

Natural gas futures - weekly outlook: January 5 – 9



Investing.com - U.S. [natural gas](#) futures rallied off the lowest level in more than two years on Friday, as investors reacted to cooler changes in near-term weather patterns. On the New York Mercantile Exchange, natural gas for delivery in February surged 11.4 cents, or 3.95%, to settle at \$3.003 per million British thermal units by close of trade.

Prices hit a session low of \$2.805 earlier in the day, a level not seen since September 2012. Futures were likely to find support at \$2.805 per million British thermal units, the low from January 2, and resistance at \$3.130, the high from December 31.

Milder temperatures hovering over the U.S. should give way to colder temperatures in the eastern two-thirds of the U.S. over the next six-to-ten days, which should prompt households and businesses to crank up their heating.

<http://www.investing.com/news/commodities-news/natural-gas-futures---weekly-outlook:-january-5---9-321998>

(Investing.com) 1/4/15

US gross gas production hits new record: EIA

Houston, 2 January (Argus) — US gross natural gas production rose to a record high in October as operators restored production from shuttered wells in Texas and continued to bring new wells on line in the Marcellus shale.

Gross gas output from the 48 contiguous US states, which includes gas that does not reach market, rose in October to 80.95 Bcf/d (2.3bn m³/d), up by 520mn cf/d, or 0.6pc from the previous month, according to the US Energy Information Administration's (EIA) monthly natural gas production report. Production in October was up 9.3pc from a year earlier.

US gas production has surged during the past year as producers continue to tap the Marcellus shale, a mammoth gas-bearing formation in Pennsylvania and West Virginia, and drill in oil rich-areas of south Texas' Eagle Ford shale and the Permian basin in west Texas and southeastern New Mexico, where wells often produce large amounts of gas.

October output from the EIA's "other states" category, which includes wells in the Marcellus shale and in the oil- and gas-rich Bakken formation, rose by the largest margin. Gross output from other states increased to 32.34 Bcf/d, up by 1.2pc from September and by a fifth from a year earlier.

Production from Texas, the largest gas-producing state by volume, rose to 24.11 Bcf/d, an increase of 0.7pc from the previous month and up by 5pc from October 2013.

But production declined by less than 1pc from the key gas-producing states such as Louisiana, New Mexico and Wyoming, the EIA said. Gulf of Mexico gas output in October was unchanged from the previous month at 3.5 Bcf/d

<http://www.argusmedia.com/News/Article?id=971570>

jw/dcb (Argus Media) 1/2/15

Basic Materials Stocks Buzz -Halcon Resources Corp

Houston, TX - Halcon Resources Corp([NYSE:HK](#)) declared that it has commissioned its first compressed natural gas (“CNG”) facility through its subsidiary, Hawk Clean Fuels. This CNG facility is serving the Company’s operations in its El Halcon area in East Texas and is being used to displace diesel fuel used in drilling operations. Halcon believes using CNG to displace diesel fuel used in drilling operations is not only better for the environment, but should also result in a nearly 50% savings on fuel costs.

<http://www.techsonian.com/basic-materials-stocks-buzz-halcon-resources-corpnysehk-devon-energy-corpnysevn-harmony-gold-mining-co-adrnyssehmy-bpz-resources-incnysebpz/12373495/>

(Techsonian) 1/5/15

US LNG Exports Receive Major Boost

A US regulatory agency has approved plans by Cheniere Energy to proceed with building a liquefied natural gas (LNG) terminal in Corpus Christi, Texas, on the coast of the Gulf of Mexico. Construction of the terminal will begin early this year if the project wins final approval from the Energy Department.

The Federal Energy Regulatory Commission (FERC) [announced the approval](#) on Dec. 30, saying it was convinced that Cheniere, based in Houston, will operate the facility responsibly. The terminal is approved for both imports and exports and is expected to be big enough to liquefy and ship up to 15 million tons of LNG each year.

