

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

PRICING

Prices December 11, 2017

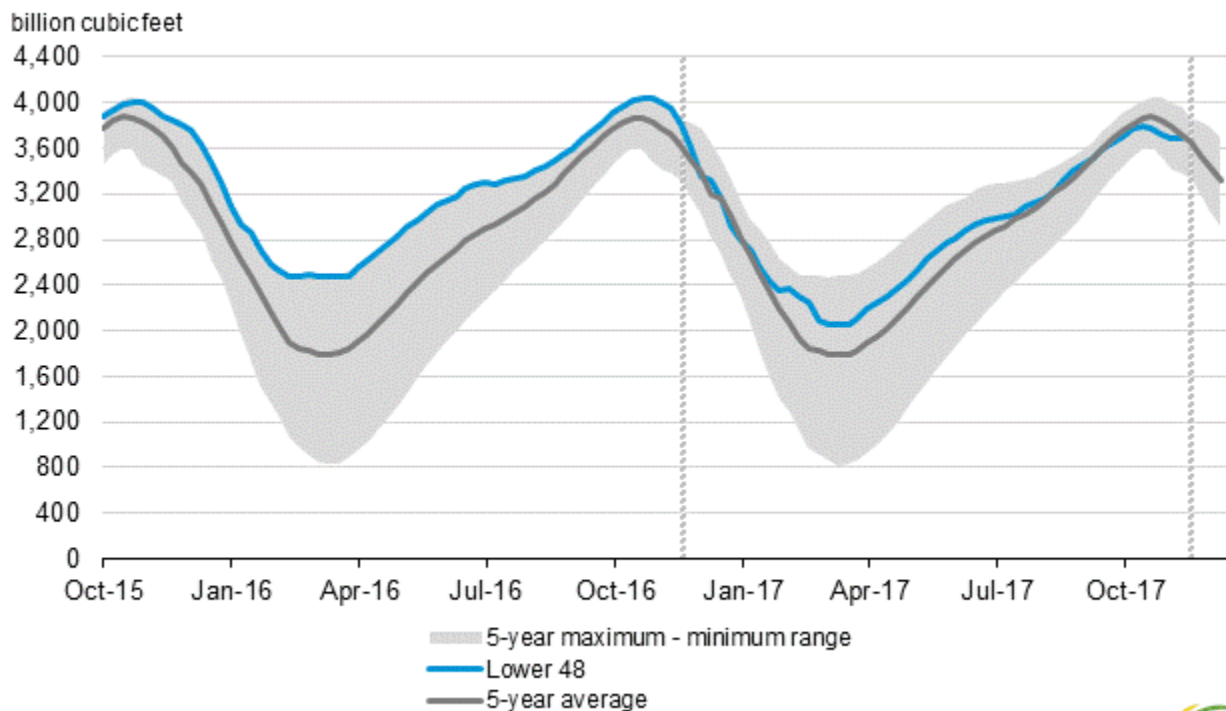
NYMEX Settle – Dec. -2017	\$3.074
One Year NYMEX strip (Jan., 2017 – Dec., 2018)	\$2.80
Summer NYMEX strip for 2018 (April-October)	\$2.76
\$Winter NYMEX strip – 2017 (Jan., 2017 – Mar. 2018)	\$2.80
TCO Index Posting – December, 2017	\$2.91
DTI Index Posting – December, 2017	\$2.50

GAS STORAGE AS OF THE December 7, 2017 Report

Working gas in underground storage, Lower 48 states

Region	Stocks billion cubic feet (Bcf)				Historical Comparisons			
	12/01/17	11/24/17	net change	implied flow	Year ago (10/27/16)		5-year average (2012-16)	
					Bcf	% change	Bcf	% change
East	868	876	-8	-8	901	-3.7	881	-1.5
Midwest	1,058	1,068	-10	-10	1,115	-5.1	1,045	1.2
Mountain	221	221	0	0	256	-13.7	214	3.3
Pacific	313	314	-1	-1	324	-3.4	353	-11.3
South Central	1,235	1,214	21	21	1,364	-9.5	1,238	-0.2
Salt	360	348	12	12	403	-10.7	344	-2.0
Nonsalt	875	866	9	9	961	-8.9	893	-2.0
Total	3,695	3,693	2	2	3,959	-6.7	3,731	-1.0

Working gas in underground storage compared with the 5-year maximum and minimum



Source: U.S. Energy Information Administration



Summary

Working gas in storage was 3,695 Bcf as of Friday, December 1, 2017, according to EIA estimates. This represents a net increase of 2 Bcf from the previous week. Stocks were 264 Bcf less than last year at this time and 36 Bcf below the five-year average of 3,731 Bcf. At 3,695 Bcf, total working gas is within the five-year historical range.

EIA FORECAST OCTOBER 11, 2017:

Natural Gas

- U.S. dry natural gas production is forecast to average 73.6 billion cubic feet per day (Bcf/d) in 2017, a 0.8 Bcf/d increase from the 2016 level. Natural gas production in 2018 is forecast to be 4.9 Bcf/d higher than the 2017 level.
- In September, the average Henry Hub natural gas spot price was \$2.98 per million British thermal units (MMBtu), up 8 cents/MMBtu from the August level. Expected growth in natural gas exports and domestic natural gas consumption in 2018 contribute to the forecast Henry Hub natural gas spot price rising from an annual average of \$3.03/MMBtu in 2017 to \$3.19/MMBtu in 2018. NYMEX contract values for January 2018 delivery that traded during the five-day period ending October 5 suggest that a range of \$2.28/MMBtu to \$4.63/MMBtu encompasses the market expectation for January Henry Hub natural gas prices at the 95% confidence level.

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

U.S. LNG exports increase. Four vessels (combined LNG-carrying capacity of 14.7 Bcf) departed Sabine Pass last week (Thursday to Wednesday).

Dominion Energy Cove Point LNG facility, which is currently under construction, received a [letter](#) of authorization from the Federal Energy Regulatory Commission to begin commissioning activities at the terminal, including introduction of feed gas to the pre-treatment and liquefaction areas. LNG exports from Cove Point are expected to begin by the end of this year, according to the terminal's operator, Dominion Energy

UTICA WELL LPRODUCTION

During the second quarter of 2017, Ohio's horizontal shale wells produced 4,044,072 barrels of oil and 388,560,451 Mcf (388 billion cubic feet) of natural gas, according to the figures released by the Ohio Department of Natural Resources (ODNR).

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.

Second Quarter – 2017 – Utica Production Volumes:

	2017 QUARTER 1	2017 QUARTER 2	PERCENTAGE CHANGE
Barrels of Oil	3,904,732	4,044,072	1.035%
MCF Nat. Gas	371,921,659	388,560,451	1.04%

The ODNR quarterly report lists 1,691 horizontal shale wells, 1,659 of which reported oil and natural gas production during the quarter. Of the 1,659 reporting oil and natural gas results:

- The average amount of oil produced was 2,438 barrels.
- The average amount of gas produced was 234,214 Mcf.
- The average number of first quarter days in production was 85

As of December 4, 2017, there have been 2,694 Utica shale permits issues in Ohio, and 2,184 of them have been developed.

There are currently 1,659 Utica shale wells in production, with 21 rigs running.