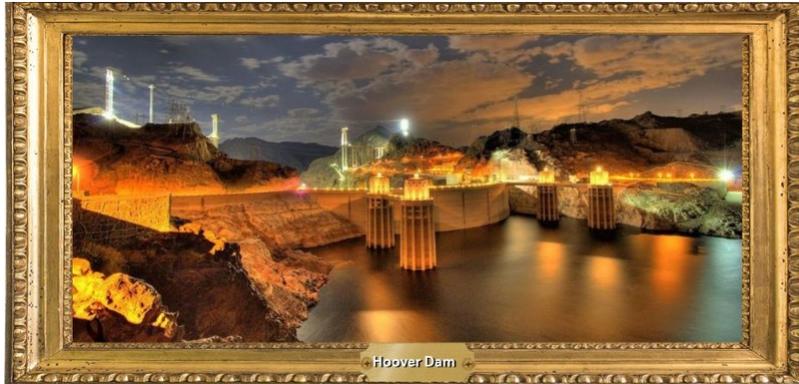




UTILITY REVENUE SERVICES

Weekly Energy Report

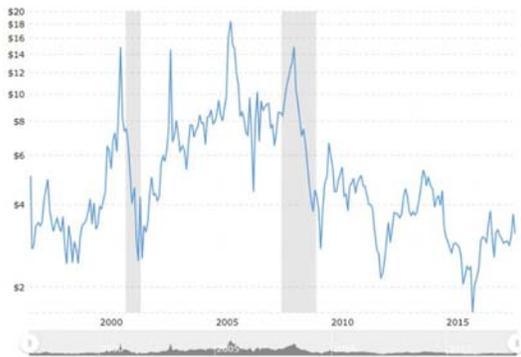


Natural Gas in Underground Storage

The weekly EIA Natural Gas Storage Report advised that there was an injection of 46Bcf (billion cubic feet) into Underground Storage for the week ending July 13th, 2018.

This is 9Bcf below the median forecast of a 55Bcf injection, the average prediction of sector analysts and traders in the Dow Jones Newswires weekly survey. The injection one year ago was 31Bcf and the 5-year average injection is 62Bcf. Storage is **710Bcf below last year** for the same week and **535Bcf below the 5-year average**. Working gas in storage stands at 2,249Bcf.

[Read More](#)



Natural Gas Pricing

As of Noon CST, August 2018, (the prompt month) Natural Gas was trading at \$2.76, -\$0.04 from one week ago and the 1-Year Spread average was also \$2.76, -\$0.04 from one week ago.

Crude Oil Pricing

As of 7:15AM CST, August, 2018, (the prompt month) Light, Sweet Crude on the NYMEX was at **\$68.27**, **-\$1.96** 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	68.27	-0.49	-0.71%	Aug 2018	8:15 AM	
CO1COM Brent Crude (ICE)	USD/bbl	72.26	-0.64	-0.88%	Sep 2018	8:16 AM	
CP1COM Crude Oil (Tokyo)	JPY/bi	48,950.00	-100.00	-0.20%	Dec 2018	8:20 AM	
NG1COM Natural Gas (Nymex)	USD/MMBtu	2.72	+0.00	+0.11%	Aug 2018	8:16 AM	

U.S. Petroleum Balance Sheet, Week Ending 7/13/2018

Petroleum Stocks (Million Barrels)	Current Week	
	7/13/18	7/6/18
Crude Oil	1,071.1	1,065.3
Commercial (Excluding SPR) ¹	411.1	405.2
Strategic Petroleum Reserve (SPR) ²	660.0	660.0
Total Motor Gasoline ³	235.8	239.0
Reformulated	0.1	0.0
Conventional	24.2	25.1
Blending Components	211.6	213.8
Fuel Ethanol	21.8	22.4
Kerosene-Type Jet Fuel	40.8	40.3
Distillate Fuel Oil ³	121.3	121.7
15 ppm sulfur and Under ³	109.2	108.8
> 15 ppm to 500 ppm sulfur	4.0	4.4
> 500 ppm sulfur	8.2	8.5
Residual Fuel Oil	28.1	27.7
Propane/Propylene	65.3	63.6
Other Oils ⁴	281.6	279.8
Unfinished Oils	89.6	90.6
Total Stocks (Including SPR) ^{2,3}	1,865.8	1,859.7
Total Stocks (Excluding SPR) ³	1,205.7	1,199.7

Crude Oil Inventory

US crude inventories **rose by 5.8 million barrels** to 411.1 million barrels for the week ended July 13th, according to data released yesterday morning by the US Department of Energy. Traders in the Reuters poll projected a drop of 3.5 million bbl.

U.S. Rotary Rigs

U.S. Rotary Rigs drilling for natural gas were +2 at 189 for the week of July 13th. The number of rigs currently drilling for Natural Gas was 2 higher than last year's level of 187. US Rigs drilling for oil were unchanged at 863. There are 98 more rigs targeting oil than last year. Canadian rigs were +15 at 197 for the week. Rigs targeting oil remain 82% of all US drilling activity.

