central region. The Pacific region also reported a net withdrawal of 4 Bcf for the week.

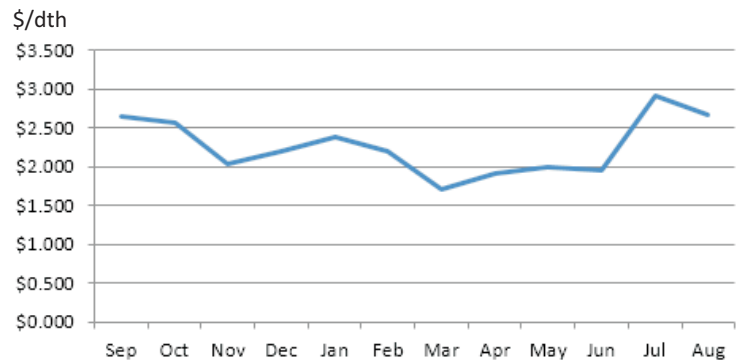
-According to Baker Hughes, for the week ending Friday, July 29, the natural gas rig count decreased by 2 to 86. The number of oil-directed rigs rose by 3 to 374. The total rig count climbed by 1, and now stands at 463.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 17¢, closing at \$4.69/MMBtu for the week ending July 29. Prices of natural gasoline and isobutane each fell 4%. Prices for propane and butane fell by 7% and 5%, respectively, while the price of ethane rose by 3%.

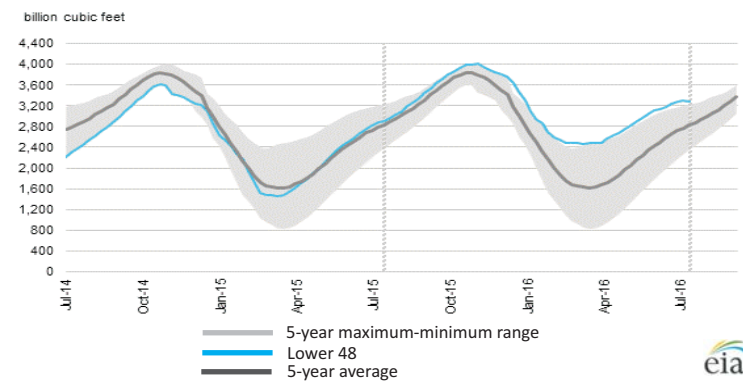
-During the report week, total U.S. consumption of natural gas fell by 3%, according to data from PointLogic. Power burn declined by 8% week over week; in the previous week, hot weather drove power burn to hit record highs. Industrial sector consumption stayed constant, averaging 19.5 Bcf/d. In the residential and commercial sectors, consumption remained at last week's level, averaging 19.5 Bcf/d. Natural gas exports to Mexico declined 1%.

Excerpted from 

Monthly NYMEX Natural Gas Settle Price: Sep 2015 - Aug 2016:



Working nat. gas in underground storage as of July 29, 2016

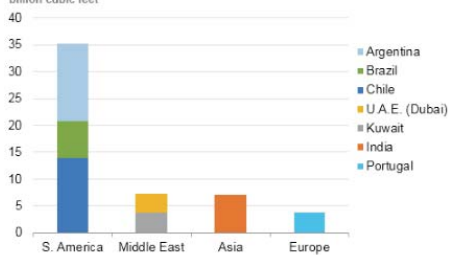


Forward 12-month NYMEX natural gas strip price - Sep16-Aug17:

Process Load-weighted \$3.128/dth (w/w = +\$0.104)
Typical Heat Load-weighted \$3.217/dth (w/w = +\$0.100)


First LNG tanker through expanded Panama Cana is traveling from Sabine Pass:

U.S. LNG exports by destination country (February-June 2016)
billion cubic feet



Source: U.S. Energy Information Administration, based on Reuters and trade press. Note: Export volumes are calculated based on LNG vessel size of 100% LNG-carrying capacity and include 15 vessels, which departed Sabine Pass liquefaction terminal February 25 - June 23, 2016.

On July 25, the liquefied natural gas (LNG) vessel Maran Gas Apollonia became the first-ever LNG vessel to transit the recently expanded Panama Canal. The vessel is carrying LNG sourced from the U.S.-based Sabine Pass liquefaction terminal located in Louisiana. The expanded Panama Canal can now accommodate 90% of the world LNG tanker fleet. Transit through the Panama Canal reduces travel time and transportation costs for LNG vessels traveling from the Atlantic Basin liquefaction terminals, located primarily on the U.S. Gulf Coast, to key markets in Asia and the west coast of South America. US LNG exports began five months ago with the shipment of the first cargo from Train 1 of the Sabine Pass terminal on February 25. Between February and the end of June, 15 cargoes were shipped from Sabine Pass, totaling 53 billion cubic feet (Bcf) of exports, according to Reuters shipping data. Most of these exports went to South America (35 Bcf), followed by the Middle East and Asia (7 Bcf each), and Europe (4 Bcf). Four additional cargoes were exported earlier this month, totaling 13 Bcf, and another vessel is scheduled to dock at the Sabine Pass terminal today (July 28). The exports from Sabine Pass Train 1 averaged three cargoes per month in March-May, and are projected to average five cargoes per month going forward. Train 2 of the Sabine Pass terminal is expected to begin operations in September, with the remaining three trains coming online in 2017-19. Currently in the United States, 0.6 Bcf/d of liquefaction capacity is in operation, and another 8.6 Bcf/d is under construction, with expected online dates in 2016-19. Most of U.S. liquefaction capacity is contracted under long-term (20-year) contracts, with a total of 3.2 Bcf/d contracted to Japan, South Korea, and Indonesia. Contracted volumes to these countries will likely transit the Panama Canal as it will allow reduction in travel time and transportation costs. EIA estimates that LNG traffic through the Panama Canal to transport U.S.-contracted volumes to Japan, South Korea, and Indonesia could reach 300 LNG vessels annually.

Excerpted from 

“We won't be as smart as nature, but we can see what happens in nature, and learn those things, and make discoveries that can have profound effects on human life.” -Robert S. Langer¹

This newsletter is provided to you for informational purposes only. The Legacy Energy Group, LLC makes no representations or warranties concerning the accuracy of the information contained herein and assumes no liability for any errors or omissions in the content herein. It is not intended to provide advice or recommendation. The Legacy Energy Group, LLC is a Kentucky limited liability company with offices in Virginia and Michigan, and serves clients throughout the United States and Canada.

©1999-2016 The Legacy Energy Group, LLC

¹ Robert S. Langer Interview - Academy of Achievement (December 19, 2013), retrieved August 4, 2016 from <http://www.achievement.org/autodoc/page/lan1int-8>