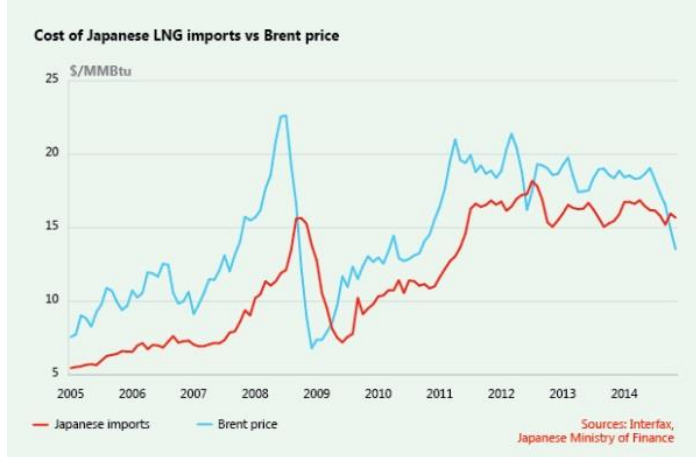
Now that Cheniere has the FERC approval, the US Department of Energy (DOE) must decide whether the terminal should be allowed to ship LNG to countries that don’t have free trade agreements with the United States. That decision will probably come soon because of the dozens of LNG companies that have sought similar shipping approval, but only Cheniere already has the FERC blessing, according to Chris McDougall, an industry analyst at Westlake Securities in Austin, Texas.

<http://oilprice.com/Latest-Energy-News/World-News/US-LNG-Exports-Receive-Major-Boost.html>

By Andy Tully (Oil Price) 1/4/15

A new record for Japanese LNG

The yen-denominated cost of Japan’s imported LNG spiked to a new high in November of ¥94,372/ton, a 17.7% increase year on year, as the yen weakened against the US dollar because of Prime Minister Shinzo Abe’s policy of monetary and fiscal easing.



The prospect of interest rate hikes by the United States Federal Reserve could further devalue the yen relative to the dollar, with some analysts forecasting rates of 140 by the end 2015. "We expect the yen to fall from 116 today to 130 against the dollar by mid-2015 and to 140 by the end of next year," said Capital Economics at the end of December.

<http://interfaxenergy.com/gasdaily/article/14629/a-new-record-for-japanese-lng>

By James Byrne (Interfax Global Energy) 1/5/15



Global LNG Prices Hold Steady in Weak Trade

Asian spot liquefied natural gas (LNG) prices were little changed on Friday as mild demand and the extended holiday period kept a lid on trading activity.

The spot price for February was steady at about \$10.10 per million British thermal units (mmBtu), in line with the previous week. Traders said, however, that prices were nominal given there was limited activity. Brazil's state-run energy giant Petrobras has shown interest in purchasing spot cargoes, one trader said, but high inventories across Asia have kept buyers on the sidelines there.

The LNG market has been slowly declining since September as energy prices generally have been hit by a slide in oil. Brent crude held near its weakest level in more than five years on Friday, as a global supply glut and weak demand weighed.

Excelerate Energy's Texan liquefied natural gas terminal plan has become the first victim of an oil price slump threatening the economics of U.S. LNG export projects. The floating 8 million tonne per annum (mtpa) export plant moored at Lavaca Bay, Texas, planned by Houston-based Excelerate, has been put on hold, according to regulatory filings seen by Reuters.

Excelerate's move may bode ill for 13 other U.S. LNG projects, which have also not signed up enough international buyers to reach final investment decisions (FID). Only Cheniere's Sabine Pass and Sempra's Cameron LNG projects have hit that milestone.

<http://www.marinelink.com/news/global-prices-steady383158.aspx>

Posted by Eric Haun (Reporting by Oleg Vukmanovic; Editing by David Holmes) (MarineLink.com) 1/2/15

2014 in review: Mega-projects mount on horizon

Mega-projects mount on horizon

Louisiana continued to see progress among previously announced mega-projects, as well as a few new announcements for the massive manufacturing facilities. All are capitalizing on plentiful supplies of cheap natural gas and a built-in infrastructure.

In 2014, Louisiana announced dozens of company expansions or relocations that officials said will result in more than 8,200 new direct jobs and 17,000 spin-off jobs, with more than \$16 billion in new capital investment.

