

Natural gas futures advance 4% to extend last week's rally

Investing.com - Natural gas futures extended strong gains from last week on Monday, as cold weather hit the eastern U.S., boosting heating demand.



Natural gas prices rise sharply to extend last week's rally

On the New York Mercantile Exchange, natural gas futures for delivery in March rose to a session high of USD5.470 per million British thermal units, the most since February 5.

Nymex gas prices last traded at USD5.417 per million British thermal units during U.S. morning hours, up 3.85%.

The March contract settled 0.17% lower on Friday to settle at USD5.214 per million British thermal units.

Natural gas futures were likely to find support at USD4.818 per million British thermal units, the low from February 13 and resistance at USD5.734, the high from February 5.

Trade volumes were expected to remain light on Monday, with Nymex floor trading remaining closed for the U.S. President's Day holiday. All electronic trades placed will register on Tuesday, when the market resumes normal trading hours.

Nymex natural gas prices surged 8.41% last week, the first weekly gain in three weeks, as frigid winter temperatures in the U.S. led households to burn a higher than normal amount of the fuel in furnaces to heat their homes.

The heating season from November through March is the peak demand period for U.S. gas consumption. Approximately 52% of U.S. households use natural gas for heating, according to the Energy Department.

<http://www.investing.com/news/commodities-news/natural-gas-futures-advance-4-to-extend-last-week%E2%80%99s-rally-266707>
(Investing.com) Feb 17, 2014

Could Natural Gas Prices Catch Fire?

It's supposed to be the transition fuel of the 21st century. It's the fuel source that ExxonMobil bet \$41 billion on when it acquired XTO Energy in 2009. And it's also the commodity that is up 40% in the last four months.

The greatest reason for the recent rise in natural gas prices is the unseasonably cold weather. Because of frigid temperatures and several major winter storms, natural gas storage levels are 28.8% below year ago levels and 22.4% below the 5-year average. The unexpected draw-down has led some utilities to ask consumers to conserve power while leading to greater volatility in futures markets.

The bottom line

Natural gas contracts typically trade lower in warmer months. This year is likely to be no different.

According to CME futures, despite the recent bullishness, the market thinks natural gas prices will be range-bound between \$4/MMBtu and \$5/MMBtu over the next two years.

<http://www.dailyfinance.com/2014/02/15/could-natural-gas-prices-catch-fire/>

By Jay Yao (The Motley Fool) 2/15/14

New Impala



The 2015 Chevy Impala will be sold to retail customers and to fleets. Source: General Motors

First new entry in 16 years, but more of the same compromises

General Motors has announced that the 2015 Chevy Impala will be available in a bi-fuel configuration, with a CNG tank that holds eight GGE (gasoline gallon equivalents) of CNG, which will provide around 150 miles of range on natural gas. Combined with the standard gas tank, the bi-fuel Impala will have a total range of 500 miles. For commuters with natural gas at home, this could make for a compelling car, especially as a larger alternative to Honda's Civic. However, there are sacrifices, as the CNG tank is mounted in the trunk, cutting the roomy trunk on the 2014 Impala in half, from 19 cubic feet down to 10.

<http://www.dailyfinance.com/2014/02/16/natural-gas-is-abundant-in-america-natural-gas-car/>

By Jason Hall (Daily Finance) (The Motley Fool) 2/16/14

CNG Gaining Traction With Fleets, But Retail Market Dimming

While the fuel is becoming popular as an alternative to gasoline for fleet vehicles, the number of CNG-powered cars on the road remains minuscule, and that's unlikely to change unless the number of CNG fueling stations increases.

LOS ANGELES – American Honda began offering a natural-gas-fueled Civic to fleets in 1998, adding consumer sales a few years later. And although more than 200 dealers now sell the Civic Natural Gas, only about 2,100 were delivered in 2013, and the automaker isn't putting much marketing muscle behind the model.

