

Newstracker:

-In response to record-breaking low temperatures across most of the Lower 48 states, and production losses as far south as the Gulf Coast, natural gas spot prices rose at most locations on Wednesday, February 10 to Wednesday, February 17 (the Report Week). The Henry Hub spot price rose from \$3.68 per million British thermal units (MMBtu) to \$23.61/MMBtu from open to close of the Report Week, the highest nominal price going back to at least 1993. In real terms (adjusted for inflation), \$23.61/MMBtu is the highest price since February 2003.

-At the New York Mercantile Exchange (Nymex), the price of the March 2021 natural gas futures contract increased 31¢, from \$2.911/MMBtu to \$3.219/MMBtu during the Report Week. The price of the 12-month strip averaging March 2021 through February 2022 futures contracts climbed 12¢/MMBtu to \$3.158/MMBtu.

-Net natural gas withdrawals from storage totaled 237 Bcf for the week ending February 12, compared with the five-year average net withdrawals of 142 Bcf and last year's net withdrawals of 141 Bcf during the same week. Working natural gas stocks totaled 2,281 Bcf, which is 57 Bcf (3%) more than the five-year average and 105 Bcf (4%) lower than last year at this time.

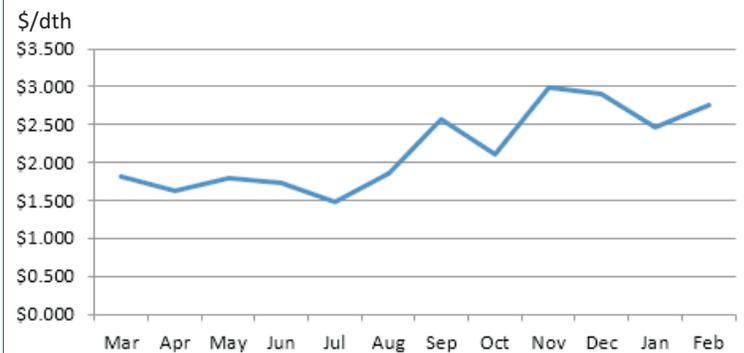
-Average natural gas weekly demand rose to second-highest on record in response to high space heating and power generation consumption. Total US consumption of natural gas rose by 12.0% compared with the previous Report Week to 128.9 Bcf/d, 2 Bcf/d below the weekly record set the week of December 28, 2017. Natural gas consumed for power generation climbed by 17.4% week over week. Industrial sector consumption increased by 6.1% week over week. In the residential and commercial sectors, consumption increased by 12.1%. Natural gas exports to Mexico decreased 14.1%.

Natural gas deliveries to U.S. liquefied natural gas (LNG) export facilities (LNG pipeline receipts) averaged 6.2 Bcf/d, or 4.78 Bcf/d lower than last week because of reductions in natural gas pipeline deliveries to LNG terminals.

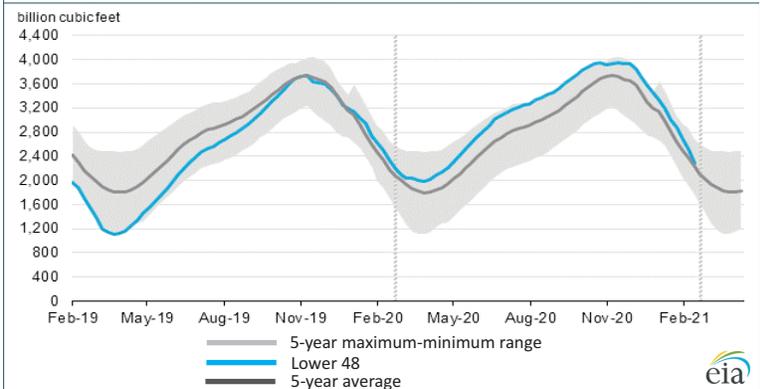
-According to Baker Hughes, for the week ending Tuesday, February 9, the natural gas rig count decreased by 2 to 90. The number of oil-directed rigs rose by 7 to 306. Total rig count increased by 5, to 397.

Excerpted from 

Monthly NYMEX Natural Gas Settle Price: Mar 2020 - Feb 2021:



Working natural gas in underground storage as of February 12, 2021



Forward 12-month NYMEX natural gas strip price - Mar21-Feb22:

Process Load-weighted \$3.158/dth - w/o/w = ▲\$0.121
 Typical Heat Load-weighted \$3.214/dth - w/o/w = ▲\$0.130

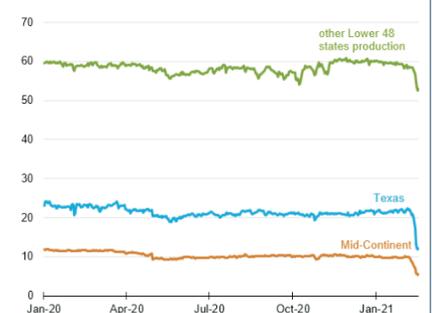
Freeze-offs contribute to loss of renewable generation and lower natural gas production, resulting in higher natural gas prices:

In the wake of record-low temperatures affecting most of the US, daily renewable electricity generation and dry natural gas production fell significantly in the US from February 8 to February 17. The decline in renewable electricity generation was due to frozen windmills and reduced solar. The decline in natural gas production is primarily because of freeze-offs, which occur when water and other liquids found in produced raw natural gas freeze at the wellhead and/or potentially in natural gas gathering lines near production activities, resulting in flow blockage. A large portion of the decrease in natural gas production was from declines in Texas, which fell over 10 Bcf/d during the same period. Unlike natural gas production infrastructure in northern areas of the US where freezing temperatures are more common and infrastructure is generally winterized, wellheads, gathering lines, and even processing facilities in Texas are more susceptible to freeze-offs during periods of extremely cold weather. Unusually strong winter season heating and power demand, combined with decreased renewable generation and natural gas production, led to large price increases at many natural gas hubs. The price of natural gas at the Waha Hub, near natural gas production activities in the Permian Basin, rose to over \$206 per million British thermal units (MMBtu) on February 16, the highest reported price at the Waha Hub since at least 1995.

The price at the Chicago Citygate reached an all-time high of nearly \$130/MMBtu on February 12. Prices at the Oneok Gas Transmission (OGT) pipeline in Oklahoma averaged \$1,192/MMBtu on February 17, the highest in the country. In Texas, the cold temperatures led directly to the loss of available generating capacity. The loss of generating capacity led the Electric Reliability Council of Texas (ERCOT) to enter emergency conditions and initiate rotating blackouts to shed 10,500 MW of load, the equivalent of nearly two million homes. As of February 18 morning, nearly 40,000 MW of generation remains off the system: 23,500 MW is thermal and 16,500 MW is wind and solar, according to ERCOT.

Excerpted from 

Regional natural gas production (January 2020–February 2021)
billion cubic feet per day



“In questions of science, the authority of a thousand is not worth the humble reasoning of a single individual.” -Galileo Galilei¹