



# Weekly Energy Report



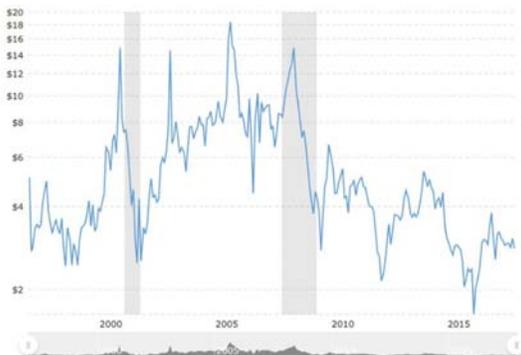
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## Natural Gas in Underground Storage

The weekly EIA Natural Gas Storage Report advised that there was a withdrawal of 182Bcf (billion cubic feet) from Underground Storage for the week ending December 15th, 2017.

This is 7Bcf above the median forecast of a 175Bcf withdrawal, the average prediction of sector analysts and traders in the Dow Jones Newswires weekly survey. The withdrawal one year ago was 200Bcf and the 5-year average withdrawal is 125Bcf. Storage is 183Bcf below last year for the same week and 84Bcf below the 5-year average.

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## Natural Gas Pricing

As of 9:27AM CST, January 2018, (the prompt month) Natural Gas was trading at \$2.64, -\$0.05 from one week ago and the 1-Year Spread average was \$2.63, -\$0.08 from one week ago...

## Crude Oil Pricing

As of 9:24AM CST, January, 2018, (the prompt month) Light, Sweet Crude on the NYMEX was at \$57.84, +\$1.28 from one week ago.

### Crude Oil & Natural Gas

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EST)	2 DAY
Q11COM WTI Crude Oil (Nymex)	USD/BBL	57.84	-0.25	-0.43%	Feb 2018	10:24 AM	
Q11COM Brent Crude (ICE)	USD/BBL	64.38	-0.18	-0.28%	Feb 2018	10:25 AM	
Q11COM Crude Oil (Tokyo)	JPY/TL	42,740.00	-50.00	-0.12%	May 2018	10:29 AM	
N01COM Natural Gas (Nymex)	USD/MMBtu	2.63	0.00	0.0%	Jan 2018	10:24 AM	

U.S. Petroleum Balance Sheet, Week Ending 12/15/2017

Petroleum Stocks (Million Barrels)	Current Week	
	12/15/17	12/8/17
Crude Oil	1,099.8	1,105.9
Commercial (Excluding SPR) <sup>1</sup>	436.5	443.0
Strategic Petroleum Reserve (SPR) <sup>2</sup>	663.3	662.9
Total Motor Gasoline <sup>3</sup>	227.8	226.5
Reformulated	0.1	0.0
Conventional	24.9	26.0
Blending Components	202.8	200.5
Fuel Ethanol	22.3	22.4
Kerosene-Type Jet Fuel	39.8	40.9
Distillate Fuel Oil <sup>3</sup>	128.8	128.1
15 ppm sulfur and Under <sup>3</sup>	111.9	111.4
> 15 ppm to 500 ppm sulfur	6.8	7.2
> 500 ppm sulfur	10.2	9.4
Residual Fuel Oil	30.8	31.5
Propane/Propylene	71.3	74.7
Other Oils <sup>4</sup>	275.5	280.0
Unfinished Oils	85.8	85.9
Total Stocks (Including SPR) <sup>2,3</sup>	1,896.2	1,910.0
Total Stocks (Excluding SPR) <sup>3</sup>	1,232.9	1,247.1

## Crude Oil Inventory

US crude inventories fell by 6.5 million barrels to 436.5 million barrels for the week ended Dec 15, according to data released yesterday morning by the US Department of Energy. Traders in the Reuters poll projected a draw of 3.2M barrels.

## U.S. Rotary Rigs

U.S. Rotary Rigs drilling for natural gas were +3 at 183 for the week of December 15th. The number of rigs currently drilling for Natural Gas were 57 higher than last year's level of 126. US Rigs drilling for oil were -4 at 747 There are 237 more rigs targeting oil than last year. Canadian rigs were +19 at 238 for the week. Rigs targeting oil dropped 1% to 80% of all drilling activity.

