

Southeastern Ohio Oil and Gas Association  
Gas Committee Report  
January, 2019

PRICING

**Prices January 8, 2019**

NYMEX Settle – January -2019	\$3.64
One Year NYMEX strip (Feb., 2019 – Jan., 2020)	\$2.83
Summer NYMEX strip for 2019 (April-October, 2019)	\$2.74
Winter NYMEX strip – 2018 (Feb., 2018 – Mar. 2019)	\$2.92
TCO Index Posting – January, 2019	\$3.40
DTI Index Posting – January, 2019	\$3.32

**Working gas in underground storage, Lower 48 states**

Region	Stocks billion cubic feet (Bcf)				Historical Comparisons			
	12/28/18	12/21/18	net change	implied flow	Year ago (12/28/17)		5-year average (2013-17)	
					Bcf	% change	Bcf	% change
<b>East</b>	661	676	-15	-15	746	-11.4	764	-13.5
<b>Midwest</b>	798	818	-20	-20	884	-9.7	892	-10.5
<b>Mountain</b>	147	150	-3	-3	185	-20.5	184	-20.1
<b>Pacific</b>	220	223	-3	-3	270	-18.5	296	-25.7
<b>South Central</b>	878	858	20	20	1,070	-17.9	1,127	-22.1
<b>Salt</b>	296	274	22	22	305	-3.0	323	-8.4
<b>Nonsalt</b>	582	584	-2	-2	766	-24.0	804	-27.6
<b>Total</b>	<b>2,705</b>	<b>2,725</b>	<b>-20</b>	<b>-20</b>	<b>3,155</b>	<b>-14.3</b>	<b>3,265</b>	<b>-17.2</b>

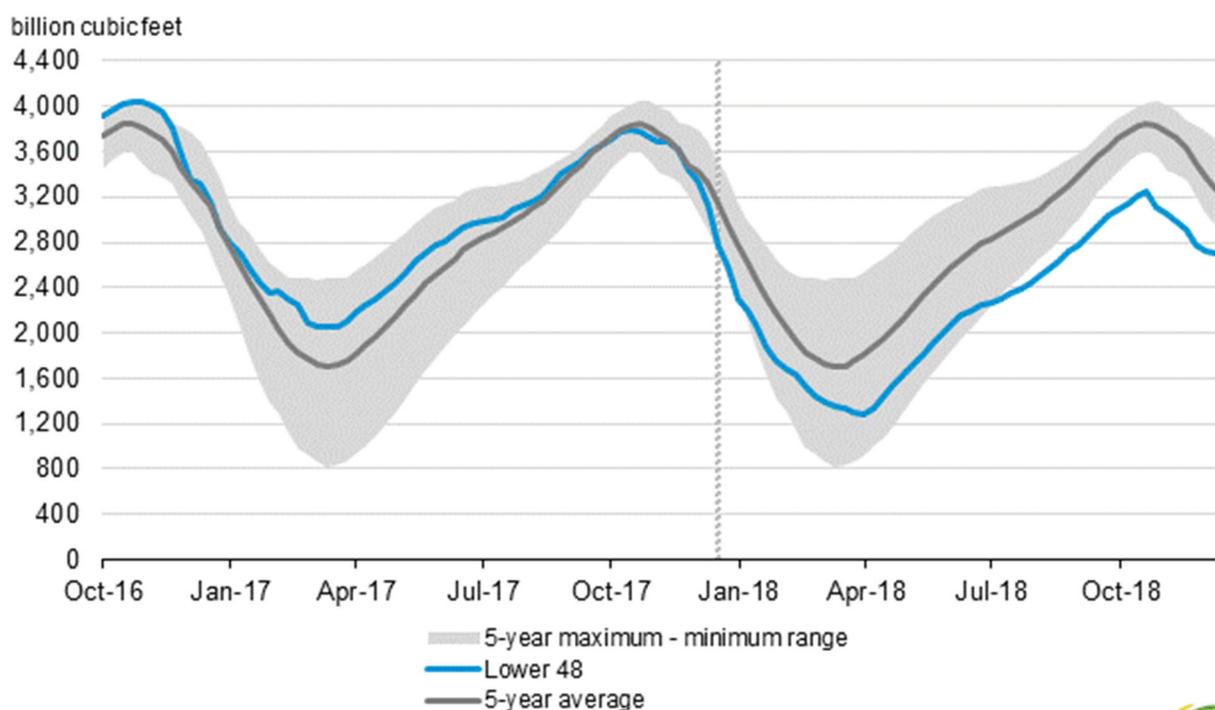
## Working gas in underground storage, Lower 48 states

Totals may not equal sum of components because of independent rounding.

