Investing.com - U.S. natural gas futures rallied 5% on Friday, after forecasts pointed to frigid weather in the heavily populated Northeast region next week, boosting near-term demand expectations for the heating fuel. On the New York Mercantile Exchange, natural gas for delivery in February surged 15.1 cents, or 5.33%, on Friday to settle at $2.986 per million British thermal units by close of trade.

Futures were likely to find support at $2.766 per million British thermal units, the low from January 22, and resistance at $3.045, the high from January 20. Friday’s gains came after updated weather forecasting models for the East Coast called for colder than normal temperatures over the next two weeks. The outlook for early-February for the region previously called for mostly seasonal temperatures. Bullish speculators are betting on the cooler weather to increase winter-heating demand for the fuel.

Natural gas prices have been extremely volatile in recent sessions as investors react to daily changes in weather patterns. Futures have either gained or declined more than 5% in eight of the past nine trading days.

Crude, natural gas futures fall on storage report

HOUSTON — Crude oil and natural gas futures fell on Thursday as traders grappled with bearish inventory reports for both commodities.

According to the weekly U.S. Energy Information Administration report, Natural gas in U.S. storage fell by 216 billion cubic feet for the week ended January 16, slightly below the Bloomberg survey of traders’ expectations at 227 billion cubic feet. The natural gas withdraw was still above the five-year average of 175 billion cubic feet.

“While disappointing compared with expectations, the draw was still more than the 175-bcf five-year average rate and so still modestly supportive on a seasonally adjusted basis,” said Tim Evans, a futures specialist at Citi Futures in a note to clients.”It’s just not as supportive as expected.”
US rig count falls by 43 to 1,633

HOUSTON — Oilfield services company Baker Hughes Inc. says the number of rigs exploring for oil and natural gas in the U.S. fell by 43 this week to 1,633.

The Houston firm said Friday in its weekly report 1,317 rigs were exploring for oil and 316 for gas. A year ago 1,777 rigs were active. Of the major oil- and gas-producing states, Texas’ count declined by 13, North Dakota dropped nine, Oklahoma fell eight, Ohio four, California and New Mexico each lost three and Utah declined by two. Kansas, West Virginia and Wyoming dropped one apiece. Louisiana increased by three rigs, Pennsylvania added two and Arkansas gained one.

Alaska and Colorado were unchanged.

The Associated Press (Marcellus.com) 1/23/15

Natural gas looks for users in flooded market

What’s proven good for natural gas customers has proven a crisis for the natural gas industry. National gas exploration companies tapping into the Marcellus Shale and other unconventional formations have been so successful, they have driven down the price, hurt their own bottom line, and are looking for expanded uses for the abundance they’ve created, according to a presentation by the industry held in collaboration with the Greater Scranton Chamber of Commerce at the Four Points Sheraton in Scranton on Thursday.

The Marcellus Shale requires pipeline development to get the inexpensive gas to market. That lack of access has forced Marcellus Shale gas prices to a discount from the dominant Henry Hub price, taking a bite out of gas company profits and landowners’ royalties. Marcellus Shale gas, at about $2 per thousand cubic feet, is cheaper than soft drinks. By comparison, after hurricanes Rita and Katrina in 2005, natural gas was more than $14.

Electric generation is a big part of filling the demand gap, and speakers talked of the promise of large- and small-scale generation, some being developed in the area, that would help add to both the electricity supply and the demand for natural gas. The gas industry is also banking on liquefied natural gas (LNG) exports to absorb some supply. Mr. Hartman said if the U.S. doesn’t enter the global LNG market it will be lost to other countries. Exporting natural gas, he said, would have only marginal impact on the price people pay for natural gas to heat their homes.

For all the excitement around natural gas as a transportation fuel, projections to 2040 show transportation as a small sliver of natural gas use. Low gasoline prices curtail conversions, since natural gas-conversions and factory vehicles cost more. The nascent development of natural gas filling stations poses another obstacle. Even conversion of fleet vehicles, which would seem a no-brainer for some fleets, faces adoption risks. After a company uses a truck for several years, it tends to sell it. But there’s no aftermarket for used natural gas vehicles, said Allen Coleman, manager of Mid-Stream Business Development for UGI Energy.

Getting more homes to use natural gas as a heating fuel also helps. Dan Adamo, UGI’s director of marketing programs and strategy said the company has helped convert about 45,000 homes in its service area, many through its GETgas program, which allows customers to pay the conversion costs over a decade while saving as much as $1,000 a year over heating oil.

