

September 8, 2015

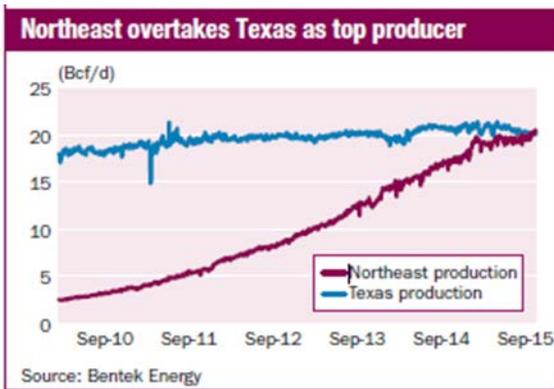
Natural Gas Trends

Highlights

Northeast gas production climbs to new high

Northeast production has set a new all-time high, reaching a record 20.5 Bcf/d of output on September 3. This marks the seventh record-setting day for gas production in the Northeast since regional production broke through the 20 Bcf/d mark on July 6. With month-to-date production averaging 20.37 Bcf/d, the region, comprised primarily of the Marcellus and Utica shale plays in Pennsylvania, Ohio and West Virginia, has overtaken Texas as the nation's leading producing region, which has so far averaged 20.09 Bcf/d this September.

This is likely to be the new normal, as Platts unit Bentek expects Northeast production to average 21.1 Bcf/d through the year's end, while Texas output is expected to remain relatively



flat, with an expected average 20.05 Bcf/d through the end of 2015. Year-ago production levels in the Northeast

were around 17 Bcf/d.

Advances in drilling techniques and a host of pipeline capacity expansion projects are bolstering production in the Northeast, allowing the region for the first time to become a net supplier to other US regions in August 2014. The region logged net-inflows from other supply regions during the winter of 2014-2015. However, it has reclaimed its status as net-supplier to the rest of the country, consistently, since April 2015.

The new production record comes just days after the Texas Eastern Transmission Uniontown-to-Gas City Project (U2GC) entered service on September 1. The project increased west-bound capacity on Texas Eastern, enabling it to deliver gas to Panhandle Eastern Pipeline at an interconnect in Gas City, Indiana. Texas Eastern, once a net-receiver of gas from Panhandle, is well positioned atop the Marcellus and Utica shales, and has delivered approximately 300 MMcf/d of gas to Panhandle since the expansion project entered service. The gas flowing to Panhandle from Texas Eastern can access Midwest markets and storage fields. Texas Eastern is one of several major pipelines in the Northeast region that have projects either planned or under construction that will increase Marcellus and Utica shale pipeline takeaway capacity, moving Northeast production toward the Midwest and Southeast markets.

Source: Platts Gas Daily

Data

- October 2015 Natural Gas Futures Contract (as of September 4), NYMEX at Henry Hub closed at \$2.655 per million British thermal units (MMBtu)
- October 2015 Light, Sweet Crude Oil Futures Contract WTI (as of September 4), closed at \$46.05 per U.S. oil barrel (Bbl.) or approximately \$7.94 per MMBtu

Last week: Texas warmer than normal last week

For the week beginning 8/30/15 and ending 9/5/15, 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

COOLING DEGREE DAYS (CDD)				
City or Region	Total CDD for week ending 9/5/15	*Week CDD +/- from normal	Year-to-date total CDD	*YTD % +/- from normal
Amarillo	91	32	1220	3%
Austin	120	-4	2182	-7%
DFW	145	30	2336	9%
El Paso	131	38	2323	20%
Houston	112	-3	2589	14%
SAT	148	25	2611	9%
Texas**	117	7	2257	6%
U.S.**	75	24	1168	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 3,193 Bcf

For the week ending 8/28/2015 working gas in storage increased from 3,099 Bcf to 3,193 Bcf. This represents an increase of 94 Bcf from the previous week. Stocks were 495 Bcf higher than last year at this time and 122 Bcf above the 5 year average of 3,071 Bcf.

