SGICC News 1/28/16

Natural gas prices inch up but warm December outlook limits gains

Investing.com - U.S. natural gas futures slumped on Monday, as forecasts calling for less cold weather over the next two weeks weighed. Natural gas for delivery in March on the New York Mercantile Exchange dropped 4.9 cents, or 2.29%, to trade at $2.092 per million British thermal units by 15:25 GMT, or 10:25AM ET.

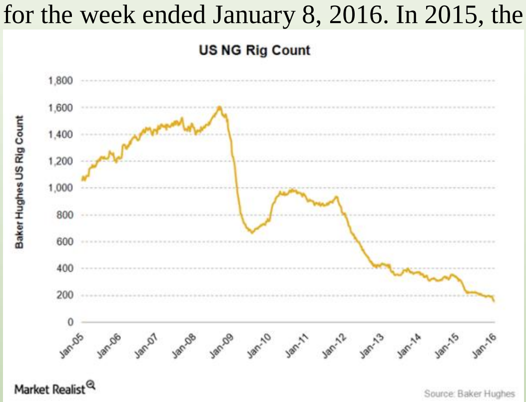
Natural gas rose 8.4 cents, or 1.86%, last week, as market participants awaited the arrival of the first major snowstorm of the season on the U.S. East Coast expected over the weekend. The massive blizzard dropped about two feet (60.96 cm) of snow on New York and Washington DC.

Prices retreated as forecasts for the next 11 to 15 days called for above-average temperatures over the eastern half of the nation. Bearish speculators are betting on the warm weather reducing winter demand for the heating fuel. The heating season from November through March is the peak demand period for U.S. gas consumption.

Natural gas storage in the U.S. fell by 178 billion cubic feet last week, according to the U.S. Energy Information Administration, below expectations for a decline of 184 billion. That compared with a drawdown of 168 billion cubic feet in the prior week, while the five-year average change for the week is a withdrawal of 191 billion cubic feet.

Total U.S. natural gas storage stood at 3.297 trillion cubic feet, 19.1% higher than levels at this time a year ago and 14.3% above the five-year average for this time of year. Inventories fell 94 billion cubic feet in the same week last year, while the five-year average change for the week is a drawdown of 174 billion cubic feet.
http://www.investing.com/news/commodities-news/natural-gas-prices-fall-as-forecasts-point-to-warmer-days-ahead-381581
(Investing.com) 1/25/16

US Natural Gas Rig Count Hit Lowest Point in a Decade
Baker Hughes (BHI) releases its weekly crude oil rig count report on January 22, 2016. Last week, Baker Hughes reported that the weekly US crude oil rig count fell by 13 to 135 for the week ending January 15. The natural gas rig count fell by 14 to reach 148 rigs for the week ended January 8, 2016. In 2015, the total US natural gas rig count fell by 166 rigs.



Why natural gas rig counts are falling
Last year, the US natural gas rig count was at 310. US drilling activity fell more than 50% to hit a new low of 135 last week. The US natural gas rig count peaked at 1,606 in 2008. US drilling activity fell due to the catastrophic fall in natural gas prices due to oversupply concerns.
http://marketrealist.com/2016/01/us-natural-gas-rig-count-hit-lowest-point-decade/
By Gordon Kristopher (Market Realist) 1/22/16

CNG tank fill-up is a sweet deal, only costs about 20-ounce Coke

7-Eleven Stores this month dropped its price for compressed natural gas to 39 cents per equivalent gallon after Congress passed a 50-cent-per gallon tax credit for certain alternative fuels sold both in 2015 and in 2016.

Low oil prices over the past year have pushed gasoline to multiyear lows, but it was an act of Congress that led compressed natural gas prices this month to fall so low that a full tank can cost little more than a 20-ounce bottle of Coke. Gasoline prices are notoriously volatile, following unpredictable oil prices as well as refinery outputs, storage levels and other factors.

