

July 13, 2015

# Natural Gas Trends

## Highlights

### Proposed bat rule could spell trouble for pipeline projects

A proposed rule from the US Fish and Wildlife Service might put upcoming pipeline projects at odds with a diminutive, nocturnal mammal known as the northern long-eared bat. The bat is currently listed as threatened, but the proposed rule would list the animal as endangered.

The Forest Service received as many comments by January 15 on the proposed rule that it added a 90-day extension to July 1. "The way the proposed rule is written now there is very limited exception," said Brianne Kurdock, a regulatory attorney with Interstate Natural Gas Association of America. "The only exception to transmission companies is 100-foot expansions or maintenance on existing rights-of-way." She said new construction projects could be put on hold for up to a year if a bat is seen anywhere near a construction site within the animal's protected buffer zone. And the buffer zone is massive, covering the entire Northeast and stretching south and west to Louisiana and Wisconsin.

Last week, Kurdock filed a comment to FWS requesting the agency expand its pipeline-related exceptions in the rule to include construction projects of interstate natural gas pipelines. "Generally we aren't looking at every species on the threatened or endangered list, but this affects 31 states, not one or two," said Cathy Landry, communications director for INGGA. "This could affect interstate pipeline construction projects." "We've asked Fish and Wildlife to take a closer look," Kurdock added.

INGAA and its members are willing to compromise and refrain from construction activities in confirmed bat habitats during pup season, which occurs in June and July. It is unknown when FWS will make a final decision on the rule.

Unlike many threatened or endangered species, it is not loss of habitat but disease decimating its numbers. White-nose syndrome is responsible for killing 5.5 million cave-hibernating bats in the US and Canada since 2006, according to FWS. Populations have decreased by 99% in some areas. A fungus that grows in caves and abandoned mines where the bats hibernate causes the syndrome.

Kurdock pointed out the forest industry has an exception to the rule, and it has a much more significant impact to habitat than pipeline projects, which are buried and re-vegetated immediately after construction.

Source: Platts Gas Daily

## Data

- August 2015 Natural Gas Futures Contract (as of July 10), NYMEX at Henry Hub closed at \$2.770 per million British thermal units (MMBtu)
- August 2015 Light, Sweet Crude Oil Futures Contract WTI (as of July 10), closed at \$52.74 per U.S. oil barrel (Bbl.) or approximately \$9.09 per MMBtu

### Last week: Texas cooler than normal last week

For the week beginning 7/5/15 and ending 7/11/15, cooling degree days (CDD) were lower than normal (cooler) on average for the week but higher than normal (warmer) for the year to date for most Texas cities shown.

Source: [www.cpc.ncep.noaa.gov](http://www.cpc.ncep.noaa.gov)

COOLING DEGREE DAYS (CDD)				
City or Region	Total CDD for week ending 7/11/15	*Week CDD +/- from normal	Year-to-date total CDD	*YTD % +/- from normal
Amarillo	60	-31	467	-13%
Austin	119	-14	1103	-12%
DFW	136	0	1056	1%
El Paso	119	-7	1169	13%
Houston	142	16	1431	14%
SAT	136	3	1363	4%
Texas**	122	-3	1169	2%
U.S.**	68	-3	563	16%

\* A minus (-) value is cooler than normal; a plus (+) value is warmer than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which CDDs are calculated. \*\* State and U.S. degree days are population-weighted by NOAA.

-999 = Normal Less Than 100 or Ratio Incalculable

### Last week: U.S. natural gas storage at 2,668 Bcf

For the week ending 7/03/2015 working gas in storage increased from 2,577 Bcf to 2,668 Bcf. This represents an increase of 91 Bcf from the previous week. Stocks were 659 Bcf higher than last year at this time and 45 Bcf above the 5 year average of 2,623 Bcf.

Source: <http://ir.eia.gov/ngs/ngs.html>

U.S. WORKING GAS IN STORAGE				
Region	Week ending 7/03/15	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	1,178	1,109	69	-6.1%
West	440	441	-1	5.8%
Producing	1,050	1,027	23	10.3%
Lower 48 Total	2,668	2,577	91	1.7%

Lower 48 states, underground storage, units in billion cubic feet (Bcf)

**Last week: U.S. gas rig count down for the week**

The gas rig count for the U.S. was down two for the week and down 94 when compared to twelve months ago. The total rig count for the U.S. was up one from last week and down 1012 when compared to twelve months ago. The total rig count includes both oil and natural gas rotary rigs.

