

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

PRICING

Prices March 12, 2019

NYMEX Settle – March -2019	\$2.86
One Year NYMEX strip (April, 2019 – Mar., 2020)	\$2.92
Summer NYMEX strip for 2019 (April-October, 2019)	\$2.85
Winter NYMEX strip – 2018 (Nov., 2019 – Mar. 2020)	\$3.04
TCO Index Posting – March, 2019	\$2.65
DTI Index Posting – March, 2019	\$2.62

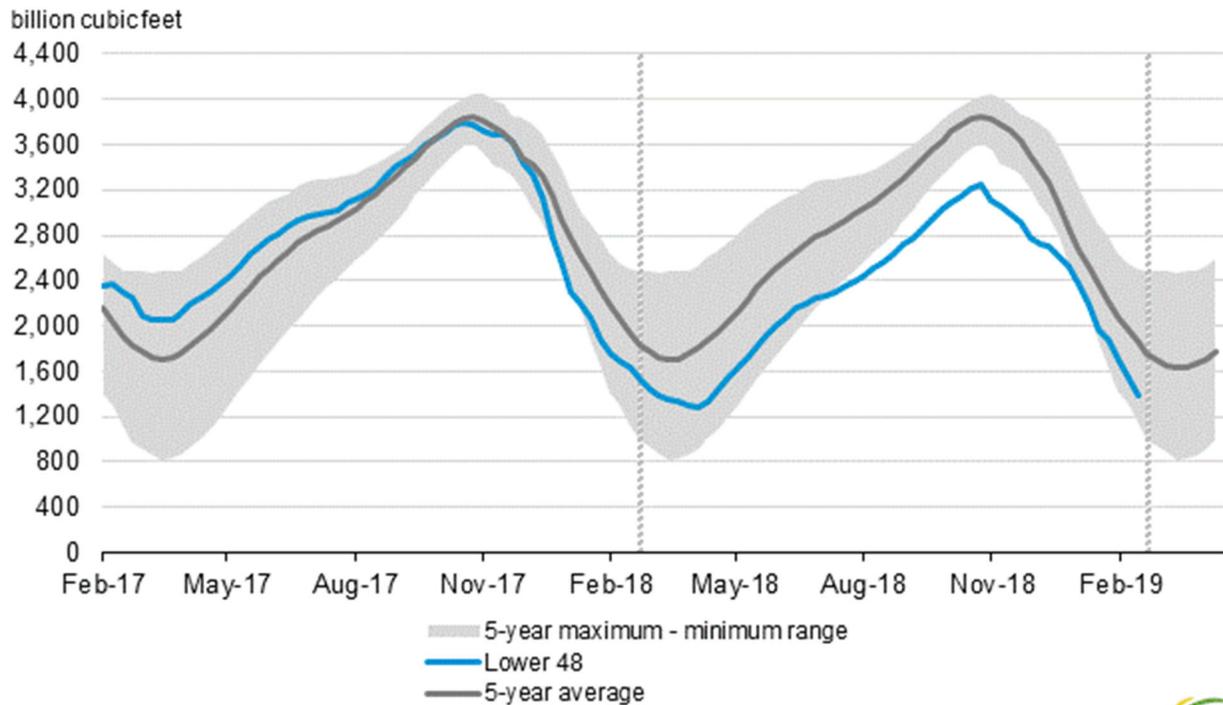
Working gas in underground storage, Lower 48 states

Region	Stocks billion cubic feet (Bcf)				Historical Comparisons			
	03/01/19	02/22/19	net change	implied flow	Year ago (03/01/18)		5-year average (2014-18)	
	Bcf	Bcf	Bcf	Bcf	Bcf	% change	Bcf	% change
East	311	354	-43	-43	362	-14.1	372	-16.4
Midwest	338	385	-47	-47	383	-11.7	430	-21.4
Mountain	73	79	-6	-6	98	-25.5	120	-34.2
Pacific	112	122	-10	-10	179	-37.4	204	-45.1
South Central	557	598	-41	-41	612	-9.0	728	-23.5
Salt	180	199	-19	-19	188	-4.3	203	-11.3
Nonsalt	377	399	-22	-22	424	-11.1	525	-28.2
Total	1,390	1,539	-149	-149	1,633	-14.9	1,854	-25.0

Summary

Working gas in storage was 1,390 Bcf as of Friday, March 1, 2019, according to EIA estimates. This represents a net decrease of 149 Bcf from the previous week. Stocks were 243 Bcf less than last year at this time and 464 Bcf below the five-year average of 1,854 Bcf. At 1,390 Bcf, total working gas is within the five-year historical range.