“At this point, marketing isn't going to expand sales as much as the fueling infrastructure becoming ubiquitous would,” says Steve Center, vice president-environmental business development office at American Honda.

With the discovery of abundant reserves of natural gas in the U.S., you might think interest in CNG would be skyrocketing.

But while the fuel is becoming more popular as an alternative to gasoline for fleet vehicles, the number of CNG-powered cars on the road remains minuscule, and that's unlikely to change in the absence of any plans to massively expand the number of CNG fueling stations.

“I am not optimistic about a big CNG consumer market developing before the next decade,” says Dave Hurst, principal research analyst-smart transportation at Navigant Research. CNG fuel costs about 50% less than gasoline and also is less polluting. So why such slow growth in the car segment? “There aren't CNG stations on every corner,” Hurst says.

Navigant forecasts sales of CNG passenger vehicles at only 4,489 units in 2014, rising to 13,043 in 2022. The light-truck sales forecast, which includes more fleet vehicles, is slightly more encouraging: 24,409 units in 2014, rising to 70,924 units in 2022. Automakers are beginning to offer more vehicles that use CNG. Most are aimed at fleets, however, and manufacturers often are opting for bi-fuel capability, rather than pure-CNG models, while limiting distribution to certain areas of the country.

<http://wardsauto.com/vehicles-amp-technology/cng-gaining-traction-fleets-retail-market-dimming>

Alysha Webb (WardsAuto) 2/14/14

First snowplow running on compressed natural gas unveiled in Dane County

The ongoing conversion of Dane County's fleet of vehicles from diesel to compressed natural gas had a first on Friday: the first CNG-powered snow plow in Wisconsin. Dane County Executive Joe Parisi unveiled the new snow plow at a news conference.

"The county's fleet of snow plows has gotten a real workout this winter," Parisi said in a prepared statement. "This new CNG technology holds great promise for reducing fuel and maintenance costs."

The conversion to CNG saves money for Dane County in two ways: The county produces the gas itself out of decaying garbage at the Rodefild landfill on the southeast side of Madison, and the gas costs much less than diesel fuel.

The diesel-powered snow plows use 2,400 gallons of fuel per year. CNG costs the equivalent of \$1.25 a gallon, so the CNG snow plow should save about \$6,000 with diesel selling around \$4 a gallon.

Parisi said the county has 30 CNG vehicles now, with 13 new ones coming in 2014, including eight snow plows.

The goal is to have the whole fleet of county vehicles on CNG by 2023.

http://host.madison.com/news/local/first-snowplow-running-on-compressed-natural-gas-unveiled-in-dane/article_1c6f9e04-56ac-5fb3-a75b-d0db227c5803.html

BILL NOVAK | bnovak@madison.com | 608-252-6483 2/14/14

Natural gas study approved

After a heated debate at Thursday's Jefferson County Commission meeting, the group voted in a 3-2 decision to fund \$20,000 toward a demand study on the feasibility of bringing natural gas to the county.

John Reisenweber, executive director of the Jefferson County Development Authority, brought the request before the group.

Reisenweber has been working to bring new business to the area and explained that the lack of natural gas has hampered attracting companies.

Reisenweber explained that the demand study could cost as much as \$80,000 but that others, including Berkeley County Council, will help with the cost. He explained that municipalities and businesses already located in the county attended a recent stakeholders' meeting to discuss the gas issue. Also at the table, he said, were representatives from the state Economic Development Office.

"We need to do this study to prove that the demand is there," Reisenweber said. He told commissioners that currently there is only one location where natural gas comes in to the county, at the former Kodak/3M plant. It has not been possible to re-develop that site as yet, he said. While Berkeley County currently has natural gas, there are not sufficient pipelines to increase capacity and there are no lines that currently run to Jefferson, Reisenweber said.

