

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

PRICING

Prices July 10, 2017

NYMEX Settle – July -2017	\$3.067
One Year NYMEX strip (Aug., 2017 – July, 2018)	\$2.991
Summer NYMEX strip for 2017 (August-October)	\$2.931
Winter NYMEX strip – 2017 (Nov., 2017 – Mar. 2018)	\$3.173
TCO Index Posting – July, 2017	\$2.87
DTI Index Posting – July, 2017	\$1.81

GAS STORAGE AS OF THE July 7, 2017 Report

Working gas in underground storage, Lower 48 states

Region	Stocks billion cubic feet (Bcf)				Historical Comparisons			
	06/30/17	06/23/17	net change	implied flow	Year ago (06/0230/16)		5-year average (2012-16)	
					Bcf	% change	Bcf	% change
East	564	536	28	28	651	-13.4	607	-7.1
Midwest	699	676	23	23	761	-8.1	632	10.6
Mountain	187	184	3	3	201	-7.0	160	16.9
Pacific	287	280	7	7	313	-8.6	316	-9.2
South Central	1,151	1,140	11	11	1,247	-7.7	987	16.6
Salt	341	341	0	0	355	-3.9	273	24.9
Nonsalt	810	799	11	11	893	-9.3	714	13.4
Total	2,888	2,816	72	72	3,173	-8.0	2,701	6.9

Summary

Working gas in storage was 2,888 Bcf as of Friday, June 30, 2017, according to EIA estimates. This represents a net increase of 72 Bcf from the previous week. Stocks were 285 Bcf less than last year at this time and 187 Bcf above the five-year average of 2,701 Bcf. At 2,888 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 73.3 billion cubic feet per day (Bcf/d) in 2017, a 1.0 Bcf/d increase from the 2016 level. This forecast increase would reverse a 2016 production decline, which was the first annual decline since 2005. Natural gas production in 2018 is forecast to be 3.3 Bcf/d above the 2017 level..
- In May, the average Henry Hub natural gas spot price was \$3.15 per million British thermal units (MMBtu), 5 cents/MMBtu higher than in April. New natural gas export capabilities and growing domestic natural gas consumption contribute to the forecast Henry Hub natural gas spot price rising from an average of \$3.16/MMBtu in 2017 to \$3.41/MMBtu in 2018. NYMEX contract values for September 2017 delivery that traded during the five-day period ending June 1 suggest that a range of \$2.30/MMBtu to \$4.41/MMBtu encompasses the market expectation for Henry Hub natural gas prices in September 2017 at the 95% confidence level.

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

U.S. liquefied natural gas (LNG) exports remain flat week over week. Three vessels (combined LNG-carrying capacity of 11.4 Bcf) departed Sabine Pass last week (Thursday to Wednesday), and one vessel (LNG-carrying capacity 3.4 Bcf) was loading at the terminal on Wednesday.

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 August, 2017

UTICA WELL LPRODUCTION

During the first quarter of 2017, Ohio's horizontal shale wells produced 3,904,732 barrels of oil and 371,921,659 Mcf (372 billion cubic feet) of natural gas. Natural gas production from the first quarter of 2017 showed an increase over the fourth 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 4	2017 QUARTER 1	PERCENTAGE CHANGE
Barrels of Oil	3,357,333	3,904,732	1.16%
MCF Nat. Gas	364,307,926	371,921,659	1.02%

As of July 1, 2017, there have been 2,540 Utica shale permits issues in 23 counties in Ohio to 29 companies, and 2,039 of them have been developed.

There are currently 1,562 Utica shale wells in production, with 23 rigs running.