The Louisiana Economic Development Department noted last week that the state scored wins in traditional industries, such as energy and manufacturing, but also growth industries such as digital media and software development, along with emerging logistics and international commerce projects.

The largest project to receive the go-ahead was Sasol Ltd.'s \$8.1 billion ethane cracker near Lake Charles.

The cracker will produce 1.5 million tons of ethylene, used to make a long list of chemicals, each year.

<http://theadvocate.com/news/11214356-123/2014-in-review-mega-projects-mount>

BY TED GRIGGS, BILL LODGE AND TIMOTHY BOONE | ADVOCATE BUSINESS WRITERS

(The Advocate) 1/5/15

Keppel Shipyard Bags \$705M FLNGV Conversion Contract from Golar LNG

Keppel Corporation announced that further to its earlier disclosure Sept. 5, 2014, Keppel Shipyard Limited (Keppel Shipyard), a wholly-owned subsidiary of the firm's unit Keppel Offshore & Marine Ltd (Keppel O&M), has secured a firm contract from Golar Gimi Corporation (Golar Gimi), a subsidiary of Golar LNG Limited (Golar LNG), to perform the conversion of a second Moss Liquefied Natural Gas (LNG) carrier, the GIMI, into a Floating Liquefaction Vessel (FLNGV). The contract, which has become effective, is worth approximately \$705 million.

Michael Chia, Managing Director (Marine & Technology), Keppel O&M, said, "We are happy that Golar LNG is proceeding with their second FLNGV conversion, and would like to thank them for once again entrusting Keppel Shipyard as their lead contractor of choice. This second contract comes just six months after the first contract, and we are encouraged by this positive development.

http://www.rigzone.com/news/oil_gas/a/136592/Keppel_Shipyard_Bags_705M_FLNGV_Conversion_Contract_from_Golar_LNG

(RigZone) 1/5/15

UGI plans to spend \$150 million on natural gas pipeline to serve Shamokin Dam power plant

SHAMOKIN DAM — UGI Energy Services says it plans to invest more than \$150 million to build a natural gas pipeline to supply Marcellus and Utica Shale natural gas to a proposed generation plant in Snyder County.

The Federal Energy Regulatory Commission approval will be needed before construction, scheduled for 2016, can begin on the approximately 35-mile pipeline.

The 20-inch line would be built from a Transco pipeline in eastern Lycoming County through parts of Montour, Northumberland, Union and Snyder counties to the proposed power plant on a 216-acre site along the west bank of the Susquehanna River in Shamokin Dam.

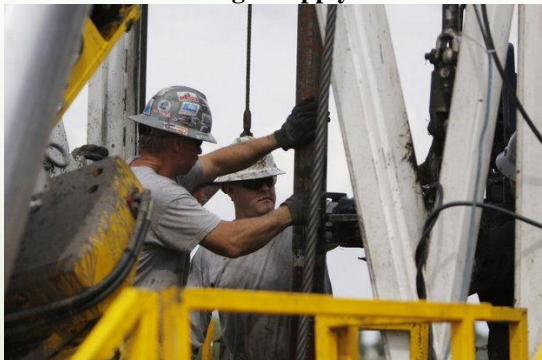
The pipeline project is expected to create hundreds of jobs, spokesman Kenneth Robinson said.

Approximately 90 percent of the natural gas in the pipeline will go to the power plant but other users in the Sunbury area will have the opportunity to bid on the excess, he said.

http://www.pennlive.com/midstate/index.ssf/2015/01/ugi_plans_to_spend_150_million.html

By John Beauge (PennLive) 1/2/15

'Abundant' natural gas supply credited with driving down costs for companies, customers



Natural gas drilling in the Northeast's Marcellus Shale formation is credited with lowering costs for companies serving the region, which say they are passing the savings on to customers. (AP File Photo)

With the cost of natural gas on the decline, at least one area distributor is giving something back to customers.

It's a payoff, companies and utility officials say, of having a plentiful source of energy nearby.

New Jersey's Elizabethtown Gas this week announced it will give its residential and small business customers a one-time \$40 credit on January's bill.

