



UTILITY REVENUE SERVICES

Weekly Energy Report

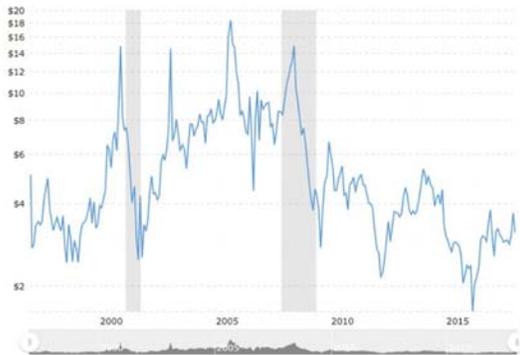


Natural Gas in Underground Storage

The weekly EIA Natural Gas Storage Report advised that there was an injection of 66Bcf (billion cubic feet) into Underground Storage for the week ending June 22nd, 2018.

This is 9Bcf below the median forecast of a 75Bcf injection, the average prediction of sector analysts and traders in the Dow Jones Newswires weekly survey. The injection one year ago was 72Bcf and the 5-year average injection is 42Bcf. Storage is **735Bcf below last year** for the same week and **501Bcf below the 5-year average**. Working gas in storage stands at 2,074Bcf. The July Natural Gas contract closed at \$2.996.

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Natural Gas Pricing

As of 11:11AM CST, August 2018, (the *new* prompt month) Natural Gas was trading at \$2.97, unchanged from one week ago and the 1-Year Spread average was \$2.92, - \$0.02 from one week ago.

Crude Oil Pricing

As of 11:19AM CST, August, 2018, (the *new* prompt month) Light, Sweet Crude on the NYMEX was at **\$73.43**, **+\$8.06** 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	73.43	+0.67	+0.92%	Aug 2018	12:19 PM	
CO1:COM Brent Crude (ICE)	USD/bbl	77.53	-0.09	-0.12%	Aug 2018	12:19 PM	
CP1:COM Crude Oil (Tokyo)	JPY/bbl	50,290.00	+80.00	+0.16%	Nov 2018	12:23 PM	
NGL:COM Natural Gas (Nymex)	USD/MMBtu	2.97	-0.01	-0.27%	Aug 2018	12:19 PM	

U.S. Petroleum Balance Sheet, Week Ending 6/22/2018

Petroleum Stocks (Million Barrels)	Current Week	
	6/22/18	6/15/18
Crude Oil	1,076.7	1,086.5
Commercial (Excluding SPR) ¹	416.6	426.5
Strategic Petroleum Reserve (SPR) ²	660.0	660.0
Total Motor Gasoline ³	241.2	240.0
Reformulated	0.0	0.1
Conventional	23.6	24.9
Blending Components	217.6	215.1
Fuel Ethanol	21.7	21.6
Kerosene-Type Jet Fuel	41.9	41.8
Distillate Fuel Oil ³	117.4	117.4
15 ppm sulfur and Under ³	104.9	104.7
> 15 ppm to 500 ppm sulfur	4.1	4.4
> 500 ppm sulfur	8.4	8.4
Residual Fuel Oil	31.2	31.6
Propane/Propylene	58.4	54.1
Other Oils ⁴	275.2	275.1
Unfinished Oils	91.1	90.7
Total Stocks (Including SPR) ^{2,3}	1,863.6	1,868.2
Total Stocks (Excluding SPR) ³	1,203.6	1,208.2

Crude Oil Inventory

US crude inventories decreased by 9.9 million barrels to 416.7 million barrels for the week ended June 22nd, according to data released yesterday morning by the US Department of Energy. Traders in the Reuters poll projected a decrease of 2.6 million barrels.

U.S. Rotary Rigs

U.S. Rotary Rigs drilling for natural gas were -6 at 186 for the week of June 22nd. The number of rigs currently drilling for Natural Gas was 5 higher than last year's level of 186. US Rigs drilling for oil were -11 at 862. There are 104 more rigs targeting oil than last year. Canadian rigs were +21 at 160 for the week. Rigs targeting oil remain 82% of all US drilling activity.

