



UTILITY REVENUE SERVICES

# Weekly Energy Report



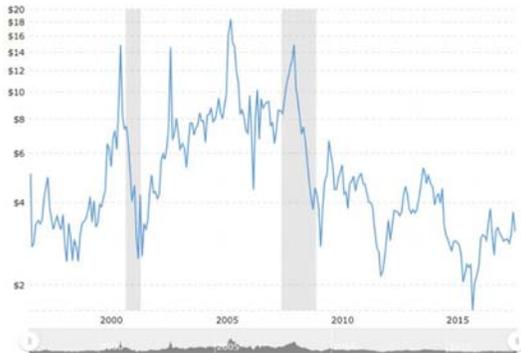
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## Natural Gas in Underground Storage

The weekly EIA Natural Gas Storage Report advised that there was a withdrawal of **194Bcf** (billion cubic feet) from Underground Storage for the week ending February 9th, 2018.

This is 13Bcf above the median forecast of a 181Bcf withdrawal, the average prediction of sector analysts and traders in the Dow Jones Newswires weekly survey. The withdrawal one year ago was 120Bcf and the 5-year average withdrawal is 54Bcf. Storage is 577Bcf below last year for the same week and 433Bcf below the 5-year average. Working gas in storage stands at 1,884Bcf.

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## Natural Gas Pricing

As of 9:24AM CST, March 2018, (the prompt month) Natural Gas was trading at \$2.57, - \$0.14 from one week ago and the 1-Year Spread average was \$2.75, -\$0.07 from one week ago.

## Crude Oil Pricing

As of 9:28AM CST, March, 2018, (the prompt month) Light, Sweet Crude on the NYMEX was at **\$60.36**, -\$1.12 from one week ago.

### Crude Oil & Natural Gas

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME BEST	2 DAY
GLCOCM WTI Crude Oil (Nymex)	USD/BA	60.31	-0.29	-0.48%	Mar 2018	10:09 AM	
COFCOM Brent Crude (ICE)	USD/BA	63.75	-0.61	-0.95%	Apr 2018	10:09 AM	
OPFCOM Crude Oil (Tokyo)	JPY/NI	39,510.00	-906.00	-2.30%	Jul 2018	10:14 AM	
NGCOCM Natural Gas (Nymex)	USD/MMBtu	2.57	-0.02	-0.77%	Mar 2018	10:09 AM	

**Table 1. U.S. Petroleum Balance Sheet, Week Ending 2/9/2018**

Petroleum Stocks (Million Barrels)	Current Week	
	2/9/18	2/2/18
Crude Oil	1,087.7	1,085.4
Commercial (Excluding SPR) <sup>1</sup>	422.1	420.3
Strategic Petroleum Reserve (SPR) <sup>2</sup>	665.6	665.1
Total Motor Gasoline <sup>3</sup>	249.1	245.5
Reformulated	0.1	0.0
Conventional	24.1	24.5
Blending Components	224.9	221.0
Fuel Ethanol	22.9	23.5
Kerosene-Type Jet Fuel	43.4	42.6
Distillate Fuel Oil <sup>5</sup>	141.4	141.8
15 ppm sulfur and Under <sup>5</sup>	122.5	123.1
> 15 ppm to 500 ppm sulfur	6.7	6.9
> 500 ppm sulfur	12.1	11.8
Residual Fuel Oil	31.2	33.8
Propane/Propylene	45.6	48.9
Other Oils <sup>4</sup>	251.1	253.0
Unfinished Oils	88.2	87.7
Total Stocks (Including SPR) <sup>2,3</sup>	1,872.4	1,874.6
Total Stocks (Excluding SPR) <sup>3</sup>	1,206.8	1,209.5

## Crude Oil Inventory

US crude inventories increased by 1.8 million barrels to 422.1 million barrels for the week ended Feb 9th, according to data released yesterday morning by the US Department of Energy. Traders in the Reuters poll projected an increase of 2.8 million barrels.

## U.S. Rotary Rigs

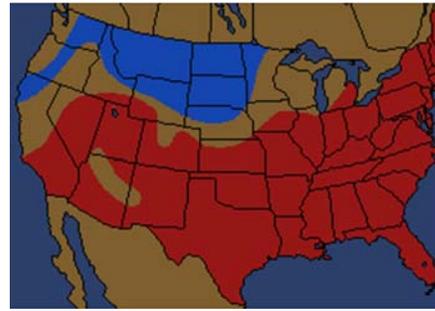
U.S. Rotary Rigs drilling for natural gas were +3 at 184 for the week of February 9th. The number of rigs currently drilling for Natural Gas was 35 higher than last year's level of 149. US Rigs drilling for oil were +26 at 791. There are 200 more rigs targeting oil than last year. Canadian rigs were -17 at 325 for the week. Rigs targeting oil remain at 81% of all US drilling activity.

