

**September 30, 2013**

# Natural Gas Trends

## Highlights

### House bill would revise permitting process for cross-border pipelines

Key members of the House Energy and Commerce Committee have released a draft bill to change the process for permitting oil and natural gas pipelines and electric transmission lines that cross US borders.

“This bipartisan legislation will restore certainty and ensure future cross-border energy projects are reviewed and approved in a reasonable manner so we can move forward and build the architecture of abundance necessary to fulfill our energy future,” Committee Chairman Fred Upton, Republican-Michigan, said in a statement late Wednesday. Co-sponsor Representative Gene Green, Democrat-Texas, said the bill “will bring much-needed structure” to the permitting process while also ensuring the projects “go through all relevant environmental review before actually being constructed.”

The fight over some high-profile energy projects has focused on border permits. For example, the Keystone XL crude oil pipeline in Canada has been delayed by the Presidential Permit that must be issued by the State Department. And the Federal Energy Regulatory Commission’s permit process has highlighted the controversy over Kinder Morgan’s proposed Sierrita gas pipeline from Arizona to Mexico, which opponents say would hurt the environment and create a pathway for illegal immigration and smuggling.

The draft legislation would require federal regulators to approve a project permit within 120 days unless the project is not in US national security interests. The secretary of commerce would decide on oil pipelines, FERC would oversee gas pipelines and the secretary of energy would rule on electric transmission facilities, according to the bill. Transmission lines would be consistent with the policies and standards of the appropriate electric reliability organization and regional entity, regional transmission organization and independent system operator, according to the bill.

This bill would also remove the requirement for companies to win authorization from the Department of Energy for gas imports from , or exports to, Canada and Mexico. Project approval would not constitute a major federal action under the National Environmental Policy Act nor require a Presidential Permit, according to the draft legislation. NEPA requires agencies to prepare a detailed environmental impact statement for any proposed major federal action significantly affecting the environment. Executive Order 11423 requires the secretary of state to determine whether land crossings, bridges, pipelines and other facilities at the borders of the US are in the public interest.

The Energy and Power Subcommittee will hold a hearing on the draft bill October 2.

Source: Platts Gas Daily

## Data

- November 2013 Natural Gas Futures Contract (as of September 27), NYMEX at Henry Hub closed at \$3.589 per million British thermal units (MMBtu)
- November 2013 Light, Sweet Crude Oil Futures Contract WTI (as of September 27), closed at \$102.87 per U.S. oil barrel (Bbl.) or approximately \$17.74 per MMBtu

### Last week: Texas and U.S. warmer than normal

For the week beginning 9/22/13 and ending 9/28/13, cooling degree days (CDD) were higher than normal (warmer) for the week as well as higher than normal year to date for both Texas and for the US. Source: [www.cpc.ncep.noaa.gov](http://www.cpc.ncep.noaa.gov)

COOLING DEGREE DAYS (CDD)				
City or Region	Total CDD for week ending 9/28/13	*Week CDD + / - from normal	Year-to-date total CDD	* YTD % +/- from normal
Amarillo	41	13	1773	35%
Austin	89	3	2799	4%
DFW	89	21	2740	13%
El Paso	67	13	2633	21%
Houston	104	23	2892	12%
SAT	111	24	3134	15%
Texas**	83	14	2616	8%
U.S.**	23	-3	1255	11%

\* A minus (-) value is cooler than normal; a plus (+) value is warmer 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 3,386 Bcf

For the week ending 9/20/2013 working gas in storage increased from 3,299 Bcf to 3,386 Bcf. This represents an increase of 87 Bcf from the previous week. Stocks were 179 Bcf lower than last year at this time and 30 Bcf above the 5 year average of 3,356 Bcf.

