



UTILITY REVENUE SERVICES

Weekly Energy Report

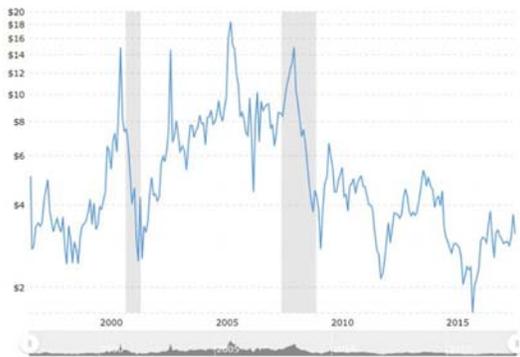


Natural Gas in Underground Storage

The weekly EIA Natural Gas Storage Report advised that there was an injection of 92Bcf (billion cubic feet) into Underground Storage for the week ending June 1st, 2018.

This is 1Bcf above the median forecast of a 91Bcf injection, the average prediction of sector analysts and traders in the Dow Jones Newswires weekly survey. The injection one year ago was 103Bcf and the 5-year average injection is 104Bcf. Storage is **799Bcf below last year** for the same week and **512Bcf below the 5-year average**. Working gas in storage stands at 1,817Bcf.

[Read More](#)



Natural Gas Pricing

As of 9:16AM CST, July 2018, (the *new* prompt month) Natural Gas was trading at \$2.96, **-\$0.01** from one week ago and the 1-Year Spread average was \$2.91, **-\$0.03** from one week ago.

Crude Oil Pricing

As of 8:27AM CST, July, 2018, (the prompt month) Light, Sweet Crude on the NYMEX was at **\$65.27**, **-\$2.63** from one week ago.

Crude Oil & Natural Gas

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EDT)	2 DAY
CL1COM WTI Crude Oil (Nymex)	USD/bbl	65.27	+0.54	+0.83%	Jul 2018	9:27 AM	
CO1COM Brent Crude (ICE)	USD/bbl	76.07	+0.71	+0.94%	Aug 2018	9:27 AM	
CP1COM Crude Oil (Tokyo)	JPY/bbl	48,810.00	+170.00	+0.35%	Nov 2018	9:30 AM	
NG1COM Natural Gas (Nymex)	USD/MMBtu	2.96	+0.06	+2.07%	Jul 2018	9:27 AM	

U.S. Petroleum Balance Sheet, Week Ending 6/1/2018

Petroleum Stocks (Million Barrels)	Current Week	5/25/18
	6/1/18	
Crude Oil	1,096.8	1,095.3
Commercial (Excluding SPR) ¹	436.6	434.5
Strategic Petroleum Reserve (SPR) ²	660.2	660.8
Total Motor Gasoline ³	239.0	234.4
Reformulated	0.0	0.0
Conventional	23.8	22.7
Blending Components	215.2	211.6
Fuel Ethanol	21.9	21.3
Kerosene-Type Jet Fuel	40.9	40.2
Distillate Fuel Oil ³	116.8	114.6
15 ppm sulfur and Under ³	104.7	102.4
> 15 ppm to 500 ppm sulfur	3.8	3.6
> 500 ppm sulfur	8.3	8.6
Residual Fuel Oil	32.2	32.5
Propane/Propylene	47.1	43.1
Other Oils ⁴	275.2	273.3
Unfinished Oils	92.8	94.2
Total Stocks (Including SPR) ^{2,3}	1,869.9	1,854.8
Total Stocks (Excluding SPR) ³	1,209.8	1,194.0

Crude Oil Inventory

US crude inventories increased by 2.1 million barrels to 436.6 million barrels for the week ended June 1st, according to data released yesterday morning by the US Department of Energy. Traders in the Reuters poll projected a decrease of 2.0 million barrels.

U.S. Rotary Rigs

U.S. Rotary Rigs drilling for natural gas were -1 at 197 for the week of June 1st. The number of rigs currently drilling for Natural Gas was 15 higher than last year's level of 180. US Rigs drilling for oil were +2 at 861. There are 128 more rigs targeting oil than last year. Canadian rigs were +18 at 99 for the week. Rigs targeting oil remain at 81% of all US drilling activity.