One selling point CNG advocates promote is that the alternative fuel price rarely changes. Because most of the cost of CNG is for compression, electricity and infrastructure, a doubling in the price of natural gas will lead the CNG cost to vary only by several pennies. Unfortunately for the industry proponents, however, the same is true in reverse. The price of CNG held steady even as natural gas hit its lowest levels in a dozen years.

That was true until the last week of December, when Congress extended a tax cut for CNG and certain other alternative fuels. The Protecting Americans from Tax Hikes Act of 2015 (PATH) provided retailers with a retroactive 50-cent-per-equivalent-gallon rebate for all such fuels sold in 2015 and a proactive rebate for fuel to be sold in 2016.
http://newsok.com/article/5474052
By Adam Wilmoth (The Oklahoman) 1/21/16

Westport Secures EPA Certification for CNG F-150

Photo courtesy of Westport.

The U.S. Environmental Protection Agency has certified Westport Innovations' compressed natural gas (CNG)-powered 2016 Ford F-150 that the vehicle modifier will offer to fleets this summer, the company announced.
Westport plans to offer a bi-fuel and dedicated CNG F-150. The vehicle is enabled by Ford's factory gaseous-prep package, which returned for the 2016 model year after it was put on hiatus with the aluminum-heavy redesign for the 2015 truck.

Westport equips the CNG-powered F-150 with its WiNG Power System that's paired with the vehicle's 5.0L V-8 engine. The Westport has already received certification from the EPA and California Air Resources Board (CARB) for several other 2016-MY vehicles, including the F-250/350 with 6.2L in both bi-fuel (EPA) and dedicated (EPA and CARB); the F-450/550 with 6.8L in dedicated CNG (EPA); and the E-450 with 6.8L in dedicated CNG (EPA).

Westport has pending certifications for the F-150 dedicated CNG (CARB); F-150 dedicated propane autogas (EPA and CARB); Transit cargo van and wagon with 3.7L dedicated CNG (EPA and CARB); and the E-450 dedicated CNG (CARB).
"We recognize that different fleets require different types of alternative fuels and, whether it is natural gas or propane that a company desires, we are dedicated to meet this preference with a certified vehicle," said Paul Shaffer, vice president and managing director of Westport Dallas.
http://www.truckinginfo.com/news/story/2016/01/westport-secures-epa-certification-for-cng-f-150.aspx
(Trucking Info) 1/20/16

ROUSH CleanTech Joins NGVAmerica After Debuting First CNG Product

ROUSH CleanTech, well known for its propane autogas fuel systems, recently joined NGVAmerica as a member. The move comes after the Michigan-based company marked its entrance into the compressed natural gas (CNG) vehicle market in November, having teamed up with long-time partner Blue Bird Corp. to launch a new CNG-powered school bus.

"The recent fuel system introduction with Blue Bird on the much anticipated Type C Vision powered by CNG is allowing ROUSH CleanTech to become involved with other partners, such as NGVAmerica, to spread the word about this product," Todd Mouw, ROUSH's vice president of sales and marketing, tells ***NGT News***.

"We know it takes a team to properly educate a customer on all of the requirements related to properly rolling out an alternative fuel vehicle, and we are leveraging NGVAmerica's knowledge and industry relationships."

"The school bus market is a perfect space for alternative fuels," he continues. "The complexity of diesel gets tougher and tougher to manage, account for and service, making propane autogas and CNG perfect solutions. This theory has already been tested out as we have deployed more than 6,000 propane autogas school buses with Blue Bird in approximately the last 36 months."
Mouw notes that although this latest product will be ROUSH CleanTech's first CNG solution, a sister division, Roush Industries, has a long history of helping customers develop, engineer and integrate CNG fuel system technology into their products.
Will ROUSH CleanTech offer more CNG solutions in the future?

