

Southeastern Ohio Oil and Gas Association
Gas Committee Report
January, 2018

PRICING

Prices January 8, 2018

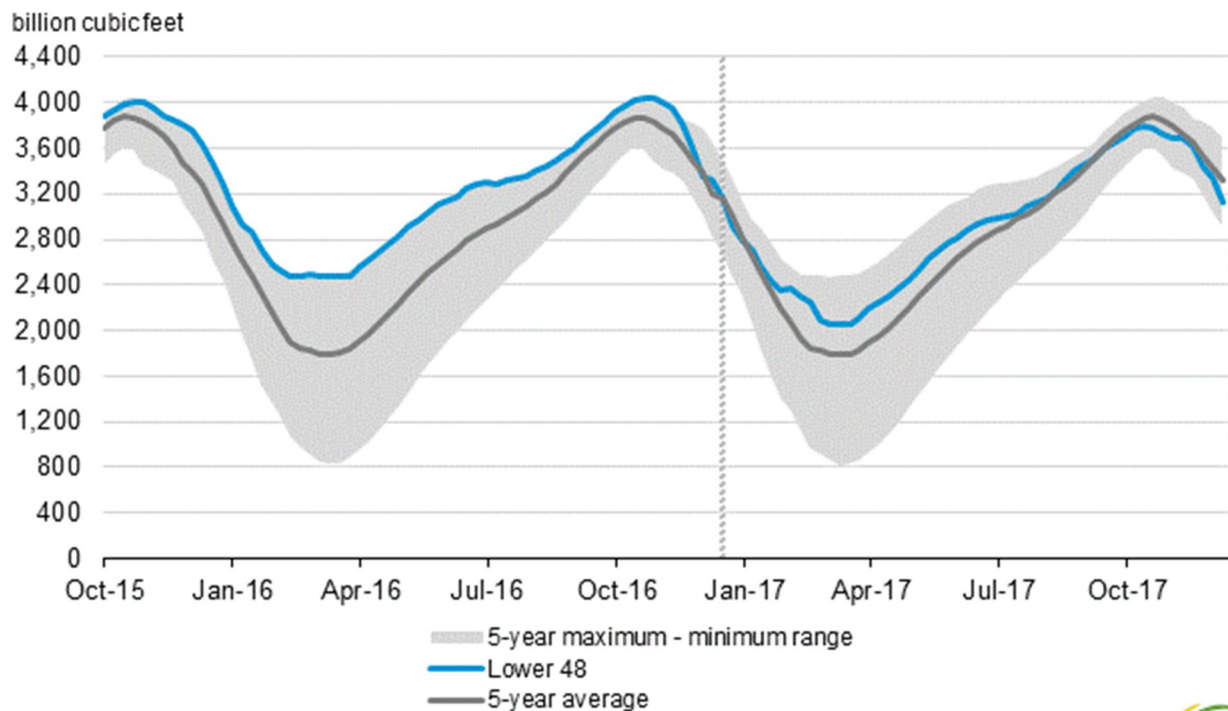
NYMEX Settle – Jan. -2018	\$2.74
One Year NYMEX strip (Feb., 2017 – Jan., 2019)	\$2.79
Summer NYMEX strip for 2018 (April-October)	\$2.72
Winter NYMEX strip – 2017 (Feb., 2018 – Mar. 2018)	\$2.81
TCO Index Posting – January, 2018	\$2.52
DTI Index Posting – January, 2018	\$2.29

GAS STORAGE AS OF THE JANUARY4, 2018 Report

Working gas in underground storage, Lower 48 states

Region	Stocks billion cubic feet (Bcf)				Historical Comparisons			
	12/29/17	12/22/17	net change	implied flow	Year ago (12/29/16)		5-year average (2012-16)	
					Bcf	% change	Bcf	% change
East	740	782	-42	-42	740	0.0	776	-4.6
Midwest	875	941	-66	-66	925	-5.4	901	-2.9
Mountain	183	195	-12	-12	208	-12	187	-2.1
Pacific	268	281	-13	-13	276	-29	310	-13.5
South Central	1,060	1,133	-73	-73	1,169	-9.3	1,143	-7.3
Salt	302	324	-22	-22	340	-11.2	322	-6.2
Nonsalt	759	809	-50	-50	829	-8.4	821	-7.6
Total	3,126	3,332	206	206	3,318	-5.8	3,318	-5.8

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 3,126 Bcf as of Friday, December 29, 2017, according to EIA estimates. This represents a net decrease of 206 Bcf from the previous week. Stocks were 192 Bcf less than last year at this time and 192 Bcf below the five-year average of 3,318 Bcf. At 3,126 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 January 3, 2018.

U.S. liquefied natural gas (LNG) exports are flat week over week. Four LNG vessels (LNG-carrying capacity 15.2 Bcf combined) departed the Sabine Pass liquefaction facility last week (Thursday to Wednesday) and one tanker (LNG-carrying capacity 3.8 Bcf) was loading at the terminal on Wednesday.

According to Bloomberg, Sabine Pass finished 2017 with its highest monthly export total. In December, 25 tankers left the terminal, exceeding the previous monthly highs of 22 tankers in October and November. The [Cove Point LNG export facility](#) in Lusby, Maryland is continuing commissioning work with commercial operations anticipated early this year.

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 2	2017 QUARTER 3	PERCENTAGE CHANGE
Barrels of Oil	4,044,072	4,165,729	1.03%
MCF Nat. Gas	388,560,451	460,558,077	1.19%

The ODNR quarterly report lists 1,796 horizontal shale wells, 1,760 of which reported oil and natural gas production during the quarter. Of the 1,760 reporting oil and natural gas results:

- The average amount of oil produced was 2,367 barrels.
- The average amount of gas produced was 261,681 Mcf.
- The average number of first quarter days in production was 88.

As of January 4, 2018, there have been 2,734 Utica shale permits issues in Ohio, and 2,226 of them have been developed.

There are currently 1,760 Utica shale wells in production, with 23 rigs running.