

Newstracker:

-Natural gas spot prices rose at most locations from Wednesday, August 19 to Wednesday, August 26 (the Report Week). The Henry Hub spot price rose from \$2.36 per million British thermal units (MMBtu) to \$2.51/MMBtu from open to close of the Report Week.

-At the New York Mercantile Exchange (Nymex), the price of the September 2020 natural gas futures contract increased 3¢, from \$2.426/MMBtu to \$2.461/MMBtu during the Report Week term. The price of the 12-month strip averaging September 2020 through August 2021 futures contracts declined 1¢/MMBtu to \$2.851/MMBtu.


-Net natural gas injections into storage totaled 45 Bcf for the week ending August 21, compared with the five-year (2015-19) average net injections of 49 Bcf and last year's net injections of 60 Bcf during the same week. Working natural gas stocks totaled 3,420 Bcf, which is 438 Bcf (15%) more than the five-year average and 580 Bcf (20%) more than last year at this time.

-Total US consumption of natural gas rose by 0.8% compared with the previous Report Week, according to data from IHS Markit. Natural gas consumed for power generation climbed by 1.3% week over week. In the residential and commercial sectors, consumption increased by 0.8%. Industrial sector consumption decreased by 0.2% week over week. Natural gas exports to Mexico increased 8.0%.

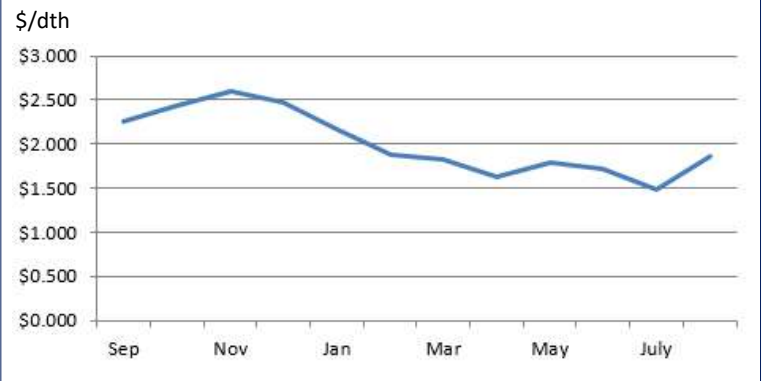
-US LNG exports decreased week over week, with seven LNG vessels with a combined LNG-carrying capacity of 26 Bcf departing the US between August 20 and August 26, 2020, according to shipping data provided by Marine Traffic. Two US LNG liquefaction facilities, Sabine Pass and Cameron, are located in the direct path of Hurricane Laura. Both facilities have suspended operations & implemented a controlled shutdown, according to Bloomberg L.P.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 1¢/MMBtu, averaging \$5.19/MMBtu for the week ending August 26. The prices of propane and isobutane fell by 1% and 2%, respectively. The prices of ethane and butane rose by 1% and 3%, respectively. The price of natural gasoline remained flat week over week.

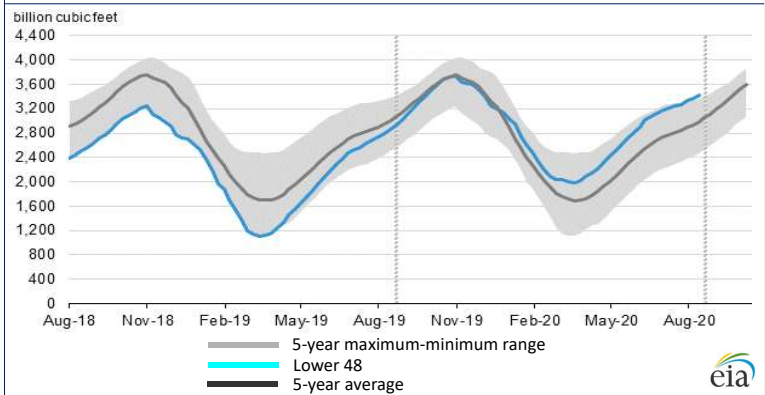
-According to Baker Hughes, for the week ending Tuesday, August 18, the natural gas rig count decreased by 1 to 69. The number of oil-directed rigs rose by 11 to 183. The total rig count increased by 10, and it now stands at 254.

Excerpted from 

Monthly NYMEX Natural Gas Settle Price: Sep 2019 - Aug 2020:



Working natural gas in underground storage as of August 21, 2020




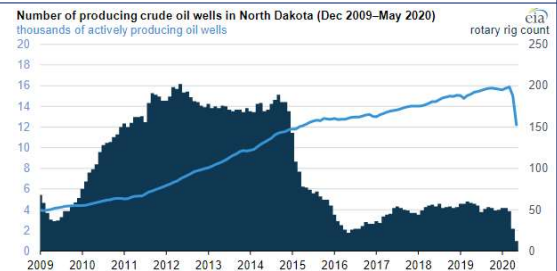
Forward 12-month NYMEX natural gas strip price - Sep20-Aug21:

Process Load-weighted \$2.851/dth - w/o/w = ▼\$0.015
 Typical Heat Load-weighted \$2.981/dth - w/o/w = ▼\$0.023

North Dakota crude oil production fell in May beyond natural declines:

Between December 2019 and May 2020, crude oil output in North Dakota (ND) fell from an average of 1.5 million barrels per day (b/d) to 0.9 million b/d, a decline of 41.6%. This production decline is greater than it would have been if producers solely halted new drilling and allowed production from current wells to naturally decline. With only natural declines, crude oil production for most of ND would have been approximately 1.1 million b/d in May 2020, 0.4 million b/d more than those wells reported. This difference suggests that many producers decided to reduce production from their existing wells beyond the volume the wells would have naturally declined. The principal driver of ND's production decline was low crude oil prices. After averaging \$55.70 per barrel (b) throughout 2019, monthly prices in ND averaged \$29.82/b in May 2020 after having declined as low as -\$38.13/b on April 20. According to survey data from the Federal Reserve Bank of Dallas, the region's producers need prices of at least \$28/b on average to cover their operating expenses and \$51/b to drill new wells. In response to these price signals, most ND producers reduced production, primarily in one of three ways. First, some operators chose to completely halt production at some of their wells. As a result, although ND had an average of 16,000 producing wells in December 2019, by May 2020, that number had fallen to 12,800 wells, the lowest level in more than four years. Second, many producers elected to stop or reduce drilling new crude oil wells, which is normally required to offset the natural decline in production volumes from mature wells. According to Baker Hughes, an average of 12 oil and natural gas rotary rigs were actively drilling new wells in ND in May 2020, which is significantly fewer than the 50 operating in December 2019 and is the lowest level in at least 12 years. Finally, some producers opted to reduce, but not completely halt, production from some of their wells. This trend is observable in the changing productivity of ND oil wells, which fell from an average production rate of 94 b/d per well in December 2019 to 70 b/d per well in May 2020, the lowest level since May 2011.

Excerpted from 



“Winning isn’t everything, but wanting it is.” -Arnold Palmer¹