LEGACY ENERGY®
Your Energy. Our Mission.™

Energy Market Report

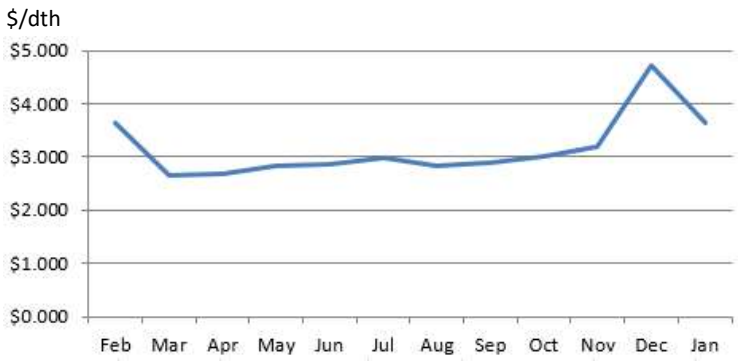
Report Date: January 11, 2019
Report Week: January 2, 2019 to January 9, 2019

Questions?
Ph: 888-351-0981
info@legacyenergy.com
www.legacyenergy.com

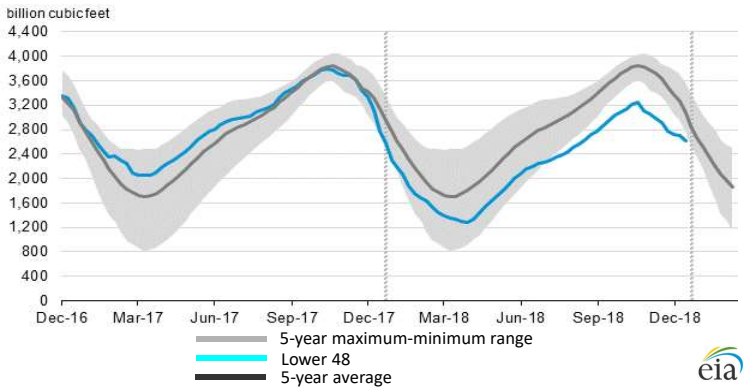
Newstracker:

-Natural gas spot prices rose at most locations for the Report Week of Wednesday, January 2 to Wednesday, January 9. Henry Hub spot prices rose from $2.79 per million British thermal units (MMBtu) to $2.91/MMBtu from open to close of the Report Week.
-At the Nymex, the price of the February 2019 natural gas futures contract increased 3¢, from $2.958/MMBtu to $2.984/MMBtu from start to finish of the Report Week. The price of the 12-month strip averaging February 2019 through January 2020 futures contracts climbed 10¢/MMBtu to $2.844/MMBtu.
-Net natural gas withdrawals from storage totaled 91 Bcf for the week ending January 4, compared with the five-year (201418) average net withdrawals of 187 Bcf and last year's net withdrawals of 337 Bcf during the same week. Working gas stocks totaled 2,614 Bcf, which is 464 Bcf (15%) lower than the five-year average and 204 Bcf (7%) lower than last year at this time. The average rate of net withdrawals from storage is 22% lower than the five-year average so far in the withdrawal season (November through March). If the rate of withdrawals from storage matched the five-year average of 16.8 Bcf/d for the remainder of the withdrawal season, total inventories would be 1,172 Bcf on March 31, which is 464 Bcf lower than the five-year average of 1,636 Bcf for that time of year.
-Total U.S. consumption of natural gas fell by 3% compared with the previous report week, according to data from PointLogic Energy. Natural gas consumed for power generation declined by 1% week over week. Industrial sector consumption decreased by 2% week over week. In the residential and commercial sectors, consumption declined by 4%. Natural gas exports to Mexico increased 19%.
-U.S. LNG exports in December 2018 set a record, with 36 exported cargoes, after Train 5 at Sabine Pass and Train 1 at Corpus Christi began producing LNG and shipped their first cargoes. Currently, seven liquefaction trains are operating in the United States across three facilities (five trains at Sabine Pass, one at Cove Point, and one at Corpus Christi). Three more liquefaction projects (Cameron LNG, Elba Island, and Freeport) are expected to enter service in 2019.

Monthly NYMEX Natural Gas Settle Price: Jan 2018 - Dec 2018:



Working natural gas in underground storage as of Jan. 4, 2019

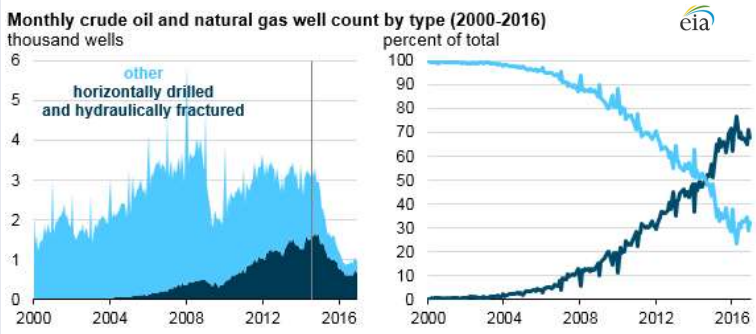


Forward 12-month NYMEX natural gas strip price - Jan19-Dec19:

Process Load-weighted $2.844/dth - w/o/w = ▲$0.097
Typical Heat Load-weighted $2.904/dth - w/o/w = ▲$0.085

Hydraulically fractured horizontal wells account for most new oil and natural gas wells:

In 2016, hydraulically fractured horizontal wells accounted for 69% of all oil and natural gas wells drilled in the US and 83% of the total linear footage drilled. Hydraulically fractured horizontal wells became the predominant method of new US crude oil and natural gas development in October 2011, when total footage (in linear feet) surpassed all other drilling and completion techniques. The combination of horizontal drilling and hydraulically fracturing has contributed to increases in crude oil and natural gas production in the US, which are both expected to reach record levels in 2018. Although horizontal drilling has been used for nearly a century, its use as a source of US oil and natural gas production began growing in the early 2000s. The process involves drilling a well vertically to a certain depth and then bending the path of the drilling until it extends horizontally. Because they are longer, and the drilling process is more complex, a horizontal well is generally more expensive to drill than a vertical well, but it is expected to produce more crude oil and natural gas. Horizontal drilling allows more of the wellbore to remain in contact with the producing formation, increasing the amount of oil or natural gas that can be recovered. This method also results in horizontal wells having more drilled footage than vertical wellshence total footage drilled using horizontal drilling techniques surpassed vertical footage before the actual number of horizontal wells surpassed the number of vertical wells. Hydraulic fracturing is a completion technique, meaning it is performed after the oil or natural gas well has been drilled. Like horizontal drilling, this technique has been practiced for many years, but it has only recently become a major part of U.S. production in combination with horizontal drilling.



Excerpted from eia

"If we could give every individual the right amount of nourishment and exercise, not too little and not too much, we would have found the safest way to health." -Hippocrates[1]

[1]https://www.brainyquote.com/quotes/hippocrates_153531