

May 17, 2010

# Natural Gas Trends

## Highlights

### EIA's SHORT-TERM ENERGY OUTLOOK

According to the Energy Information Administration's (EIA's) May 11, 2010 Short-Term Energy Outlook:

**Spot prices, natural gas.** The Henry Hub average natural gas spot price was \$4.03 per million British thermal units (MMBtu) in April 2010. EIA projects for calendar year 2010 an annual average Henry Hub spot price of \$4.48 per MMBtu, similar to last month's projection of \$4.44. Prices per MMBtu averaged \$5.50 in 2009, \$9.13 in 2008, and \$7.17 in 2007.

**Spot prices, crude oil.** West Texas Intermediate (WTI) spot prices for crude oil are expected to average about \$84 per barrel during the second half of calendar year 2010. The WTI crude oil spot price per barrel averaged \$62 in 2009, \$100 in 2008, and \$72 in 2007.

**Consumption.** U.S. total natural gas consumption is projected to increase by 3% in 2010 to 64.4 billion cubic feet per day (Bcf/d). The industrial sector and the electric power generation sector are driving the increase in projected consumption. U.S. total natural gas consumption fell by 1.5% in 2009.

**Production.** Total U.S. marketed natural gas production is expected to increase by 1.3% in 2010 to 60.7 Bcf/d. Production increased by 3.7% in 2009 and by 5.9% in 2008.

Although the working natural gas rig count declined in recent weeks, the resurgent trend in drilling activity from last year's low contributes to EIA's outlook for production growth in 2010.

**Imports.** EIA expects natural gas pipeline imports, primarily from Canada, to decline in 2010 by .7 Bcf/d. EIA is projecting an increase of .4 Bcf/d in liquefied natural gas (LNG) imports in 2010 largely because new supplies are being introduced from Qatar, Yemen, and Peru. U.S. LNG imports totaled 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

- June Natural Gas Futures Contract (May 14), NYMEX at Henry Hub closed at \$4.312
- June Light, Sweet Crude Oil Futures Contract (May 14), NYMEX at Cushing closed at \$71.61 per Bbl. or approximately \$11.40 per MMBtu

### Last week: Texas Warmer, U.S. Cooler Than Norm

For the week beginning 5/9/10 and ending 5/15/10, heating degree days for Texas were below normal while U.S. heating degree days were above normal. For the heating season (7/1/09 to 6/30/10), cumulative heating degree days are 18% above normal for Texas and 1% 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 5/15/10	* Week HDD +/- from Normal	Year-to-date total HDD	* YTD % +/- from Normal
Amarillo	40	+ 15	4538	+ 6 %
Austin	0	0	2212	+ 34 %
Dallas – FW	3	- 2	2575	+ 9 %
El Paso	0	0	2485	- 2 %
Houston	0	0	1761	+ 15 %
San Antonio	0	0	1769	+ 12 %
Texas**	1	- 2	2347	+ 18 %
U.S.**	58	+ 18	4381	- 1 %

\* 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.

### Last week: U.S. Gas Storage Ascends to 2,089 Bcf

For the week ending 5/7/10, U.S. working gas in storage increased from 1,995 to 2,089 Bcf compared to 1,992 Bcf in storage a year ago and compared to an average of 1,764 Bcf in storage during the 5-year period from 2005 to 2009. Working gas in storage in the producing region (which includes Texas) increased from 760 to 787 Bcf.

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

### U.S. WORKING GAS STORAGE

Region	Week ending 5/7/10	Prior Week	One-week Change	Current Δ from 5-YR Avg (%)
East	958	905	+ 53	+ 17.2 %
West	344	330	+ 14	+ 29.8 %
Producing	787	760	+ 27	+ 14.9 %
Lower 48 Total	2089	1995	+ 94	+ 18.4 %

Units in billion cubic feet (Bcf)

**Last week: Gas Rig Count Down 2 To 951**

The gas rig count for the U.S. was down 2 last week and up 223 when compared to 12 months ago. The U.S. total rig count was up 14 last week and up 588 when compared to 12 months ago.