	North American Rig Count			Change		Percent Change	
	06/01/2018	05/25/2018	06/02/2017	Weekly	Annual	Weekly	Annual
Total U.S.	1,060	1,059	916	1	144	0.1%	15.7%
Offshore	19	19	23	0	(4)	0.0%	-17.4%
Land	1,041	1,040	893	1	148	0.1%	16.6%
Inland Waters	2	4	4	(2)	(2)	-50.0%	-50.0%
Oil	861	859	733	2	128	0.2%	17.5%
Percent	81.2%	81.1%	80.0%	0.1%	1.2%		
Gas	197	198	182	(1)	15	-0.5%	8.2%
Percent	18.6%	18.7%	19.9%	-0.1%	-1.3%		
Directional	65	67	68	-2	-3	-3.0%	-4.4%
Horizontal	929	926	771	3	158	0.3%	20.5%
Vertical	66	66	77	0	-11	0.0%	-14.3%
Gulf of Mexico	18	18	23	0	-5	0.0%	-21.7%
Gulf Oil	15	15	20	0	-5	0.0%	-25.0%
Percent	83.3%	83.3%	87.0%	0.0%	-3.6%		
Gulf Gas	3	3	3	0	0	0.0%	0.0%
Percent	16.7%	16.7%	13.0%	0.0%	3.6%		
Canada	99	81	99	18	0	22.2%	0.0%
Oil	56	35	51	21	5	60.0%	9.8%
Percent	56.6%	43.2%	51.5%	13.4%	5.1%		
Gas	43	46	48	(3)	(5)	-6.5%	-10.4%
Percent	43.4%	56.8%	48.5%	-13.4%	-5.1%		
North America	1,159	1,140	1,015	19	144	1.7%	14.2%
Prices							
Oil \$/bbl.	\$66.31	\$70.99	\$48.47 (\$4.69)	\$17.84		-6.6%	36.8%
Oil \$/mmbtu	\$11.43	\$12.24	\$8.36 (\$0.81)	\$3.08		-6.6%	36.8%
Gas \$/mmbtu	\$2.86	\$2.83	\$2.96 \$0.03 (\$0.10)			0.9%	-3.2%



Geopolitical

Trump administration officials are making plans to order grid operators to buy electricity from struggling coal and nuclear plants in an effort to extend their life, a move that could represent an unprecedented intervention into U.S. energy markets.

The Energy Department would exercise emergency authority under



Weather

The AccuWeather 1-5 day Outlook forecasts above-normal temps for most of the US with the exception of the East and West Coasts, which are expected to be at normal or below-normal temps. The 6-10 Day Outlook forecasts above-normal temps for all of the US with the exception of the Eastern states, which are expected to be at normal or below-normal temps. The 11-15

a pair of federal laws to direct the operators to purchase electricity or electric generation capacity from at-risk facilities, according to a memo obtained by Bloomberg News. The agency also is making plans to establish a "Strategic Electric Generation Reserve" with the aim of promoting the national defense and maximizing domestic energy supplies...

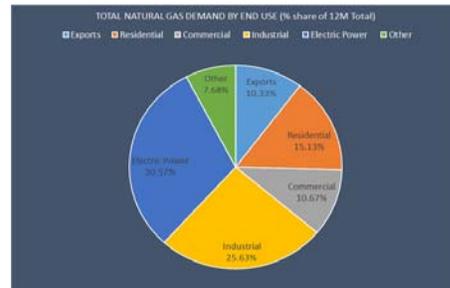
Day Outlook forecasts normal or below-normal temps for the Eastern half of the country, with the exception of the Northeast, which will be at above-normal temps, as will the Western half of the country.

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.



Sustainability and Renewables

If the future of energy were a storybook, then renewable energy would play the part of the hero. That would leave oil and gas producers as the villains -- and it's not difficult to see why. The transportation, electricity generation, and industrial sectors account for 78% of America's total carbon emissions. A couple of famous oil spills don't really help from the PR perspective, either.



This Week's Key Takeaway

As you know, the Electric Power sector is the primary consumer of natural gas in the United States. Its share in the annual demand structure is more than 30%, while its share in the injection season demand is close to 50% (see the chart above).

The latest data indicates that the weight of the Electric Power sector in

That has led many public and private institutions to expel any holdings in the oil and gas industry from their endowments, but that might not be a wise strategy in the long run.

Displacing and replacing fossil fuels won't be easy. Nor cheap. That leads to an inconvenient reality for most narratives surrounding clean energy: moving to a renewable future as quickly as possible will require help from the **incredible capital generation capabilities** of the world's largest oil companies.

The numbers are impossible to ignore. Consider that ExxonMobil, Royal Dutch Shell, Chevron, BP, and Total SA (NYSE:TOT) have generated a combined \$44.6 billion in free cash flow in the last 12 months...

the natural gas market continues to grow. The EIA has recently released its regular Electric Power Monthly Report. It shows that in March, the share of natural gas in net electricity generation has increased by 2.9 percentage points y-o-y (from 29.6% to 32.5%). It is the 2nd highest share of natural gas-fired generation for the month of March ever recorded.

This is important for several reasons. First, the share of natural gas usage for electricity generation increased even as the total electric output also increased. According to Edison Electric Institute, the US produced 360 TW/h of power in March, 2018, almost 25% more than last year. Secondly, natural gas remained the fastest growing source of power amid all other sources (not just coal). The share of renewables and nuclear also increased in March, but to a lesser degree.

Next Day On-Peak Power (traded for 6/7/2018)		
ISO-NE Mass Hub \$26.63	MISO Indiana Hub \$38.75	NYISO Zone G \$27.63
PJM West Hub \$32.57	ERCOT North \$35.50	CAISO SP15 \$28.10



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