



UTILITY REVENUE SERVICES

Weekly Energy Report

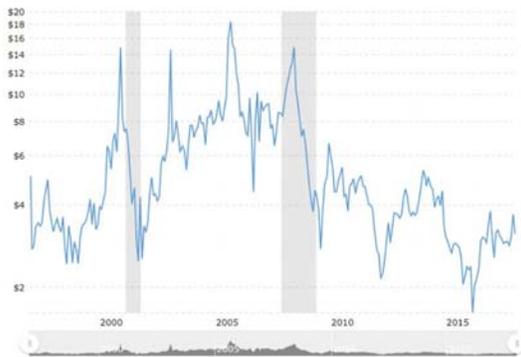


Natural Gas in Underground Storage

The weekly EIA Natural Gas Storage Report advised that there was an injection of 91Bcf (billion cubic feet) into Underground Storage for the week ending June 15th, 2018.

This is 1Bcf above the median forecast of a 90Bcf injection, the average prediction of sector analysts and traders in the Dow Jones Newswires weekly survey. The injection one year ago was 61Bcf and the 5-year average injection is 83Bcf. Storage is **757Bcf below last year** for the same week and **499Bcf below the 5-year average**. Working gas in storage stands at 2,004Bcf.

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Natural Gas Pricing

As of 9:32AM CST, July 2018, (the prompt month) Natural Gas was trading at \$2.97, +\$0.01 from one week ago and the 1-Year Spread average was \$2.94, also +\$0.01 from one week ago.

Crude Oil Pricing

As of 9:09AM CST, July, 2018, (the prompt month) Light, Sweet Crude on the NYMEX was at **\$65.37**, -\$1.25 from one week ago.

Crude Oil & Natural Gas

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EDT)	2 DAY
CL1:COM WTI Crude Oil (Nymex)	USD/bbl	65.37	-0.34	-0.52%	Aug 2018	10:09 AM	
CO1:COM Brent Crude (ICE)	USD/bbl	73.58	-1.16	-1.55%	Aug 2018	10:09 AM	
OP1:COM Crude Oil (Tokyo)	JPY/b	47,240.00	-670.00	-1.40%	Nov 2018	10:14 AM	
NG1:COM Natural Gas (Nymex)	USD/MMBtu	3.01	+0.05	+1.52%	Jul 2018	10:09 AM	

U.S. Petroleum Balance Sheet, Week Ending 6/15/2018

Petroleum Stocks (Million Barrels)	Current Week	
	6/15/18	6/8/18
Crude Oil	1,086.5	1,092.6
Commercial (Excluding SPR) ¹	426.5	432.4
Strategic Petroleum Reserve (SPR) ²	660.0	660.2
Total Motor Gasoline ³	240.0	236.8
Reformulated	0.1	0.0
Conventional	24.9	23.7
Blending Components	215.1	213.1
Fuel Ethanol	21.6	22.2
Kerosene-Type Jet Fuel	41.8	42.7
Distillate Fuel Oil ³	117.4	114.7
15 ppm sulfur and Under ³	104.7	102.3
> 15 ppm to 500 ppm sulfur	4.4	4.0
> 500 ppm sulfur	8.4	8.4
Residual Fuel Oil	31.6	30.8
Propane/Propylene	54.1	50.8
Other Oils ⁴	275.1	277.5
Unfinished Oils	90.7	93.8
Total Stocks (Including SPR) ^{2,3}	1,868.2	1,868.1
Total Stocks (Excluding SPR) ³	1,208.2	1,208.0

Crude Oil Inventory

US crude inventories decreased by 5.9 million barrels to 426.6 million barrels for the week ended June 15th, according to data released yesterday morning by the US Department of Energy. Traders in the Reuters poll projected a decrease of 2.1 million barrels.

U.S. Rotary Rigs

U.S. Rotary Rigs drilling for natural gas were -4 at 194 for the week of June 15th. The number of rigs currently drilling for Natural Gas was 8 higher than last year's level of 186. US Rigs drilling for oil were +1 at 863. There are 116 more rigs targeting oil than last year. Canadian rigs were +27 at 139 for the week. Rigs targeting oil move up 1% to 82% of all US drilling activity.