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

U.S. WORKING GAS IN STORAGE				
Region	Week ending 9/20/13	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	1,742	1,688	54	-6.2%
West	519	511	8	10.7%
Producing	1,125	1,100	25	9.2%
Lower 48 Total	3,386	3,299	87	0.9%

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

**Last week: U.S. gas rig count down for the week**

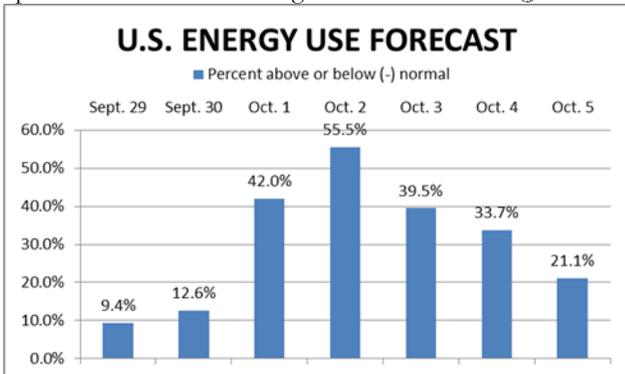
The gas rig count for the U.S. was down 10 when compared to the prior week and down 59 when compared to twelve months ago. The total rig count for the U.S. was down 17 for the week and down 104 when compared to twelve months ago. The total rig count includes both oil and natural gas rotary rigs.

Source: Baker Hughes

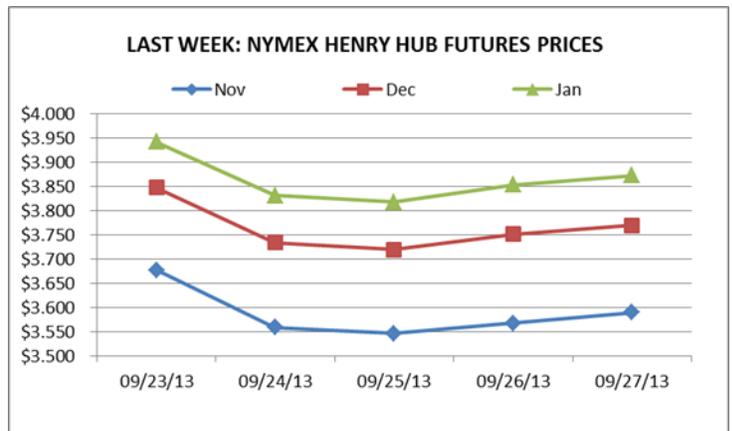
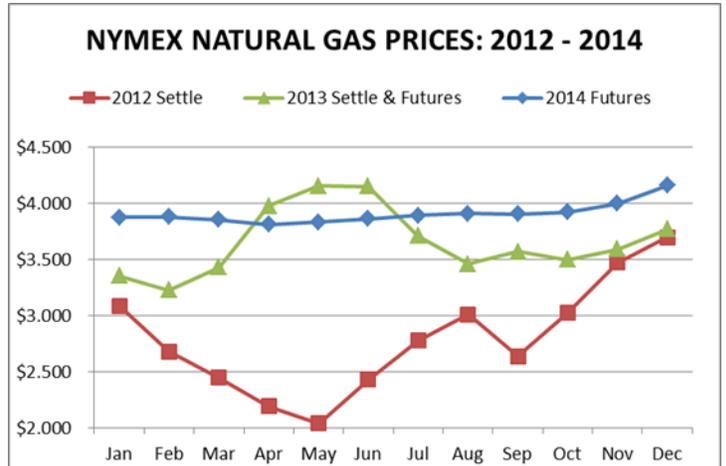
BAKER HUGHES ROTARY RIG COUNT				
	As of 9/27/2013	+/- prior week	Year ago	+/- year ago
Texas	825	-1	878	-53
U.S. gas	376	-10	435	-59
U.S. oil	1362	-7	1410	-48
U.S. total	1744	-17	1848	-104
Canada	390	2	359	31

**This week: U.S. energy use above normal**

U.S. energy use is predicted to be above normal 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*



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



**NATURAL GAS PRICE SUMMARY AS OF 9/27/2013**

This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
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US November futures

NYMEX	\$3.589	-\$0.098	\$0.118	\$3.840
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