

**Newstracker:**

-Natural gas spot prices fell at most locations from Wednesday, May 24, to Wednesday, May 31 (the Report Week), during which the Henry Hub spot price fell 14 cents to \$2.100/MMBtu.


-The June 2023 NYMEX natural gas futures contract expired on Friday, May 31 at 2.181/MMBtu, down 22 cents from last Report Week. The July 2023 NYMEX contract price decreased to 2.266/MMBtu, down 30 cents from last Report Week. The price of the 12-month strip averaging July 2023 through June 2024 futures contracts climbed 21 cents to \$2.959/MMBtu. International natural gas futures prices decreased this Report Week, with LNG cargoes in East Asia falling 42 cents to a weekly average of \$9.31/MMBtu, and prices at TTF in the Netherlands decreasing \$1.29 to a weekly average of \$7.98/MMBtu. In the same week last year, prices were \$23.30/MMBtu in East Asia and \$27.67/MMBtu at TTF.

-Net natural gas injections into storage totaled 110 Bcf for the week ending May 26, compared with the five-year average net injections of 101 Bcf and last year's net injections of 82 Bcf during the same week. Working natural gas stocks totaled 2,446 Bcf, which is 349 Bcf (17%) more than the five-year average and 557 Bcf (29%) more than last year at this time.

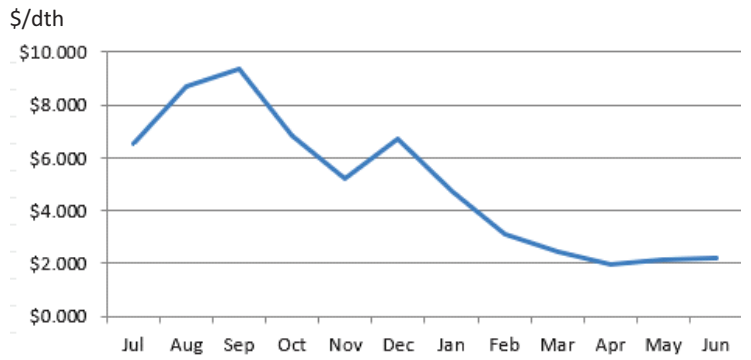
-Total US consumption of natural gas fell by 2.2% (1.4 Bcf/d) week over week to average 62.0 Bcf/d. Natural gas consumed for power generation declined by 1.5% (0.5 Bcf/d) week over week, industrial sector consumption decreased by 0.6% (0.1 Bcf/d), and residential and commercial sector consumption declined by 7.6% (0.8 Bcf/d). Natural gas exports to Mexico increased 3.0% (0.2 Bcf/d). Natural gas deliveries to US LNG export facilities averaged 13.3 Bcf/d, or 0.6 Bcf/d higher than last Report Week.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 31 cents/MMBtu, averaging \$5.83/MMBtu for the week ending May 31. Propane prices fell 7%, and the Brent crude oil price fell 3%, resulting in a 2% increase in the propane discount relative to crude oil.

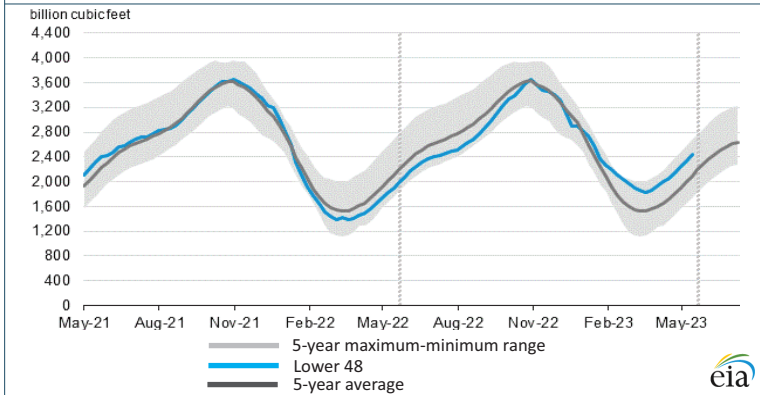
-For the week ending Tuesday, May 9, the natural gas rig count fell by 4 rigs from a week ago to 137 rigs. The number of oil-directed rigs decreased by 5 rigs from a week ago to 570 rigs. The total rig count, which includes 4 miscellaneous rigs, stands at 711, 16 fewer than last year at this time. This is the second consecutive week that the rig count has fallen below the same-week-last-year value.

