



News Tracker:

-Natural gas spot prices rose at most locations outside the Northeast this Report Week (Wednesday, August 24, to Wednesday, August 31). The Henry Hub spot price rose from \$2.77 per million British thermal units (MMBtu) on August 24 to \$2.94/MMBtu on August 31.

-At the New York Mercantile Exchange (Nymex), the September 2016 natural gas futures contract rose 6¢, from \$2.796/MMBtu to open the Report Week and settled at \$2.853 on Monday, August 29. The October 2016 contract moved into front-month position on Tuesday, August 30 and rose 5¢ from \$2.835/MMBtu on August 24 to \$2.887 to close the Report Week.

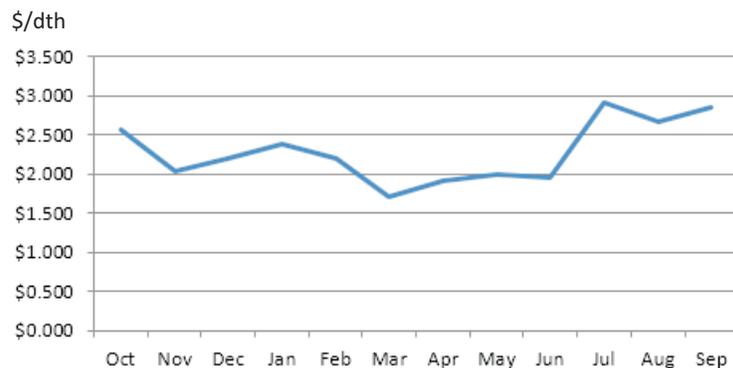
-Net natural gas injections to working gas totaled 51 Bcf for the week ending August 26. Working gas stocks are 3,401 Bcf, which is 8% greater than the year-ago level and 11% greater than the five-year (2011-15) average for this week. The net injection compared with the five-year (2011-15) average net injections of 67 Bcf and last year's net injections of 88 Bcf during the same week. Working gas stocks total 3,401 Bcf, 334 Bcf above the five-year average and 238 Bcf above last year at this time. This week marks the 17th consecutive week that the gap of working gas stocks compared with the five-year average declined. When the refill season began on April 1, working gas stocks were 874 Bcf above the five-year average. Temperatures in the Lower 48 states for the storage week ending August 26 averaged 75°F, 2°F more than normal and 3°F more than last year at this time. Cooling degree-days in the Lower 48 states totaled 74, compared with 60 last year and a normal of 62. Cumulative cooling degree-days since the beginning of the refill season are 22% above normal.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 12¢, closing at \$4.92/MMBtu for the week ending August 26. The price of ethane rose by 7%; the prices of propane and butane both rose by 3%; and the prices of natural gasoline and isobutane were both flat.

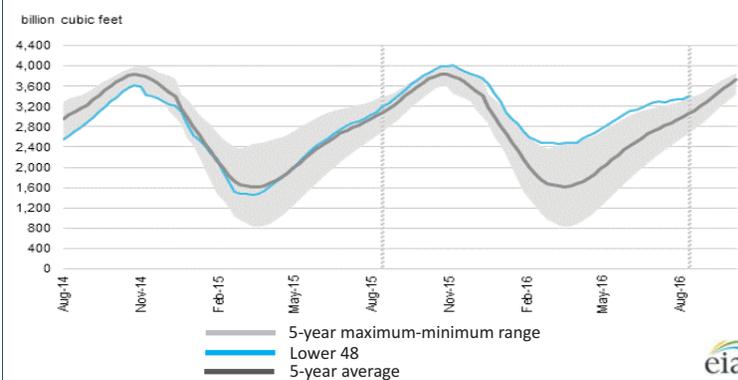
-According to Baker Hughes, for the week ending Friday, August 26, the natural gas rig count fell by 2 to 81. The number of oil-directed rigs remained flat this week at 406. The total rig count fell by 2, and now stands at 489. This week marks the first decline in the rig count after eight consecutive weeks of increases.

Excerpted from cia

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



Working nat. gas in underground storage as of August 26, 2016



Forward 12-month NYMEX natural gas strip price - Oct16-Sep17:

Process Load-weighted \$3.100/dth (w/w = +\$0.031)
 Typical Heat Load-weighted \$3.172/dth (w/w = +\$0.033)

Gulf Coast's first ethane shipment soon to leave for Europe:

JS INEOS Intrepid prepares to load first ethane cargo at Morgan's Point export terminal



Source: Image courtesy of Enterprise Products Partners L.P.

The first ethane shipment out of Enterprise Products Partners' (EPP) new export terminal in Morgan's Point, Texas, is preparing to set sail for Norway. The terminal, located on the Houston Ship Channel, is the second to open in the US, and has an export capacity of up to 200,000 barrels of liquefied ethane per day, of which about 90% is contracted. The US' first ethane export terminal, at Marcus Hook, Pennsylvania, has been shipping ethane cargoes since March 2016. Ethane can either be extracted along with other natural gas plant liquids (NGL) and sold separately, or left in the processed gas and sold as part of the natural gas stream. Recent rapid growth in natural gas production from resources rich in NGL has yielded higher quantities of ethane than the US market can absorb, leading to growing amounts of ethane left in the processed gas stream. Increased ethane exports could slow or reverse this trend. Natural gas produced in the Marcellus and Utica formations, located primarily in Pennsylvania and Ohio, respectively, tends to be rich in ethane. The Marcus Hook terminal sources all of its ethane from these formations. Some of this Appalachian ethane likely will be delivered to Morgan's Point via

EPP's Appalachia-to-Texas Express (ATEX) pipeline, which moves ethane from gas fractionation plants in the Marcellus and Utica to the company's storage complex in Mont Belvieu, Texas. Ethane cargoes from the US are used as feedstock in European ethylene crackers. Shipments currently go to a commercial cracker in Rafnes, Norway, and will soon be going to commercial crackers in Sweden and Scotland.

"You build on failure. You use it as a stepping stone. Close the door on the past. You don't try to forget the mistakes, but you don't dwell on it." -Johnny Cash¹