Plunging drilling costs have precipitated a burst of production in Texas, making the state a global oil superpower. According to HSBC, The Permian Basin and Eagle Ford oilfields are expected to produce 5.6M barrels per day by 2019, topping the 4.8M bpd output of Iraq and 3M bpd of Iran. That would make Texas the world's No. 3 oil producer, behind only Russia and Saudi Arabia.

North American Rig Count	07/13/2018		07/06/2018		07/14/2017		Change		Percent Change	
	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual
Total U.S.	1,054	1,052	952	2	102	0.2%	10.7%			
Offshore	19	19	21	0	(2)	0.0%	-9.5%			
Land	1,035	1,033	931	2	104	0.2%	11.2%			
Inland Waters	5	4	3	1	2	25.0%	66.7%			
Oil	863	863	765	0	98	0.0%	12.8%			
Percent	81.9%	82.0%	80.4%	-0.2%	1.5%					
Gas	189	187	187	2	2	1.1%	1.1%			
Percent	17.9%	17.8%	19.6%	0.2%	-1.7%					
Directional	68	67	72	1	-4	1.5%	-5.6%			
Horizontal	930	930	804	0	126	0.0%	15.7%			
Vertical	56	55	76	1	-20	1.8%	-26.3%			
Gulf of Mexico	19	18	21	1	-2	5.6%	-9.5%			
Gulf Oil	16	15	18	1	-2	6.7%	-11.1%			
Percent	84.2%	83.3%	85.7%	0.9%	-1.5%					
Gulf Gas	3	3	3	0	0	0.0%	0.0%			
Percent	15.8%	16.7%	14.3%	-0.9%	1.5%					
Canada	197	182	191	15	6	8.2%	3.1%			
Oil	139	126	106	13	33	10.3%	31.1%			
Percent	70.6%	69.2%	55.5%	1.3%	15.1%					
Gas	58	56	85	2	(27)	3.6%	-31.8%			
Percent	29.4%	30.8%	44.5%	-1.3%	-15.1%					
North America	1,251	1,234	1,143	17	108	1.4%	9.4%			
Prices										
Oil \$/bbl	\$72.21	\$73.74	\$45.51	(\$1.53)	\$26.70	-2.1%	58.7%			
Oil \$/mmbtu	\$12.45	\$12.71	\$7.85	(\$0.26)	\$4.60	-2.1%	58.7%			
Gas \$/mmbtu	\$2.85	\$2.86	\$2.95	(\$0.02)	(\$0.10)	-0.6%	-3.6%			





Geopolitical

President Donald Trump on Monday said the U.S. will compete against Russia’s planned gas pipeline to Germany and in the European natural gas market as a whole, days after he said the pipeline was a “horrible thing” for the region.

“I’m not sure, necessarily, that [the pipeline] is in the best interests of Germany or not, but that was a decision that they made,” Trump said during a joint press conference with Russian President Vladimir Putin in Helsinki, Finland. “We’ll be competing — as you know, the United States is now — or soon will be, but I think it actually is right now the largest in the oil and gas world. So we’re going to be selling [liquefied natural gas], and we’ll have to be competing with the pipeline and I think will compete successfully, although there is a little advantage locationally.” ...



Weather

The AccuWeather 1-5 day Outlook forecasts above-normal temperatures for the Western US, Texas and Louisiana. The balance of the states are expected to be at normal or below normal temps. The 6-10 Day Outlook forecasts New England, 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 or below-normal temps. The 11-15 Day Outlook forecasts above-normal temperatures for New England and most of the Western third of the country, with the balance of the US at normal or below-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. The 90-day Outlook is similar.



Sustainability and Renewables

Three Cornell University professors contributed to the successful proposal to lead the National Offshore Wind Research and Development Consortium, a new \$18.5 million federal endeavor to enhance the United States' wind-energy economy and substantially decrease greenhouse gas emissions.

The public-private consortium is funded by the U.S. Department of Energy and will be led by the New York State Energy Research and Development Authority (NYSERDA) and Stony Brook University.

“This is an exciting opportunity to be at the forefront of offshore wind development in the U.S.,” said Rebecca J. Barthelmie professor and the David Croll Sesquicentennial Faculty Fellow at the Sibley School...

This Week's Key Takeaway

Record heat in Texas and California has caused spot prices to skyrocket and the heat is expected to continue for the next 10 days. As evidenced in the chart below, yesterday saw spot prices in Texas hit \$351/mWh and California hit \$95/kWh. Spot prices in other grids remained below \$40/mWh.

The high prices indicate that there was not enough electricity on the grid during peak usage times and that older, less efficient generators had to be spun up to generate more power. Thus far, both states have avoided brownouts or blackouts. Texas set a new record for electric usage yesterday. Power use hit 72,192 megawatts on Wednesday afternoon, edging past the Aug. 2016 record use of 71,110 megawatts, according to ERCOT.

Next Day On-Peak Power (traded for 7/18/2018)		
ISO-NE Mass Hub \$35.18	MISO Indiana Hub \$33.55	NYISO Zone G \$34.50
PJM West Hub \$33.62	ERCOT North \$351.09	CAISO SP15 \$94.66



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