"Any future plans are to be determined," says Mouw. "We have strong demand for all of our Class 4-7 propane autogas products and will tie future product development to the needs of the market. We will continue to diversify our product and technology mix as the market evolves."
http://ngtnews.com/roush-cleantech-joins-ngvamerica-after-first-cng-solution/
by NGT Staff (NGT News) 1/20/16

Natural Gas Projects Await Approval
WHEELING -Marcellus and Utica shale industry leaders believe the federal government is delaying construction of interstate pipelines that would relieve the region's natural gas glut, but regulators say the projects must pass environmental impact evaluations before approval.

Largely due to a lack of interstate pipelines capable of sending the product to New York City, Chicago and other major markets, many shale drillers working in Ohio, West Virginia and Pennsylvania are only getting about 75 cents for every 1,000 cubic-foot unit of natural gas they pump. One producer in particular, Consol Energy, recently reported selling the product at a loss.

Applications to build five major interstate pipelines worth at least $15 billion in total are pending before the Federal Energy Regulatory Commission: the Atlantic Coast Pipeline, the Rover Pipeline, the Nexus Pipeline, the Leach Express Pipeline and the Mountain Valley Pipeline. In addition to moving natural gas, each pipeline project would support thousands of construction jobs and millions of dollars in tax revenue.
http://www.theintelligencer.net/page/content.detail/id/652128/Natural-Gas-Projects-Await-Appro---.html
By CASEY JUNKINS Staff Writer (The intelligencer/ Wheeling News-Register) 1/23/16

EIA: Shale production in Permian, Utica still growing
Production at the seven largest shale basins in the U.S. is expected to dip next month although shale gas production at some of the nation's largest plays is still climbing.

According to the U.S. Energy Information Administration, crude production at the Permian Basin in Texas is expected to climb by 5,000 barrels per day in February to 2.04 million bpd, up from 2.035 million bpd in January.

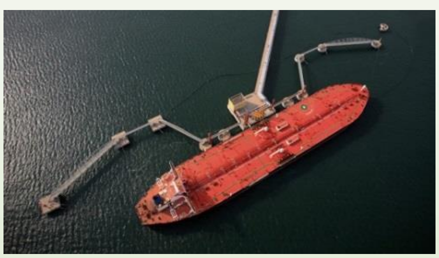
Gas production at the play is expected to grow by 1 million cubic feet per day next month to 6.913 billion cubic feet per day.
http://petroglobalnews.com/2016/01/eia-shale-production-in-permian-utica-still-growing/
Staff writers (Petro Global News) 1/22/16

Pakistan Drops Planned Shell LNG Deal, to Buy From Qatar: Trade
Milan. Pakistan State Oil has backed out of a nearly $1 billion deal to buy liquefied natural gas (LNG) from Royal Dutch Shell after receiving a lower price from Qatar, two sources with knowledge of the matter said on Friday.

The deal shows how top exporter Qatar is being forced to become more competitive in an oversupplied LNG market as it also closes in on a bigger 15-year deal to supply Pakistan with gas.

The setback to Shell may stir unease from its investors already worried about the impact of the downturn in the oil market on its $48 billion acquisition of BG Group, which when finalized will turn it into the biggest LNG trader.
http://jakartaglobe.beritasatu.com/international/pakistan-drops-planned-shell-lng-deal-buy-qatar-trade/
(Jakarta Globe) 1/24/16

Liquefied natural gas policy overdue for an update



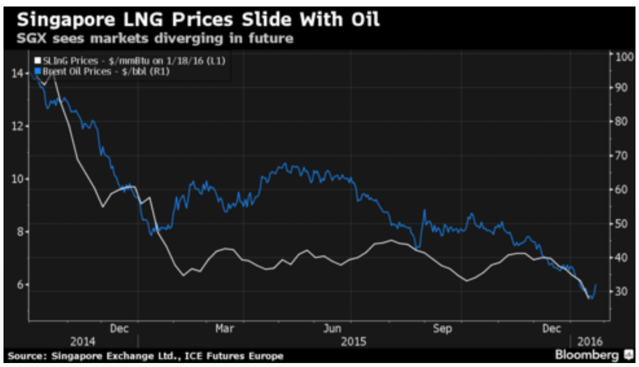
Sen. Lisa Murkowski (R-Alaska), chairwoman of the Senate Energy and Natural Resources Committee, has included liquefied natural gas (LNG) export legislation in a broader energy package that the Senate is expected to consider shortly. This is welcome news. It is time to put the export of LNG, which is natural gas cooled to its liquid form and loaded onto tankers for regasification at its destination, on a similar regulatory footing as oil.