Yet, production is stymied by the lack of infrastructure with 1,300 completed wells not producing because of the lack of gathering lines, whose development has stalled because of low prices.

Pennsylvania Public Utilities Commissioner Gladys Brown, who gave the keynote address and herself converted from heating oil to natural gas, said the commission has supported ways to make natural gas more available to consumers while requiring utilities to improve and upgrade aging distribution pipelines, about one-fourth of the state’s 45,000 miles. Mr. Stark urged those assembled to tap in, invoking other great exports of Pennsylvania’s past. “We want you to take advantage of this resource,” he said. “With prices where they are, we are on the downside, but let’s not take our timber and our anthracite and just send it somewhere else.”


DAVID FALCHEK, STAFF WRITER (Citizens voice) 1/23/15
Chevron laying off 162 workers from Moon-based unit
Chevron Corp.’s decision to cut 162 jobs from its Appalachian natural gas exploration unit in Moon represents the first major layoffs to hit Marcellus shale operations since prices began falling last year.

The layoffs will affect up to 23 percent of the 700 people working for the company in Pennsylvania, where it expects to curtail drilling activity. The layoffs include office and field workers and happen as several major gas producers downsized capital spending plans in the Marcellus and Utica shales because of a 35 percent drop in prices since November.

By David Conti (TribLive) 1/22/15

Oil price collapse impacts LNG, will spur transaction activity

According to the EY Oil & Gas Center's US quarterly outlook
HOUSTON, Jan. 22, 2015 /PRNewswire/ -- After more than three years of US$100-110 per barrel oil, prices collapsed by nearly 50 percent in late 2014 as the market lost its "manager" after OPEC refused to cut production. Combined with modest oil demand growth since 2010, restored production in countries like Libya and Iraq and the huge increase of US light tight oil production, OPEC's decision has contributed to a massive supply/demand imbalance and the resulting price drop. The sharp decline in prices has also impacted global gas markets, as oil-linked LNG has fallen to levels on par with hypothetical US LNG export prices.

"Five years ago, the worry was 'peak oil' and whether or not we'd have enough oil supply, but now the concern is 'peak demand'," said Deborah Byers, the Oil & Gas Leader for Ernst & Young LLP in the US. "Unless there is an unexpected change in the supply/demand balance, a substantial oil surplus — and hence low oil prices — could continue through the first half of 2015."

Oil
The IEA expects oil demand growth to be lower in 2014 — less than 0.8 percent or less than 1 million barrels per day. Growth in 2015 is expected to be only slightly higher. At the same time, the IEA forecasts continued strong gains in non-OPEC oil production, primarily led by the Americas.

Based on current forecasts of oil demand and non-OPEC supply, in the first half of 2015, the market is expected to need substantially less than 30+ million barrels per day of crude from OPEC, the amount the cartel has been producing and vowed to keep producing. If OPEC holds to its vow and continues to produce more than 30 million barrels per day and there are no unexpected supply outages, the market could see a surplus of as much as 1.5-2 million barrels per day in the first half of 2015. By the second half of the year, the price collapse is expected to cause US production growth to slow somewhat, but critically, not to reverse. Seasonal demand increases will also play a factor in the slightly improving supply/demand fundamentals.

Gas
Although US natural gas prices have weakened less than oil prices, they are still declining due to continued high production, weak early-winter demand, relatively high gas storage levels and the decline in NGL prices. As a result of their link to oil prices, global gas prices also declined in Q4. Most notably, the oil price collapse has minimized the advantage of spot-priced gas since oil-linked LNG trading prices are now essentially on par with hypothetical US LNG exports.

"Despite the weakening price spread, US LNG projects are still very competitive due to their low capital costs and the supply is attractive for flexibility and diversity," Byers said. "However, the LNG projects that don't yet have contracts for their outboard gas will face much more pressure, as Asian buyers have less incentive to sign new contracts."

Falling Price of Gas Isn't Slowing Waste Haulers' Turn to CNG

Despite rapidly falling diesel fuel costs, waste haulers are sticking to their plans to continue to use compressed natural gas (CNG) and liquefied natural gas (LNG) to power their fleets. Clean Energy Fuels Corp. in Newport Beach, Calif., works with more than 100 different waste haulers across the country and is seeing continued cost-savings and demand for CNG.

“Fleets are still saving up to $1 per gallon-equivalent by using cleaner-burning natural gas,” says Patric Rayburn, corporate communications manager for Clean Energy Fuels Corp.