Excerpted from 

**Monthly NYMEX Natural Gas Settle Price: Jul 2022 - Jun 2023:**



**Working natural gas in underground storage as of May 26, 2023**

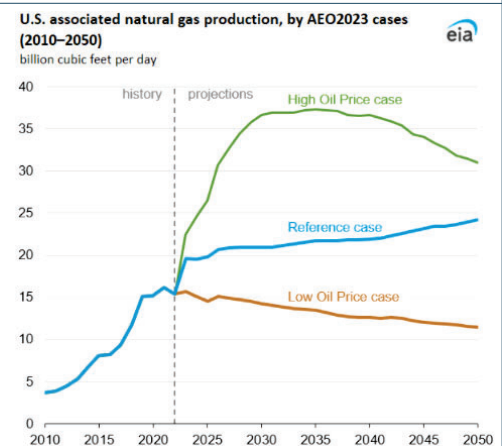


**Forward 12-month NYMEX natural gas strip price - Jul23-Jun24:**

Process Load-weighted \$2.959/dth - w/o/w = ▼\$0.213  
 Typical Heat Load-weighted \$3.226/dth - w/o/w = ▼\$0.202

**US associated natural gas production projected to grow through 2050:**

The US Energy Information Administration (EIA) projects that natural gas produced from wells targeting crude oil, known as associated natural gas, will generally increase through 2050, continuing a long-term trend. EIA's projection, based on their Reference Case benchmark assumption, accounts for approximately 20% of total US natural gas production over the projection period. Historically, associated natural gas has been a relatively small proportion of US natural gas supply. In 2010, associated natural gas production totaled 3.7 Bcf/d, accounting for about 6% of domestic production. By 2022, associated natural gas production had increased to 15.4 Bcf/d, or more than 15% of domestic natural gas production. The Permian Basin (in the Southwest US) is the most productive US oil-producing region and accounts for most of the associated natural gas produced in the US today. The EIA projects that associated natural gas production in this region will continue to grow, from 12.1 Bcf/d in 2025 to 13.7 Bcf/d in 2050, accounting for over one-third of associated natural gas production growth in the US over this period. The EIA's projected growth in associated natural gas production is mainly driven by three trends: 1) rising crude oil prices support increased production from tight oil formations with significant volumes of associated natural gas, 2) many oil wells are aging, and as these wells age, they tend to produce a higher ratio of natural gas relative to crude oil, and 3) associated natural gas is becoming more economical to process, driven in part by provisions in the Inflation Reduction Act that created penalties for venting and flaring methane, spurring producers to capture more natural gas from oil formations. The EIA's Reference Case benchmark assumption estimates that associated natural gas production in the US will increase from 19.8 Bcf/d in 2025 to 24.2 Bcf/d in 2050.



"I've always said throwing a club shows you care." - John Daly<sup>1</sup>

This newsletter is provided to you for informational purposes only. The Legacy Energy Group, LLC makes no representations or warranties concerning the accuracy of the information contained herein and assumes no liability for any errors or omissions in the content herein. It is not intended to provide advice or recommendation. The Legacy Energy Group, LLC is a Kentucky limited liability company with offices in Virginia and Michigan, and serves clients throughout the United States and Canada.

©1999-2023 The Legacy Energy Group, LLC

<sup>1</sup>[https://www.brainyquote.com/quotes/john\\_daly\\_1003217](https://www.brainyquote.com/quotes/john_daly_1003217)