

April 1, 2013

Natural Gas Trends

Highlights

In the News: Planned natural gas pipeline expansions would add nearly 30 Bcf/d of new capacity through 2016.

According to U.S. Energy Information Administration's (EIA) pipeline projects data, nearly 30 billion cubic feet per day (Bcf/d) of natural gas pipeline capacity in the United States is in some stage of proposed or planned development with scheduled completion dates through 2016. These data are based on the latest information available from company and Federal Energy Regulatory Commission (FERC) statements as of December 2012. It includes both new pipelines, and expansions and lateral extensions to existing pipelines. It is uncertain whether all currently planned expansion projects will be completed, although they are more likely to be constructed the further along they are in the approval process.

About 39 percent or 11.5 Bcf/d of the planned capacity projects have received approval from FERC. Currently, only 10 percent of the planned additions are actively under construction, with more than half of those located in the Southwest. Combining all stages of project development, above 40 percent of all planned pipeline projects are located in the Northeast, which accounted for over half of all completed natural gas pipeline projects in 2012. Despite material gains in pipeline capacity additions and shale-driven natural gas production in the United States since 2005, the greater New York metropolitan area and especially New England markets still experience frequent constraints.

Natural gas supply remained mostly flat over the week, with increases in Canadian imports offsetting declines in production.

Dry production declined by 0.3 percent from the previous week, but remains 0.6 percent greater than its year-ago levels, according to BENTEK Energy Services LLC (Bentek) data. Canadian imports increased 16.7 percent during the report week. Domestic consumption increased 7 percent over the report week, with increases in all of the consuming sectors. Use of natural gas for power generation increased 12.1 percent, with large increases in the Southeast. Residential and commercial consumption averaged 8.2 percent greater than last week. Residential and commercial consumption this week, which was unseasonably cold, was 101 percent greater than last year at this time, which was unseasonably warm.

Data

- May 2013 Natural Gas Futures Contract (as of Mar. 28), NYMEX at Henry Hub closed at \$4.024 per million British thermal units (MMBtu)
- May 2013 Light, Sweet Crude Oil Futures Contract WTI (as of Mar. 28), closed at \$97.23 per U.S. oil barrel (Bbl.) or approximately \$16.76 per MMBtu

Last week: Texas and U.S. cooler than normal

For the week beginning 3/24/13 and ending 3/30/13, heating degree days (HDD) were higher than normal (cooler) for Texas and for the US.

62°F: www.cpc.ncep.noaa.gov

HEATING DEGREE DAYS (HDD)				
City or Region	Total HDD for week ending 3/30/13	*Week HDD + / - from normal	Year-to-date total HDD	* YTD % +/- from normal
Amarillo	102	0	3294	-16%
Austin	71	47	1535	-4%
DFW	74	36	1864	-18%
El Paso	43	-3	2109	-13%
Houston	51	28	1104	-25%
SAT	45	24	1133	-26%
Texas**	71	35	1619	-15%
U.S.**	139	25	3800	-4%

* 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 1,781 Bcf

For the week ending 3/22/2013 working gas in storage decreased from 1,876 Bcf to 1,781 Bcf. This represents a decrease of 95 Bcf from the previous week. Stocks were 642 Bcf lower than last year at this time and 61 Bcf above the 5 year average of 1,720 Bcf.

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

U.S. WORKING GAS IN STORAGE				
Region	Week ending 3/22/13	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	710	783	-73	-5.5%
West	334	339	-5	28.0%
Producing	737	754	-17	4.2%
Lower 48 Total	1,781	1,876	-95	3.5%

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

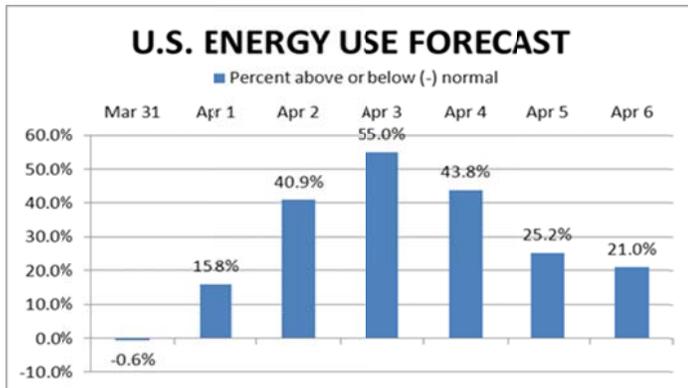
Last week: U.S. gas rig count down 29

The gas rig count for the U.S. was down 29 when compared to the prior week and down 269 when compared to 12 months ago. The total rig count for the U.S. was up 2 for the week and down 231 when compared to 12 months ago. The total rig count includes both oil and natural gas rotary rigs. Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 3/28/2013	+/- prior week	Year ago	+/- year ago
Texas	823	-4	922	-99
U.S. gas	389	-29	658	-269
U.S. oil	1354	30	1318	36
U.S. total	1748	2	1979	-231
Canada	246	-91	256	-10

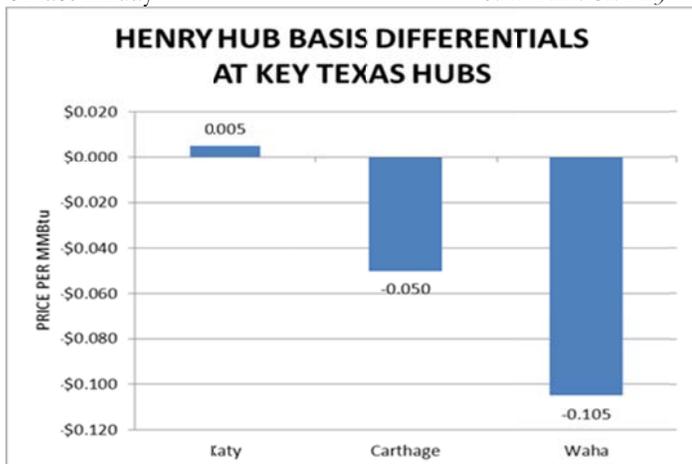
This week: U.S. energy use above normal

U.S. energy use is predicted to be above normal throughout the 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



Basis ranged from \$0.005 to -\$0.105 cents

Gas basis at key Texas hub markets is shown below and at right as the spot market cash price minus the Henry Hub as of last Friday. Source: Platt's Gas Daily



2013 prices. Natural gas prices for 2013, shown below in green, are the NYMEX settlement prices for January-April and the futures prices for the remaining months of 2013.

