



UTILITY REVENUE SERVICES

# Weekly Energy Report



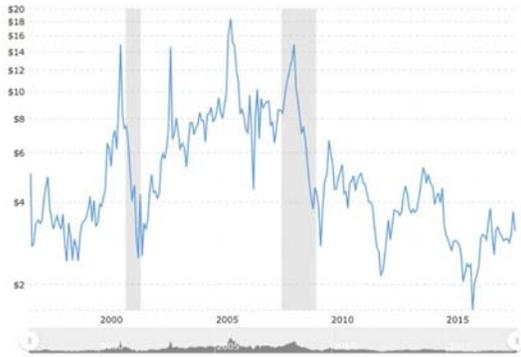
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## Natural Gas in Underground Storage

The weekly EIA Natural Gas Storage Report advised that there was an injection of 70Bcf (billion cubic feet) into Underground Storage for the week ending August 24th, 2018.

This is 5Bcf above the median forecast of a 65Bcf injection, the average prediction of sector analysts and traders in the Dow Jones Newswires weekly survey. The injection one year ago was 30Bcf and the 5-year average injection is 59Bcf. Storage is **646Bcf below last year** for the same week and **588Bcf below the 5-year average**. Working gas in storage stands at 2,505Bcf. The September Natural Gas contract closed at \$2.90.

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## Natural Gas Pricing

As of 9:33M CST, October 2018, (the *new* prompt month) Natural Gas was trading at \$2.85, -\$0.10 from one week ago and the 1-Year Spread average was \$2.81, -\$0.09 from one week ago. US Lower 48 production reached another all-time high yesterday at 83.1 Bcf/d.

## Crude Oil Pricing

As of 8:58AM CST, October, 2018, (the *new* prompt month) Light, Sweet Crude on the NYMEX was at **\$69.66**, **+\$4.64** from one week ago.

### Crude Oil & Natural Gas

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EDT)	2 DAY
CLCOCM WTI Crude Oil (Nymex)	USD/MBL	69.66	+0.15	+0.22%	Oct 2018	9:58 AM	
COLCOCM Brent Crude (ICE)	USD/MBL	77.51	+0.37	+0.48%	Oct 2018	9:58 AM	
EPLCOCM Crude Oil (Tokyo)	JPY/BL	51,000.00	-210.00	-0.41%	Jan 2019	10:03 AM	
NGLCOCM Natural Gas (Nymex)	USD/MMBtu	2.87	+0.01	+0.24%	Oct 2018	9:58 AM	

U.S. Petroleum Balance Sheet, Week Ending 8/24/2018

Petroleum Stocks (Million Barrels)	Current Week	
	8/24/18	8/17/18
Crude Oil	1,065.8	1,068.4
Commercial (Excluding SPR) <sup>1</sup>	405.8	408.4
Strategic Petroleum Reserve (SPR) <sup>2</sup>	660.0	660.0
Total Motor Gasoline <sup>3</sup>	232.8	234.3
Reformulated	0.0	0.0
Conventional	22.3	23.9
Blending Components	210.4	210.4
Fuel Ethanol	23.1	23.3
Kerosene-Type Jet Fuel	41.3	41.6
Distillate Fuel Oil <sup>3</sup>	130.0	130.8
15 ppm sulfur and Under <sup>3</sup>	117.3	116.9
> 15 ppm to 500 ppm sulfur	4.6	5.3
> 500 ppm sulfur	8.1	8.6
Residual Fuel Oil	28.1	28.3
Propane/Propylene	71.4	68.8
Other Oils <sup>4</sup>	290.6	289.3
Unfinished Oils	88.1	87.7
Total Stocks (Including SPR) <sup>2,3</sup>	1,883.1	1,884.8
Total Stocks (Excluding SPR) <sup>3</sup>	1,223.1	1,224.8

## Crude Oil Inventory

US crude inventories decreased by **2.5 million barrels** to 405.8 million barrels for the week ended August 24th, according to data released yesterday morning by the US Department of Energy. Traders in the Reuters poll projected a drop of 1.5 million barrels.

## U.S. Rotary Rigs

U.S. Rotary Rigs drilling for natural gas were -4 at 182 for the week of August 24th. The number of rigs currently drilling for Natural Gas was 2 higher than last year's level of 180. US Rigs drilling for oil were -9 at 860. There are 101 more rigs targeting oil than last year. Canadian rigs were +17 at 229 for the week. Rigs targeting oil remain 82% of all US drilling activity.

