

April 16, 2012

**Natural Gas Trends****Highlights****EIA's SHORT-TERM ENERGY OUTLOOK**

According to the Energy Information Administration's (EIA's) April 10, 2012 Short-Term Energy Outlook:

**Spot prices, natural gas.** EIA projects a Henry Hub natural gas average spot price of \$2.51 and \$3.40 per million British thermal units (MMBtu) in 2012 and 2013, respectively. The price per MMBtu averaged \$4 in 2011, \$4.39 in 2010, \$5.50 in 2009, \$9.13 in 2008, and \$7.17 in 2007.

**Spot prices, crude oil.** EIA expects the price of West Texas Intermediate (WTI) crude oil to average about \$106 per barrel in 2012, with the average U.S. refiner acquisition cost averaging \$112 per barrel. The WTI crude oil spot price per barrel averaged about \$95 in 2011, \$79 in 2010, \$62 in 2009, \$100 in 2008, and \$72 in 2007.

*Lower rig counts have not impacted natural gas production levels, partly reflecting improved drilling efficiency.*

**Consumption.** EIA expects U.S. natural gas consumption to average 69.6 billion cubic feet per day (Bcf/d) in 2012, an increase of 2.8 Bcf/d (4.2%) over 2011 consumption. Electric power sector consumption of natural gas is expected to grow by about 16% in 2012, because natural gas is now priced lower than coal, in some regions.

**Production.** EIA expects year-over-year production growth to continue in 2012, with projected increases occurring at a lower rate than in 2011. Total marketed U.S. natural gas production increased by 7.9% in 2011, by 4.4% in 2010, by 3.7% in 2009, and by 5.9% in 2008.

**Imports.** EIA expects gross pipeline imports of natural gas to decline by .7 Bcf/d (7.2%) in 2012, as U.S. supplies displace Canadian sources. Liquefied natural gas (LNG) imports are expected to decline by .3 Bcf/d (28%) in 2012. An average of .7 Bcf/d of LNG will be imported in 2012 and 2013 to fulfill long-term contract obligations or to provide additional supply during cold snaps and supply disruptions. U.S. imports of LNG totaled about 431 Bcf in 2010, 452 Bcf in 2009, 352 Bcf in 2008, and 771 Bcf in 2007.

Source: <http://www.eia.doe.gov/emeu/stco/pub/contents.html>

**Data**

- May Natural Gas Futures Contract (as of April 13), NYMEX at Henry Hub closed at \$1.981 per million British thermal units (MMBtu)
- May Light, Sweet Crude Oil Futures Contract (as of April 13), NYMEX at Cushing closed at \$102.83 per U.S. oil barrel (Bbl.) or approximately \$16.37 per MMBtu

**Last week: Texas, U.S. HDD lower than normal**

For the week beginning 4/8/12 and ending 4/14/12, heating degree days (HDD) were again lower than normal for Texas and the U.S. For the heating season (7/1/11 to 6/30/12), cumulative heating degree days were 22% below normal for Texas and 17% below normal for the U.S.

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

HEATING DEGREE DAYS (HDD)				
City or Region	Total HDD for week ending 4/14/2012	*Week HDD +/- from normal	Year-to-date total HDD	* YTD % +/- from normal
Amarillo	11	-65	3413	-17%
Austin	0	-13	1458	-11%
DFW	0	-21	1764	-25%
El Paso	0	-27	2247	-10%
Houston	0	-14	951	-37%
SAT	0	-12	1123	-28%
Texas**	3	-17	1532	-22%
U.S.**	87	-1	3467	-17%

\* A minus (-) value is warmer than normal; a plus (+) value is cooler than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which HDD are calculated. \*\* State and U.S. degree days are population-weighted by NOAA.

**Last week: U.S. natural gas storage at 2,487 Bcf**

For the week ending 4/6/12, U.S. working gas in storage rose from 2,479 to 2,487 Bcf, compared to 1,599 Bcf in storage a year ago and compared to an average of 1,567 Bcf in storage during the 5-year period from 2007 to 2011. Working gas in storage in the producing region (which includes Texas) declined from 1,045 to 1,042 Bcf.