An energy package incorporating LNG export legislation modeled after the oil export bill and which includes provisions allowing for emergency suspensions, sanctions and exemptions for "trading with the enemy," and certainty for industry on permitting, would strengthen our environment, grow our economy and enhance our national security. It would also do the same across the globe.

The U.S. Department of Energy recently released a report, "The Macroeconomic Impact of Increasing LNG Exports," that was conducted by Oxford Economics and Rice University. According to the report, "the overall macroeconomic impacts of LNG imports are marginally positive, a result that is robust to alternative assumptions for the U.S. natural gas market." It then projected additional growth of 0.3 to 0.7 to the national gross domestic project (GDP) under a high-export scenario.
http://thehill.com/blogs/pundits-blog/energy-environment/266857-liquefied-natural-gas-policy-overdue-for-an-update
By Mark R. Maddox, contributor (The Hill) 1/25/16

SGX Seeks to Break LNG's Link to Oil With Singapore SLInG
Singapore Exchange Ltd. wants to break the liquefied natural gas market’s reliance on oil as a pricing peg as the city-state seeks to solidify its role as Asia’s energy trading hub.

The exchange, known as SGX, plans to launch on Monday futures and swaps linked to its index of spot prices for LNG traded in Asia. Final settlement for the contracts will be determined by average weekly assessments gathered from producers, consumers and traders in the physical LNG market.



Natural gas can be supercooled and liquefied to transport it on tankers between areas difficult to link by pipeline. LNG traded in Asia -- where sellers such as Qatar and Indonesia ship fuel to buyers including Japan or China -- has traditionally been pegged to crude prices. That’s because the region lacks a benchmark similar to Henry Hub in the U.S., which the country’s burgeoning LNG exporters use in sales contracts.
http://www.bloomberg.com/news/articles/2016-01-25/sgx-seeks-to-break-lng-s-price-link-to-oil-with-singapore-sling
Tsuyoshi Inajima & Stephen Stapczynski (Bloomberg Business) 1/24/16

Blue Gas Marine, Dusky Marine introducing natural gas powered boat at Miami
Blue Gas Marine, Inc. and Dusky Marine will be partnering to introduce the Dusky Marine 252, featuring Blue Gas Marine's Compressed Natural Gas (CNG) fuel-system technology

The vessel, powered by a Suzuki outboard motor, will be on display at the Miami International Boat Show, Pier 1/Slip 137 February 11-15 for sea trials. The companies say it is the first factory-built boat designed from the ground-up to seamlessly integrate the fuel system for the sport fishing market, while maximizing range.

“Dusky Marine has chosen to partner with Blue Gas Marine to facilitate bringing an eco-friendly natural gas hybrid power source to the sport fishing boat market," said Michael Brown, vice president, Dusky Marine. "With the ability to switch from gasoline to a natural gas energy source on the fly, our customers can have a fuel source that is both wallet and environmentally friendly while maintaining the convenience of traditional gasoline when necessary. This hybrid system allows avid fisherman and boaters to significantly reduce their pollution output as well as their fueling costs, thereby allowing for more time on the water.”