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



Source: U.S. Energy Information Administration



Natural Gas

Prices/Supply/Demand:

Northeast prices rise. At the Algonquin Citygate, which serves Boston-area consumers, prices went up \$1.28 from \$5.71/MMBtu last Wednesday to \$6.99/MMBtu yesterday, with a high of \$9.44/MMBtu on Tuesday. At the Transcontinental Pipeline Zone 6 trading point for New York City, prices increased 18¢ from \$2.92/MMBtu last Wednesday to \$3.10/MMBtu yesterday, with a high of \$4.98/MMBtu on Monday.

Tennessee Zone 4 Marcellus spot prices increased 16¢ from \$2.73/MMBtu last Wednesday to \$2.89/MMBtu yesterday, with a high of \$3.96/MMBtu on Monday. Prices at Dominion South in southwest Pennsylvania rose 12¢ from \$2.74/MMBtu last Wednesday to \$2.86/MMBtu yesterday, reaching a high of \$4.12/MMBtu on Monday.

Supply remains flat as Canadian imports rise, offsetting production declines. According to data from PointLogic Energy, the average total supply of natural gas remained the same as in the previous report week, averaging 93.9 Bcf/d. Dry natural gas production decreased by 1% compared with the previous report week as cold temperatures potentially affected production. Average net imports from Canada increased by 17% from last week.

Demand rises sharply amid cold weather. Cold temperatures led total U.S. consumption of natural gas to rise by 11% compared with the previous report week, according to data from PointLogic Energy. Total U.S. consumption averaged 100.2 Bcf/d for the week, 32% higher than the same week last year. The residential and commercial sectors saw the largest increases as consumption rose by 16%. Natural gas consumed for power generation climbed by 9% week over week. Industrial sector consumption increased by 5% week over week. Natural gas exports to Mexico decreased 1%. Total daily demand (including exports) has exceeded 100 Bcf since February 24.

Prices rise across the country amid unseasonably cold temperatures. This report week (Wednesday, February 27 to Wednesday, March 6), a stretch of colder-than-normal temperatures affected much of the country through the weekend and into the first half of the week. Henry Hub spot prices rose 9¢ from \$2.85/MMBtu last Wednesday to \$2.94/MMBtu yesterday. Henry Hub prices hit a high of \$4.12/MMBtu on Monday as below-freezing temperatures affected parts of Texas and Louisiana. At the Chicago Citygate, prices increased 3¢ from \$2.95/MMBtu last Wednesday to \$2.98/MMBtu yesterday, with a weather-driven high of \$8.97/MMBtu on Friday. Total daily demand (including exports) has exceeded 100 Bcf since February 24.

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U.S. LNG exports flat week over week. Eight LNG vessels (seven from Sabine Pass and one from Corpus Christi) with a combined LNG-carrying capacity of 28.8 Bcf departed the United States from February 28 to March 6, according to shipping data compiled by Bloomberg.

Kinder Morgan's Elba Island LNG project in Georgia received approval to introduce feed gas, back-up fuel, and boil-off gas, according to a [FERC filing](#) yesterday. Trains 1–6 are [expected to enter service](#) by the end of the month, with each train to be commissioned consecutively in one-month intervals. Trains 7–10 are projected to enter service in the third quarter of 2019. This week, Cheniere Energy—the developer of the Corpus Christi liquefaction terminal in Texas—and Bechtel have [announced substantial completion](#) of Corpus Christi Train 1. The first commercial delivery from Train 1 is expected in June 2019. Train 2 is currently being commissioned, with the first expected production of LNG in April 2019.

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.

	2017 Quarter 3 (Shale)	2018 Quarter 3 (Shale)	Percentage Change
Barrels of oil	4,207,674 bbl	5,545,536 bbl	31.79%
Mcf of natural gas	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 February 9, 2019, there have been 3,031 Utica shale permits issues in Ohio, and 2,546 of them have been developed.

There are currently 2,241 Utica shale wells in production, with 14 rigs running.