	North American Rig Count			Change		Percent Change	
	06/22/2018	06/15/2018	06/23/2017	Weekly	Annual	Weekly	Annual
Total U.S.	1,052	1,059	941	(7)	111	-0.7%	11.8%
Offshore	18	20	22	(2)	(4)	-10.0%	-18.2%
Land	1,034	1,039	919	(5)	115	-0.5%	12.5%
Inland Waters	2	4	4	(2)	(2)	-50.0%	-50.0%
Oil	862	863	758	(1)	104	-0.1%	13.7%
Percent	81.9%	81.5%	80.6%	0.4%	1.4%		
Gas	188	194	183	(6)	5	-3.1%	2.7%
Percent	17.9%	18.3%	19.4%	-0.4%	-1.6%		
Directional	62	67	72	-5	-10	-7.5%	-13.9%
Horizontal	930	932	792	-2	138	-0.2%	17.4%
Vertical	60	60	77	0	-17	0.0%	-22.1%
Gulf of Mexico	18	19	21	-1	-3	-5.3%	-14.3%
Gulf Oil	15	16	19	-1	-4	-6.3%	-21.1%
Percent	83.3%	84.2%	90.5%	-0.9%	-7.1%		
Gulf Gas	3	3	2	0	1	0.0%	50.0%
Percent	16.7%	15.8%	9.5%	0.9%	7.1%		
Canada	160	139	170	21	(10)	15.1%	-5.9%
Oil	103	87	98	16	5	18.4%	5.1%
Percent	64.4%	62.6%	57.6%	1.8%	6.7%		
Gas	57	52	72	5	(15)	9.6%	-20.8%
Percent	35.6%	37.4%	42.4%	-1.8%	-6.7%		
North America	1,212	1,198	1,111	14	101	1.2%	9.1%
Prices							
Oil \$/bbl.	\$65.58	\$66.21	\$43.21 (\$0.63)	\$22.37		-1.0%	51.8%
Oil \$/mmbtu	\$11.31	\$11.42	\$7.45 (\$0.11)	\$3.86		-1.0%	51.8%
Gas \$/mmbtu	\$2.96	\$2.95	\$2.86 \$0.00	\$0.09		0.2%	3.2%



Geopolitical

The most dramatic event in the oil market last week occurred in Canada, not at the OPEC meeting in Vienna, according to Goldman Sachs analysts who say an outage at the Syncrude oil sands facility could lead to a shortage in North America for all of July and shrink stockpiles at the Cushing, Okla., storage hub.

Goldman says the outage will support American oil prices while the OPEC deal to raise production may



Weather

The AccuWeather 1-5 day Outlook forecasts above-normal temperatures for most of the Eastern US, with the exception of Florida and below-normal temps forecast for the Northwest. A similar picture is projected for the 6-10 Day Outlook. The 11-15 Day Outlook forecasts above-normal

temperatures for the entire country, with the exception of the states bordering the Gulf of Mexico.

weigh on Brent crude and lead to a 360K bbl/day shortage for July, which could prompt a further drawdown in Cushing inventories that already have dropped for five weeks with the start of the summer driving season.

“With the global market pricing to pull crude out of the U.S., this loss of U.S. supplies will exacerbate the current global deficit, making the increase in OPEC production all the more required,” Goldman writes. “And while Saudi is already ramping up exports, these will not be delivered until August with June stock draws already accelerating.”

The 30-day Outlook projects above-normal temps for the Western half of the US, while the balance of the country will be at normal temps. The 90-day Outlook forecasts the US at normal temperatures with the exception of New England and the Northwest, which will be at above-normal temps.

An El Niño watch was issued in the latest outlook from NOAA, indicating an increasing chance for El Niño conditions to develop later this year. NOAA indicates that ENSO-neutral conditions (neither La Niña or El Niño) will likely last through summer.



Sustainability and Renewables

At this rate, it's going to take nearly 400 years to transform the energy system: 15 years ago, Ken Caldeira, a senior scientist at the Carnegie Institution, calculated that the world would need to add about a nuclear power plant's worth of clean-energy capacity every day between 2000 and 2050 to avoid catastrophic climate change. Recently, he did a quick calculation to see how we're doing.

Not well. Instead of the roughly 1,100 megawatts of carbon-free



This Week's Key Takeaway

China Energy Investment Corp. pledged almost \$84 billion in shale gas and chemical manufacturing projects across West Virginia after President Trump's trade mission to Beijing in November, but when it came time to discuss details, officials were a no-show.

The chief executive and other officers of the world's largest power company canceled a visit to a petrochemical conference in Pittsburgh, where the projects were

energy per day likely needed to prevent temperatures from rising more than 2 °C, as the 2003 *Science* paper by Caldeira and his colleagues found, we are adding around 151 megawatts. That's only enough to power roughly 125,000 homes.

At that rate, substantially transforming the energy system would take, not the next three decades, but nearly the next four centuries. In the meantime, temps would soar, melting ice caps, sinking cities, and unleashing devastating heat waves around the globe...

to be discussed, casting doubt on their fate amid an escalating trade war between the U.S. and China.

“In light of the ongoing dispute between the U.S. and China on trade, the China Energy team decided right now is not the right time for them to come and visit,” said Brian Anderson. Director of the West Virginia University Energy Institute, an arm of the school that recently signed an memorandum of understanding to work collaboratively with China energy on research and training programs. US exports of Crude and LNG will be affected.

Next Day On-Peak Power (traded for 6/28/2018)		
ISO-NE Mass Hub \$33.13	MISO Indiana Hub \$45.98	NYISO Zone G \$35.01
PJM West Hub \$38.89	ERCOT North \$33.61	CAISO SP15 \$29.94