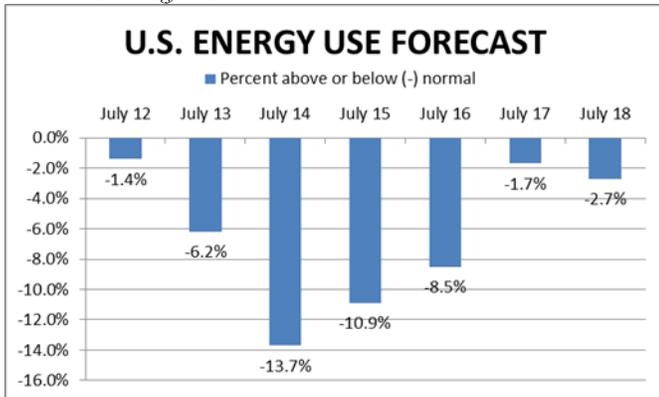
Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 7/10/2015	+/- prior week	Year ago	+/- year ago
Texas	368	5	898	-530
U.S. gas	217	-2	311	-94
U.S. oil	645	5	1563	-918
U.S. total	863	1	1875	-1012
Canada	169	30	315	-146

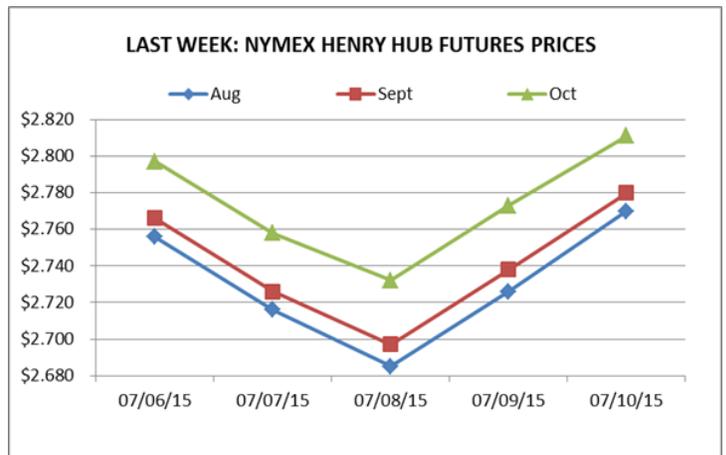
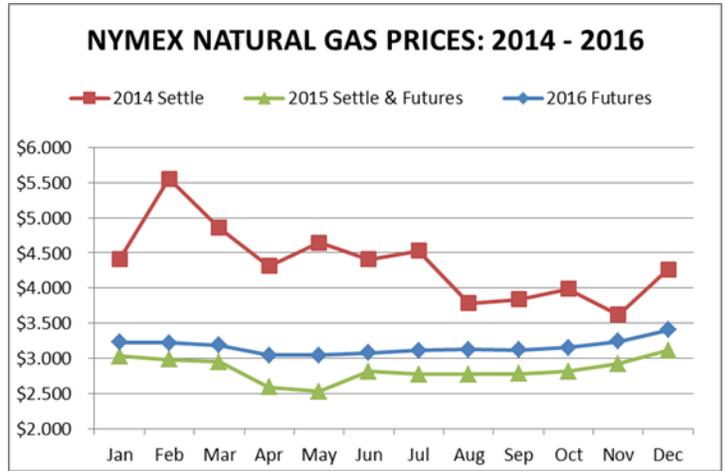
**This week: U.S. energy below average this week**

U.S. energy use is predicted to be below average this week, according to the Dominion Energy Index, as shown below. Dominion forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index



2015 prices. Natural gas prices for 2015, shown below in green, are the NYMEX settlement prices for Jan.-July and futures prices for the remainder of the year.



**NATURAL GAS PRICE SUMMARY AS OF 7/10/2015**

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US August futures				
NYMEX	\$2.770	-\$0.052	-\$2.085	\$2.839