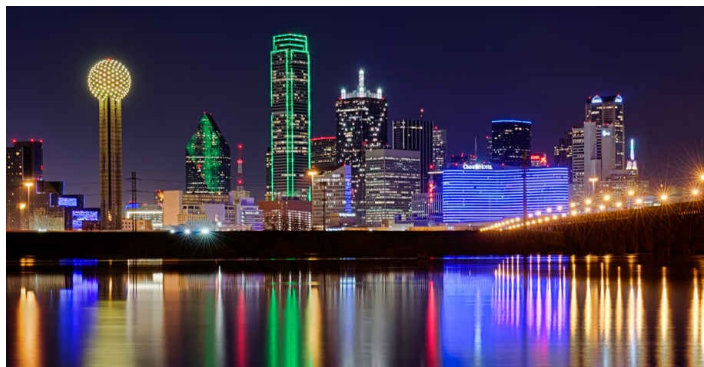




UTILITY REVENUE SERVICES

Weekly Energy Report



Natural Gas in Underground Storage

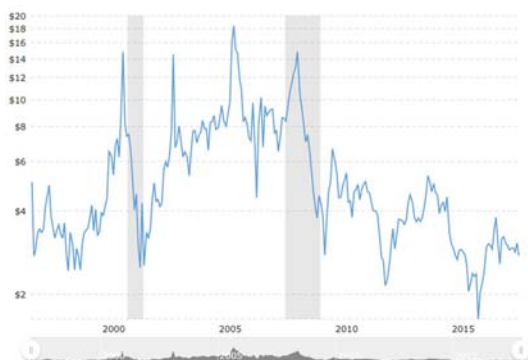
The weekly EIA Natural Gas Storage Report advised that there was a withdrawal of 206Bcf (billion cubic feet) from Underground Storage for the week ending December 29th, 2017.

This is 15Bcf below the median forecast of a 221Bcf withdrawal, the average prediction of sector analysts and traders in the Dow Jones Newswires weekly survey. The withdrawal one year ago was 99Bcf and the 5-year average withdrawal is 76Bcf. Storage is 192Bcf below last year for the same week and 192Bcf below the 5-year average. Working gas in storage stands at 3126Bcf. The annual storage deficit has been shrinking for the past five weeks, but this trend has already reversed.

While Natural Gas production grew over the last year by 115 Bcf, net exports almost kept pace growing by 100 Bcf. Investors in natural gas have been focused on only the production growth story and not the net export story. This has kept natural gas prices suppressed.

According to the EIA, natural gas exports absorbed almost all of the production growth from October 2016 through October 2017.

[Read More](#)



Natural Gas Pricing

As of 9:49AM CST, February 2018, (the prompt month) Natural Gas was trading at \$3.00, +\$0.16 from one week ago and the 1-Year Spread average was \$2.87, +\$0.03 from one week ago.

Crude Oil Pricing

As of 9:55AM CST, February, 2018, (the prompt month) Light, Sweet Crude on the NYMEX was at \$61.80, +\$2.25 from one week ago.

Crude Oil & Natural Gas

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME ESTD	2 DAY
CLN.COM WTI Crude Oil (Nymex)	USD/BBL	61.87	+0.04	+0.06%	Feb 2018	10:20 AM	
COF.COM Brent Crude (ICE)	USD/BBL	67.71	-0.03	-0.04%	Mar 2018	10:20 AM	
COF.COM Crude Oil (Tokyo)	JPY/BL	44,900.00	-300.00	-0.66%	May 2018	10:24 AM	
NGH.COM Natural Gas (Nymex)	USD/MMBtu	3.03	+0.02	+0.70%	Feb 2018	10:20 AM	

U.S. Petroleum Balance Sheet, Week Ending 12/29/2017		
Petroleum Stocks (Million Barrels)	Current Week	
	12/29/17	12/22/17
Crude Oil	1,088.2	1,095.3
Commercial (Excluding SPR) ¹	424.5	431.9
Strategic Petroleum Reserve (SPR) ²	663.7	663.4
Total Motor Gasoline ³	233.2	228.4
Reformulated	0.0	0.1
Conventional	25.0	24.3
Blending Components	208.2	204.0
Fuel Ethanol	22.6	22.0
Kerosene-Type Jet Fuel	40.6	39.9
Distillate Fuel Oil ³	138.8	129.9
15 ppm sulfur and Under ³	121.6	113.1
> 15 ppm to 500 ppm sulfur	7.5	7.2
> 500 ppm sulfur	9.8	9.6
Residual Fuel Oil	30.4	31.4
Propane/Propylene	68.0	68.6
Other Oils ⁴	267.2	272.0
Unfinished Oils	84.1	84.4
Total Stocks (Including SPR) ^{2,3}	1,889.0	1,887.5
Total Stocks (Excluding SPR) ³	1,225.3	1,224.1

