

Natural gas moves higher despite storage data



Investing.com - U.S. natural gas prices moved higher on Thursday, despite data showing that stockpiles rose more than expected last week, as risk sentiment remained supported by higher oil prices. On the New York Mercantile Exchange, natural gas for delivery in May was up 0.63% to \$2.081 per million British thermal units. Prices were at around \$2.075 prior to the release of the supply data. In its weekly report, the Energy Information Administration said natural gas storage in the week ended April 15 rose by 7 billion cubic feet, compared to expectations for an increase of 4 bcf.

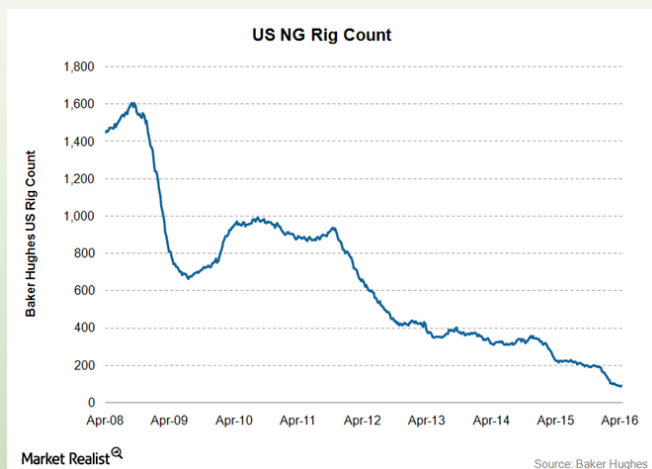
Total U.S. natural gas storage stood at 2,484 bcf the EIA said. Stocks were 881 bcf higher than last year at this time and 811 bcf above the five-year average of 1,673 bcf for this time of year.

<http://www.investing.com/news/commodities-news/natural-gas-moves-higher-despite-storage-data-397044>

(Investing.com) 4/21/16

US Natural Gas Rig Count Fell to 29-Year Lows

Baker Hughes is scheduled to release its weekly US crude oil rig count report on April 22, 2016. The US natural gas rig count was almost flat at 89 rigs for the week ending April 15, 2016—compared to the previous week. So far, the gas rig count has fallen by 73 rigs in 2016.



The US natural gas rig count peaked at 1,606 rigs on September 12, 2008. In contrast, the natural gas rig count hit 89 rigs for the week ending April 15, 2016. It's the lowest levels in the last 29 years. US active natural gas rigs fell to record lows due to depressed natural gas prices.

The collapse of natural gas rigs hasn't impacted the natural gas production.

<http://marketrealist.com/2016/04/us-natural-gas-rig-count-fell-29-year-lows/>

By Gordon Kristopher (Market Realist) 4/22/16

TICO Manufacturing signs agreement with PSI

TICO Manufacturing has signed an agreement with Power Solutions International Inc. (PSI) to provide TICO with gasoline and alternative fuel engines. TICO terminal tractors are used at distribution centres, rail terminals and ports. By entering this relationship, TICO and PSI are building a strong position in the marketplace to capture emerging opportunities with their family of gasoline, LPG, LNG and CNG engines.

Under the agreement, PSI has designed and will integrate a family of customised gasoline and alternative fuel engines into TICO Pro-Spotter terminal tractors.

<http://www.lngindustry.com/liquid-natural-gas/25042016/TICO-Manufacturing-signs-agreement-with-PSI-2346/>

Edited from press release by Callum O'Reilly (LNG Industry) 4/25/16

HD CNG Truck Sales Climb

United States and Canadian natural gas Class 8 truck retail sales improved modestly in February, after getting off to a slow start in 2016, according to a recent report from ACT Research. The "Natural Gas Quarterly" attributes this to a high number of natural gas vehicle repeat sales, despite the continuing low cost of diesel prices, which is making the return on investment for adopting of natural gas less lucrative for fleets not yet invested in NG-fueled vehicles.

"With the fuel price differential continuing to narrow, the ROI to convert from diesel to natural gas is moving in the wrong direction: Payback periods are lengthening," said Ken Vieth, ACT's senior partner and general manager. "This doesn't mean the adoption of NG fuel has stopped or that there are no new developments supporting a future uptick in NG truck orders.