North American Rig Count	02/02/2018		01/26/2018		02/03/2017		Change		Percent Change	
	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual
Total U.S.	946	947	729	(1)	217	-0.1%	29.8%			
Offshore	16	17	22	(1)	(6)	-5.9%	-27.3%			
Land	930	930	707	0	223	0.0%	31.5%			
Inland Waters	1	1	2	0	(1)	0.0%	-50.0%			
Oil	765	759	583	6	182	0.8%	31.2%			
Percent	80.9%	80.1%	80.0%	0.7%	0.9%					
Gas	181	188	145	(7)	36	-3.7%	24.8%			
Percent	19.1%	19.9%	19.9%	-0.7%	-0.8%					
Directional	72	73	66	-1	6	-1.4%	9.1%			
Horizontal	808	808	596	0	212	0.0%	35.6%			
Vertical	66	66	67	0	-1	0.0%	-1.5%			
Gulf of Mexico	16	17	21	-1	-5	-5.9%	-23.8%			
Gulf Oil	14	15	21	-1	-7	-6.7%	-33.3%			
Percent	87.5%	88.2%	100.0%	-0.7%	-12.5%					
Gulf Gas	2	2	0	0	2	0.0%	n.a.			
Percent	12.5%	11.8%	0.0%	0.7%	12.5%					
Canada	342	338	343	4	(1)	1.2%	-0.3%			
Oil	234	220	197	14	37	6.4%	18.8%			
Percent	68.4%	65.1%	57.4%	3.3%	11.0%					
Gas	108	118	146	(10)	(38)	-8.5%	-26.0%			
Percent	31.6%	34.9%	42.6%	-3.3%	-11.0%					
North America	1,288	1,285	1,072	3	216	0.2%	20.1%			
<b>Prices</b>										
Oil \$/bbl.	\$64.94	\$65.06	\$53.32	(\$0.13)	\$11.61	-0.2%	21.8%			
Oil \$/mmbtu	\$11.20	\$11.22	\$9.19	(\$0.02)	\$2.00	-0.2%	21.8%			
Gas \$/mmbtu	\$3.46	\$3.43	\$3.08	\$0.03	\$0.37	0.8%	12.1%			



### Geopolitical

With the U.S. set to become a dominant player in the global market for liquefied natural gas, officials and consultants at the S&P Global Platts annual LNG conference in Houston say the U.S. will need to ramp up exports in the coming years as *increasingly efficient drilling methods create a domestic supply glut.*



### Weather

The AccuWeather 1-5 day Outlook forecasts above-normal temperatures for 3/4 of the US. Only the North-Central and Northwest states are projected to be at normal or below-normal temps.

The 6-10 Day Outlook forecasts warmer-than-normal temps for the Eastern half of the country with the Northwest at below-normal temps

"We're going to have too much gas with nowhere to go," says Renato Pereira, VP of business development and marketing for Tellurian. Steven Winberg, the U.S. Energy Department's assistant secretary for fossil fuels, says the U.S. has six projects underway in Texas, Louisiana, Georgia and Maryland that will support LNG exports of more than 10B cf/day...

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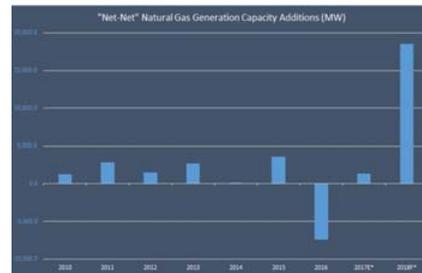
The 11-15 Day Outlook forecasts the Northeast and Southern half of the country at above-normal temps with the Northwest at below-normal temps. The 30 and 90-day Outlook shows mostly normal temps for the majority of the US with the Southern states above-normal temps and the far North of the US below-normal.

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## Sustainability and Renewables

As expected, the Trump administration's new budget slashes programs funding renewable energy research, allocating far more money to clean coal development. The Trump administration's latest budget proposal released on February 12, 2018 could have major consequences for the future of renewable energy in the U.S. If



## This Week's Key Takeaway

Natural Gas prices have continued their downward slide and the near-term forecast (by Accuweather) is for warmer-than-normal weather for most of the country. There is some disagreement on which weather forecast will be accurate- NOAA is projecting colder weather for the Northeast at the end of February. Evidently, this has something to do

Congress approves the budget, it would cut the Office of Energy Efficiency and Renewable Energy's funding by more than half, and completely elimination of the Advanced Research Projects Agency-Energy (ARPA-E) program.

ARPA-E is a program that issues grants to energy startups from across the country. The program was nearly discontinued in 2017, but Congress awarded it an additional \$15 million that ensured its survival for another year...

with extreme weather events expected in Greenland.

Wholesale electric prices have moved down and New England electric ISO prices have finally dropped precipitously. With the exception of California, ISOs in the chart below indicate spot prices  $\pm$  \$.025/kWh. Depending on your contract termination date, this is a good time to lock-in pricing. The market is no longer backward dated and we are seeing flat curves going out several years. New Natural Gas generation is expected to grow dramatically in 2018.

Next Day On-Peak Power (traded for 2/15/2018)		
ISO-NE Mass Hub \$25.29	MISO Indiana Hub \$24.05	NYISO Zone A \$20.00
PJM West Hub \$22.85	ERCOT North \$20.64	CAISO SP15 \$37.74



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