Two more of New Jersey's four natural gas suppliers -- PSE&G and New Jersey Natural Gas -- also saw reductions in their supply service rates this year, according to the state Board of Public Utilities. The fourth, South Jersey Gas, saw a small increase but it was not due to gas price, said BPU spokesman Greg Reinert.

In Pennsylvania, UGI Penn Natural Gas Inc. in December lowered customers' rates as wholesale rates dropped. About 80 percent of the company's natural gas supply comes from the Marcellus Shale region, said UGI Utilities spokesman Keith Dorman.

http://www.lehighvalleylive.com/breaking-news/index.ssf/2015/01/natural_gas_supply_driving_cos.html

By Steve Novak (The Express-Times) 1/1/15

Sunoco begins to move Marcellus Shale propane to Marcus Hook



Sunoco Logistics is moving forward with bringing propane to its facility in Marcus Hook. Times File
MARCUS HOOK >> As Sunoco Logistics follows its year-end schedule of delivering propane to the former Delaware County refinery, this anticipated development is expected to be a new start for the industrial riverfront site, potentially catapulting it into a pivotal position for an emerging energy dynamic.

Although declining to comment on operations, company spokesman Joseph McGinn reiterated Sunoco Logistics' previously stated plan for bringing materials from the Marcellus Shale here.

"We expect Mariner East to deliver propane to the Marcus Hook Industrial Complex by the end of the year," McGinn said. "The line will be fully operational and able to receive both propane and ethane by mid-2015."

<http://www.delcotimes.com/general-news/20150103/sunoco-begins-to-move-marcellus-shale-propane-to-marcus-hook>

By Kathleen Carey (Delaware County Daily Times) 1/3/15

By 2017, Less Than Half Of New Cars Will Use "Simple" Gas Engines

Navigant Research predicts the majority of new cars sold by 2017 will be powered by something other than a conventional, non-turbocharged gasoline engine.

Now, hang on, all you EV advocates. This does not mean there will be an explosion of electric vehicles by then. What it does mean, according to Navigant, is that more cars will have [turbocharged](#), supercharged, or compound turbocharged engines and more will be hybrids that use an electric motor and an internal combustion engine in combination. The cause of the shift away from simple gas engines is the need to meet increasingly strict fuel economy and emissions standards in all global markets.

"There is no single technology that will dominate fuel efficiency improvements over the forecast period through 2025," says David Alexander, senior research analyst with Navigant Research. "The focus, instead, will be on incremental improvements in engines and transmissions, along with weight reduction in as many places as possible."

Alternative fuels like compressed natural gas (CNG) and propane will also play a bigger role in tomorrow's cars.

<http://gas2.org/2014/12/31/by-2017-less-than-half-of-new-cars-will-use-gasoline/>

By Steve Hanley (Gas2)

A Giant Gas Well Confirms Deep Utica Potential

Notwithstanding the fact that the past decade was full of extraordinary shale gas discoveries, the era of shale exploration in North America is far from having run its course.

A week ago, Range Resources (NYSE:RRC) extended its peers' earlier success in the relatively new deep Utica/Point Pleasant dry gas play. Range announced the result of its first test, the Sportsman's Club #11H well, located in Washington County, Pennsylvania. The well achieved an average **24-hour rate of 59 MMcf per day** flowing against simulated pipeline pressure and conditions (Range did not provide the choke data). This is the strongest 24-hour rate reported so far in the entire Marcellus/Utica area and is one of the most prolific onshore gas well (based on the 24-hour production test) ever drilled in North America.

While the dry gas Utica/Point Pleasant potential has been identified by the industry several years ago, the play remains in an early stage of its life cycle. The total number of test wells drilled in the Utica's dry gas window is still miniscule - slightly over a dozen in total - and is dwarfed by the number of wells completed in the Utica's wet gas and condensate windows.

Well results in the dry gas window so far have exceeded most optimistic expectations and suggest that the deep Utica, in its most productive areas, may rival Marcellus's sweet spots in terms of drilling economics and will substantially extend the region's already formidable discovered resource base.