<http://www.shepherdstownchronicle.com/page/content.detail/id/510957/Natural-gas-study-approved.html?nav=5089>

Toni Milbourne - Chronicle Editor (Shepherdstown Chronicle) 2/16/14

Louisiana LNG Project Gets Important Non-FTA Export Approval



Cameron LNG facility. Image courtesy of GDF Suez

(photo source: <http://www.marinelink.com/news/louisiana-important364312.aspx>)

Cameron LNG, one of the most advanced US LNG export projects, (promoted by GDF SUEZ as a shareholder and a capacity holder), has been granted conditional non-Free Trade Agreement (FTA) approval from the US Department of Energy (DOE). The Non-FTA agreement will enable GDF SUEZ to export LNG from the Cameron LNG project, in Louisiana, into countries that have not signed a FTA with the USA.

<http://www.marinelink.com/news/louisiana-important364312.aspx>

(MarineLink.com) 2/16/14

LNG Buyers Feel The Pain But Relief Is In Sight

In Asia, the price of liquefied natural gas has surged to a record as demand for the clean fuel rises and supply constraints hobble the market. As The Wall Street Journal's Eric Yep explains, LNG prices surge every winter but the trend began earlier than usual this year, with buyers stocking up as early as late October.



Yokohama Thermal Power Station in Yokohama city, Japan. Following the Fukushima nuclear power plant disaster Japan has become more dependent on LNG based energy production, according to an EIA study. European Pressphoto Agency

This increased demand has coincided with crimped supplies—maintenance has shut down Angolan exports, BG Group has run into uncontrollable issues in Egypt, and Yemen is putting pressure on French oil giant Total to pay more for its LNG. As a result, many big consuming markets in Asia are sourcing alternative forms of energy. Marginal shifts away from LNG and into coal have been reported in Japan and South Korea, the two major consumers of the supercooled gas. Countries such as Thailand, Malaysia and Singapore may move temporarily away from LNG in a more pronounced fashion as the price hikes hit. Relief, however, could be in sight.

This year should see the beginning of the end for the supply squeeze. New projects in Australia, Indonesia and Papua New Guinea are expected to come on line. North American LNG export projects will eventually kick into life, probably in 2015. The region should be the most active in the world in years to come—a sixth approval for LNG exports was granted last week and more than 30 additional projects are seeking permission to follow suit. The Financial Times spells out the benefits—financial and political—for the U.S.

<http://blogs.wsj.com/moneybeat/2014/02/17/lng-buyers-feel-the-pain-but-relief-is-in-sight/>

By Ben Winkley ben.winkley@wsj.com (Wall street Journal) 2/17/14

Harvey Gulf Breaks Ground with LNG Facility

Louisiana to lead the nation in clean energy



New Orleans-based Harvey Gulf International Marine (HGIM) announced the ground breaking of construction on its \$25 million Phase 1, Slip B, LNG (Liquefied Natural Gas) fueling facility at their Port Fourchon, LA terminal. When operational later this year, HGIM's LNG facility will be the first of its kind in the United States. This technologically-advanced, environmentally-safe, clean energy facility will be a vital addition to the growing national LNG supply infrastructure, supporting critical operations of the oil and gas industry's offshore fleet as well as over-the-road vehicles operating on clean LNG.

"Today's milestone represents another significant step in the path for Harvey Gulf to establish itself as the nation's leader in utilizing LNG as a marine fuel. HGIM is investing \$350 million in the construction of a LNG-operated fleet. The dual fuel vessels and our LNG facility further expand HGIM's commitment to develop and utilize the safest, most environmentally-friendly vessels and fuel technology available today. This fleet and facility signify a strong partnership between the State of Louisiana, the U.S. Department of Energy, the U.S. Coast Guard, and Harvey Gulf with a common goal of leading our nation down the path of clean energy use and strengthening America's future of energy independence," said CEO Shane Guidry

<http://www.maritime-executive.com/article/Harvey-Gulf-Breaks-Ground-with-LNG-Facility-2014-02-14/>

(The Maritime Executive) 2/17/14



Dutch shipyard Ferus Smit is to build the ‘first’ two LNG-powered short-sea dry cargo vessels for Swedish shipping company, Erik Thun AB.