“Our objective to convert to CNG has not changed and is a key objective for Waste Pro’s long term future,” says Harland Chadbourne, Waste Pro USA purchasing director. “We believe that diesel prices will remain low for a while but will come back to a higher price range in the future.” Waste Pro USA, based in Longwood, Fla., currently has more than 2,000 vehicles in its fleet. About 190 trucks, or 10 percent of its fleet, are CNG-powered. Chadbourne says the company purchases about 100 CNG vehicles a year, and will continue to do so for the next three years.

Megan Greenwalt (Waste 360) 1/22/15

Five midstate businesses get natural-gas-conversion grant

Five businesses with ties to Central Pennsylvania were among 18 to receive state grants to help convert their heavy-duty fleet vehicles to run on natural gas.

Local recipients:
Cumberland County
• NFI Interactive Logistics, to purchase 15 CNG trucks — $375,000
• New Era Logistics, toward the purchase of 10 LNG trucks — $250,000
Dauphin County
• Ryder Truck Rental with partner Modern Transportation, to purchase 10 CNG trucks — $250,000
Multiple counties
• Penske Truck Leasing, to purchase 20 CNG trucks for deployment in Dauphin and York counties — $500,000
• CR England, toward the purchase of 10 LNG trucks that will travel through Lancaster, Chester, Delaware, Philadelphia, Bucks and Montgomery counties — $239,197

By Joseph Deinlein (Central Penn Business Journal) 1/20/15

Exelon Unit to Acquire 7 Fuelling Stations from CNG Fuel

An Exelon Corporation (EXC - Analyst Report) subsidiary, Constellation Energy Resources, LLC., inked an agreement to acquire seven compressed natural gas (CNG)-fuelling stations in the Midwest from CNG Fuel, Inc. Fort Wayne, IN-headquartered CNG Fuel, Inc. is engaged in the construction, operation and strategic placement of fleet-compressed natural gas stations. The value and terms of the deal remain undisclosed.

The fuelling facilities are located at Dayton and Findlay, OH; and Greensburg, Indianapolis, Lafayette and Seymour, IN. The remaining one in Fort Wayne, IN is currently under construction. Upon completion of the deal, Constellation will own and control the fuelling stations and provide CNG to regional and interstate transportation fleets through the acquired assets.

by Zacks Equity Research 1/21/15
Natural gas filling stations will become reality

There aren’t many compressed natural gas-powered cars or refueling stations in the United States today, but that could change soon. The Pennsylvania Department of Transportation is betting on it. The agency is looking for partners to design, build, finance, operate and maintain CNG filling stations at up to 37 transit facilities. Each site must provide access to CNG for public transit and other CNG vehicles.

Specifically, several companies could make up one team, or a single company could act as a team, according to PennDOT. PennDOT will soon issue a draft for the proposals and expects them to be submitted by summer, with a company to be awarded the contract by early fall, said PennDOT spokesman Rich Kirkpatrick.

PennDOT also plans to enter into a CNG supply contract as well as purchase agreements with each of the public transit agencies, such as SEPTA. For that, the commonwealth will get a portion of the fuel sales revenue, with those monies being returned to transit agencies to assist with future projects.


By George Mattar Staff writer (Bucks County Courier Times) 1/26/15

Worley & Obetz continues to add propane autogas stations

Mike Bashore, a driver with Lebanon County-based Brightbill Transportation Inc., refuels a propane-powered school bus at a pump at Worley & Obetz Inc.’s Greenfield Road location in East Lampeter Township, Lancaster County. - (Photo / Amy Spangler)

Several companies and organizations in the midstate announced plans to construct or that they had completed construction on alternative fuel stations in the past year. Worley & Obetz has made a name selling fuels that are sourced and processed only in the United States. Its wholly owned subsidiary, AmeriGreen, is the wholesale provider of these fuels, including gasoline, natural gas, propane and others.

Meanwhile, it can cost millions to build conventional natural-gas stations. The Lancaster County Solid Waste Management Authority contracted with Newport Beach, Calif.-based Clean Energy Fuels to design and build its fueling station, as well as operations and maintenance services. The cost was $2.6 million.


By Joseph Deinlein (Central Penn Business Journal) 1/22/15

Record new LNG supplies to pull prices down further, boost demand

SINGAPORE, Jan 21 (Reuters) - The next two years will see the biggest ever additions made to liquefied natural gas (LNG) supplies, almost all in Asia, putting further pressure on prices that have halved over the past year.

Over 60 million tonnes of new LNG production will start up in 2015 and 2016, industry data shows, slightly more than in the previous record years of 2008 and 2009. This will lift capacity by around 20 percent to 345 million tonnes a year. Analysts say this means that LNG prices LNG-AS, which have fallen from 2014 highs to $9 per million British thermal units (mmBtu), are likely to remain low this year.

