

October 19, 2015

# Natural Gas Trends

## Highlights

### FERC Ok's Roadrunner pipeline to send 875 MMcf/d to Mexico

The US Federal Energy Regulatory Commission on Thursday approved a short, crossborder pipeline running under the Rio Grande River to deliver 875 MMcf/d of gas to Mexico. Roadrunner Gas Transmission plans the 900-foot, 30-inch-diameter pipeline to be installed beneath the river near San Elizario to deliver gas from El Paso County, Texas, to an interconnection with the Tarahumara Pipeline in Mexico (CP15-161). The project would allow transport of gas from Roadrunner's upstream interstate pipeline to meet expanding electrical generation needs and industrial demand in Mexico, according to the company.

Other long stretches of intrastate pipeline that would connect to the crossborder segment, including about 200 miles of new 30-inch-diameter pipeline, fall outside of FERC's jurisdiction, according to FERC's environmental assessment of the project. As part of the presidential permit review for the crossborder portion, the departments of Defense and State have notified FERC they have no objections. Roadrunner still requires export authority from DOE's Office of Fossil Energy, a low hurdle given that natural gas exports to Free Trade Agreement countries are presumed to be in the public interest.

The company has estimated construction would take three months once approved, but FERC also noted that Roadrunner is in the process of obtaining easements to perform all construction activities from affected landowners.

In approving the project, FERC said it would have minimal impact on landowners and that Roadrunner would permanently retain only 1.3 acres for operation and maintenance. Based on FERC's environmental assessment, and the ten environmental conditions imposed, it said approval would not constitute a major federal action significantly affecting the quality of the human environment.

Roadrunner Gas Transmission is a joint venture of ONEOK Partners and Fermaca Infrastructure, a Mexico City-based natural gas infrastructure company.

Source: Platts Gas Daily

## Data

- November 2015 Natural Gas Futures Contract (as of October 16), NYMEX at Henry Hub closed at \$2.430 per million British thermal units (MMBtu)
- November 2015 Light, Sweet Crude Oil Futures Contract WTI (as of October 16), closed at \$47.26 per U.S. oil barrel (Bbl.) or approximately \$8.15 per MMBtu

### Last week: Texas warmer than normal last week

For the week beginning 10/11/15 and ending 10/17/15, cooling degree days (CDD) were higher than normal (warmer) on average for the week and for the year to date for most Texas cities shown.

Source: [www.cpc.ncep.noaa.gov](http://www.cpc.ncep.noaa.gov)

COOLING DEGREE DAYS (CDD)				
City or Region	Total CDD for week ending 10/17/15	*Week CDD +/- from normal	Year-to-date total CDD	* YTD % +/- from normal
Amarillo	22	16	1486	11%
Austin	70	22	2732	-4%
DFW	81	54	2930	16%
El Paso	58	42	2824	26%
Houston	76	30	3138	15%
SAT	98	47	3292	14%
Texas**	71	33	2773	9%
U.S.**	20	7	1384	17%

\* A minus (-) value is cooler than normal; a plus (+) value is warmer than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which CDDs are calculated. \*\* State and U.S. degree days are population-weighted by NOAA.

-999 = Normal Less Than 100 or Ratio Incalculable

### Last week: U.S. natural gas storage at 3,733 Bcf

For the week ending 10/9/2015 working gas in storage increased from 3,633 Bcf to 3,733 Bcf. This represents an increase of 100 Bcf from the previous week. Stocks were 447 Bcf higher than last year at this time and 168 Bcf above the 5 year average of 3,565 Bcf.

Source: <http://ir.eia.gov/ngs/ngs.html>

U.S. WORKING GAS IN STORAGE				
Region	Week ending 10/9/15	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	1,912	1,861	51	-0.8%
West	521	510	11	3.4%
Producing	1,300	1,262	38	14.8%
Lower 48 Total	3,733	3,633	100	4.7%

Lower 48 states, underground storage, units in billion cubic feet (Bcf)

**Last week: U.S. gas rig count up for the week**

The gas rig count for the U.S. was up three this week and was down 136 when compared to twelve months ago. The total rig count for the U.S. was down eight from last week and down 1131 when compared to twelve months ago. The total rig count includes both oil and natural gas rotary rigs.

