



UTILITY REVENUE SERVICES

# Weekly Energy Report



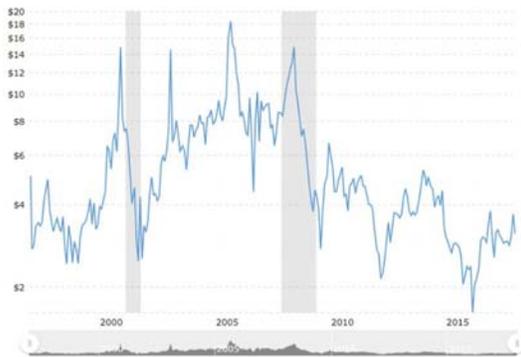
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## Natural Gas in Underground Storage

The weekly EIA Natural Gas Storage Report advised that there was a withdrawal of 86Bcf (billion cubic feet) from Underground Storage for the week ending March 16th, 2018.

This is 4Bcf below the median forecast of a 90Bcf withdrawal, the average prediction of sector analysts and traders in the Dow Jones Newswires weekly survey. The withdrawal one year ago was 137Bcf and the 5-year average withdrawal is 53Bcf. Storage is 667Bcf below last year for the same week and 329Bcf below the 5-year average. Working gas in storage stands at 1,446Bcf.

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## Natural Gas Pricing

As of 9:36AM CST, April 2018, (the prompt month) Natural Gas was trading at \$2.64, **-\$0.16** from one week ago and the 1-Year Spread average was \$2.85, **-\$0.04** from one week ago.

## Crude Oil Pricing

As of 9:21AM CST, April, 2018, (the prompt month) Light, Sweet Crude on the NYMEX was at **\$64.52**, **+\$3.08** from one week ago.

### Crude Oil & Natural Gas

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EDT)	2 DAY
CL1COM WTI Crude Oil (Nymex)	US\$/BBL	64.52	-0.65	-1.00%	May 2018	10:21 AM	
CO1COM Brent Crude (ICE)	US\$/BBL	68.85	-0.62	-0.89%	May 2018	10:21 AM	
CP1COM Crude Oil (Tokyo)	JPY/MI	41980.00	-560.00	-1.32%	Aug 2018	10:26 AM	
NG1COM Natural Gas (Nymex)	USD/MMBtu	2.66	+0.02	+0.83%	Apr 2018	10:21 AM	

Petroleum Stocks (Million Barrels)	Current Week	2/23/18
	3/2/18	
Crude Oil .....	1,091.4	1,088.8
Commercial (Excluding SPR) <sup>1</sup> .....	425.9	423.5
Strategic Petroleum Reserve (SPR) <sup>2</sup> .....	665.5	665.3
Total Motor Gasoline <sup>3</sup> .....	251.0	251.8
Reformulated .....	0.1	0.1
Conventional .....	25.1	25.9
Blending Components .....	225.9	225.9
Fuel Ethanol .....	23.1	23.0
Kerosene-Type Jet Fuel .....	42.7	43.1
Distillate Fuel Oil <sup>3</sup> .....	137.4	138.0
15 ppm sulfur and Under <sup>3</sup> .....	119.6	119.7
> 15 ppm to 500 ppm sulfur .....	6.0	6.2
> 500 ppm sulfur .....	11.8	12.1
Residual Fuel Oil .....	32.7	32.1
Propane/Propylene .....	41.1	42.7
Other Oils <sup>4</sup> .....	248.6	248.5
Unfinished Oils .....	90.2	89.0
Total Stocks (Including SPR) <sup>2,3</sup> .....	1,868.0	1,867.9
Total Stocks (Excluding SPR) <sup>3</sup> .....	1,202.6	1,202.6

## Crude Oil Inventory

US crude inventories declined by 2.6 million barrels to 416.3 million barrels for the week ended March 16th, according to data released yesterday morning by the US Department of Energy. Traders in the Reuters poll projected an increase of 3.3 million barrels.

# U.S. Rotary Rigs

U.S. Rotary Rigs drilling for natural gas were +1 at 189 for the week of March 16th. The number of rigs currently drilling for Natural Gas was 32 higher than last year's level of 157. US Rigs drilling for oil were +4 at 800. There are 169 more rigs targeting oil than last year. Canadian rigs were -57 at 219 for the week. Rigs targeting oil remain at 81% of all US drilling activity.