Source: Baker Hughes

**BAKER HUGHES ROTARY RIG COUNT**

	As of 5/14/10	+/- Prior Week	Year Ago	+/- Year Ago
U.S. total	1506	+ 14	918	+ 588
Gas	951	- 2	728	+ 223
Oil	544	+ 16	181	+ 363
Texas	643	+ 9	342	+ 301
N. Amer.	1627	+ 32	986	+ 641

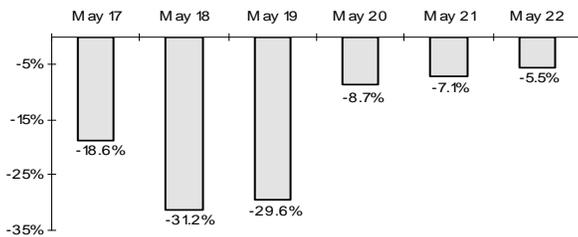
Numbers are excerpted and not meant to be totaled

**This week: U.S. Energy Use Below Norm**

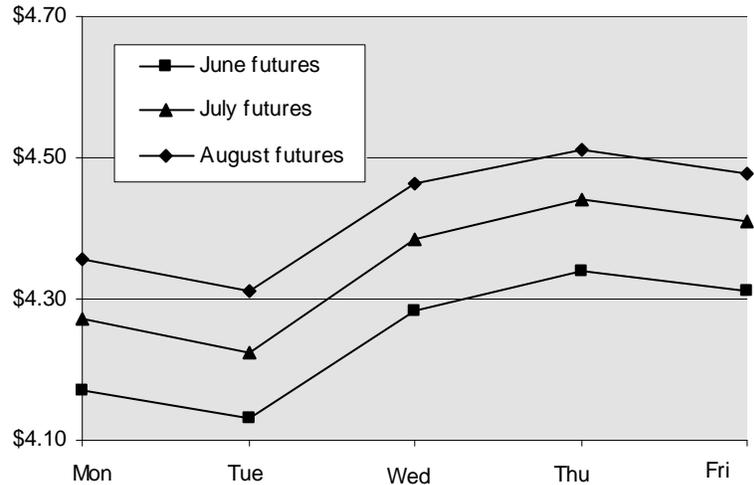
U.S. energy use is forecast to be significantly lower than normal this week, according to the Dominion Energy Index, as shown below. The index forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index

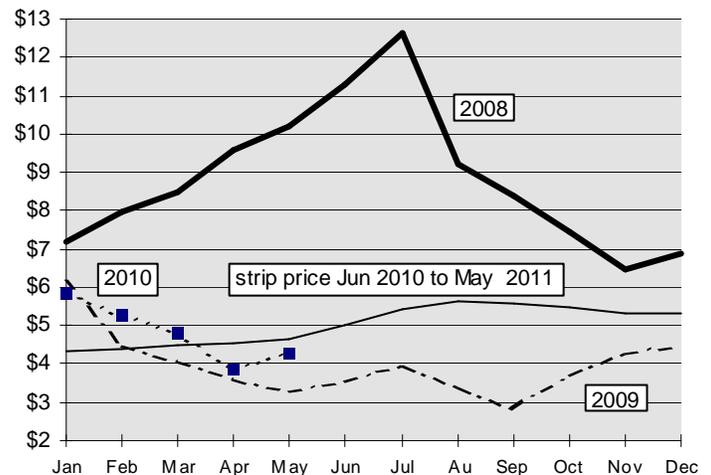
**U.S. ENERGY USE FORECAST**



**NYMEX NATURAL GAS PRICE MOVEMENT 5/10/10 - 5/14/10**



**NYMEX HENRY HUB FUTURES PRICES**



**GAS PRICE SUMMARY AS OF 5/14/10**

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US June futures				
NYMEX	\$4.312	\$0.297	\$0.681	\$4.718