The Blue Gas Marine Natural Gas Fuel system has won several industry awards since debuting in 2014, including being selected as a 2015 Top Product by *Boating Industry* and a 2015 IBEX Innovation Award.
http://boatingindustry.com/news/2016/01/22/blue-gas-marine-dusky-marine-introducing-natural-gas-powered-boat-at-miami/
(Boating Industry) 1/22/16

Con Ed takes stake in Mountain Valley Pipeline
Con Edison Gas Midstream LLC on Friday said it is acquiring a 12.5 percent ownership interest in Mountain Valley Pipeline LLC. MVP, a joint venture between Pittsburgh-based EQT Midstream Partners LP and several other firms, will transport clean-burning natural gas from the Marcellus and Utica shale regions to the Mid-Atlantic and Southeast areas.

EQT Midstream (NYSE:EQM), which will be the operator of the proposed $3.5 billion, 300-mile pipeline, has a 45.5 percent ownership interest. MVP is planning to be fully operational by fourth quarter 2018, subject to regulatory approval.
http://www.bizjournals.com/pittsburgh/blog/energy/2016/01/con-ed-takes-stake-in-mountain-valley-pipeline.html
Patty Tascarella, Senior Reporter (Pittsburg Business Times) 1/22/16

Natural Gas May Have Trumped Coal in 2015, Report Says
Last year was a rough one for coal companies in the United States. Many of the industry's largest companies filed for bankruptcy, President Obama issued rules that will force the retirement of many coal fired power plants across the country and an international agreement in Paris that led many countries to commit to limiting the production of electricity from coal.

Now, a new report shows power companies may have burned more natural gas than coal in 2015. The U.S. Energy Information Administration has previously said that power plants burned more natural gas than coal in five of the first ten months of 2015. That trend likely continued in November and December as natural gas maintained a low price conducive to encourage its use, according to the Reuters report.

The triumph of natural gas over coal would mark a landmark moment in efforts to shift the U.S. energy mix away from fossil fuels that do the most environmental damage. Coal has been the top source of energy for power plants for the past century. Just a decade ago coal power plants produced half of the country's power and gas produced less than 20%. Now, they both produce about a third of the U.S. power supply, according to Reuters
http://time.com/4188398/natural-gas-coal-2015/
Justin Worland @justinworland (Time) 1/21/16

Pact would trade coal plant for natural gas

Photo: Tyler Sizemore /file Photo

BRIDGEPORT — A deal between the city and the owner of Connecticut's last coal-fired power plant would shutter that facility by July 2021 in exchange for a natural gas plant. It is a change in public position for plant owner PSEG. When it first proposed a gas facility in 2014 the company insisted it was not replacing coal with gas, even though the former appeared to be nearing the end of its life.

"The new development will have no bearing on our existing plant," company spokesman Nancy Tucker-Datrio said at the time. After years of mounting pressure to shutter the South End coal facility, whose red and white smokestack for better or worse is a city landmark, the City Council in late 2014 decided on more incremental steps.

The group passed a non-binding — meaning having little teeth — resolution calling on PSEG to "phase out" the plant at "the earliest possible date" and "to remediate the property for the next use."
http://www.ctpost.com/printpromotion/article/Pact-would-trade-coal-plant-for-natural-gas-6781393.php
By Brian Lockhart (CT Post) 1/24/16

Mariner East 1 pipeline about to carry ethane
Sunoco Logistics is about to move the first ethane through its Mariner East 1 pipeline, which will bring it from the Marcellus Shale to the Marcus Hook refinery and shipyard in Philadelphia.
"We are beginning to transport ethane this month on Mariner East 1, with the first ethane ships to be loaded in February," said Sunoco Logistics spokesman Jeff Shields.

Sunoco Logistics Partners L.P. (NYSE: SXL) is about to put into operation Mariner East

Ethane is a major byproduct of shale gas, and a substance that can be processed into plastics and products that allow producers and processors to reap more money from the shale beyond the price of the gas itself. Ethane is the major component of the proposed petrochemical plants, known as crackers, that could be built in Appalachia by Shell Chemicals and others.