<http://seekingalpha.com/article/2788275-a-giant-gas-well-confirms-deep-utica-potential>

Richard Zeits, Oil & gas, commodities, long/short equity, research analyst (Seeking Alpha) 12/30/14





Pennsylvania is extending its Alternative Fuel Vehicle Rebate program.

The state's Department of Environmental Protection announced it will continue to provide \$2,000 rebates for EVs with batteries of 10-kWh or more until the end of June or until it reaches 500 vehicles (with over 150 still available). Plug-in vehicles with smaller batteries will still get \$1,000 rebates, along with natural gas, propane and hydrogen vehicles.

<http://www.autoblog.com/2014/12/31/henes-broon-sports-ev-for-kids/>

(Auto Blog) 12/31/14

Oil & Gas Technology Trends to Look For in 2015

Technology has and will continue to transform the oil and gas industry in 2015.

U.S. unconventional oil and gas activity, which has transformed the United States into a potential liquefied natural gas exporter and a significant oil producer, has been made possible by innovations in hydraulic fracturing and horizontal drilling technology.

Technological advances have improved the breakeven economics on wells for both shale oil and gas wells, to the point where some companies are able to drill economic dry gas wells with break-even prices of between \$2 and \$2.50/Mcf. The economics have improved due to operators making better decisions on fluid choices, rigs and pressure pumping.

In 2015, more emphasis will be placed on technologies that reduce cost and improve efficiencies, Bill Kroger, co-chair of law firm Baker Botts' Energy Litigation Practice Group, and Jeremy Kennedy, partner in the firm's Global Projects Practice, told Rigzone.

A major focus of unconventional drilling now and in 2015 is the accuracy of where well laterals are being placed, R.T. Dukes, upstream analyst at Wood Mackenzie, told Rigzone. Measurement-while-drilling and logging-while-drilling tools are allowing oil and gas operators to better pinpoint where to place laterals – in some cases, 50 feet can make a huge difference. In plays such as the Delaware Basin in West Texas, this accuracy can make the difference between a well having a five percent return or a 40 percent return. This accuracy also is allowing companies to maximize resources in the upper and lower bench of the Eagle Ford shale play.

Technology is playing a significant role in drilling efficiency, especially in a sensitive price environment, Dukes noted. In 2015, the manufacturing approach to shale plays will evolve to a customization approach as operators seek to improve the performance of individual wells. In 2014, completion activity focused around bigger fractures. In 2015, companies will instead focus on being smarter with fractures, and seeking to understand the performance of individual stages in real-time.

The factory drilling approach has been a controversial topic in the oil and gas industry, Mueller said.

"Some totally believe in factory drilling and efficiency driven by statistical production results. Others are advocating a 'data-driven' approach where you drill smart, consistently achieving top quartile production results, not statistically, and hoping to not have too many poor producers."

Initial investments focused on making unconventional plays more productive, such as hydraulic fracturing technology. Now, a group of companies are focused on giving operators more information on the actual production process, such as microseismic, chemical tracers, downhole fiber optic sensors and temporary insulation to bolster production recovery from wells, Choi told Rigzone in an interview.

The recent decline in oil prices will not slow down investment in unconventional oil and gas technology, as the breakeven price for most shale plays is an average of \$60/barrel. However, lower oil prices could hurt investment in the implementation of oil sands production technology, depending on the company, Choi said.

The decline in oil prices could result in companies going either toward doubling down on efficiency imperatives or focusing on technology investment, depending on the exploration and production company's culture, talent, leadership, play circumstances, and the regulatory regime under which they operate, said Mueller. Mueller noted that the rapid production declines of shale plays, which can range from 50 to 90 percent in the first year of production with lower decline rates in following years, means that redevelopment or refracking will start much sooner in shale plays than is typical in conventional plays.



A large portion of cost savings to date have come from drilling operations and time savings. “We expect to see significant improvements in both completion effectiveness and efficiency in the near- term,” said Christopher Kopczynski, upstream analyst with Wood Mackenzie.

Water sourcing and usage will continue to be a cost driver for operators. For this reason, new technologies for recycling and use of produced water in hydraulic fracturing could help minimize these costs and provide environmental benefits as well, said Scott Janoe, a partner in Baker Botts environmental practice.

