

May 6, 2013

# Natural Gas Trends

## Highlights

### U.S. pipeline gas exports to Mexico largely driven by increased flows from Texas

Average monthly pipeline exports of natural gas from the United States into Mexico from border points in Texas rose by 0.40 billion cubic feet per day (Bcf/d) between January 2012 and January 2013, according to U.S. Energy Information Administration (EIA) data. This accounted for over 80 percent of the 0.49 Bcf/d increase in average daily pipeline exports to Mexico that occurred over this period, with the remainder coming from California and Arizona.

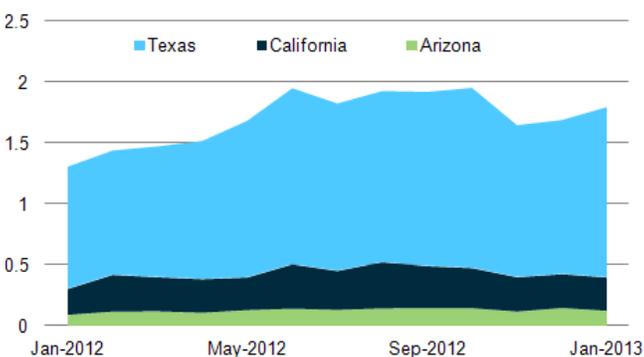
The three border crossings with the greatest increase in export volumes sent to Mexico were all located on the southwestern tip of the Texas-Mexico border, with two (Alamo, Texas and McAllen, Texas) in Hidalgo County and the third (Roma, Texas) just west in the adjacent Starr County. All three are immediately to the south of the Eagle Ford shale play in the Western Gulf Basin. Exports to Mexico from these three crossings rose by a combined 0.42 Bcf/d from January 2012 to January 2013, 86 percent of the total increase in U.S. pipeline exports to Mexico. Exports from other Texas border crossings decreased by a combined 0.03 Bcf/d.

Mexico has relied increasingly on pipeline gas imported from the United States, as the country's levels of natural gas consumption have risen faster than production. Between 2007 and 2011, natural gas consumption in Mexico rose 4% per year on average, while average annual natural gas production climbed only 1.2%. Growing demand drove the increases in natural gas consumption in Mexico to a record-high level in 2011, according to Petróleos Mexicanos (PEMEX), the state-run oil and natural gas producer in Mexico.

<http://www.eia.gov/naturalgas/weekly/>

### Monthly U.S. natural gas exports to Mexico by state, January 2012 to January 2013

billion cubic feet per day (Bcf/d)



Source: U.S. Energy Information Administration, based on data from Office of Fossil Energy.

## Data

- June 2013 Natural Gas Futures Contract (as of May 3), NYMEX at Henry Hub closed at \$4.041 per million British thermal units (MMBtu)
- June 2013 Light, Sweet Crude Oil Futures Contract WTI (as of May 3), closed at \$95.61 per U.S. oil barrel (Bbl.) or approximately \$16.48 per MMBtu

### Last week: Texas cooler than normal

For the week beginning 4/28/13 and ending 5/4/13, heating degree days (HDD) were higher than normal (cooler) for Texas but lower (warmer) for the US.

HEATING DEGREE DAYS (HDD)				
City or Region	Total HDD for week ending 5/4/13	*Week HDD +/- from normal	Year-to-date total HDD	* YTD % +/- from normal
Amarillo	67	26	3704	-13%
Austin	16	15	1649	0%
DFW	29	22	2030	-14%
El Paso	15	6	2183	-14%
Houston	10	5	1181	-23%
SAT	12	10	1202	-24%
Texas**	21	15	1774	-11%
U.S.**	45	-10	4200	-4%

\* A minus (-) value is warmer than normal; a plus (+) value is cooler 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 1,777 Bcf

For the week ending 4/26/2013 working gas in storage increased from 1,734 Bcf to 1,777 Bcf. This represents an increase of 43 Bcf from the previous week. Stocks were 795 Bcf lower than last year at this time and 118 Bcf below the 5 year average of 1,895 Bcf.