Source: [www.eia.doe.gov](http://www.eia.doe.gov)

U.S. WORKING GAS IN STORAGE				
Region	Week ending 4/6/12	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	1,092	1,085	7	+ 64.5%
West	353	349	4	+ 44.7%
Producing	1,042	1,045	-3	+ 58.1%
Lower 48 Total	2,487	2,479	8	+ 58.7%

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

**Last week: U.S. gas rig count down 23 to 624**

The gas rig count for the U.S. was down 23 when compared to the prior week and down 261 when compared to 12 months ago. The U.S. total rig count was down 29 when compared to the prior week, and up 178 when compared to 12 months ago.

Source: Baker Hughes

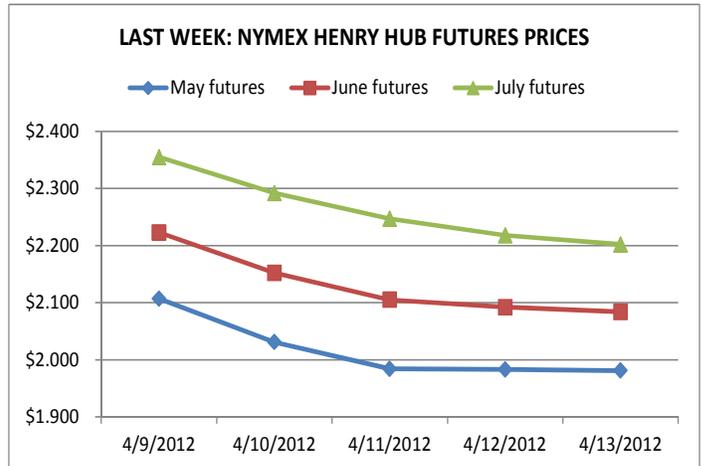
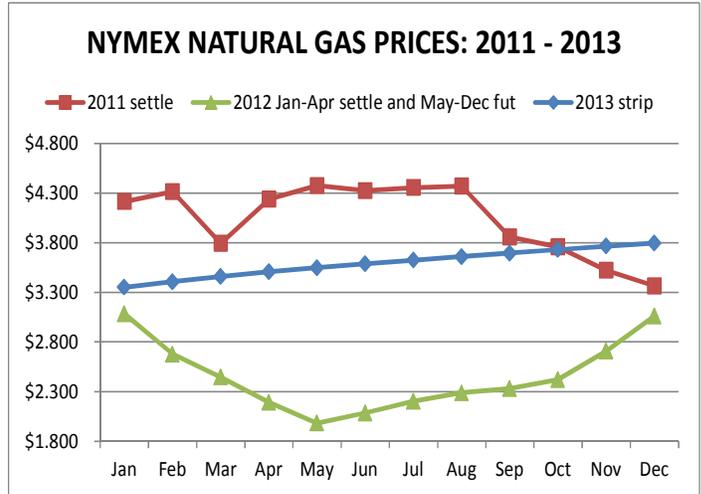
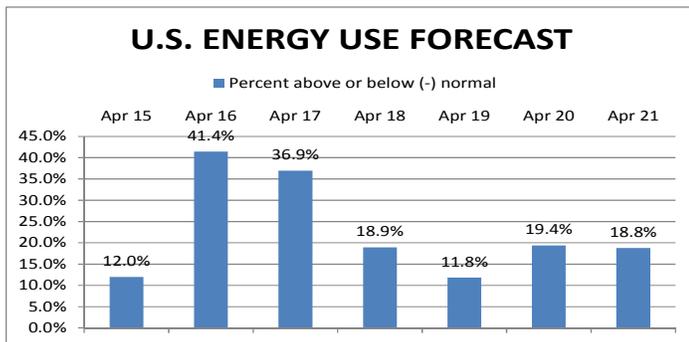
BAKER HUGHES ROTARY RIG COUNT				
	As of 4/13/12	+/- prior week	Year ago	+/- year ago
Texas	916	-7	779	137
U.S. gas	624	-23	885	-261
U.S. oil	1322	-7	880	442
U.S. total	1950	-29	1772	178
Canada	164	-23	167	-3

Numbers are excerpted and not meant to be totaled

**This week: U.S. energy use higher than normal**

U.S. energy use is forecasted to be higher than 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



**NATURAL GAS PRICE SUMMARY AS OF 4/13/2012**

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US May futures				
NYMEX	\$1.981	-\$0.108	-\$2.396	\$2.662

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