

Southeastern Ohio Oil and Gas Association
Gas Committee Report
April, 2017

PRICING

Prices April 11, 2017

NYMEX Settle – April -2017	\$3.175
One Year NYMEX strip (May, 2017 – Apr., 2018)	\$3.334
Summer NYMEX strip for 2017 (May-October)	\$3.268
Winter NYMEX strip – 2017 (Nov., 2017 – Mar. 2018)	\$3.500
TCO Index Posting – April, 2017	\$2.99
DTI Index Posting – April, 2017	\$2.71

GAS STORAGE AS OF THE April 6, 2017 Report

Working gas in underground storage, Lower 48 states

Region	Stocks billion cubic feet (Bcf)				Historical Comparisons			
	03/31/17	03/24/17	net change	implied flow	Year ago (03/31/16)		5-year average (2012-16)	
					Bcf	% change	Bcf	% change
East	268	278	-10	-10	435	-38.4	332	-19.3
Midwest	479	486	-7	-7	549	-12.8	372	28.8
Mountain	142	141	1	1	149	-4.7	121	17.4
Pacific	216	212	4	4	265	-18.5	229	-5.7
South Central	946	932	14	14	1,081	-12.5	731	29.4
Salt	295	289	6	6	322	-8.4	190	55.3
Nonsalt	651	644	7	7	759	-14.2	541	20.3
Total	2,051	2,049	2	2	2,478	-17.2	1,786	14.8

Summary

Working gas in storage was 2,051 Bcf as of Friday, March 31, 2017, according to EIA estimates. This represents a net increase of 2 Bcf from the previous week. Stocks were 427 Bcf less than last year at this time and 265 Bcf above the five-year average of 1,786 Bcf. At 2,051 Bcf, total working gas is within the five-year historical range..

EIA FORECAST APRIL 1, 2017:

Natural Gas

- U.S. dry natural gas production is forecast to average 75.6 billion cubic feet per day (Bcf/d) in 2017, a 1.3 Bcf/d increase from the 2016 level. This increase reverses a 2016 production decline, which was the first decline since 2005. Natural gas production in 2018 is forecast to increase by an average of 4.1 Bcf/d from the 2017 level.
- Henry Hub spot prices fell back below \$3.50/MMBtu in January 2017 as temperatures warmed, and declined further during the [second-warmest February on record](#). However, January and February 2016 were also warmer than normal. In 2016, the Henry Hub spot price remained below \$2.00/MMBtu for the latter half of February and all of March 2016. March 2017 prices averaged \$2.87/MMBtu and ended the month at \$3.10, more than a dollar higher than the March 2016 closing price of \$1.93/MMBtu.
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- Increasing capacity for natural gas-fired electric generation, growing domestic natural gas consumption, and new export capabilities contribute to the forecast Henry Hub natural gas spot price rising from an average of \$3.43/MMBtu in 2017 to \$3.70/MMBtu in 2018. NYMEX contract values for April 2017 delivery traded during the five-day period ending February 2 suggest that a price range from \$2.42/MMBtu to \$4.38/MMBtu encompasses the market expectation of Henry Hub natural gas prices in April 2017 at the 95% confidence level.

U.S. liquefied natural gas (LNG) exports.

Natural gas pipeline deliveries to the Sabine Pass liquefaction terminal averaged 2.1 Bcf/d for the report week, 14% higher than in the previous week. Five vessels (combined LNG-carrying capacity of 17.5 Bcf) departed Sabine Pass last week (Thursday to Wednesday) and one vessel (LNG-carrying capacity of 3.6 Bcf) was loading at the terminal on Wednesday, April 5.

Dominion Cove Point, another U.S. liquefaction facility currently under construction, announced in its latest monthly construction status [report](#) filed with the Federal Energy Regulatory Commission (FERC) that the facility is 80% complete. The facility operator, Dominion Cove Point LLC, requested FERC's permission to introduce feed gas and begin commissioning activities on the two auxiliary boilers and related support systems. The facility is expected to become operational by the end of 2017.

PIPELINE REPORT:

New updates coming in July, 2017

UTICA WELL LPRODUCTION

During the fourth quarter of 2016, Ohio's horizontal shale wells produced 3,577,553 barrels of oil and 364,307,926 Mcf (364 billion cubic feet) of natural gas. Natural gas production from the fourth quarter of 2016 showed an increase over the third quarter of 2016.

Horizontal shale well operators are required to submit production data by the 45th day following the close of each calendar quarter. Operators submit the amount of oil, natural gas and brine that each well produces, as well as the number of days that the well was in production.

Fourth Quarter – 2016 – Utica Production Volumes:

	2016 QUARTER 3	2016 QUARTER 4	PERCENTAGE CHANGE
Barrels of Oil	3,954,095	3,357,553	(15.09%)
MCF Nat. Gas	360,681,356	364,307,926	1%

As of April 1, 2017, there have been 2,452 Utica shale permits issues in 23 counties in Ohio to 29 companies, and 1950 of them have been developed.

There are currently 1,562 Utica shale wells in production, with 20 rigs running.