"Despite a 3 percent month-over-month uptick in February, year-to-date volumes are 14 percent below 2015's level, and year-over-year sales are down 25 percent. NG infrastructure continues to be built, albeit at targeted locations, and existing NG equipment users remain committed to its long-term viability and emission benefits."

<http://www.gobytrucknews.com/hd-cng-truck-sales-climb/123>

(Go By Truck News) 4/20/16

Excellence To Attend FDIC With New Compressed Natural Gas Powered Ambulance



Photo credit: Excellence, Inc.

Excellence Inc, producer of high quality custom ambulances and emergency vehicles, today announced their presence at FDIC International taking place at the Indianapolis Convention Center from April 18-23, 2016.

"You will find a broad variety of emergency vehicle designs and features among the three apparatus that we are displaying. The CNG powered ambulance, custom-built for the City of Bossier City Fire Department in Louisiana, has proven to lower fuel costs while helping the environment with its lower carbon footprint. "Excellence believes the CNG industry has reached a point that makes CNG a safe and cost effective match with this new ambulance design", explained Excellence CEO, Charlie Epps.

http://www.emsworld.com/press_release/12195612/excellence-to-attend-fdic-with-new-compressed-natural-gas-powered-ambulance

(Excellence, Inc.) (EMS World) 4/15/16

Marysville gauges natural gas 'pipeline' interest

Marysville could become one of the first natural gas communities in Pennsylvania using what's known as the "virtual pipeline." Last week borough council sent surveys to residents and businesses to gauge their interest. The idea is for at least a majority of the borough to switch to compressed natural gas that would be trucked in regularly. That's the virtual pipeline, used where the logistics of an actual pipe would be prohibitive, borough and industry officials said.

Council is asking its 1,200 residents and business owners questions about their fuel and utility use, expenses, and whether they'd pay to switch to natural gas if they knew they would save money in the long run. The surveys have to be returned by April 30. Because the owners of interstate gas lines don't generally allow those to be tapped to serve local communities, and pipelines from gas wells up north are expensive, there is a focus on the virtual pipeline to serve communities like Marysville, Kiel said.

Right now, most trucked gas goes to industrial facilities, he said. Marysville would be the first community to make a switch to the virtual pipeline if it continues to pursue it, he said. Marysville has been speaking with Cumberland County-based Compass Natural Gas Partners, a virtual pipeline provider that launched operations last year.

http://www.pennlive.com/perry-county-times/index.ssf/2016/04/marysville_gauges_natural_gas.html

By Jim T. Ryan, Staff Writer (Perry County Times) 4/23/16

Why New York blocked a major natural gas pipeline



Matt Houston/AP/File

New York regulators announced Friday that they will not issue a water-quality permit needed for the proposed Constitution Pipeline running through the Northeastern United States.

The New York Department of Environmental Conservation (DEC) rejected the permit for the 124-mile natural gas transfer project, which would run from gas fields in Pennsylvania through New York to a connection with other pipelines near Albany.

The Earth Day announcement by Gov. Andrew Cuomo's administration marks a second win for environmentalists in the Northeast. Earlier this week, the Kinder Morgan Northeast Direct Pipeline, a \$3.1-billion northeastern natural gas project, was put on hold because of "insufficient contractual commitments" in the New England market.

<http://www.csmonitor.com/Business/2016/0424/Why-New-York-blocked-a-major-natural-gas-pipeline>

By Ben Thompson (Christian Science Monitor) 4/24/16

Kinder Morgan ditches plans for natural gas pipeline

BOSTON — A Texas-based energy company has pulled the plug on plans for a controversial natural gas pipeline that would have stretched across northeast Massachusetts and Southern New Hampshire.

In a statement, Kinder Morgan and its subsidiary Tennessee Gas Pipeline Company cited "inadequate" demand from potential customers and changing market conditions that have made the \$3.3 billion project economically unviable.

