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# Energy Market Report

Report Date: September 10, 2021

Report Week: September 1, 2021 to September 8, 2021

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## Newstracker:

-Natural gas spot prices rose at most locations during the Report Week of Wednesday, September 1 to Wednesday, September 8, during which the Henry Hub spot price rose from $4.46/MMBtu to $4.78/MMBtu.

-The price of the October 2021 NYMEX natural gas futures contract increased 30¢, from $4.615/MMBtu to $4.914/MMBtu for the Report Week. This was the highest close for a NYMEX futures front-month contract since late February 2014. The price of the 12-month strip averaging October 2021 through September 2022 futures contracts climbed 25¢/MMBtu to $4.315/MMBtu. The average includes futures contracts for December 2021 and January 2022 delivery, which both closed above $5.00/MMBtu.

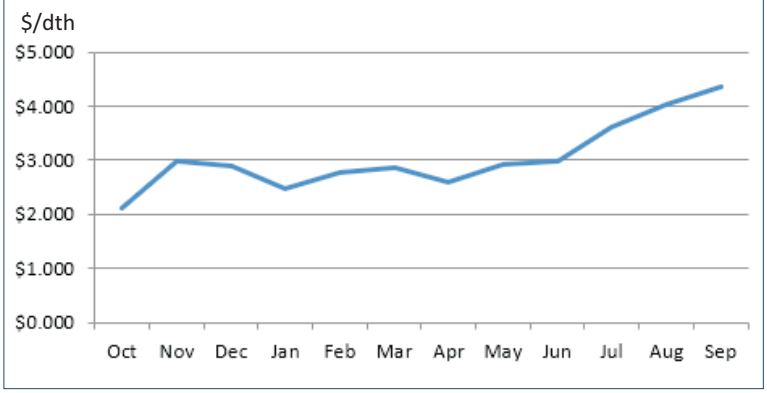
-Net natural gas injections into storage totaled 52 Bcf for the week ending September 3, compared with five-year (20162020) average net injections of 65 Bcf and last year's net injections of 65 Bcf during the same week. Working natural gas stocks totaled 2,923 Bcf, which is 235 Bcf (7%) lower than the five-year average and 592 Bcf (17%) lower than last year at this time.

-Total US consumption of natural gas fell by 9.4% compared with the previous report week, according to data from IHS Markit. The decline in natural gas consumed for power generation, which fell by more than 6.0 Bcf/d week over week, accounted for almost all of the total decline in domestic consumption. Consumption in the residential and commercial sector also declined, falling 0.5 Bcf/d, or 5.7%, week over week. Natural gas exports to Mexico declined week over week by 0.4 Bcf/d, or 6.8%, while pipeline deliveries to LNG export terminals increased by 0.4 Bcf/d, or 3.8%, week over week, reaching 10.9 Bcf/d.

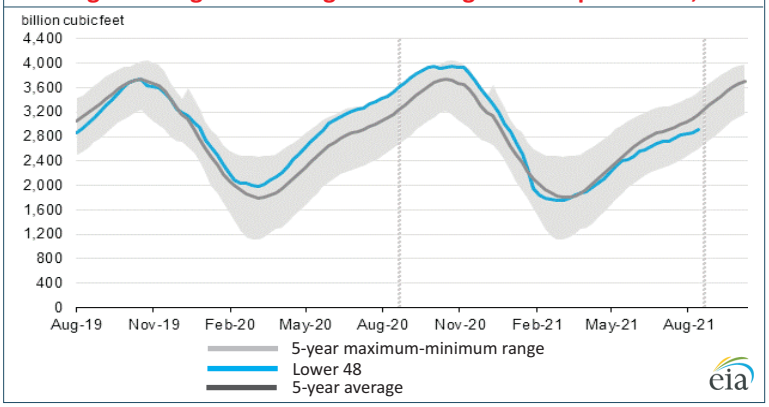
-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 49¢/MMBtu, averaging $10.33/MMBtu for the week ending September 8. Natural gasoline prices rose 1%, while isobutane prices rose 3%, following the 2% increase in Brent crude oil prices. Propane and normal butane prices increased by 5% and 6%, respectively.

-According to Baker Hughes, for the week ending Tuesday, August 31, the natural gas rig count increased by 5 to 102. The number of oil-directed rigs fell by 16 to 394, the decline being led by led by Louisiana, where all 14 offshore rigs were taken offline as a result of preparations for Hurricane Ida. Total rig count decreased by 11, and now stands at 497. Excerpted from eia

## Monthly NYMEX Natural Gas Settle Price: Oct 2020 - Sep 2021:




## Working natural gas in underground storage as of September 3, 2021




## Forward 12-month NYMEX natural gas strip price - Oct21-Sep22:

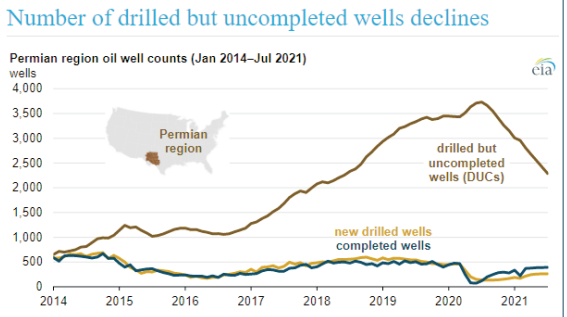
Process Load-weighted $4.315/dth - w/o/w = ▲ $0.250

Heat Load-weighted $4.653/dth - w/o/w = ▲ $0.276

## Number of drilled but uncompleted wells declines:

5,957 drilled but uncompleted wells (DUCs) were in the US in July 2021, the lowest for any month since November 2017. The decline in DUCs in most major US onshore oil-producing regions, especially in the Permian region, reflects more well completions and, at the same time, less new well drilling activity. The completion of more wells is increasing oil production in the Permian region, but the completions are reducing the DUC inventories, which could limit oil production growth in the US in the coming months. The two main stages in bringing a horizontally drilled, hydraulically fractured well online are drilling and completion. The drilling phase involves dispatching a drilling rig and crew, who then drill one or more wells on a pad site. The next phase, well completion, is typically performed by a separate crew and involves casing, cementing, perforating, and hydraulically fracturing the well for production. In general, the time between the drilling and completion stages is several months, leading to a significant inventory of DUCs that producers can maintain as working inventory to manage oil production. Of the five major US oil-producing regions, DUCs in the Eagle Ford, Bakken, and Niobrara regions have declined to their lowest levels since December 2013, and DUCs in the Permian and Anadarko regions have declined to their lowest levels since June 2018. Although this significant reduction in DUCs follows an increasing rate of well completions in the Permian region, both the number of wells drilled, and the number of wells completed in all other regions remain at historically low levels. Indicators of new well drilling in the US remain subdued. As of September 3, the Baker Hughes active oil rig count was 394 rigs. Although that figure is up 181 rigs from last year, the number is historically low compared with other periods when crude oil futures prices were near similar levels (or at even lower prices). Rising rig counts typically lag four to six months behind a crude oil price increase. If drilling activity doesn't increase, then well completions and production may be limited because the inventory of DUCs continues to fall.

Excerpted from eia




"I've become a captive of my own ambitions." -Patsy Cline[1]



[1]https://www.brainyquote.com/quotes/patsy_cline_313036