

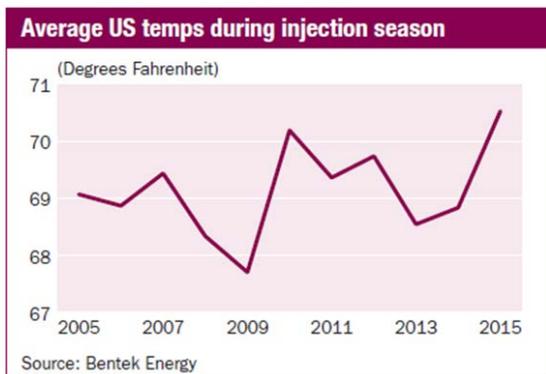
October 26, 2015

# Natural Gas Trends

## Highlights

### Hottest injection season seen in 10 years

As the 2015 injection season draws to a close, its ranking as the hottest such season seen in the last decade. Injection season begins in April and ends after October when withdrawals start to occur to meet heating demand. As of October 21, the average US temperature throughout this year's season stood at 70.6 degrees Fahrenheit, according to an analysis by Bentek Energy, a division of Platts. That's 1.2 degrees above normal. Only once in the last 10 years has the average temperature during the injection season crested 70 degrees when



it averages 70.1 during the 2010 season.

So far, this year is on pace to set a record for natural gas power burn.

Year-to-date US power burn is averaging 26.5 Bcf/d, which is more than 3.7 Bcf/d higher than 2014 during the same time. Barring a dramatic increase in gas prices, 2015 will set the annual record for power burn demand and will likely end the year at more than 25 Bcf/d, according to Bentek Energy.

While most of the increased burn can be attributed to switching from coal- to gas-fired power plants, elevated temperatures have certainly played a role as well. Some regions have been hotter than others. The Southwest and the Northwest both posted the most cooling degree days (CDDs) either region has seen in at least the past 30 years. A CDD is defined as the number of degrees that a day's average temperature is above 65-degrees F, which is when people typically crank on air conditioners and increase power burn. The Southwest recorded 1,534 CDDs, while the Northwest had 666 during its record-setting heat wave. The regions also posted average temperatures of 2.1 and 3.3 degrees above normal, respectively. This is demonstrated by power burn where Northwest and Southwest regions continue to run well above past totals.

Overall, the US had 1,555 CDDs, the fourth most recorded in the last 30 years. The US only had 1,378 CDDs during the 2014 injection season.

Source: Platts Gas Daily

## Data

- November 2015 Natural Gas Futures Contract (as of October 23), NYMEX at Henry Hub closed at \$2.286 per million British thermal units (MMBtu)
- November 2015 Light, Sweet Crude Oil Futures Contract WTI (as of October 23), closed at \$44.60 per U.S. oil barrel (Bbl.) or approximately \$7.69 per MMBtu

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

For the week beginning 10/18/15 and ending 10/24/15, 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 10/24/15	*Week CDD +/- from normal	Year-to-date total CDD	* YTD % +/- from normal
Amarillo	2	2	1488	11%
Austin	46	8	2778	-4%
DFW	40	22	2970	17%
El Paso	25	17	2849	27%
Houston	54	18	3192	15%
SAT	73	34	3365	15%
Texas**	48	20	2821	10%
U.S.**	10	2	1395	17%

\* 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 3,814 Bcf

For the week ending 10/16/2015 working gas in storage increased from 3,733 Bcf to 3,814 Bcf. This represents an increase of 81 Bcf from the previous week. Stocks were 434 Bcf higher than last year at this time and 163 Bcf above the 5 year average of 3,651 Bcf.

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

U.S. WORKING GAS IN STORAGE				
Region	Week ending 10/16/15	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	1,961	1,912	49	-0.6%
West	524	521	3	2.3%
Producing	1,329	1,300	29	14.0%
Lower 48 Total	3,814	3,733	81	4.5%

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 one this week and was down 139 when compared to twelve months ago. The total rig count for the U.S. stayed the same compared to last week and was down 1140 when compared to twelve months ago. The total rig count includes both oil and natural gas rotary rigs.