"Unfortunately, despite working for more than two years and expending substantial shareholder resources, TGP did not receive the additional commitments it expected," said Richard Wheatley, a company spokesman. "As a result, there are currently neither sufficient volumes, nor a reasonable expectation of securing them, to proceed with the project as it is currently configured."

http://www.salemnews.com/news/kinder-morgan-ditches-plans-for-natural-gas-pipeline/article_ea31cedc-0749-11e6-b542-1bb1729587b8.html

By Christian M. Wade Statehouse Reporter (The Salem News) 4/20/16

US shale gas producers bet Mexico is next bonanza

Donald Trump wants a wall along Mexico's northern border. Energy companies are perforating it with pipelines. They are laying steel pipes, some beneath the Rio Grande riverbed, to export billions of cubic feet more US shale gas to markets in Nuevo León, Guanajuato and other Mexican states.

The shipments could quietly uncork a glutted US market, rivalling volumes of much-hailed new liquefied natural gas (LNG) exports from the coasts. Bigger gas sales to Mexico could not come soon enough for energy producers. The warmest winter on record left 2.5tn cubic feet of gas in US storage, the most ever for the end of the heating season. The US Energy Information Administration believes gas prices will average \$2 per million British thermal units this year, the cheapest since 1998.

New pipelines spur Mexico's natural gas imports

Import routes and key gas pipelines



Source: Goldman Sachs

“It’s a huge potential economic benefit to US producers to be able to ship gas just across the border to Mexico,” David Porter, chairman of the Texas Railroad Commission, a state energy regulator, told the FT Energy Infrastructure Forum in Houston last week.

<http://www.ft.com/cms/s/0/427ad672-08c8-11e6-b6d3-746f8e9cdd33.html#ixzz46re3Lv5W>

Gregory Meyer in New York and Jude Webber in Mexico City

(Financial Times)

4/25/16

First U.S. Gas Shipment En Route to Europe

American LNG shipment could spark price war in Europe



An LNG tanker at the Cheniere Energy terminal at Sabine Pass, Texas. In Europe, American gas will add to a swell in supply in a crowded market long dominated by Russia. Photo: Bloomberg News

A tanker from Louisiana loaded with U.S. natural gas is en route to Portugal, the first shipment in a trade relationship that could shake up the European market. The 970-foot long Creole Spirit, carrying liquefied natural gas, is expected to arrive by the end of April, according to shipping data and people familiar with the matter.

In Europe, American gas will add to a swell in supply in a crowded market long dominated by Russia. Analysts predict that the arrival of U.S. gas could trigger a price war, leading to lower prices for consumers that could act as a shot in the arm for the struggling European economy.

“It’s the start of the price war between U.S. LNG and pipeline gas,” said Thierry Bros, an analyst at [Société Générale](http://www.wsj.com/articles/first-u-s-gas-shipment-en-route-to-europe-1461253153).

<http://www.wsj.com/articles/first-u-s-gas-shipment-en-route-to-europe-1461253153>

By Georgi Kantchev and Miriam Malek

(The Wall Street Journal) 4/21/16

Feds approve plans to export LNG produced at Eagle Ford facility

The U.S. Department of Energy's order, issued April 13, gives Flint Hills Resources permission to use shipping containers to export LNG produced at Stabilis Energy's facility in George West. Flint Hills Resources, a wholly owned subsidiary of Koch Industries Inc., is authorized to export 3.62 billion cubic feet of natural gas per year to free-trade agreement nations over the next 20 years.



*File photo of Stabilis Energy Vice President Koby Knight at the company's liquefaction...
Carlos Javier Sanchez | SABJ*

Located in the heart of the Eagle Ford Shale in Live Oak County, the Stabilis Energy liquefaction plant receives natural gas from nearby fields via pipeline and uses cryogenic cooling and pressure to convert the gas to its more portable liquid form. Opened in March 2015, the plant is capable of producing 120,000 gallons of LNG per day and storing up to 270,000 gallons of it. Although Flint Hills Resources does not have any long-term supply or export contracts, the DOE order shows that the company plans use the Stabilis Energy plant's existing infrastructure to load the LNG into tanker trucks or containers and then have it shipped from export terminals along the Texas Gulf Coast.