North American Rig Count	06/15/2018			06/08/2018		06/16/2017		Change		Percent Change	
	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual	
Total U.S.	1,059	1,062	933	(3)	126	-0.3%	13.5%				
Offshore	20	20	22	0	(2)	0.0%	-9.1%				
Land	1,039	1,042	911	(3)	128	-0.3%	14.1%				
Inland Waters	4	3	3	1	1	33.3%	33.3%				
Oil	863	862	747	1	116	0.1%	15.5%				
Percent	81.5%	81.2%	80.1%	0.3%	1.4%						
Gas	194	198	186	(4)	8	-2.0%	4.3%				
Percent	18.3%	18.6%	19.9%	-0.3%	-1.6%						
Directional	67	67	69	0	-2	0.0%	-2.9%				
Horizontal	932	934	782	-2	150	-0.2%	19.2%				
Vertical	60	61	82	-1	-22	-1.6%	-26.8%				
Gulf of Mexico	19	19	21	0	-2	0.0%	-9.5%				
Gulf Oil	16	16	19	0	-3	0.0%	-15.8%				
Percent	84.2%	84.2%	90.5%	0.0%	-6.3%						
Gulf Gas	3	3	2	0	1	0.0%	50.0%				
Percent	15.8%	15.8%	9.5%	0.0%	6.3%						
Canada	139	112	159	27	(20)	24.1%	-12.6%				
Oil	87	69	91	18	(4)	26.1%	-4.4%				
Percent	62.6%	61.6%	57.2%	1.0%	5.4%						
Gas	52	43	68	9	(16)	20.9%	-23.5%				
Percent	37.4%	38.4%	42.8%	-1.0%	-5.4%						
North America	1,198	1,174	1,092	24	106	2.0%	9.7%				
Prices											
Oil \$/bbl.	\$66.21	\$65.34	\$45.30	\$0.86	\$20.91	1.3%	46.2%				
Oil \$/mmbtu	\$11.42	\$11.27	\$7.81	\$0.15	\$3.60	1.3%	46.2%				
Gas \$/mmbtu	\$2.95	\$2.88	\$2.97	\$0.07	(\$0.02)	2.3%	-0.8%				



Geopolitical

OPEC Works Toward Deal as Saudis Propose Plan for Higher Output: The odds of OPEC reaching an oil-production deal increased as Iran edged away from a threat to veto any agreement that would raise output. as Saudi Arabia put forward a plan that would add about 600,000 barrels a day to the global market.

At the end of a day of diplomatic



Weather

The AccuWeather 1-5 day Outlook forecasts above-normal temps for the Western US and Southeast, with the exception of Florida. Cooler-than-normal temps are projected for the Central US and parts of New England. The 6-10 Day Outlook forecasts above-normal temps for most of the US with the coasts expected to be at normal temps. The

back-and-forth in Vienna today, delegates were increasingly positive that a deal would be reached at tomorrow's OPEC meeting of the Organization of Petroleum Exporting Countries.

After sitting down with several counterparts, Iranian Minister Bijan Namdar Zanganeh said he was optimistic about the outcome of the OPEC meeting, a marked contrast to comments on Tuesday when he said a deal was unlikely. He also spoke with Russian Energy Minister Alexander Novak by phone...

11-15 Day Outlook forecasts above-normal temperatures for the entire country, with the exception of the states bordering the Gulf of Mexico and the far-Northwest, which will be at normal temps.

The 30 and 90-day Outlook projects above-normal temps for the Western half of the US, while the balance of the country will be at normal temps. With Hurricane Season underway it is notable that the sea surface temperatures in the deep Tropical Atlantic the coldest they have been since at least the early 1980's.



Sustainability and Renewables

BP has invested \$20 million in Israel's StoreDot, a start-up that claims its **batteries can charge electric cars in five minutes**. The oil giant said Tuesday that its



This Week's Key Takeaway

Natural Gas on the NYMEX has continued to trade in a narrow range over the past month and there has been resistance at \$3.00 for the prompt month. In fact, in our last

venture capital arm BP Ventures was investing in the Tel Aviv-based firm as it looks to reduce greenhouse gas emissions in its operations.

"Ultra-fast charging is at the heart of BP's electrification strategy," Tufan Erginbilgic, chief executive of BP's downstream business, said in a statement on Tuesday.

"StoreDot's technology shows real potential for car batteries that can charge in the same time it takes to fill a gas tank."

Daimler's trucking unit led a **\$60 million investment** in StoreDot in September last year. StoreDot claims the batteries are eco-friendly and can allow an electric vehicle to travel for more than 300 miles after a full charge. StoreDot develops so-called "flash batteries," lithium-ion batteries that it says can charge electric vehicles in a matter of minutes. The batteries are powered by organic compounds and nanomaterials...

three reports, while there has been as much as a \$0.10 movement, at report time, prompt month pricing had remained unchanged or had moved just a penny for the week.

Texas wholesale electricity prices have remained higher due to capacity concerns because of the retirement of coal-fired electric generation plants in the state. In fact, while Texas' wholesale prices are almost always the lowest in the nation, the spot price for Texas electricity is currently the *highest* in the country, (see chart below). This should ease in the fall, as more electric generation fired by natural gas comes online.

Additionally, the tariffs placed on Chinese products (due to begin July 6th) will negatively impact US crude and LNG exports as China has announced a 25% tariff on imports of U.S. crude, natural gas and coal if the US proceeds as planned. This will drive prices down.

Next Day On-Peak Power (traded for 6/21/2018)		
ISO-NE Mass Hub \$28.18	MISO Indiana Hub \$31.84	NYISO Zone G \$29.32
PJM West Hub \$30.77	ERCOT North \$46.25	CAISO SP15 \$37.56



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