### Summary

Working gas in storage was 2,705 Bcf as of Friday, December 28, 2018, according to EIA estimates. This represents a net decrease of 20 Bcf from the previous week. Stocks were 450 Bcf less than last year at this time and 560 Bcf below the five-year average of 3,265 Bcf. At 2,705 Bcf, total working gas is below the five-year historical range.

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



Source: U.S. Energy Information Administration



**Note:** The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2013 through 2017. The dashed vertical lines indicate current and year-ago weekly periods.

## **EIA WEEKLY REPORT OCTOBER 4, 2018:**

### **Natural Gas**

#### **Natural Gas Forecast – EIA**

EIA expects strong growth in U.S. natural gas production to put downward pressure on prices in 2019. EIA expects Henry Hub natural gas spot prices to average \$3.11/MMBtu in 2019, down 6 cents from the 2018 average and down from a forecast average price of \$3.88/MMBtu in the fourth quarter of 2018.

**Northeast prices fall after cold front passes.** Prices declined during the report week as temperatures warmed. At the Algonquin Citygate, which serves Boston-area consumers, prices went down \$3.30 from \$7.15/MMBtu last Wednesday to their weekly low of \$3.85/MMBtu yesterday. At the Transcontinental Pipeline Zone 6 trading point for New York City, prices decreased 76¢ from \$4.39/MMBtu last Wednesday to \$3.63/MMBtu yesterday.

Tennessee Zone 4 Marcellus spot prices decreased 71¢ from \$3.99/MMBtu last Wednesday to \$3.28/MMBtu yesterday. Prices at Dominion South in southwest Pennsylvania fell 75¢ from \$3.97/MMBtu last Wednesday to \$3.22/MMBtu yesterday.

**Discount at Permian Basin trading hub persists.** Prices at the Waha Hub in West Texas, which is located near Permian Basin production activities, averaged \$1.99/MMBtu last Wednesday, \$2.21/MMBtu lower than Henry Hub prices. Yesterday, prices at the Waha Hub averaged \$1.52/MMBtu, \$2.04/MMBtu lower than Henry Hub prices. The discount reached an [annual high](#) in the last week of November.

**Supply falls.** According to data from PointLogic Energy, the average total supply of natural gas fell by 1% compared with the previous report week. Dry natural gas production remained constant week over week. Average net imports from Canada decreased by 3% from last week.

**Demand falls, driven by decline in residential and commercial consumption.** Total U.S. consumption of natural gas fell by 16% compared with the previous report week, according to data from PointLogic Energy. The largest decrease in consumption came in the residential and commercial sectors, where natural gas use declined by 25% with warmer-than-normal weather across the Lower 48 states. Natural gas consumed for power generation declined by 11% week over week. Industrial sector consumption decreased by 3% week over week. Natural gas exports to Mexico decreased 2%.

**U.S. LNG exports decline week over week.** Seven LNG vessels (six from the Sabine Pass liquefaction terminal, and one from Cove Point) with a combined LNG-carrying capacity of 24.7 Bcf departed the United States from December 13 to December 19, and one vessel was loading at Sabine Pass on Wednesday, according to Bloomberg shipping data.

On Tuesday, Cheniere Energy, the developer of the Sabine Pass liquefaction facility in Louisiana, announced it will sell LNG from Train 6 to Malaysia's Petronas in a [20-year deal](#). Train 6 has been approved but is not yet under construction.

**U.S. LNG imports into Cove Point will continue later this month.** One LNG cargo is scheduled to be delivered to Cove Point in Maryland later this month, according to Bloomberg shipping data. The cargo was loaded at the Bonny terminal in Nigeria and is en route to Maryland, according to Bloomberg.

### **Ohio's Utica Shale Third Quarter Production**

During the third quarter of 2018, Ohio's horizontal shale wells produced 5,545,536 barrels of oil and 605,716,125 Mcf (605 billion cubic feet) of natural gas, according to figures released today by the Ohio Department of Natural Resources (ODNR).

Natural gas production from the third quarter of 2018 showed a 31.44% increase over the third quarter of 2017, while oil production increased 31.79% for the same period.

	<b>2017 Quarter 3 (Shale)</b>	<b>2018 Quarter 3 (Shale)</b>	<b>Percentage Change</b>
<b>Barrels of oil</b>	4,207,674 bbl	5,545,536 bbl	31.79%
<b>Mcf of natural gas</b>	460,844,826 Mcf	605,716,125 Mcf	31.44%

The ODNR quarterly report lists 2,242 horizontal shale wells, 2,198 of which reported oil and natural gas production during the quarter. Of the wells reporting oil and natural gas results:

- The average amount of oil produced was 2,523 barrels.
- The average amount of natural gas produced was 275,576 Mcf.
- The average number of third quarter days in production was 84.

As of December 29, 2018, there have been 2,957 Utica shale permits issues in Ohio, and 2,491 of them have been developed.

There are currently 2,016 Utica shale wells in production, with 19 rigs running.