North American Rig Count	03/16/2018			03/09/2018		03/17/2017		Change		Percent Change	
	03/16/2018	03/09/2018	03/17/2017	Weekly	Annual	Weekly	Annual	Weekly	Annual		
<b>Total U.S.</b>	990	984	789	6	201	0.6%	25.5%				
Offshore	13	13	19	0	(6)	0.0%	-31.6%				
Land	977	971	770	6	207	0.6%	26.9%				
Inland Waters	4	4	5	0	(1)	0.0%	-20.0%				
Oil	800	796	631	4	169	0.5%	26.8%				
Percent	80.8%	80.9%	80.0%	-0.1%	0.8%						
Gas	189	188	157	1	32	0.5%	20.4%				
Percent	19.1%	19.1%	19.9%	-0.0%	-0.8%						
Directional	68	75	61	-7	7	-9.3%	11.5%				
Horizontal	865	848	658	17	207	2.0%	31.5%				
Vertical	57	61	70	-4	-13	-6.6%	-18.6%				
Gulf of Mexico	13	13	19	0	-6	0.0%	-31.6%				
Gulf Oil	12	12	19	0	-7	0.0%	-36.8%				
Percent	92.3%	92.3%	100.0%	0.0%	-7.7%						
Gulf Gas	1	1	0	0	1	0.0%	n.a.				
Percent	7.7%	7.7%	0.0%	0.0%	7.7%						
<b>Canada</b>	219	273	276	(54)	(57)	-19.8%	-20.7%				
Oil	144	196	149	(52)	(5)	-26.5%	-3.4%				
Percent	65.8%	71.8%	54.0%	-6.0%	11.8%						
Gas	75	77	125	(2)	(50)	-2.6%	-40.0%				
Percent	34.2%	28.2%	45.3%	6.0%	-11.0%						
<b>North America</b>	1,209	1,257	1,065	(48)	144	-3.8%	13.5%				
<b>Prices</b>											
Oil \$/bbl.	\$61.03	\$61.70	\$48.49 (\$0.67)	\$12.55	-1.1%	25.9%					
Oil \$/mmbtu	\$10.52	\$10.64	\$8.36 (\$0.12)	\$2.16	-1.1%	25.9%					
Gas \$/mmbtu	\$2.73	\$2.71	\$2.95 \$0.02 (\$0.22)	0.7%	-7.6%						



## Geopolitical

As senior officials from the Organization of Petroleum Exporting Countries (OPEC) gather in Houston for the international industry gathering CERA Week, they will be listening carefully to speeches by the CEOs of the largest U.S. independent oil companies about the prospects for the rise in U.S. production in 2018 and 2019. Likely, they won't like what they hear. U.S.



## Weather

The AccuWeather 1-5 day Outlook forecasts below-normal temperatures for the entire Eastern third of the US and Northwest. The South-Central part of the country is projected to be at above-normal temps. The 6-10 Day Outlook forecasts New England at below-normal temps, as well as parts of the central portion of the country.

industry leaders are saying *U.S. shale production could add another one million barrels per day (b/d) or more on top of already substantial increases, if oil prices remain stable. Best C-suite guesses from Texas are that a sustained \$50 to \$60 oil price could result in a fifteen million b/d...*

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The 11-15 Day Outlook forecasts most of the Northern US at below-normal temps with most of the Southern states at above-normal temps. The 30 and 90-day Outlook projects the Southern states at above-normal temps and normal temps for the balance of the US.

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## **Sustainability and Renewables**

MIT announced yesterday that it and Commonwealth Fusion Systems -- an MIT spinoff -- are working on a project that aims to make harvesting energy from nuclear fusion a reality within the next 15 years. The ultimate goal is to develop a 200-megawatt power plant. MIT also announced that Italian energy firm ENI has invested \$50 million towards the project, \$30 million of which will be applied to research and



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

The 4th(!) winter storm in March in the Northeast has caused chaos for electric utilities attempting to restore power. This was one of the heaviest late March snowstorms in decades in some locations, including New York City's Central Park, which picked up 8.2 inches of snow, the first time they had picked up at least 6 inches from a snowstorm in late March or April in 26 years (March, 19, 1992). The storm dumped a foot or more of

development at MIT over the next three years.

The extremely high temperatures require that magnetic fields, rather than solid materials, confine the hot plasma in which the fusion reactions take place. MIT and CFS plan to use newly available superconducting materials to develop large electromagnets that can produce fields four-times stronger than any being used now...

snow in at least five states, with heavy snow stretching from Long Island to the Appalachians to parts of the Ohio Valley.

So... the 2nd day of Spring. Continued cold weather in the Northeast will likely delay the start of the Natural Gas Storage Injection season, which normally begins April 1. Last week however, Natural Gas withdrawal was 53 Bcf below 2017.

Next Day On-Peak Power (traded for 3/22/2018)		
<b>ISO-NE Mass Hub</b> <b>\$39.79</b>	<b>MISO Indiana Hub</b> <b>\$35.25</b>	<b>NYISO Zone G</b> <b>\$33.00</b>
<b>PJM West Hub</b> <b>\$44.90</b>	<b>ERCOT North</b> <b>\$24.00</b>	<b>CAISO SP15</b> <b>\$41.00</b>



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