

Newstracker:

-Natural gas spot prices fell at most locations in the US from Wednesday, February 7, to Wednesday, February 14 (the Report Week), during which the Henry Hub spot price fell 46 cents to \$1.51/MMBtu.


-For the Report Week, the March 2024 NYMEX natural gas futures contract price decreased 35.8 cents to \$1.609/MMBtu. The price of the 12-month strip averaging March 2024 through February 2025 futures fell 22.4 cents to \$2.417/MMBtu. International natural gas futures prices decreased this Report Week, with LNG cargoes in East Asia falling 4 cents to a weekly average of \$9.42/MMBtu, and prices at TTF in the Netherlands decreasing 81 cents to a weekly average of \$8.26/MMBtu. In the same week last year, prices were \$17.91/MMBtu in East Asia and \$16.68/MMBtu at TTF.

-Total US consumption of natural gas fell by 2.0% (1.8 Bcf/d) compared with the previous Report Week. In the residential and commercial sectors, consumption declined by 5.5% (1.9 Bcf/d) as average temperatures across most of the country were higher than normal. Natural gas consumed for power generation increased by 0.6% (0.2 Bcf/d), while industrial sector consumption decreased by 0.3% (0.1 Bcf/d). Natural gas exports to Mexico increased 6.8% (0.4 Bcf/d). Natural gas deliveries to US LNG export facilities averaged 13.8 Bcf/d, or 0.5 Bcf/d higher than last week.

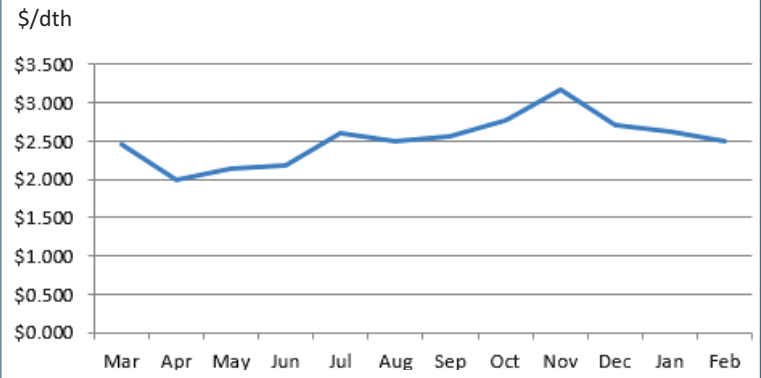
-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 1 cent/MMBtu, averaging \$7.73/MMBtu for the week ending February 14. The average weekly propane price fell 2%, while the Brent crude oil price rose 5%. The propane discount relative to crude oil increased 25% week over week.

-For the week ending Tuesday, February 6, the natural gas rig count increased by 4 to 121 rigs. The number of oil-directed rigs was unchanged at 499 rigs. The total rig count, which includes 3 miscellaneous rigs, increased by 4, and it now stands at 623 rigs.

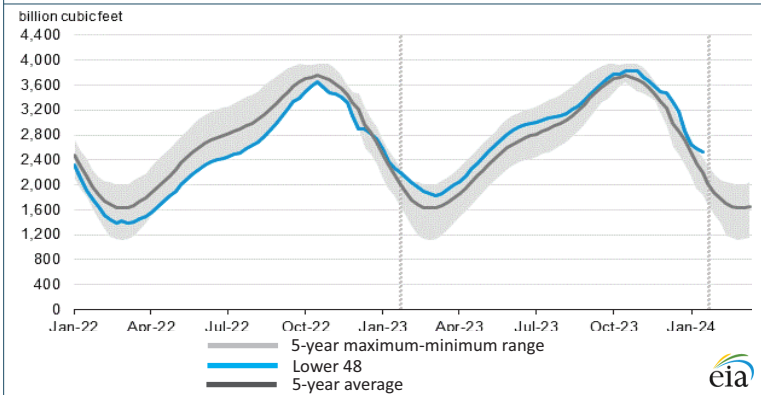
-Net natural gas withdrawals from storage totaled 49 Bcf for the week ending February 9, compared with the five-year average net withdrawals of 149 Bcf and last year's net withdrawals of 117 Bcf during the same week. Working natural gas stocks totaled 2,535 Bcf, which is 348 Bcf (16%) more than the five-year average and 255 Bcf (11%) more than last year at this time.

Excerpted from 

Monthly NYMEX Natural Gas Settle Price: Mar 2023 - Feb 2024:



Working natural gas in underground storage as of Feb. 9, 2024



Forward 12-month NYMEX natural gas strip price - Mar24-Feb25:

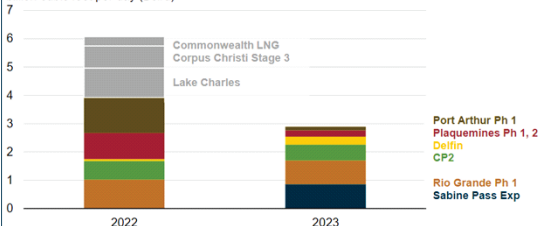
Process Load-weighted \$2.417/dth - w/o/w = ▼\$0.224
 Typical Heat Load-weighted \$2.679/dth - w/o/w = ▼\$0.206

LNG sale and purchase agreements signed in 2023 support US LNG projects:

Developers advanced three LNG projects to the construction phase in 2023, following the signing of sale and purchase agreements (SPA)—contracts specifying the terms and conditions of LNG supplies between seller and buyer—underpinning the projects. Developers signed contracts with buyers for almost 3 billion cubic feet per day (Bcf/d) of natural gas. The volumes contracted in 2023 totaled 52% less than the contracted volumes in SPAs signed in 2022. The final investment decisions (FID) for these projects came before DOE paused review of LNG export permits to countries with which the United States does not have a free trade agreement. All the projects that reached FID in 2023 already had export approvals from DOE. Included in the nine projects that signed SPAs in 2023 are three proposed projects and two projects that have received their respective regulatory approvals. Even though the approved projects, which would add approximately 3.8 Bcf/d of US LNG export capacity, have export approvals from DOE, they are still under consideration by the companies and have not yet reached FID. The terms in the SPAs signed last year were typical of many long-term US LNG export agreements. About three-quarters of the volumes in the 2023 SPAs had a contract duration of 20 years, beginning when the project starts commercial operations; the earliest start date would be the third quarter of 2024. Moreover, about 94% of the volumes in the SPAs were sold on a free-on-board (FOB) basis, which means the buyer takes ownership of the LNG at the loading terminal and pays for the product at that delivery point. More than one-half of the 2023 SPAs are indexed to the US benchmark Henry Hub natural gas price compared with about two-thirds of the SPAs signed in 2022. The volumes in the remaining 2023 SPAs would be using a different pricing mechanism, such as indexing to an oil benchmark price or another natural gas benchmark price. The LNG volumes contracted in 2023 are relatively evenly split between offtake companies based in Europe and those based in Asia, indicating the likely destination for those cargoes. However, destination flexibility is a common feature of most of the SPAs, where the buyer can deliver LNG to any destination if it complies with DOE export authorizations and US law.

Excerpted from 

Prospective U.S. LNG projects that signed sale and purchase agreements (2022–2023)
 billion cubic feet per day (Bcf/d)



“Rice is great if you're really hungry and want to eat two thousand of something.” - Mitch Hedberg¹

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