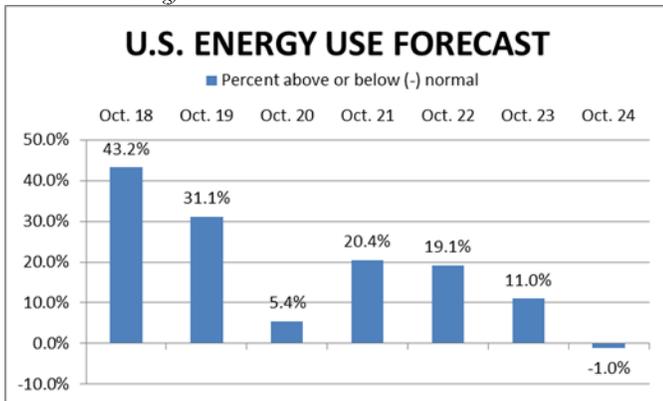
Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 10/16/2015	+/- prior week	Year ago	+/- year ago
Texas	351	-2	898	-547
U.S. gas	192	3	328	-136
U.S. oil	595	-10	1590	-995
U.S. total	787	-8	1918	-1131
Canada	181	1	417	-236

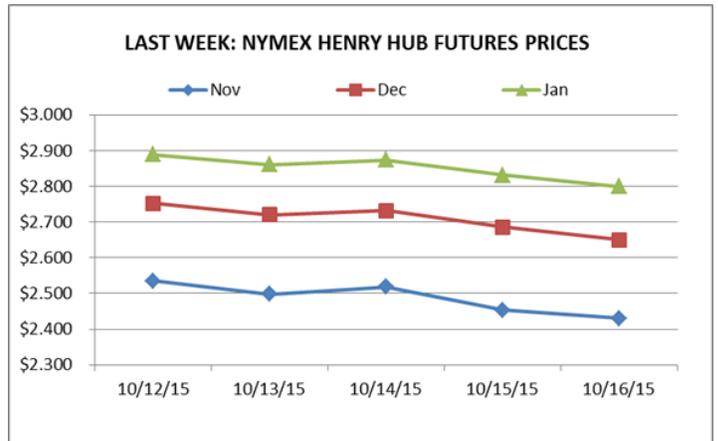
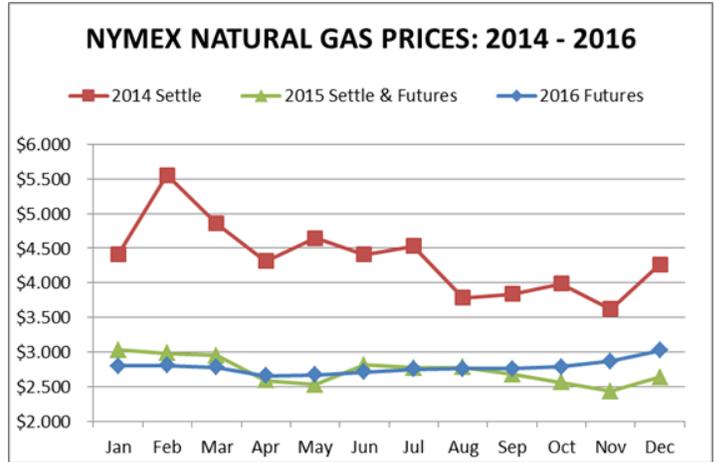
**This week: U.S. energy varies this week**

U.S. energy use is predicted to vary this week, according to the Dominion Energy Index, as shown below. Dominion forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index



2015 prices. Natural gas prices for 2015, shown below in green, are the NYMEX settlement prices for Jan.-Oct. and futures prices for the remainder of the year.



**NATURAL GAS PRICE SUMMARY AS OF 10/16/2015**

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US November futures				
NYMEX	\$2.430	-\$0.072	-\$1.852	\$2.730