Crude Oil Inventory

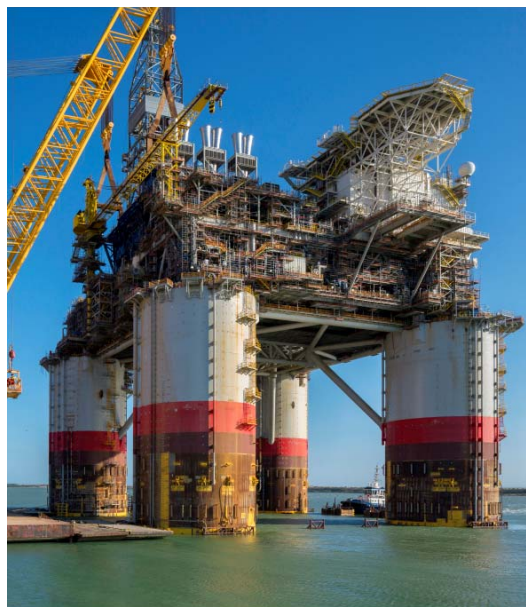
US crude inventories fell by 4.6 million barrels to 431.9 million barrels for the week ended Dec 28, according to data released yesterday morning by the US Department of Energy. Traders in the Reuters poll

projected a draw of 7.84M barrels. US commercial crude inventories were down by almost 20% from historic highs last March, and well below this time last year or 2015. U.S. crude production hit a 46-year high in October, but the country's oil exports and demand also rose. U.S. output is up almost 16% since mid-2016. Analysts projected a draw of 7.84M barrels. US commercial crude inventories were down by almost 20% from historic highs last March, and well below this time last year or 2015. U.S. crude production hit a 46-year high in October, but the country's oil exports and demand also rose. U.S. output is up almost 16% since mid-2016. Analysts expect production to top 10 million bpd in the next few weeks

and to keep growing, limiting efforts by other producers to cap global supplies. "The U.S. shale impact is now encroaching on uncharted territory," analysts at RBC Capital Markets wrote this month, saying it had "redrawn the global crude flow map."

U.S. Rotary Rigs

U.S. Rotary Rigs drilling for natural gas were -2 at 182 for the week of December 29th. The number of rigs currently drilling for Natural Gas was 50 higher than last year's level of 132. US Rigs drilling for oil were unchanged at 747. There are 222 more rigs targeting oil than last year. Canadian rigs were -74 at 136 for the week. Rigs targeting oil remain at 80% of all drilling activity.



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Geopolitical

Last week, Coal beat competitors for power plant heating in the Eastern U.S. due to record cold weather. The bitter cold across much of the country made coal the leading provider of electricity for heating in



Weather

The AccuWeather 1-5 day Outlook forecasts below-normal temperatures for the Eastern 1/2 of the US and above-normal temps for most of the West. Unless you've been living under a blanket (actually,

the eastern U.S., beating out all other forms of power in the federally overseen PJM electricity market, which comprises a dozen eastern states plus D.C.



Sustainability and Renewables

Artificial stars and liquid metal- A startup is still working toward fusion: It sounds like science fiction. At a laboratory in Vancouver, Canada, scientists donning red coats are working to recreate the scorching, 100-million degree conditions inside the core of our sun. They use a two-story-high, octopus-like metal apparatus to collapse walls of silver liquid metal over hydrogen atoms, fusing the particles together and releasing heat. This heat is then turned into carbon-free energy.

not a bad idea) you are aware that the Eastern US is substantially colder than normal and in blizzard conditions. The 6-10 Day Outlook projects the Northeast and North-Central states...



This Week's Key Takeaway

Clearly, the news this week is about the extreme cold in the Northeast and the rise of Natural Gas prices. This week's withdrawal from Natural Gas Underground Storage was below expectation, but extreme cold throughout New England remains and Natural Gas prices therefore should continue to hover around \$3.00. Crude prices have soared, as heating oil is in demand and Iran's issues are causing concern about future oil supply.

Next Day On-Peak Power (traded for 1/4/2018)		
ISO-NE Mass Hub \$199.71	MISO Indiana Hub \$93.55	NYISO Zone G \$168.19
PJM West Hub \$165.25	ERCOT North \$52.88	CAISO SP15 \$50.96



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