North American Rig Count				Change		Percent Change	
	08/24/2018	08/17/2018	08/25/2017	Weekly	Annual	Weekly	Annual
<b>Total U.S.</b>	1,044	1,057	940	(13)	104	-1.2%	11.1%
Offshore	18	21	17	(3)	1	-14.3%	5.9%
Land	1,026	1,036	923	(10)	103	-1.0%	11.2%
Inland Waters	1	2	3	(1)	(2)	-50.0%	-66.7%
Oil	860	869	759	(9)	101	-1.0%	13.3%
Percent	82.4%	82.2%	80.7%	0.2%	1.6%		
Gas	182	186	180	(4)	2	-2.2%	1.1%
Percent	17.4%	17.6%	19.1%	-0.2%	-1.7%		
Directional	62	70	80	-8	-18	-11.4%	-22.5%
Horizontal	919	922	796	-3	123	-0.3%	15.5%
Vertical	63	65	64	-2	-1	-3.1%	-1.6%
Gulf of Mexico	16	19	17	-3	-1	-15.8%	-5.9%
Gulf Oil	14	16	15	-2	-1	-12.5%	-6.7%
Percent	87.5%	84.2%	88.2%	3.3%	-0.7%		
Gulf Gas	2	3	2	-1	0	-33.3%	0.0%
Percent	12.5%	15.8%	11.8%	-3.3%	0.7%		
Canada	229	212	217	17	12	8.0%	5.5%
Oil	153	141	115	12	38	8.5%	33.0%
Percent	66.8%	66.5%	53.0%	0.3%	13.8%		
Gas	76	71	102	5	(26)	7.0%	-25.5%
Percent	33.2%	33.5%	47.0%	-0.3%	-13.8%		
<b>North America</b>	1,273	1,269	1,157	4	116	0.3%	10.0%
<b>Prices</b>							
Oil \$/bbl.	\$67.01	\$66.16	\$47.80	\$0.85	\$19.21	1.3%	40.2%
Oil \$/mmbtu	\$11.55	\$11.41	\$8.24	\$0.15	\$3.31	1.3%	40.2%
Gas \$/mmbtu	\$2.99	\$2.97	\$2.96	\$0.01	\$0.03	0.5%	0.9%



## Geopolitical

**Global LNG Dynamics And the Outlook For U.S. Natural Gas:** American LNG exports are expected to nearly triple over the next 12 months. This implies a large boost to overall demand for U.S. natural gas supply with LNG exports accounting for 10% of overall demand by 2020.

Long-term natural gas production projections point to the need for more LNG export capacity. Fortunately growing global demand

## Weather

The AccuWeather 1-5 day Outlook forecasts above-normal temps for the East Coast, with the exception of The Southeast, as well as the Central states. Normal temps are forecast for the Western third of the US. The 6-10 Day Outlook shows above-normal temps for the Northeast quarter of the US, and a small circle of the West. Normal temps are forecast for the balance of the country.

for LNG will likely absorb any new export capacity in the U.S. built in the next decade.

LNG export facilities able to secure natural gas resources close to the U.S. Gulf may have a competitive advantage in delivering LNG into the European market.

A number of new liquefaction plants are scheduled to begin operation over the next 12 to 18 months in the U.S., which could eventually see LNG exports account for roughly 10% of total U.S. demand.



## Sustainability and Renewables

**Latest breakthrough in lithium-oxygen technology brings more powerful rechargeable batteries one step closer to reality:** The key to longer-range electric cars, smartphones that last several days without charging, and long-term storage of renewable energy that could be used on demand by the grid may be the lithium-oxygen — also known as lithium-air — battery. These batteries have the potential to store ten times more power than currently used lithium-ion versions.

11-15 Day Outlook forecasts above-normal temps for the Northwest, below-normal temps for the center of the country and normal temps for the balance. The 30-day Outlook projects normal temps for most of the US with the exception of the Northeast and Northwest, which are expected to be at above-normal temperatures.

The 90-Day Outlook shows a similar picture. There is a tropical storm with an 80% chance of becoming a hurricane off the coast of Africa.



## This Week's Key Take-Away

A third coal-powered electricity generator has closed in Texas this year. Following is an interesting Dallas Morning News Article:

ROCKDALE, TX — David Montelongo isn't used to being alone. He's spent his 60 years in the Central Texas town of Rockdale, surrounded by family and working the last 39 years in the local coal mine. He has a wife, three grown children, eight grandchildren and many other relatives in this town of 5,600.

A new breakthrough in lithium-oxygen battery technology reported on 23 August in *Science* has brought the technology a step closer to reality. According to a briefing in *Science*, these lithium-oxygen batteries “could one day underpin a green energy grid, storing excess wind and solar power and delivering it on demand.”

Lithium-oxygen batteries work in a similar way to their lithium-ion counterparts. Essentially, the batteries alternate between charge and discharge cycles, during which lithium ions flow through two charge-storing electrodes separated by an organic liquid electrolyte...

Now, his days are lived on the road and at a West Texas oil field, where he is a supervisor. "All I do is go home, sit in an apartment and wait for the morning to come," Montelongo said.

His time in an overpriced one-bedroom Odessa apartment is mostly quiet as he counts the weeks until he can visit his family in Rockdale and the years until retirement. The closing of the coal-fired Sandow power plant and the mine that fed it — widely seen by outsiders as another gasp of a dying industry — forced Montelongo to find work six hours away from his family...

Next Day On-Peak Power (traded for 8/30/2018)		
<b>ISO-NE Mass Hub</b> <b>\$61.15</b>	<b>MISO Indiana Hub</b> <b>\$30.97</b>	<b>NYISO Zone G</b> <b>\$47.89</b>
<b>PJM West Hub</b> <b>\$41.13</b>	<b>ERCOT North</b> <b>\$41.06</b>	<b>CAISO SP15</b> <b>\$42.82</b>



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