Besides costs for acquiring water, companies also will seek technology solutions to help reduce the amount of truck traffic on roads, which causes wear and tear on roads and creates safety issues, and concerns over the environmental impact of hydraulic fracturing, such as the draining of aquifers, Keith White, CEO and CTO of Ambient Water Inc., a provider of technology for harvesting water from the atmosphere. These concerns have prompted discussions in some states about banning hydraulic fracturing. The concerns expressed by communities and environmental groups will continue to grow over time, White noted.

Oil and gas companies will continue to seek out technologies that allow them to use less or no water in hydraulic fracturing. Mueller noted that one company has been experimenting with using butane in hydraulic fracturing instead of water. The ability of oil and gas companies to align their water stewardship and business growth strategies will be critical moving forward, with a projected 40 percent average shortfall in global water supply versus demand expected by 2030 and the World Economic Forum in January 2014 ranking water scarcity as number three out of the top 10 trends in terms of impact likelihood.

The oil and gas industry will continue to delve into Big Data as a means of gaining greater value out of the massive amounts of data generated in oil and gas operations. The digital oil field was really one of the first places that Fast Data started to appear, but now it’s in refineries, pipelines and transportation, right the way downstream to the trader and the gas station forecourt, said Steve Farr, senior manager of product marketing at TIBCO, in a statement to Rigzone.

“Let’s take machine reliability – and that could be a rig upstream, a pump at the garage, a pressurized vessel at the refinery or even a truck,” said Farr. “Sensors on that machine allow us to see everything that is happening – motion, vibration, current, pressures, temperatures etc. Now, using all this data, combined with historical records we can build a pretty picture of how reliable the machine is in given circumstances – how often it fails and what conditions cause it to fail more or less often.”

The Internet of Things (IoT) will gain a strong foothold across the industry, changing how companies utilize labor and allowing for more effective utilization of resources. “The proliferation of sensors is going to keep exploding as we go forward. Infrastructures will need to grow to support the growth in data, both wired and wireless,” Serhii Konovalow, global oil & gas and energy vertical lead with Cisco, told Rigzone in a statement.

With the onset of additional IoT-enabled technologies and the growth of Industrial Mobility, cybersecurity will become as important to the industry as physical security. As more processes come online and become automated, the attack surface for oil and gas companies grows. Organizations will need to change their approach to security.

“As it brings new tools to manage growing amount of data at the edge of the infrastructure and deploy analytics applications at the remote site to improve speed of decisions and accuracy, oil and gas industry and suppliers are in the process of testing and crafting strategy on leveraging Fog Computing phenomena to bring new applications and capabilities faster and to build a great competitive advantage in processing data in Big Data age.”

https://www.rigzone.com/news/oil_gas/a/136449/Oil_Gas_Technology_Trends_to_Look_For_in_2015/?all=HG2

by Karen Boman, Rigzone Staff kboman@rigzone.com

(RigZone)

1/2/15

State senator trying again with shale gas health advisory panel



Photo by Julia Schmalz



State Sen. Joe Scarnati is planning to have another go at forming a Marcellus Shale health advisory panel. Based on a co-sponsorship memorandum, the Jefferson County Republican is looking for support for a bill creating a nine-member panel that would consider research and offer advice.

"The panel would be tasked with thoroughly investigating and studying advancements in science, technology and public health data in order to provide Pennsylvania elected officials, regulators and the general public with information, analysis and recommendations regarding the safe, efficient and environmentally responsible extraction and use of unconventional natural gas reserves in the Commonwealth," Scarnati wrote in the memo.

Scarnati had proposed the same idea in the last session, but the bill he introduced ultimately died on a lack of action. Scarnati said the new bill would be "similar." Scarnati said that as he envisions it, the panel would include the secretaries of the Pennsylvania's health and environmental protection departments and appointees of the governor, the Senate's president pro tempore, the House speaker, and the House and Senate minority leaders.

<http://www.bizjournals.com/pittsburgh/blog/energy/2015/01/state-senator-trying-again-with-shale-gas-health.html>

Sam Kusic, Staff Reporter (Pittsburgh Business Times) 1/2/15

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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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