



UTILITY REVENUE SERVICES

# Weekly Energy Report



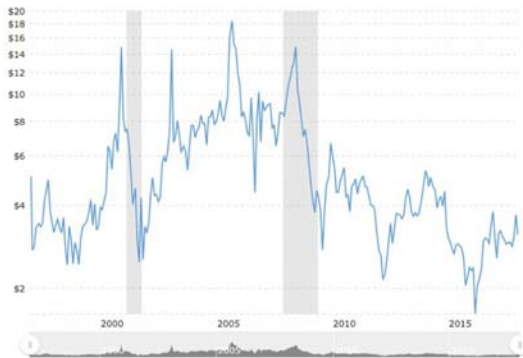
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## Natural Gas in Underground Storage

The weekly EIA Natural Gas Storage Report advised that there was an injection of 51Bcf (billion cubic feet) into Underground Storage for the week ending July 6th, 2018.

This is 3Bcf below the median forecast of a 54Bcf injection, the average prediction of sector analysts and traders in the Dow Jones Newswires weekly survey. The injection one year ago was 58Bcf and the 5-year average injection is 77Bcf. Storage is **725Bcf below last year** for the same week and **519Bcf below the 5-year average**. Working gas in storage stands at 2,203Bcf. *The Accuweather long-range Outlook shows cooler-than-normal weather conditions for the end of July into the first week of August.*

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## Natural Gas Pricing

As of 9:52AM CST, August 2018, (the prompt month) Natural Gas was trading at \$2.80, -\$0.04 from one week ago and the 1-Year Spread average was \$2.80, -\$0.03 from one week ago.

## Crude Oil Pricing

As of 9:12AM CST, August, 2018, (the prompt month) Light, Sweet Crude on the NYMEX was at **\$70.23**, **-\$3.28** from one week ago.

### Crude Oil & Natural Gas

| INDEX                           | UNITS     | PRICE     | CHANGE  | %CHANGE | CONTRACT | TIME (EDT) | 2 DAY |
|---------------------------------|-----------|-----------|---------|---------|----------|------------|-------|
| CL1COM<br>WTI Crude Oil (Nymex) | USD/bbl   | 70.23     | -0.15   | -0.21%  | Aug 2018 | 10:12 AM   |       |
| CO1COM<br>Brent Crude (ICE)     | USD/bbl   | 73.81     | +0.41   | +0.56%  | Sep 2018 | 10:12 AM   |       |
| CP1COM<br>Crude Oil (Tokyo)     | JPY/NI    | 49,430.00 | -300.00 | -0.60%  | Dec 2018 | 10:16 AM   |       |
| NG1COM<br>Natural Gas (Nymex)   | USD/MMBtu | 2.81      | -0.01   | -0.53%  | Aug 2018 | 10:12 AM   |       |

| Petroleum Stocks (Million Barrels)             | Current Week |         |
|------------------------------------------------|--------------|---------|
|                                                | 7/6/18       | 6/29/18 |
| Crude Oil                                      | 1,065.3      | 1,077.9 |
| Commercial (Excluding SPR) <sup>1</sup>        | 405.2        | 417.9   |
| Strategic Petroleum Reserve (SPR) <sup>2</sup> | 660.0        | 660.0   |
| Total Motor Gasoline <sup>3</sup>              | 239.0        | 239.7   |
| Reformulated                                   | 0.0          | 0.1     |
| Conventional                                   | 25.1         | 23.3    |
| Blending Components                            | 213.8        | 216.3   |
| Fuel Ethanol                                   | 22.4         | 22.0    |
| Kerosene-Type Jet Fuel                         | 40.3         | 41.0    |
| Distillate Fuel Oil <sup>3</sup>               | 121.7        | 117.6   |
| > 15 ppm sulfur and Under <sup>3</sup>         | 108.8        | 104.8   |
| > 15 ppm to 500 ppm sulfur                     | 4.4          | 4.3     |
| > 500 ppm sulfur                               | 8.5          | 8.5     |
| Residual Fuel Oil                              | 27.7         | 29.6    |
| Propane/Propylene                              | 63.6         | 61.2    |
| Other Oils <sup>4</sup>                        | 279.8        | 278.0   |
| Unfinished Oils                                | 90.6         | 92.3    |
| Total Stocks (Including SPR) <sup>2,3</sup>    | 1,859.7      | 1,866.9 |
| Total Stocks (Excluding SPR) <sup>3</sup>      | 1,199.7      | 1,206.9 |