Shipping good news for Range Resources Corp., the Fort Worth, Texas-based natural gas producer that has major operations in southwestern Pennsylvania and a contract with Sunoco Logistics.
Range's contract with Sunoco Logistics (NYSE: SXL) includes 20,000 barrels of ethane and 20,000 barrels of propane daily between here and Marcus Hook, as well as storage there.
http://www.bizjournals.com/pittsburgh/blog/energy/2016/01/mariner-east-1-pipeline-about-to-go-into-operation.html
Paul J. Gough, Digital Producer (Pittsburg Business Times) 1/20/16

Obama Administration Proposes Cutting Methane Waste from Oil, Natural Gas Production
WASHINGTON—The Interior Department proposed rules Friday to cut methane emissions from oil and natural gas operations on federal lands, the latest move in President Barack Obama's climate change agenda.

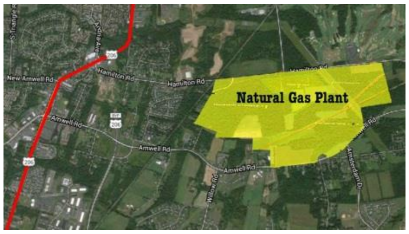
The rules are aimed at helping meet an administration goal of cutting the oil and gas industry's emissions of methane, a potent greenhouse gas, by as much as 45% from 2012 levels over the next decade.

The regulations, set to be completed later this year after a public comment period, would include the first-ever federal limits on flaring, a process in which excess gas, whose primary component is methane, is burned off as carbon dioxide. The rules also include a requirement that companies regularly inspect for methane leaks.
http://www.wsj.com/articles/obama-administration-proposes-cutting-methane-waste-from-oil-natural-gas-production-1453478550
Amy Harder (The Wall Street Journal) 1/22/16

Pitt researchers examine better CNG storage technology
University of Pittsburgh researchers are experimenting with chemical compounds that could potentially improve the design of fuel tanks for compressed natural gas vehicles.

In research published this week in the journal Physical Review Letters, the team led by Christopher Wilmer and Hasan Babaei said they are developing a fuel storage system that would replace reinforced, heavy tanks with a material known as metal-organic frameworks (MOFs) that would absorb gas like a sponge
http://triblive.com/business/headlines/9830770-74/gas-storage-heat
By David Conti (Trib Live) 1/20/16

Natural gas power plant proposed for central New Jersey



The proposed natural gas plant is about 10 miles north of Princeton, NJ.

New Jersey may be getting another natural-gas-fired power plant thanks to a project that would be built in Hillsborough Township in Somerset County, if it can obtain the necessary approvals. The $1 billion project would be big enough to supply power to 700,000 homes during summer months, according to a website on the proposed facility, the Amwell Energy Center. Genesis Power LLC is the developer of the project.

The proposal is the latest natural-gas power plant proposed for New Jersey, which has encouraged their development in recent years under policies adopted by the Christie administration. Four other gas units have been built, planned, or are under construction in West Deptford, Newark, Woodbridge, and Sewaren.

With plentiful supplies of natural gas being extracted in neighboring Pennsylvania and other states, the fuel is growing in use, especially as older coal-fired plants are retired, unable to comply with tougher environmental regulations to curb emissions into the air.
http://www.newsworks.org/index.php/local/new-jersey-spotlight/90155-another-natural-gas-power-plant-for-new-jersey-courtesy-of-genesis-power
By Tom Johnson, NJ Spotlight (News Works) 1/19/16

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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.

William J. Hall, CPG
Director
Shale Gas Innovation and Commercialization Center
Ben Franklin Technology PArtners
115 Technology Center Building, University Park, PA 16802
Office: 814 863 4881 Cell: 814 933 8203
billhall@rtto.psu.edu

Mike Chmela, Editor
Shale Gas Innovation and Commercialization Center
Ben Franklin Technology PArtners
115 Technology Center Building, University Park, PA 16802
Office: 814.865.6878
mjc33@psu.edu