

**August 31, 2015**

# Natural Gas Trends

## Highlights

### Port Arthur LNG gets nod to export to FTA countries

DOE's Office of Fossil Energy has granted Sempra Energy's Port Arthur LNG authority to export the LNG equivalent of about 517 Bcf/year of natural gas from a facility in Texas to countries that have free trade agreements with the US. Sempra has proposed using a site in Port Arthur for an LNG export terminal with a production capacity totaling the LNG equivalent of 1.38 Bcf/d of gas. The company also plans to develop a gas pipeline project that would traverse Orange and Jefferson counties, Texas and Cameron Parish, Louisiana, to feed gas to the terminal.

Port Arthur LNG has not yet entered into long-term export agreements with customers for the project, DOE said. In granting the export authority August 20, DOE noted that the Natural Gas Act requires it to approve imports and exports of natural gas to FTA countries "without modification and delay" (15-53-LNG). Approval of non-FTA exports requires a more extensive review.

In late June, FERC staff said it planned to prepare an environmental impact statement to help the commission weigh whether the project is "in the public interest and public convenience and necessity." The June 24 notice said staff would jointly review the environmental impacts of the terminal and pipeline. A public comment period was opened through July 24 on the scope of issues to be evaluated in the EIS, which is required under the National Environmental Policy Act.

Sempra subsidiary Port Arthur LNG submitted the pre-filing request at FERC (PF15-18) for the LNG terminal while Sempra US Gas & Power, another Sempra subsidiary, is the lead on the pipeline project (PF15-19). The subsidiaries have said they plan to file formal applications with FERC by October.

The proposed site for the LNG terminal was evaluated and certified by FERC in 2006 for an import regasification facility. That project was abandoned when it became obvious that, because of the dramatic ramp-up of production of shale gas, the US would no longer need to import large volumes of LNG. Sempra has said that "any development of the project remains contingent upon completing required commercial agreements; acquiring all necessary permits and approvals; securing financing commitments and potential tax incentives; achieving other customary conditions; and making a final investment decision to proceed."

Source: Platts Gas Daily

## Data

- October 2015 Natural Gas Futures Contract (as of August 28), NYMEX at Henry Hub closed at \$2.715 per million British thermal units (MMBtu)
- October 2015 Light, Sweet Crude Oil Futures Contract WTI (as of August 28), closed at \$45.22 per U.S. oil barrel (Bbl.) or approximately \$7.80 per MMBtu

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

For the week beginning 8/23/15 and ending 8/29/15, 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 8/29/15 | *Week CDD +/- from normal | Year-to-date total CDD | * YTD % +/- from normal |
| Amarillo                  | 73                                | 5                         | 1129                   | 0%                      |
| Austin                    | 125                               | -8                        | 2062                   | -7%                     |
| DFW                       | 151                               | 25                        | 2191                   | 8%                      |
| El Paso                   | 130                               | 29                        | 2192                   | 19%                     |
| Houston                   | 127                               | 6                         | 2477                   | 15%                     |
| SAT                       | 150                               | 20                        | 2463                   | 8%                      |
| Texas**                   | 124                               | 7                         | 2140                   | 5%                      |
| U.S.**                    | 56                                | -1                        | 1093                   | 13%                     |

\* 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 3,099 Bcf

For the week ending 8/21/2015 working gas in storage increased from 3,030 Bcf to 3,099 Bcf. This represents an increase of 69 Bcf from the previous week. Stocks were 480 Bcf higher than last year at this time and 88 Bcf above the 5 year average of 3,011 Bcf.

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

| U.S. WORKING GAS IN STORAGE |                     |            |                 |                                 |
|-----------------------------|---------------------|------------|-----------------|---------------------------------|
| Region                      | Week ending 8/21/15 | Prior week | One-week change | Current Δ from 5-YR Average (%) |
| East                        | 1,510               | 1,457      | 53              | -3.8%                           |
| West                        | 479                 | 475        | 4               | 3.9%                            |
| Producing                   | 1,110               | 1,098      | 12              | 13.1%                           |
| Lower 48 Total              | 3,099               | 3,030      | 69              | 2.9%                            |

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 9 for the week and down 136 when compared to twelve months ago. The total rig count for the U.S. was up down from last week and down 1037 when compared to twelve months ago. The total rig count includes both oil and natural gas rotary rigs.