"In the short to medium-term, we see downward pressure on prices as new projects start up in Australia and Japan starts up its new nuclear facilities," Alliance Bernstein said in a report on Wednesday.

http://www.reuters.com/article/2015/01/21/lng-production-demand-idUSL6N0V006H20150121

By Henning Gloystein and Jacob Gronholt-Pedersen (Editing by Tom Hogue) (Reuters) 1/21/15
Global LNG Bunker Fuel Consumption and Market Revenue is estimated to reach 22,540 kilo tons and USD 11,775.4 million by 2025: Transparency Market Research

Albany, New York, Jan. 22, 2015 (GLOBE NEWSWIRE) -- Transparency Market Research has released a new market report titled "LNG Bunkering Market: Global Industry Analysis, Size, Share, Growth, Trends, and Forecast 2014 - 2025". According to the report, the global consumption of bunker fuel stood at 70 kilo tons in 2013 and is expected to reach 22,540 kilo tons in 2025 at a CAGR of 63.6% from 2014 to 2025.

LNG is an attractive bunker fuel option for many shipping companies operating in the Emission Control Areas (ECAs). The price of LNG bunker fuel is significantly lower than any other ECA compliant fuels available in North America and Europe. However, the development of LNG bunkering infrastructure is restricted to a few countries in Northern Europe such as Norway and Sweden. LNG bunkering infrastructure has only developed in ports around the Baltic Sea, North Sea, and English Channel, as shipping companies operating in these areas face stiff sulfur regulations. An anticipated tightening of sulfur emission norms and a widening gap between natural gas prices and other conventional fuels are major drivers for the development of LNG bunkering infrastructure in these regions. Natural gas providers are gradually expected to increase investments in LNG bunkering facilities as several ship owners have taken initiatives to use LNG as a bunker fuel.

LNG News: 2015 Seen as a Pivotal Year for LNG in the U.S.

The unexpected plunge in the price of crude oil is throwing the energy markets in turmoil. It could force energy companies to defer $150 billion in future projects. However, it's not expected to cause much near-term damage to LNG projects in the U.S, despite the fact that the price of oil is an important component in LNG prices around the world. At least that's the view of analysts at energy intelligence firm, Wood Mackenzie, who see LNG's momentum in America continuing in 2015.

Construction boom continues

Wood Mackenzie sees 2015 as a pivotal year for America's budding LNG industry. The industry currently has four major LNG export projects under construction including Freeport LNG, Dominion Resources' Cove Point LNG, Sempra Energy's Cameron LNG, and Cheniere Energy's Cameron LNG, and Cheniere Energy's Sabine Pass LNG, which is expected to begin exporting its first LNG cargos later this year. None of these projects are expected to be affected by the current turmoil in the energy market as all have signed up much of their LNG capacity under long-term contracts meaning construction should continue as scheduled.

Meanwhile, Wood Mackenzie sees two more projects beginning construction before the end of the year. One of the two is expected to be Cheniere Energy's Corpus Christi project, which is seen receiving its Final Investment Decision early this year. That project looks like a lock to begin construction as it recently signed a long-term transportation and storage agreement with Kinder Morgan (NYSE: KMI), which is going to build a new pipeline to supply gas for Cheniere's facility.

The other project that Wood Mackenzie expects to see begin construction this year is Elba Island, which is also known as Southern LNG. The project is a joint venture between Kinder Morgan and Royal Dutch Shell Plc (NYSE: RDS-A) (NYSE: RDS-B), and according to Kinder Morgan's timeline this project could begin construction in the second quarter of this year.

By Matt DiLallo (Motley Fool) 1/25/15
Poliquin says natural gas could help save Maine mills
PORTLAND, Maine (AP) -- Republican Rep. Bruce Poliquin of Maine is touting increased access to natural gas as a way to boost his state's ailing paper production industry. The 2nd District congressman said the high cost of electricity has contributed to mill closures and job losses in the state's paper industry, which lost about 1,000 workers in 2014. He used a Wednesday House floor speech to call for "increased production and transportation of natural gas to drive down the cost of electric power."

Poliquin is the co-sponsor of legislation, he said it would expedite the permit process to construct more natural gas pipelines throughout the country. The bill also promises to help construct larger capacity pipelines.

