

March 28, 2016

# Natural Gas Trends

## Highlights

### Gas exports to Mexico decline over short term

US exports to Mexico fell about 0.3 Bcf/d from the prior seven day average to 3.2 Bcf/d over the past six days with almost the entire decline taking place in Texas. Exports from Texas fell to an average of 2.7 Bcf/d after averaging more than 2.9 Bcf/d over the prior seven days.

More than 125 MMcf/d of this recent decline in exports came from falling sample deliveries on Tennessee Gas Pipeline, 115 MMcf/d of which was from falling Rio Bravo deliveries. There has also been a slight decline observed on NET Mexico, as sample flows dropped roughly 40 MMcf/d from last week's average over the past six days.

### Exports expected to average 3.7 Bcf/d through rest of 2016

Despite the recent declines, US exports have still averaged almost 3.4 Bcf/d this month which represents the strongest month on record, along with February 2016.

This also suggests a build of 1 Bcf/d from last March. The year-over-year growth can be largely attributed to NET Mexico flows, which are about 330 MMcf/d above 2015 levels so far this month.

### NATURAL GAS EXPORTS TO MEXICO



Bentek currently anticipates US exports to Mexico to average 3.7 Bcf/d through the rest of the year, with Texas accounting for 2.9 Bcf/d of those values.

Additional South Texas exports along the NET Mexico/Los Ramones corridor as well as some West Texas exports from the recently completed first phase of the Roadrunner Gas Transmission will likely help drive total outflows to Mexico as high as 3.9 Bcf/d this summer.

Source: Platts Gas Daily

## Data

- April 2016 Natural Gas Futures Contract (as of March 24) NYMEX at Henry Hub closed at \$1.806 per million British thermal units (MMBtu)
- May 2016 Light, Sweet Crude Oil Futures Contract WTI (as of March 24), closed at \$39.46 per U.S. oil barrel (Bbl.) or approximately \$6.80 per MMBtu

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

For the week beginning 3/20/16 and ending 3/26/16, heating degree days (HDDs) were higher than normal (cooler) on average for the week and for the year to date for all Texas cities shown.

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

| HEATING DEGREE DAYS (HDD) |                                   |                           |                        |                         |
|---------------------------|-----------------------------------|---------------------------|------------------------|-------------------------|
| City or Region            | Total HDD for week ending 3/26/16 | *Week HDD +/- from normal | Year-to-date total HDD | * YTD % +/- from normal |
| Amarillo                  | 91                                | -18                       | 3057                   | -21%                    |
| Austin                    | 64                                | 36                        | 1328                   | -17%                    |
| DFW                       | 57                                | 13                        | 1532                   | -33%                    |
| El Paso                   | 31                                | -21                       | 1906                   | -21%                    |
| Houston                   | 56                                | 29                        | 989                    | -33%                    |
| SAT                       | 45                                | 20                        | 1014                   | -33%                    |
| Texas**                   | 58                                | 17                        | 1417                   | -25%                    |
| U.S.**                    | 110                               | -11                       | 3216                   | -18%                    |

\* A minus (-) value is warmer than normal; a plus (+) value is cooler than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which HDDs 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 2,493 Bcf

For the week ending 3/18/2016 working gas in storage increased from 2,478 Bcf to 2,493 Bcf. This represents a decrease of 15 Bcf from the previous week. Stocks were 1,017 Bcf higher than last year at this time and 846 Bcf above the 5 year average of 1,647 Bcf.

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

| U.S. WORKING GAS IN STORAGE |                     |            |                 |                                 |
|-----------------------------|---------------------|------------|-----------------|---------------------------------|
| Region                      | Week ending 3/18/16 | Prior week | One-week change | Current Δ from 5-YR Average (%) |
| East                        | 453                 | 452        | 1               | 40.2%                           |
| Midwest                     | 571                 | 577        | -6              | 60.8%                           |
| Mountain                    | 148                 | 147        | 1               | 28.7%                           |
| Pacific                     | 260                 | 259        | 1               | 28.7%                           |
| South Central               | 1,061               | 1,043      | 18              | 62.7%                           |
| Lower 48 Total              | 2,493               | 2,478      | 15              | 51.4%                           |

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 three for the week but down 141 when compared to twelve months ago. The total rig count for the U.S. was down 12 compared to last week and down 584 when compared to twelve months ago. The total rig count includes both oil and natural gas rotary rigs.