## Crude Oil Inventory

US crude inventories **decreased by 12.6 million barrels** to 405.3 million barrels for the week ended July 6th, according to data released yesterday morning by the US Department of Energy. Traders in the Reuters poll projected a drop of 4.5 million bbl.

## U.S. Rotary Rigs

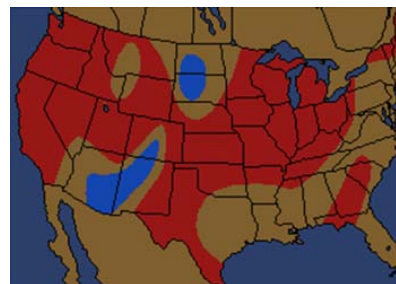
U.S. Rotary Rigs drilling for natural gas were unchanged at 187 for the week of July 6th. The number of rigs currently drilling for Natural Gas was 2 lower than last year's level of 189. US Rigs drilling for oil were +5 at 863. There are 100 more rigs targeting oil than last year. Canadian rigs were +10 at 182 for the week. Rigs targeting oil remain 82% of all US drilling activity.

|                | North American Rig Count |            |                 | Change   |         | Percent Change |        |
|----------------|--------------------------|------------|-----------------|----------|---------|----------------|--------|
|                | 07/06/2018               | 06/29/2018 | 07/07/2017      | Weekly   | Annual  | Weekly         | Annual |
| Total U.S.     | 1,052                    | 1,047      | 952             | 5        | 100     | 0.5%           | 10.5%  |
| Offshore       | 19                       | 19         | 21              | 0        | (2)     | 0.0%           | -9.5%  |
| Land           | 1,033                    | 1,028      | 931             | 5        | 102     | 0.5%           | 11.0%  |
| Inland Waters  | 4                        | 4          | 4               | 0        | 0       | 0.0%           | 0.0%   |
| Oil            | 863                      | 858        | 763             | 5        | 100     | 0.6%           | 13.1%  |
| Percent        | 82.0%                    | 81.9%      | 80.1%           | 0.1%     | 1.9%    |                |        |
| Gas            | 187                      | 187        | 189             | 0        | (2)     | 0.0%           | -1.1%  |
| Percent        | 17.8%                    | 17.9%      | 19.9%           | -0.1%    | -2.1%   |                |        |
| Directional    | 67                       | 65         | 74              | 2        | -7      | 3.1%           | -9.5%  |
| Horizontal     | 930                      | 926        | 804             | 4        | 126     | 0.4%           | 15.7%  |
| Vertical       | 55                       | 56         | 74              | -1       | -19     | -1.8%          | -25.7% |
| Gulf of Mexico | 18                       | 18         | 21              | 0        | -3      | 0.0%           | -14.3% |
| Gulf Oil       | 15                       | 15         | 18              | 0        | -3      | 0.0%           | -16.7% |
| Percent        | 83.3%                    | 83.3%      | 85.7%           | 0.0%     | -2.4%   |                |        |
| Gulf Gas       | 3                        | 3          | 3               | 0        | 0       | 0.0%           | 0.0%   |
| Percent        | 16.7%                    | 16.7%      | 14.3%           | 0.0%     | 2.4%    |                |        |
| Canada         | 182                      | 172        | 175             | 10       | 7       | 5.8%           | 4.0%   |
| Oil            | 126                      | 117        | 105             | 9        | 21      | 7.7%           | 20.0%  |
| Percent        | 69.2%                    | 68.0%      | 60.0%           | 1.2%     | 9.2%    |                |        |
| Gas            | 56                       | 55         | 70              | 1        | (14)    | 1.8%           | -20.0% |
| Percent        | 30.8%                    | 32.0%      | 40.0%           | -1.2%    | -9.2%   |                |        |
| North America  | 1,234                    | 1,219      | 1,127           | 15       | 107     | 1.2%           | 9.5%   |
| Prices         |                          |            |                 |          |         |                |        |
| Oil \$/bbl.    | \$73.72                  | \$71.77    | \$45.49         | \$1.94   | \$28.23 | 2.7%           | 62.1%  |
| Oil \$/mmbtu   | \$12.71                  | \$12.37    | \$7.84          | \$0.34   | \$4.87  | 2.7%           | 62.1%  |
| Gas \$/mmbtu   | \$2.87                   | \$2.95     | \$2.88 (\$0.08) | (\$0.01) |         | -2.7%          | -0.5%  |



