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RAILROAD COMMISSION OF TEXAS
Oversight and Safety Division
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Natural Gas Trends

Highlights

Natural gas storage up 11 Bcf to 3.35 Tcf: EIA

US natural gas in storage increased 11 Bcf to 3.35 Tcf for the week ended August 19, the US Energy Information Administration said Thursday. The net injection was below consensus expectations of an injection of about 18 Bcf. EIA in the corresponding week last year reported a 66 Bcf- injection, while the five-year average is a 63-Bcf injection. As a result, the 327-Bcf surplus to the year-ago level fell to 275 Bcf, while the 405-Bcf surplus to the five-year average of 3 Tcf fell to a surplus of 350 Bcf.

Platts Analytics Bentek Energy's Weekly Storage Report forecast a 9-Bcf injection, and its Supply & Demand Daily estimated a 16-Bcf injection. Traders reacted by raising the NYMEX September natural gas futures contract price 5 cents to settle at $2.846/MMBtu Thursday. "The 11-Bcf build for last week was the latest demonstration that with the natural gas market's increased share of the power sector, demand is quite sensitive to any extreme in summer heat," Citi Futures analyst Tim Evans said in an email to investors. "While supportive, we also note this will mean a more pronounced drop in demand when temperatures cool in the weeks ahead."

EIA reported a 12-Bcf injection in the East to 775 Bcf, compared with 719 Bcf a year ago; a 14-Bcf injection in the Midwest to 875 Bcf, compared with 761 Bcf a year ago; a 2-Bcf injection in the Mountain region to 219 Bcf, compared with 182 Bcf a year ago; a 3-Bcf withdrawal in the Pacific region to 310 Bcf, compared with 345 Bcf a year ago; and a 14-Bcf withdrawal in the South Central region to 1.171 Tcf, compared with 1.068 Tcf a year ago. The East and Midwest injected less than Bentek's forecast, but was offset by a smaller withdrawal within the South Central region than Bentek's expectations.

Extraordinary heat curbs injections.

Sustained heat above historic levels in the northern half of the country helped curb injection activity, and the EIA reported injection within the East region was in line with Bentek's total sample injection for the region, implying offsetting net activity or potential withdrawals outside of the sample. On a similar note, the South Central reported a net withdrawal of 14 Bcf, which was driven by a 13-Bcf withdrawal in the salt dome facilities, which was in line with Bentek's sample for salt-dome activity, which implies offsetting injections and withdrawals within the salt domes outside of Bentek's sample.

Total inventories now are 45 Bcf above the five-year average of 730 Bcf in the East, 86 Bcf above the five-year average of 789 Bcf in the Midwest, 44 Bcf above the five-year average of 174 Bcf in the Mountain region, 19 Bcf below the five-year average of 329 Bcf in the Pacific region, and 193 Bcf above the five-year average of 978 Bcf in the South Central region.

Source: Platts Gas Daily

Data

- Sept. 2016 Natural Gas Futures Contract (as of Aug. 26 NYMEX at Henry Hub closed at $2.871 per million British thermal units (MMBtu)
- Sept. 2016 Light, Sweet Crude Oil Futures Contract WTI (as of Aug. 26), closed at $47.64 per U.S. oil barrel (Bbl.) or approximately $8.21 per MMBtu

Last week: Texas cooler than normal last week

For the week beginning 8/21/16 and ending 8/27/16, cooling degree days (CDDs) were lower than normal (cooler) on average for the week but higher than normal (warmer) for the year to date for most of the Texas cities shown.

Source: www.cpc.ncep.noaa.gov

COOLING DEGREE DAYS (CDD)

City or Region	Total CDD for week ending 8/27/16	*Week CDD + / - from normal	Year-to-date total CDD	* YTD % +/- from normal
Amarillo	62	-9	1352	22%
Austin	122	-13	2189	0%
DFW	132	3	2274	14%
El Paso	92	-11	2187	20%
Houston	125	2	2334	10%
SAT	124	-8	2360	5%
Texas**	115	-4	2172	9%
U.S.**	74	14	1161	21%

* A minus (-) value is cooler than normal; a plus (+) value is warmer than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which HDDs 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 3,350 Bcf

For the week ending 8/19/2016 working gas in storage increased from 3,339 Bcf to 3,350 Bcf. This represents an increase of 11 Bcf from the previous week. Stocks were 275 Bcf higher than last year at this time and 350 Bcf above the 5 year average of 3,000 Bcf. Source: http://ir.eia.gov/ngs/ngs.html

U.S. WORKING GAS IN STORAGE

Region	Week ending 8/19/16	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	775	763	12	6.2%
Midwest	875	861	14	10.9%
Mountain	219	217	2	25.9%
Pacific	310	313	-3	-5.8%
South Central	1,171	1,185	-14	19.7%
Lower 48 Total	3,350	3,339	11	11.7%

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

Last week: U.S. gas rig count down for the week

The gas rig count for the U.S. was down two compared to last week and down 121 when compared to twelve months ago. The total rig count for the U.S. was down two compared to last week and down 388 when compared to twelve months ago. The total rig count includes both oil and natural gas rotary rigs.