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

U.S. WORKING GAS IN STORAGE				
Region	Week ending 8/28/15	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	1,581	1,510	71	-2.3%
West	482	479	3	3.9%
Producing	1,130	1,110	20	14.5%
Lower 48 Total	3,193	3,099	94	4.0%

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

Last week: U.S. gas rig count stable for the week

The gas rig count for the U.S. showed no change this week but was down 138 when compared to twelve months ago. The total rig count for the U.S. was down 13 from last week and down 1061 when compared to twelve months ago. The total rig count includes both oil and natural gas rotary rigs.

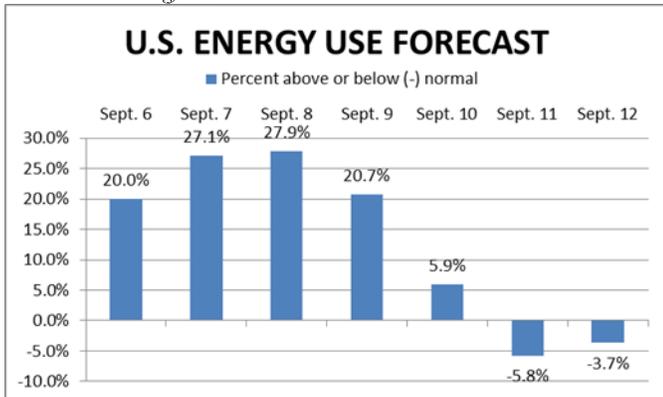
Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 9/4/2015	+/- prior week	Year ago	+/- year ago
Texas	375	-11	907	-532
U.S. gas	202	0	340	-138
U.S. oil	662	-13	1584	-922
U.S. total	864	-13	1925	-1061
Canada	187	-9	414	-227

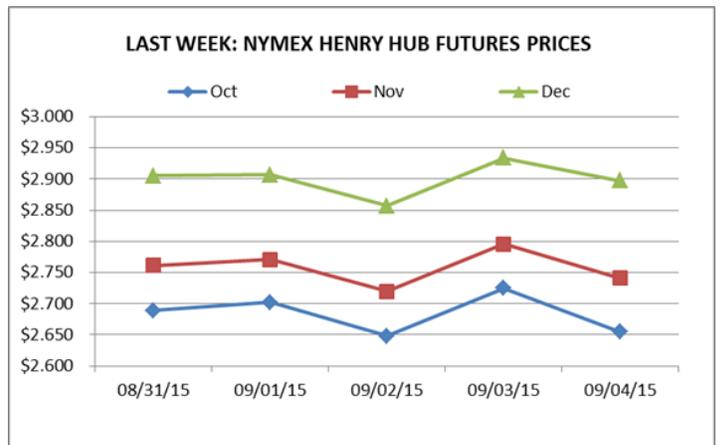
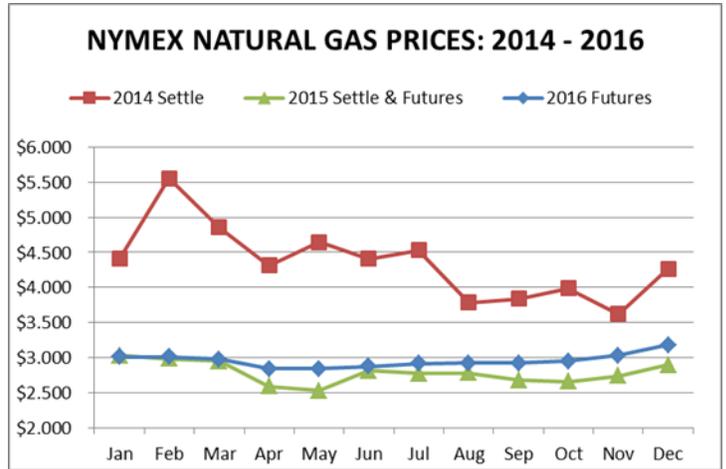
This week: U.S. energy varies this week

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.



NATURAL GAS PRICE SUMMARY AS OF 9/4/2015

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US October futures				
NYMEX	\$2.655	-\$0.060	-\$2.200	\$2.785