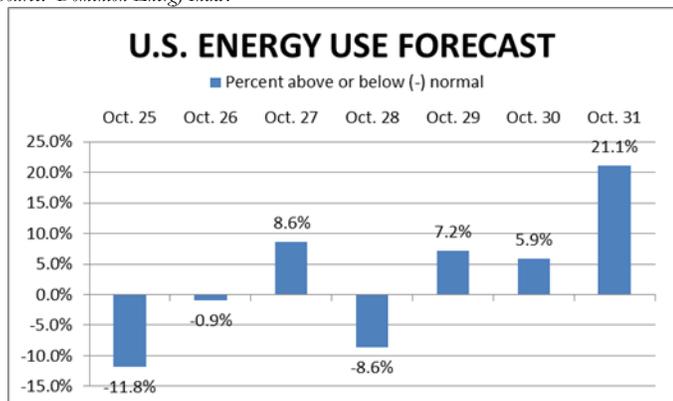
Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 10/23/2015	+/- prior week	Year ago	+/- year ago
Texas	346	-5	906	-560
U.S. gas	193	1	332	-139
U.S. oil	594	-1	1595	-1001
U.S. total	787	0	1927	-1140
Canada	190	9	426	-236

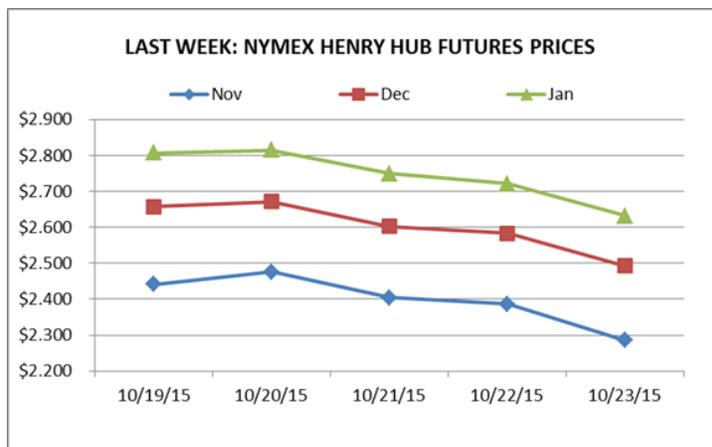
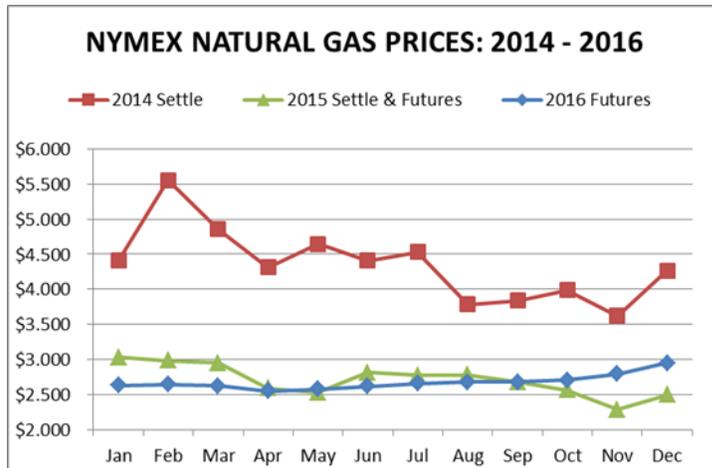
**This week: U.S. energy varies this week**

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.-Oct. and futures prices for the remainder of the year.



**NATURAL GAS PRICE SUMMARY AS OF 10/23/2015**

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US November futures				
NYMEX	\$2.286	-\$0.144	-\$1.996	\$2.706