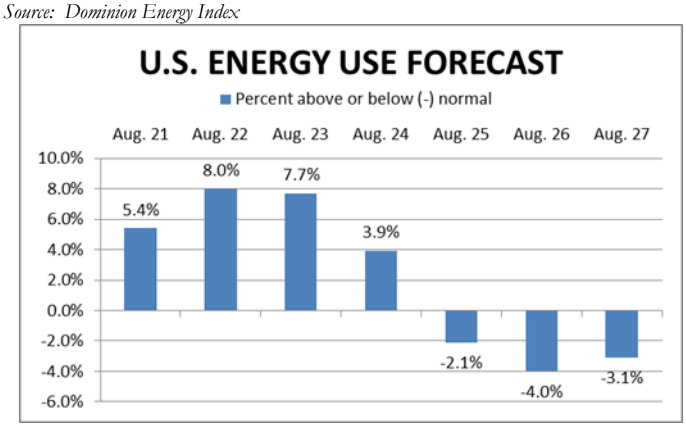
Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 8/26/2016	+/- prior week	Year ago	+/- year ago
Texas	237	-1	386	-149
U.S. gas	81	-2	202	-121
U.S. oil	406	0	675	-269
U.S. total	489	-2	877	-388
Canada	146	25	196	-50

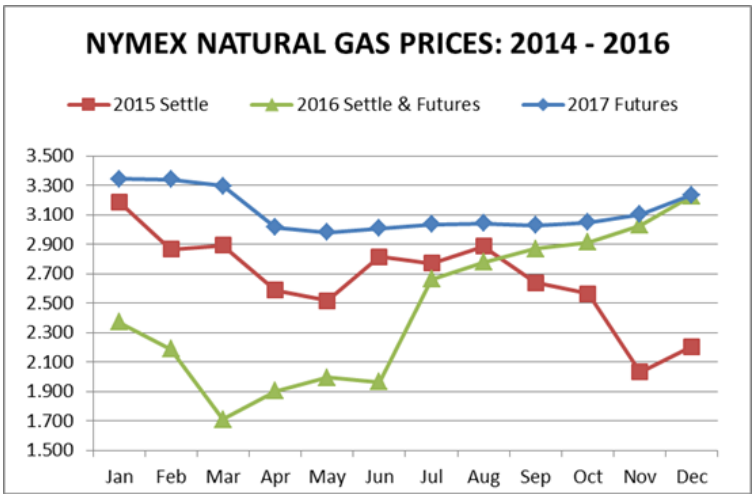
This week: U.S. energy use varies

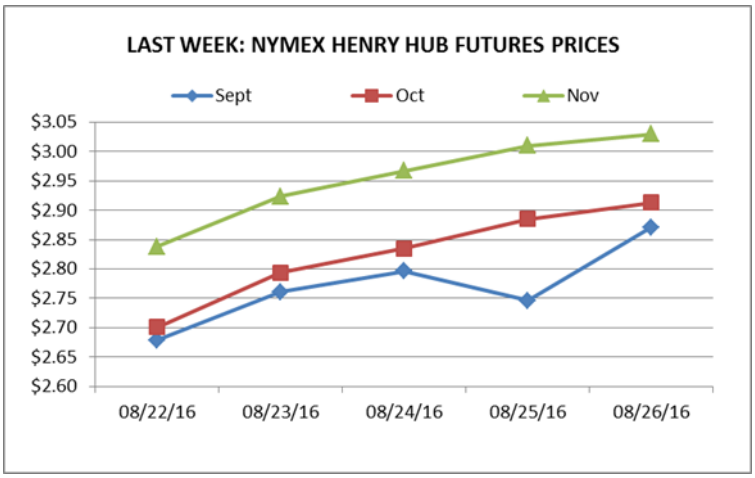
U.S. energy use is predicted to vary this week, according to the Dominion Energy Index, as shown below. Dominion forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index



2016 prices. Natural gas prices for 2016, shown below in green, are the NYMEX settlement prices for Jan-July and futures prices for the year.





NATURAL GAS PRICE SUMMARY AS OF 8/26/2016

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US September futures				
NYMEX	$2.871	$0.287	-$0.857	$3.070