

**September 17, 2012**

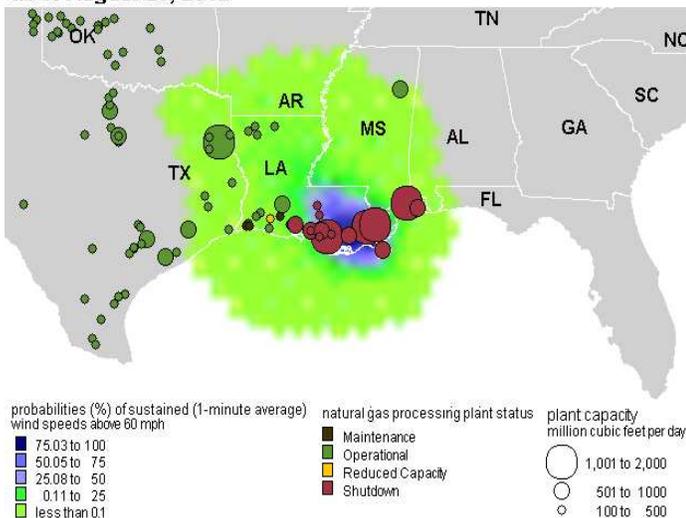
**Natural Gas Trends**

**Highlights**

**NATURAL GAS PROCESSING AND HURRICANE ISAAC**

Hurricane Isaac had an effect on natural gas processing infrastructure in the Gulf Coast region. The U.S. Energy Information Administration (EIA) reported that Hurricane Isaac caused considerable disruption to processing infrastructure. However, EIA demonstrated that it had a negligible affect on natural gas prices because of **ample onshore production and surplus storage.**

**Natural gas processing plants in the area affected by Isaac, as of August 29, 2012**



Processing facilities play a key role in the overall natural gas supply chain because they purify and "dry out" raw natural gas from producing wells. This process results in pipeline-quality natural gas for delivery to end-users and a mix of natural gas liquids products to be separated by fractionators.

According to the EIA, Hurricane Isaac made landfall on the evening of August 28, 2012, and ultimately disrupted natural gas processing operations for more than 10 of the 13.5 billion cubic feet (Bcf) of total processing capacity in the affected area (see map above). Noteworthy is that **Texas processing was not affected by the storm.**

Source: <http://www.eia.gov/todayinenergy/detail.cfm?id=7950>

**Data**

- October Natural Gas Futures Contract (as of Sep 14), NYMEX at Henry Hub closed at \$2.943 per million British thermal units (MMBtu)
- October Light, Sweet Crude Oil Futures Contract (as of Sep 14), NYMEX at Cushing closed at \$99 per U.S. oil barrel (Bbl.) or approximately \$15.76 per MMBtu

**Last week: Texas, U.S. CDD higher than normal**

For the week beginning 9/9/12 and ending 9/15/12, cooling degree days (CDD) were higher than normal for Texas and the U.S. For the cooling season (1/1/12 to 12/31/12), cumulative cooling degree days were 18% above normal for Texas and 24% above normal for the U.S.

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

COOLING DEGREE DAYS (CDD)				
City or Region	Total CDD for week ending 9/15/2012	*Week CDD +/- from normal	Year-to-date total CDD	* YTD % +/- from normal
Amarillo	34	-11	1905	52%
Austin	73	-36	2727	9%
DFW	78	-18	2928	28%
El Paso	52	-28	2572	25%
Houston	93	-9	3008	24%
SAT	93	-16	3065	20%
Texas**	71	-23	2683	18%
U.S.**	35	-5	1347	24%

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

**Last week: U.S. natural gas storage at 3,496 Bcf**

For the week ending 9/14/12, U.S. working gas in storage rose from 3,429 to 3,496 Bcf, compared to 3,176 Bcf in storage a year ago and compared to an average of 3,218 Bcf in storage during the 5-year period from 2007 to 2011. Working gas in storage in the producing region (which includes Texas) increased from 1,104 to 1,124 Bcf.

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

U.S. WORKING GAS IN STORAGE				
Region	Week ending 9/14/12	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	1,875	1,831	44	+ 4.2%
West	497	494	3	+ 11.7%
Producing	1,124	1,104	20	+ 15.4%
Lower 48 Total	3,496	3,429	67	+ 8.6%

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

**Last week: U.S. gas rig count down 4**

The gas rig count for the U.S. was down 4 when compared to the prior week and down 464 when compared to 12 months ago. The total rig count for the U.S. was flat for the week and down 121 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**

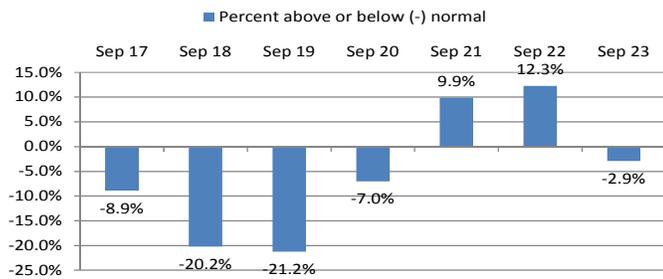
	As of 9/14/2012	+/- prior week	Year ago	+/- year ago
Texas	878	+9	895	-17
U.S. gas	448	-4	912	-464
U.S. oil	1413	+4	1062	+351
U.S. total	1864	0	1985	-121
Canada	354	+9	502	-148

Numbers are excerpted and not meant to be totaled

**This week: U.S. energy use down, up, down**

U.S. energy use is forecasted to be lower than normal through Sept. 20, then higher than normal through Sept. 22, 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

**U.S. ENERGY USE FORECAST**

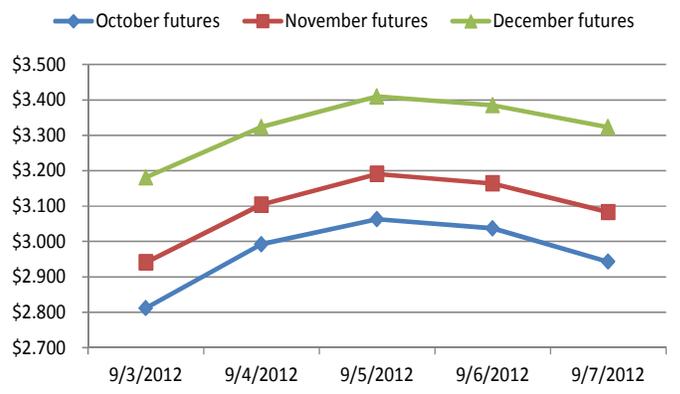


**Strip prices.** Natural gas strip prices for 2013, shown below in blue, are the average of daily settlement prices for the next twelve months of natural gas futures contracts.

**NYMEX NATURAL GAS PRICES: 2011 - 2013**



**LAST WEEK: NYMEX HENRY HUB FUTURES PRICES**



**NATURAL GAS PRICE SUMMARY AS OF 9/14/2012**

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US October futures				
NYMEX	\$2.943	\$0.144	-\$0.816	\$3.422

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