## Geopolitical

US, Israel establish joint center for energy cooperation: New center will aim to boost development and deployment of critical and innovative technologies in the fields of energy and water: The United States and Israel have established a center for energy cooperation to develop innovative technologies that tackle issues such as energy cybersecurity and using water for energy production, among others. The center, titled the US-Israel Center of Excellence in Energy, Engineering



## Weather

The AccuWeather 1-5 day Outlook forecasts above-normal temperatures for much of the country, with the exception of the East Coast, The Southeast, and parts of the West, which are expected to be at normal or below normal temps. The 6-10 Day Outlook forecasts New England, part of Texas and the Western third of the US at above-normal temps with the North-Central states at below-normal temps and the balance of the US at normal temps. The 11-15 Day

and Water Technology, is launching with \$16 million in funds appointed collectively by the United States Congress, the Israeli government, as well as private sector partners.

US Secretary of Energy Rick Perry and Israeli Minister of Energy Yuval Steinitz signed an agreement on June 25th at the US Chamber of Commerce, officially launching the center...

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## Sustainability and Renewables

**Tesla Model 3 Has “Most Advanced Large-Scale Lithium Battery Ever Produced,” Battery Expert Notes:** Tesla’s **quest** for a fantastic future consistently delivers surprising breakthroughs within the auto sector — popularizing long-range EVs is one of those game-changing developments, and the Model 3 battery pack takes it to a whole new level according to one battery expert.

The Model 3 battery pack uses Tesla’s next-generation **2170 cells** (21mm width, 70mm height), which contain 30–33% more energy when compared with previous generation 18650 cells...

Outlook forecasts above-normal temperatures for the East Coast and most of the Western half of the country, with the balance of the US at normal temps.

The 30-day Outlook projects above-normal temps for most of the Western half of the US, with the Eastern half at normal temps.

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## This Week's Key Takeaway

The growing trade dispute between the U.S. and China has shone new light on the interdependence of the two nations' economies, including the evolving commerce in energy commodities. In 2017, China was the largest overseas buyer of American crude, behind only Canada as the largest foreign buyer overall; it was the third-largest buyer of American propane; and it was the third-largest buyer of American LNG. China’s imports of U.S. Crude have continued to increase this year. "LNG seems to be excluded from the list of goods that will face tariffs," said analyst Nicholas Browne, head of Pacific gas and LNG for Wood Mac in a research note. The continuity of this will affect US NG prices.

| Next Day On-Peak Power (traded for 7/12/2018) |                             |                         |
|-----------------------------------------------|-----------------------------|-------------------------|
| ISO-NE Mass Hub<br>\$33.02                    | MISO Indiana Hub<br>\$42.19 | NYISO Zone G<br>\$34.03 |
| PJM West Hub<br>\$34.96                       | ERCOT North<br>\$35.00      | CAISO SP15<br>\$57.10   |



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