Each new build will be a 5,800 DWT bulk orientated general cargo vessel, with the option to convert them into self-unloaders. They will be of Ice Class 1A, suitable for year-round Baltic service and will be equipped with a Wärtsilä dual-fuel main engine and a pressurised LNG tank enabling round trips of around two weeks. Ferus Smit says it’s a “great challenge” to build the first LNG-powered short-sea dry cargo vessels to date and will work with Erik Thun to find viable solutions for daily use.

Erik Thun already has a strong presence in Northern Europe and the Baltic area but says it hopes to further its position with a ‘green’ fleet for the SECA rules coming into force in 2015 for the Baltic region.

The first vessel is scheduled for delivery in autumn 2015. The contract also has an option for two more builds.

<http://www.motorship.com/news101/lng/first-lng-short-sea-dry-cargo-vessel-contract>

(The Motorship)

2/17/14

2 Natural Gas Liquids Drillers to Watch This Year

Ohio's Utica shale -- an emerging oil and gas play -- recently reached an important milestone. According to the latest update from the Ohio Department of Natural Resources, the Utica now has 300 producing oil and gas wells. This year, drilling activity in the Utica is expected to accelerate further as upcoming improvements in gas processing and pipeline infrastructure entice companies to boost production. While Chesapeake Energy, the play's largest leasehold owner and most active driller, is still top dog in the Utica, two other companies are also seeing tremendous success in the play. Let's take a closer look.

Antero Resources

Antero Resources, a Denver-based oil and natural gas exploration and production company with primary assets located in Pennsylvania's Marcellus shale and the Utica, is one of them. The company boasts 105,000 net acres in the Utica, and has consistently posted some of the best drilling results in the play. In its recently released fourth-quarter operating update, Antero reported exceptional results from its five most recently drilled wells in the Utica's super-rich window in Noble County. The wells posted an average 24-hour peak processed rate of 32.2 MMcfe/d, compared to 27.5 MMcfe/d for its previously drilled five wells in the area.

This year, Antero plans to allocate about a quarter of its drilling and completion budget toward the Utica, and expects to complete 41 Utica wells with a four-rig program. Fourth-quarter production is estimated to come in at 675 to 680 MMcfe/d, which would represent 20% sequential growth, and 87% year-over-year growth.

Gulfport Energy

The second company to watch is Gulfport Energy, which ended 2013 with a record Utica production level of 27,780 barrels of oil equivalent per day, up a whopping 340% from the previous year. While Antero is seeing tremendous success in the play's condensate window, Gulfport is eager to ramp up drilling in the play's dry gas corridor. In the third quarter, the company reported fantastic initial results from its first well in the Utica's dry gas corridor, the Irons 1-4H well, which posted an average 24-hour sales rate of 30.3 MMCF of natural gas per day. Given the well's strong economics, and the fact that roughly 44% of the company's Utica acreage is located in the dry gas window, Gulfport is eager to drill additional dry gas wells this year.

The company plans to allocate approximately 87% of its 2014 capital budget of \$675-\$725 million toward Utica horizontal drilling activity. It plans to continue operating seven rigs in the play, with four running in the wet gas phase, one in the condensate phase, and two in the dry gas window, and expects to drill approximately 85 to 95 gross Utica wells this year.

As it ramps up its development program, Gulfport should also benefit from improved infrastructure in the region this year, thanks to the expansion of processing capacity at MarkWest Energy Partners' wet gas system, which is expected to grow from 400 million cubic feet per day to 1 billion cubic feet per day by mid-2014.