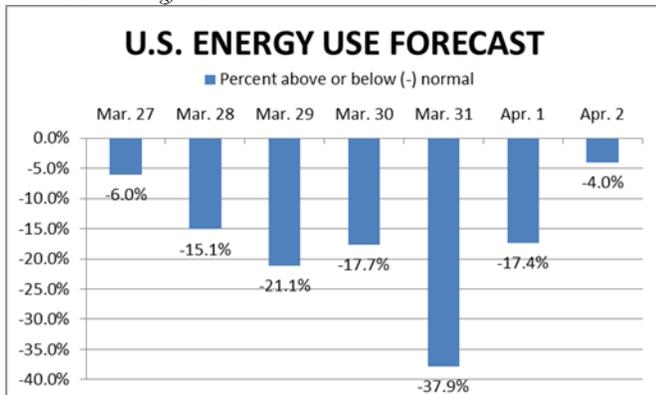
Source: Baker Hughes

| BAKER HUGHES ROTARY RIG COUNT |                 |                |          |              |
|-------------------------------|-----------------|----------------|----------|--------------|
|                               | As of 3/24/2016 | +/- prior week | Year ago | +/- year ago |
| Texas                         | 209             | -8             | 462      | -253         |
| U.S. gas                      | 92              | 3              | 233      | -141         |
| U.S. oil                      | 372             | -15            | 813      | -441         |
| U.S. total                    | 464             | -12            | 1048     | -584         |
| Canada                        | 55              | -14            | 120      | -65          |

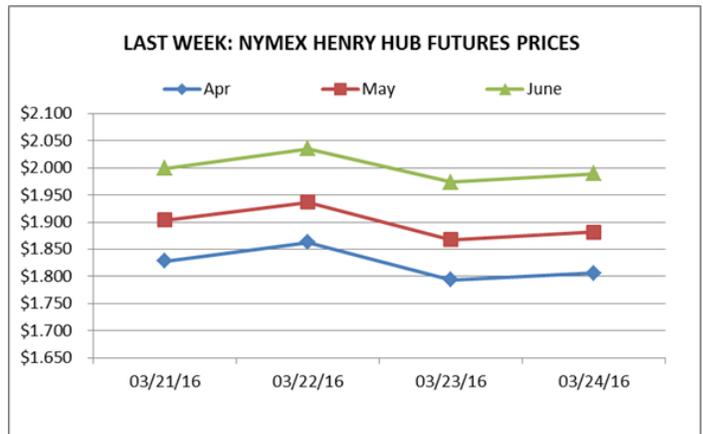
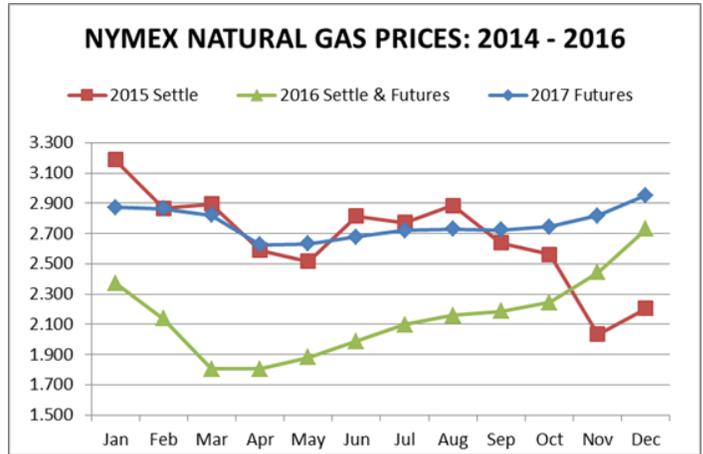
**This week: U.S. energy use below average**

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



2016 prices. Natural gas prices for 2016, shown below in green, are the NYMEX settlement prices for Jan-Mar. and futures prices for the year.



**NATURAL GAS PRICE SUMMARY AS OF 3/24/2016**

| This Week | +/- Last Week | +/- Last Year | 12-Month Strip Avg. |
|-----------|---------------|---------------|---------------------|
|-----------|---------------|---------------|---------------------|

US April futures

|       |         |          |          |         |
|-------|---------|----------|----------|---------|
| NYMEX | \$1.806 | -\$0.101 | -\$1.922 | \$2.664 |
|-------|---------|----------|----------|---------|