North American Rig Count	12/15/2017			12/08/2017			12/16/2016			Change		Percent Change	
	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual	
Total U.S.	930	931	637	(1)	293	-0.1%	46.0%						
Offshore	19	20	22	(1)	(3)	-5.0%	-13.6%						
Land	911	911	615	0	296	0.0%	48.1%						
Inland Waters	2	2	1	0	1	0.0%	100.0%						
Oil	747	751	510	(4)	237	-0.5%	46.5%						
Percent	80.3%	80.7%	80.1%	-0.3%	0.3%								
Gas	183	180	126	3	57	1.7%	45.2%						
Percent	19.7%	19.3%	19.8%	0.3%	-0.1%								
Directional	69	71	54	-2	15	-2.8%	27.8%						
Horizontal	801	796	512	5	289	0.6%	56.4%						
Vertical	60	64	71	-4	-11	-6.3%	-15.5%						
Gulf of Mexico	19	20	22	-1	-3	-5.0%	-13.6%						
Gulf Oil	15	16	22	-1	-7	-6.3%	-31.8%						
Percent	78.9%	80.0%	100.0%	-1.1%	-21.1%								
Gulf Gas	4	4	0	0	4	0.0%	n.a.						
Percent	21.1%	20.0%	0.0%	1.1%	21.1%								
Canada	238	219	234	19	4	8.7%	1.7%						
Oil	134	112	116	22	18	19.6%	15.5%						
Percent	56.3%	51.1%	49.6%	5.2%	6.7%								
Gas	104	107	116	(3)	(12)	-2.8%	-10.3%						
Percent	43.7%	48.9%	49.6%	-5.2%	-5.9%								
North America	1,168	1,150	871	18	297	1.6%	34.1%						
Prices													
Oil \$/bbl	\$57.17	\$57.01	\$51.93	\$0.16	\$5.25	0.3%	10.1%						
Oil \$/mmbtu	\$9.86	\$9.83	\$8.95	\$0.03	\$0.90	0.3%	10.1%						
Gas \$/mmbtu	\$2.74	\$2.85	\$3.54	(\$0.11)	(\$0.80)	-3.8%	-22.6%						



## Geopolitical

Luminant's announcement that it would cease operations at three coal-fired power plants has raised some alarms over whether ERCOT (Texas Grid) will be able to maintain its targeted reserve margins — and what the effect will be on customers if system reliability is jeopardized.



## Weather

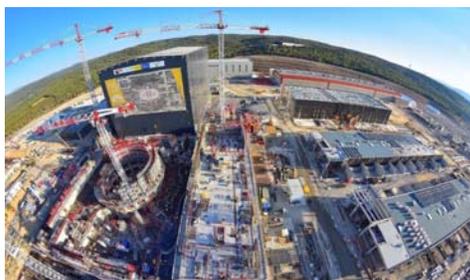
The AccuWeather 1-5 day Outlook forecasts above-normal temperatures for most of the Eastern US and below-normal temps for the North Central Northwest part of the country. The 6-10 Day Outlook projects all but the Southwest and Florida at below-normal temps. The 11-15 day Outlook forecasts an

The Vistra Energy subsidiary said it would shutter the 1,800 MW Monticello facility in northeastern Texas in January. Soon afterwards, Luminant disclosed that it also plans to shut down Big Brown, southeast of Dallas, and Sandow, northeast of Austin in early 2018 — accounting for an additional loss of 2,400 MW.

Coming on the heels of other recent coal plant retirements, the Texas grid operator is looking at a loss of more than 4,600 MW of generating resources...

almost identical forecast and the 30-Day Outlook projects below-normal temps for the North Central states and above-normal temps for the Southwest with the balance of the US at normal temps.

Looking further out, the 90-Day Forecast projects above-normal temps for the Southwest and Southeast and the North Central states at below-normal temps with the balance of the country at normal temperatures.



## **Sustainability and Renewables**

The colossal ITER fusion power facility is halfway finished: Fusion remain the ideal solution for energy woes: Limitless production with no harmful waste. Scientists haven't managed to get a functional (and productive) installation up and



## **This Week's Key Takeaway**

Natural gas production rose by about 50% over the past decade. Over the past few years, natural gas production growth has outpaced demand causing natural gas inventories to swell, which kept downward pressure on prices. A

running, but that hasn't stopped them from trying. The biggest project is the colossal ITER tokamak fusion reactor, an international project based in France that aims to start its first experiments in 2025. Today, its handlers announced that the massive installation is halfway finished and headed toward a completion date of 2021...

decade ago, natural gas prices were spiking above 10/MMBtu. Over the past three years, high inventories have mostly kept prices below \$3/MMBtu. What does this mean for 2018? Expected growth in natural gas exports and domestic natural gas consumption have increased EIA's forecast from an average of 3.01/MMBtu in 2017 to \$3.12/MMBtu in 2018.

Next Day On-Peak Power (traded for 12/21/2017)		
ISO-NE Mass Hub \$79.46	MISO Indiana Hub \$28.33	NYISO Zone G \$40.16
PJM West Hub \$31.53	ERCOT North \$21.00	CAISO SP15 \$47.01