Flint Hills Resources owns a refinery in the Port of Corpus Christi, but the company reported in its November 2015 application that the containers could be loaded on tankers and shipped from ports in Corpus Christi, Brownsville or Houston.

The DOE order clears the way for Flint Hills Resources to export LNG to free-trade nations such as Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Singapore and South Korea.

<http://www.bizjournals.com/sanantonio/blog/eagle-ford-shale-insight/2016/04/feds-approve-plans-to-export-eagle-ford-lng.html>

Sergio Chapa Reporter (San Antonio Business Journal) 4/21/16

Fitch: Elevated Natural Gas Storage Pressures Prices, US Projects

Natural gas storage levels remain elevated and are not expected to help natural gas prices or US natural gas midstream projects in the near term, according to Fitch Ratings. Some midstream projects could be at risk if pricing does not improve as producers remain under financial pressure and are hesitant to commit to projects while end-users remain able to secure supply and pipeline capacity at reasonable prices.

Ongoing pressure on gas prices could lead to reduced production volumes, particularly in less economic regions. Lower production volumes and continued weakness in prices could result in natural gas projects becoming delayed or outright canceled. For example, Kinder Morgan Inc. has announced the suspension of its multibillion Northeast Energy Direct project due to economic reasons, driven largely by an inability to contract enough capacity on the proposed pipeline.

However, Fitch believes natural gas storage operators should benefit from increased storage demand.

<http://www.businesswire.com/news/home/20160422005861/en/Fitch-Elevated-Natural-Gas-Storage-Pressures-Prices>

Fitch Ratings, Kathleen Connelly, Director (Business Wire) 4/22/16

Shell Named LNG Supplier to New AIDA Ships

AIDA Cruises and Shell have announced a deal for Shell to supply LNG to AIDAprima and her sistership AIDAperla. Both ships have dual-fuel engines and can run on LNG in port.

"We believe in LNG as being the cleanest fossil fuel," said Felix Eichhorn, President AIDA Cruises. "In Shell, we have a strong global partner who will forge a new path with us in establishing LNG within the maritime industry. With the supply of LNG to AIDAprima when she is docked, we are setting a clear trend in terms of environmental and climate protection."

<http://www.cruiseindustrynews.com/cruise-news/14589-shell-named-lng-supplier-to-new-aida-ships.html>

(Cruise Industry) 4/22/16



Primus taps Marcellus to yield big methanol margins at small capex

Gas-to-liquids (GTL) technology firm Primus Green Energy is developing low-capex methanol production on the Marcellus shale to leverage low-cost feedstock and freight savings for buyers, Primus's Chief Commercial Officer George Boyajian told Petrochemical Update.

Primus' standardized modular GTL systems will be cost-competitive with the larger methanol plants located or proposed on the US Gulf Coast – whose capacity ranges between about 2,500 MT/d and 5,000 MT/d, Boyajian said. The project will have smaller capital costs but will offer comparable opex to the much larger Gulf Coast projects, “in the range of a couple of cents more per gallon,” he said. Methanol production costs on the US Gulf Coast are currently around 33 cents/gallon. “Because our capex is so low, we can afford to put those units right next to the customers and right next to low-cost feedstock,” Boyajian said.

The key ratio of the crude oil price (\$/bbl) to the natural gas price (\$/mmbtu) – which measures the competitiveness of MTO production vis-à-vis naphtha crackers – has shrunk as oil prices over the last year have fallen from about \$60 per barrel to around \$40 per barrel in early 2016.

Dave McCaskill, vice president Methanol & Derivative Services at Argus DeWitt, expects to see a 2-3% increase in methanol demand in North America and Europe in the next few years, while demand growth in China – which represents about half of the world's methanol demand – will slow to about 5-6%.