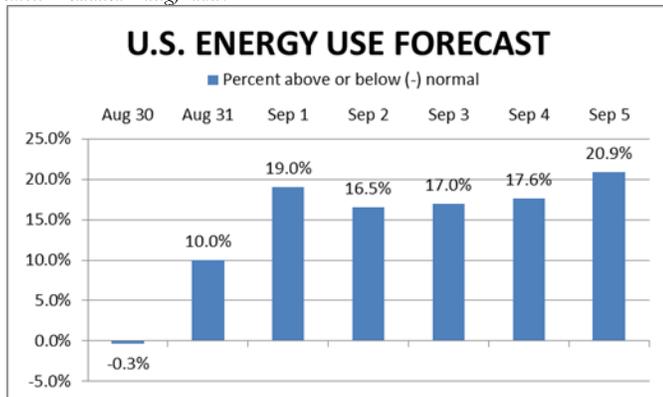
Source: Baker Hughes

| <b>BAKER HUGHES ROTARY RIG COUNT</b> |                 |                |          |              |
|--------------------------------------|-----------------|----------------|----------|--------------|
|                                      | As of 8/28/2015 | +/- prior week | Year ago | +/- year ago |
| Texas                                | 386             | 3              | 900      | -514         |
| U.S. gas                             | 202             | -9             | 338      | -136         |
| U.S. oil                             | 675             | 1              | 1575     | -900         |
| U.S. total                           | 877             | -8             | 1914     | -1037        |
| Canada                               | 196             | -12            | 409      | -213         |

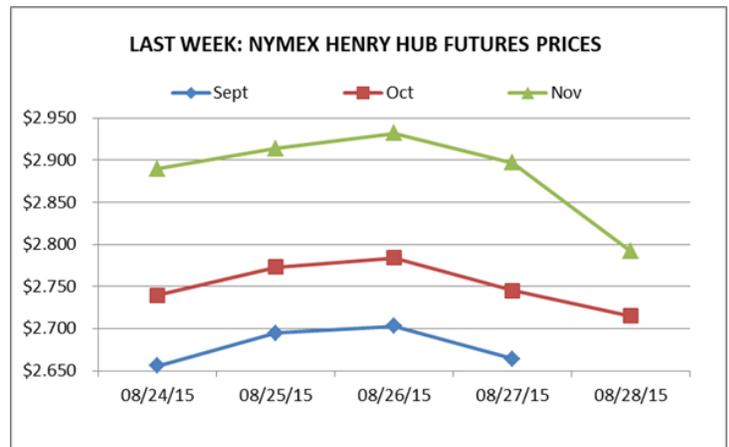
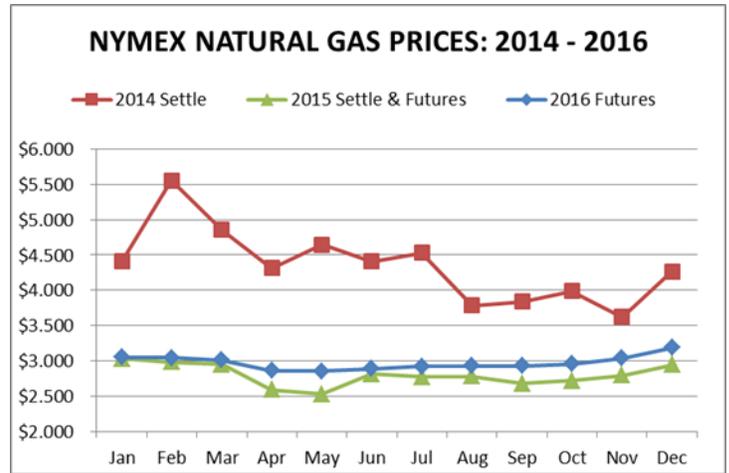
**This week: U.S. energy varies this week**

U.S. energy use is predicted to 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.- Sept. and futures prices for the remainder of the year.



\*Data for the September Henry Hub Futures Price on August 28, 2015 was unavailable

**NATURAL GAS PRICE SUMMARY AS OF 8/28/2015**

|                    | This Week | +/- Last Week | +/- Last Year | 12-Month Strip Avg. |
|--------------------|-----------|---------------|---------------|---------------------|
| US October futures |           |               |               |                     |
| NYMEX              | \$2.715   | \$0.039       | -\$2.140      | \$2.798             |