<http://www.dailyfinance.com/2014/02/15/2-utica-shale-drillers-to-watch-this-year/>

By Arjun Sreekumar

(Daily Finance) (The Motley Fool)

2/15/14



New Methane Study Confirms Environmental Benefits of Natural Gas

Last week, a new paper was released that suggested the Environmental Protection Agency (EPA) underestimates methane leakage rates in the broader economy. Last year the EPA downwardly revised its estimates of methane emissions from natural gas systems based on new technologies, a finding that was more or less confirmed by a study later published by the Proceedings of the National Academy of Sciences. Nonetheless, the new study is very clear that even if methane leaks are 50 percent higher than what EPA estimates, natural gas still retains its environmental advantage when used for power generation.

The paper itself does not look at any new data – it assesses data from studies that have already been completed, running it through its own modeling. As EID has covered nearly every methane paper extensively, there’s not much “new” to report here — but it is worth pointing out a few key facts about this latest contribution to methane research.

Even with 50 percent higher leakage rates natural gas retains environmental benefits.

As the report puts it, “assessments using 100-year impact indicators show system-wide leakage is unlikely to be large enough to negate climate benefits” of natural gas. The researchers add that natural gas still delivers “robust climate benefits” when used for power generation.

MIT News published an interview with one of the co-authors, Francis O’Sullivan, who had the following to say about the paper: “the shift to natural gas is still a positive move for climate-change-mitigation efforts.”

Several publications — including Science Magazine, Climate Central, and Smithsonian Magazine — ran with headlines emphasizing that conclusion as the key takeaway.

So despite the efforts of some publications to suggest the paper’s key finding was a loss of environmental advantages for natural gas, the researchers actually found the opposite.

Natural gas vehicles bring significant environmental and energy security benefits.

The researchers claim that the use of natural gas in vehicles could result in a net increase in total greenhouse gas emissions. But the authors also conceded that natural gas vehicles still deliver benefits in terms of local air quality and energy security.

One of the lead researchers, Adam Brandt, said that “fueling trucks and buses with natural gas may help local air quality and reduce oil imports.”

Studies with very high emissions rates are “unlikely to be representative” of typical leakage rates.

The study states, “recent regional atmospheric studies with very high emissions rates are unlikely to be representative of typical NG system leakage rates.” It goes on to explain that the “greatest challenge for atmospheric studies is attributing observed CH₄ concentrations to multiple potential sources (both anthropogenic and natural).”

That makes a lot of sense. As we noted about one such study by the National Oceanic and Atmospheric Administration (NOAA), its chief flaw was that it had no way at all to determine where the methane was coming from.

As the Smithsonian Magazine explains on that point:

If there were natural gas leaks of that magnitude across the natural gas industry, then methane levels in the atmosphere would be much higher than surveyed in the air sampling studies. “Most devices do not leak,” Brandt noted. Only about 1 to 2 percent of the devices used in natural gas production leak any methane, and large emitters—what the researchers nickname “superemitters”—are even rarer.

Study promotes producers continuing to reduce leaks.

If anti-fracking activists were hoping to use this paper as a rallying cry to shut down oil and gas development, they will be disappointed. The study is clear that there are numerous opportunities available to producers to reduce leakage rates.

Granted, that’s not to say their premise is entirely accurate; it does not account for the many technologies oil and gas producers are currently adopting to reduce leakage rates. As we’ve noted many times, a recent study conducted by the University of Texas found that a leakage rate of only about 1.5 percent, which is comfortably below the threshold for natural gas to maintain significant environmental benefits. This study is certainly a testament to the progress that has been made, and it also outlines a path forward to reduce emissions further.