(Associated Press) (WCSH 6) 1/22/15

Long-term solution for wastewater disposal eludes shale gas industry
Defining wastewater disposal in the Marcellus shale fields has been a moving target.
The search for a solution has spawned an industry of companies and innovators looking for ways to treat or reuse the wastewater that environmentalists feared would foul drinking supplies. Recycling wastewater from hydraulic fracturing in shale gas production has become the norm in the Marcellus and Utica shale plays. About 90 percent of what comes out of wells goes into the next job, Vidic said. “Companies are trying to figure out what to do with this because handling water is so expensive. Regulators are looking for the best technology.

It’s contaminated mostly with heavy salts from the shale, as well as dissolved solids, metals and sometimes radioactive material. “The most difficult thing to get out is the salt,” said Tony Gaudlip, who as director of civil engineering and construction at Range Resources oversees water management at the state’s most prolific shale driller.

Specialized treatment plants can take out the solids, metals and radioactive material, though salts remain.

In looking at ways to potentially make the water safe to return to streams, Range decided to go the other way. Unlike the high-heat fracking prevalent in Texas, Appalachian shale extraction does not require pure water at the start, Gaudlip said. The wastewater can go right to the next job, where it’s mixed with fresh or treated water for use in drilling or fracking, or to a treatment facility such as Reserved Environmental Services’ plants before it’s stored for another job, Gaudlip said.

“We’re able, based on those staging areas, to use three-quarters fresh (water) and 25 percent recycled on most wells, but we’ve done a whole frack on nothing but recycled,” said Cabot spokesman George Stark.

Nobody can say how long recycling will remain viable. Kicinski, whose company plans to open a facility this year to keep up with demand, said he expects recycling to remain predominant for at least 15 years.

Researchers and a few innovators are focused on desalination technologies that can remove the salt as crystals, leaving behind other solids that can be taken to landfills, and distilled water. “Crystallization, I’ve always thought, is the approach that will work,” Gaudlip said of several processes that produce salt ready for use on icy roads.

Fairmont Brine Processing has a plant in West Virginia that converts wastewater to salt crystals, sludge and distilled water by using pressure and heat, said CEO Dave Moniot. The process requires a lot of energy and several expensive plants spread across Appalachia to cut down on transportation, Vidic and others said. “Those are big capital commitments. They’ll want operators to sign commitments, and we still need water for the foreseeable future,” Gaudlip said.

Vidic received a $496,000 grant from the Department of Energy to explore a less-energy-intensive technology to remove salts by using low-grade heat from power plants to filter wastewater through membranes. Work on that just began.

Making desalination commercially viable will require finding uses for the resulting crystals beyond road salt, Vidic said. “We will have to develop some chloride or chlorine-based industry to make from it,” he said.

“If someone wants to invest in that, you will have feedstock for as long as you want,” Tirreno said.
DAVID CONTI (NewsCred publisher network ) (The Pittsburgh Tribune-Review) 1/25/15
House votes to speed natural gas pipelines
The House passed legislation on Wednesday to expedite the federal review process for natural gas pipeline applications. Passed 253-169, the bill would allow automatic approval of natural gas pipelines if federal agencies don't act within a certain timeframe.

Under the measure, the Federal Energy Regulatory Commission (FERC) would be ordered to approve or deny a pipeline application within 12 months. Agencies responsible for issuing licenses or permits must act within 90 days after FERC issues a final environmental review, though the deadline could be extended by 30 days if the agency demonstrates it can't finish in time. But if the agency doesn't make a decision by then, a pipeline would automatically be approved. Republicans said the legislation would put pressure on agencies to avoid unnecessary delays for natural gas pipelines.

Bill would offer aid for natural gas vehicle, fueling stations
ISMARCK — North Dakota lawmakers introduced a bill offering incentives for natural gas-powered vehicles and fueling stations in the state.

If passed, HB 1446 would set aside $1 million for the biennium for cost sharing on the construction of natural gas fueling stations and $3 million for cost sharing on the conversion of vehicles to burn natural gas rather than gasoline or diesel fuel.

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About the SGICC
The Ben Franklin Shale Gas Innovation and Commercialization Center (www.sgicc.org) is designed to harness innovation and new technologies to maximize the economic return to Pennsylvania’s citizens from the Marcellus and Utica shale formations. The Center’s goal is to increase sustainable employment and wealth creation in Pennsylvania that has the potential to outlast the initial exploration, production and transportation of natural gas from the formations. The Center will also identify, support and commercialize technologies and early-stage businesses that enhance responsible stewardship of the environment while properly utilizing this transformative energy asset.

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By Cristina Marcos (The Hill) 1/21/15

By Bismarck Tribune (The Dickinson Press) 1/20/15