

August 10, 2015

# Natural Gas Trends

## Highlights

### Forest Service questions route through national forests

In comments filed recently with the Federal Energy Regulatory Commission, the US Forest Service raised 335 issues concerning the route of the proposed Atlantic Coast pipeline through two national forests located in Virginia and West Virginia. The Forest Service's comments were among 23 comments that FERC has received on the 550-mile proposed pipeline project, a joint venture of Dominion Resources, Duke Energy, Piedmont Natural Gas and AGL Resources, which would traverse 550 miles across three states to move 1.5 Bcf/d of gas out of the Marcellus and Utica shales south to utilities and power generators in the US Mid-Atlantic and Southeast. FERC on Wednesday announced a new environmental scoping period for the pipeline project to allow landowners impacted by newly identified route alternatives to weigh in on the issues warranting the most focus during staff's review of the project. In its comments, the Forest Service raised issues concerning the portion of the pipeline route that traverses National Forest System lands in George Washington and Monongahela national forests.

After reviewing the draft resource reports for the project, the federal agency said the pipeline developers should expand their application documents to include a discussion "of the necessity of crossing NFS lands, to ensure that the proposed use is consistent with the mission of the Forest Service and manage NFS lands and resources in a manner that will best meet the present and future needs of the American people." According to the Forest Service's comments, the project's final resource report should address the project's impact on timber resource, wildlife, waterways, viewsheds and trails and unpaved roads. The Forest Service also recommended that the project developers should plan to align the pipeline laterally along the side of slopes, rather than run up and down the slopes as the latter alignments would require more extensive grading and trenches that need to be twice as deep as those required for lateral alignment. In addition, the Forest Service called for a more complete examination of alternative routes proposed to traverse the Monongahela National Forest, particularly the so-called Southern Route Alternative. The project developers' draft resource reports suggest that the proposed southern route would have greater environmental impacts because it would be longer than other suggested routes through the forest. However, the Forest Service disagreed with that assessment. "As stated in the Forest Service's scoping comments, routes should be compared by environmental effects rather than length," the agency's comments state.

The Southern route alternative "would result in substantially less impact to many of the sensitive resources of the MNF (e.g. spruce forest and spruce restoration areas, northern flying squirrel habitat, Cheat Mountain salamander habitat, perennial waterbodies, trails and Civil War battlefields," the Forest Service said. Source: Platts Gas Daily

## Data

- September 2015 Natural Gas Futures Contract (as of August 7), NYMEX at Henry Hub closed at \$2.798 per million British thermal units (MMBtu)
- September 2015 Light, Sweet Crude Oil Futures Contract WTI (as of August 7), closed at \$43.87 per U.S. oil barrel (Bbl.) or approximately \$7.56 per MMBtu

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

For the week beginning 8/2/15 and ending 8/8/15, cooling degree days (CDD) were higher than normal (warmer) on average for the week and 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 8/8/15	*Week CDD +/- from normal	Year-to-date total CDD	*YTD % +/- from normal
Amarillo	107	20	891	-1%
Austin	145	4	1654	-9%
DFW	182	37	1738	7%
El Paso	153	35	1757	15%
Houston	161	28	2058	15%
SAT	166	26	1993	7%
Texas**	149	19	1741	5%
U.S.**	74	1	886	14%

\* 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 2,912 Bcf

For the week ending 7/31/2015 working gas in storage increased from 2,880 Bcf to 2,912 Bcf. This represents an increase of 32 Bcf from the previous week. Stocks were 535 Bcf higher than last year at this time and 64 Bcf above the 5 year average of 2,848 Bcf.

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

U.S. WORKING GAS IN STORAGE				
Region	Week ending 7/31/15	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	1,354	1,318	36	-4.8%
West	466	464	2	4.3%
Producing	1,092	1,098	-6	11.7%
Lower 48 Total	2,912	2,880	32	2.2%

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

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

The gas rig count for the U.S. was up four for the week and down 103 when compared to twelve months ago. The total rig count for the U.S. was up ten from last week and down 1024 when compared to twelve months ago. The total rig count includes both oil and natural gas rotary rigs.

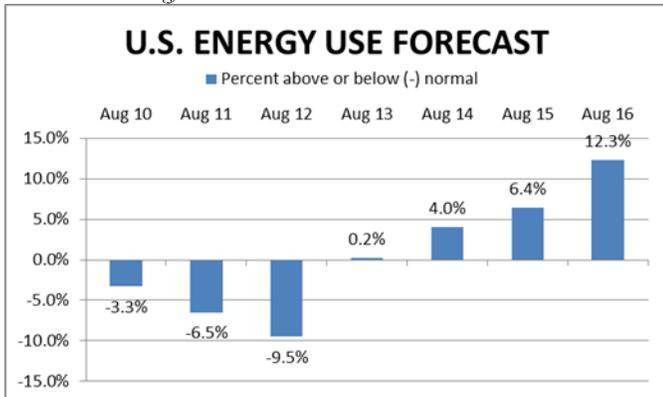
Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 8/7/2015	+/- prior week	Year ago	+/- year ago
Texas	383	8	908	-525
U.S. gas	213	4	316	-103
U.S. oil	670	6	1588	-918
U.S. total	884	10	1908	-1024
Canada	208	-7	387	-179

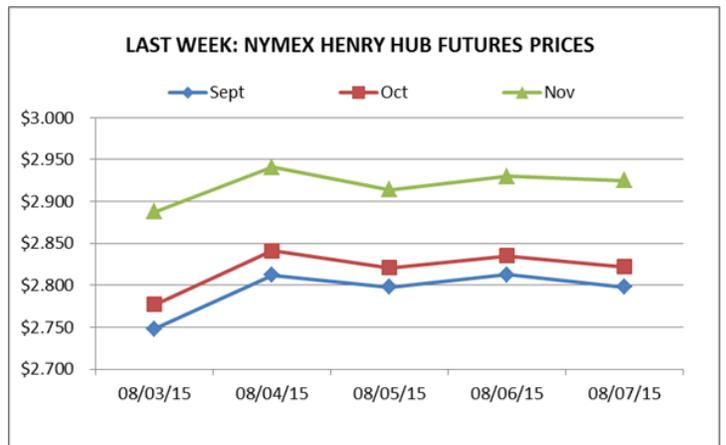
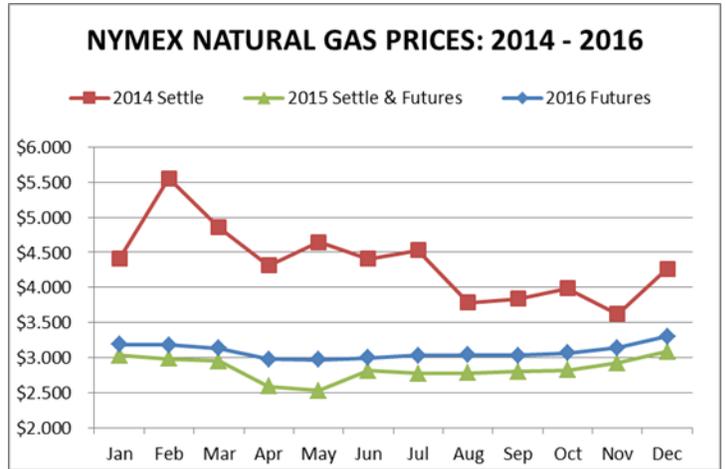
**This week: U.S. energy varies this week**

U.S. energy use is predicted vary 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 8/7/2015**

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US September futures				
NYMEX	\$2.798	\$0.082	-\$2.057	\$2.840