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

U.S. WORKING GAS IN STORAGE				
Region	Week ending 4/26/13	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	704	686	18	-14.6%
West	339	334	5	18.9%
Producing	734	714	20	-6.6%
Lower 48 Total	1,777	1,734	43	-6.2%

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

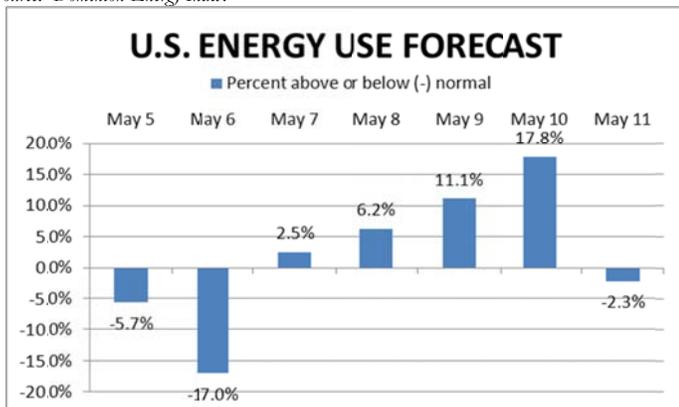
**Last week: U.S. gas rig count down 12**

The gas rig count for the U.S. was down 12 when compared to the prior week and down 252 when compared to 12 months ago. The total rig count for the U.S. was down 10 for the week and down 201 when compared to 12 months ago. The total rig count includes both oil and natural gas rotary rigs. Source: Baker Hughes

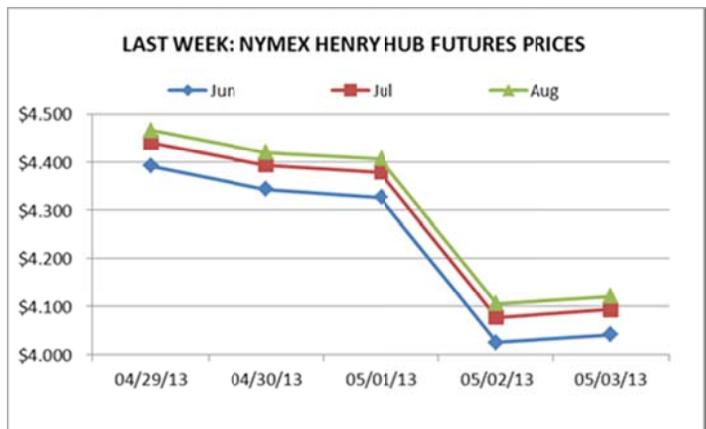
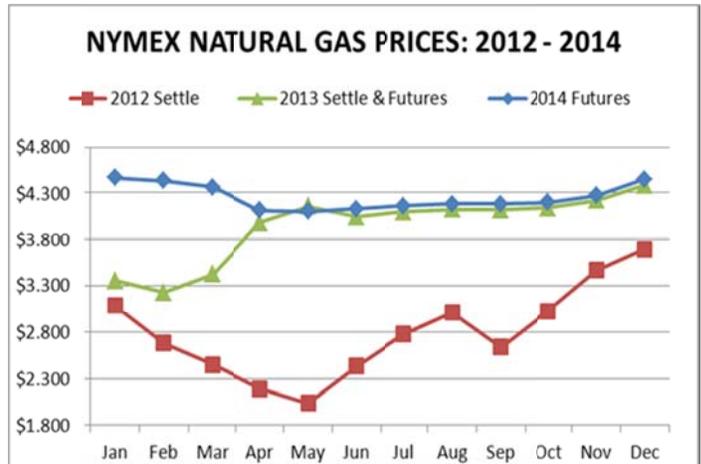
BAKER HUGHES ROTARY RIG COUNT				
	As of 5/3/2013	+/- prior week	Year ago	+/- year ago
Texas	831	-3	933	-102
U.S. gas	354	-12	606	-252
U.S. oil	1403	22	1355	48
U.S. total	1765	10	1965	-201
Canada	121	-1	131	-10

**This week: U.S. energy use above normal**

U.S. energy use is predicted to be below normal early in the week, rising to above normal mid-week and declining back to slightly below normal to close the week out, 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



2013 prices. Natural gas prices for 2013, shown below in green, are the NYMEX settlement prices for January-May and the futures prices for the remaining months of 2013.



**NATURAL GAS PRICE SUMMARY AS OF 5/3/2013**

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US June futures				
NYMEX	\$4.152	-\$0.071	\$2.116	\$4.218