<http://energyindepth.org/national/new-methane-study-confirms-environmental-benefits-natural-gas/>

By Katie Brown katie@energyindepth.org (Energy In Depth) 2/16/14



Quantum announces additional CNG tank orders; files for IPO

Quantum Fuel Systems Technologies Worldwide, Inc. recently received approximately \$2.0 million in additional orders for its Q-Lite CNG storage tanks. The orders are from a combination of new and existing customers widely distributed around the US and Canada. These orders reflect the continued strong growth of natural gas and set the stage for continued growth in 2014, the company said. The company also has filed for a public offering, based in large part on its expectations for growth in the use of CNG in transportation. Quantum produces advanced, light-weight compressed natural gas storage tanks and supplies these tanks, in addition to fully-integrated natural gas storage systems, to truck and automotive OEMs and aftermarket and OEM truck integrators. It also integrates vehicle system technologies including engine and vehicle control systems and drivetrains.

<http://www.greencarcongress.com/2014/02/20140214-qtww.html>

(Green Car Congress) 2/14/14

Industrial Waste Can be Engineered into Proppants for Shale Gas and Oil Recovery

UNIVERSITY PARK – Industrial and domestic waste materials are viable alternative sources of raw materials for engineering proppants – particles used to open rock fractures — for use in shale gas and oil recovery, according to Penn State material scientists John Hellmann and Barry Scheetz.

Writing in the current issue of American Ceramic Society Bulletin, the researchers describe innovative approaches for engineering high-performance ceramic proppants from waste streams including mixed glass cullet, mine tailings and even drill-cuttings from shale gas wells themselves.

According to Industrial Minerals, a market leading resource for minerals intelligence, each year more than 30 million tons of proppants are used in hydrofracturing, and demand is projected to increase to 45 million tons by 2017. Engineering proppants from waste materials offers not only a savings in costs but the additional environmental benefit of diverting millions of tons of waste from landfills.

<http://gantdaily.com/2014/02/14/industrial-waste-can-be-engineered-into-proppants-for-shale-gas-and-oil-recovery/>

(Gant Team) 2/14/14

Chesapeake under fire for Marcellus royalties

US producer Chesapeake Energy is coming under increased scrutiny for allegedly defrauding Pennsylvania landowners out of royalty payments owed to them from gas production in the US state.

Governor Tom Corbett sent a letter to Chesapeake chief executive Doug Lawler informing him that he has requested an investigation into the company's royalty-payment practices.

"I have received complaints from my constituents and your leaseholders regarding practices of Chesapeake Energy which strike many as unfair and perhaps illegal," Corbett wrote in the letter to Lawler. "I remain disappointed that the complaints continue to go unheeded."

State law in Pennsylvania, home of the giant Marcellus shale, requires oil and gas producers to pay a minimum of 12.5% in royalties to owners of land where drilling takes place.

Companies are allowed to charge "post-production costs" for the transportation or processing of gas. But Chesapeake invokes that right more than any other company, which has led to the "erosion of trust and goodwill of the natural gas industry" in Pennsylvania, according to Corbett.

<http://www.upstreamonline.com/live/article1352391.ece>

Luke Johnson (Upstream) 2/14/14



New York landowners sue state over Marcellus drilling delays

A New York landowners group that claims its members are losing money while the state reviews the environmental impact of fracking said it sued the state and Governor Andrew Cuomo over long delays in the study.

The Joint Landowners Coalition of New York today asked an Albany judge to order New York to expedite its review of high-volume hydraulic fracturing, known as fracking, according to a copy of the filing provided by the group. The coalition, which says it represents 70,000 landowners, said property owners are losing out on the financial benefits of gas drilling.

“New York remains on the sidelines during what is arguably one of the most significant energy revolutions this country has ever seen,” the group said in the filing, which couldn’t be immediately confirmed in court records.

New York banned fracking in 2008 while studying its effects on the environment. Last month, the state’s environmental commissioner, Joe Martens, said he wouldn’t issue regulations to allow fracking until at least April 2015.

<http://www.ohio.com/blogs/drilling/ohio-utica-shale-1.291290/new-york-landowners-sue-state-over-marcellus-drilling-delays-1.466828>

By Christie Smythe and Freeman Klopott (Bloomberg News) By BOB DOWNING (Ohio.com) 2/15/14

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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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