Even as production margins have shrunk, low natural gas prices will remain a bright spot for U.S. methanol producers. Gas prices in the US will stay below \$4/mmbtu in the foreseeable and will keep U.S. producers globally competitive, especially if oil prices rebound to \$60 and above, according to IHS projections.

http://analysis.petchem-update.com/engineering-and-construction/primus-taps-marcellus-yield-big-methanol-margins-small-capex?utm_campaign=PTC%2022APR16%20Newsletter%20%28V1%29.htm&utm_medium=email&utm_source=Eloqua&elqTrackId=b5d236ef461d44bdad5d54e609e9d278&elq=dfc434c1e67e45c589c83cc0dda100d0&elqaid=17564&elqat=1&elqCampaignId=7588

(Petrol Chemical Update)

4/22/16

Insulation Korea to provide insulating refractory materials for U.S. shale gas plant

Insulation Korea Co., a leading supplier of insulation materials and solutions in South Korea, said on Sunday that it will provide \$6 million worth special insulating refractory materials to Atlanta-based Axiall Corp. and Seoul-based Lotte Chemical Corp. for their joint shale gas plant to be built in Louisiana, the United States.

The insulating material to be provided by Insulation Korea is a special ceramic material insulator that can withstand temperature as high as 1,800 degrees Celsius and is used to protect the inner part of ethylene cracker equipment. An ethylene cracker is a facility that produces ethylene - a raw material for ethyl-type chemical products - by applying high temperature to shale gas.

<http://pulsenews.co.kr/view.php?sc=30800021&year=2016&no=280653>

By Kim Jung-beom

(Pulse by Maeil Business News Korea & mk.co.kr,)

4/18/16

Pennsylvania oil, gas rules win key approval, but fight continues

Despite winning the approval of a key state agency, a major revision to Pennsylvania's oil and natural gas regulations appeared on Friday to be heading for a showdown in the state legislature. The state's five-member Independent Regulatory Review Council, after a seven-hour meeting on Thursday, voted 3-2 to approve the regulations, which strengthen environmental protection rules for oil and gas well sites.

In the case of most rulemakings, the IRRC approval would be just a stepping stone on the way toward eventual implementation of the regulations, but in the case of the controversial proposed oil and gas rules, the standing energy committees of both houses of the state legislature have expressed their disapproval of the rulemaking process, which could result in a legislative fight.

<http://www.platts.com/latest-news/natural-gas/houston/pennsylvania-oil-gas-rules-win-key-approval-but-21324975>

Jim Magill, Edited by Keiron Greenhalgh (Platts) 4/23/16



A Good Day For U.S. LNG As Senate Passes Energy Bill

As recently as a week ago, the energy bill that the U.S. Congress was considering was stalled and faced an uphill battle. But the Senate has sprung into action, and voted in favor of the energy bill which passed 85-12. The energy package is the first major piece of energy legislation passed in almost a decade. At the same time, it is a rather modest piece of action, which largely avoids controversial issues such as oil and gas drilling or climate change.

However, probably the most notable measure included in the package is language that would streamline the approval of LNG export terminals in the United States.

As it stands, the Department of Energy does not have time constraints when considering permits for LNG export terminals that would send natural gas to countries that do not have a free-trade agreement with the United States. Under the energy bill moving through the Senate is a provision that would place a 45-day limit on DOE, requiring them to make a determination.

<http://oilprice.com/Energy/Energy-General/A-Good-Day-For-US-LNG-As-Senate-Passes-Energy-Bill.html>

By Charles Kennedy (Oil Price.com) 4/20/16

Natural gas generation bringing below-cost values: analyst

Even in places with abundant supply and demand, natural gas generation is trading hands at values well below the cost of a new build, attendees of the Gulf Coast Power Association's Spring Conference in Houston learned Tuesday.

In a session about oil and gas market fundamentals, Neel Mitra, Tudor Pickering Holt director for power and utilities, said his organization estimates the cost of building new natural gas combined-cycle generation at about \$1,000/kW. The Ironwood combined-cycle gas turbine generator in Lebanon, Pennsylvania, sold recently for about \$900/kW, Mitra said, but "that's a very high marketer for combined-cycle gas generation," reflecting the fact that it has ready access to fuel from the Marcellus Shale and can feed into a robust transmission system in the PJM Interconnection.

In other markets, such assets sell in the range of \$400 to \$500/kW, he said, and in the Electric Reliability Council of Texas, the values range from \$300 to \$350/kW, he said. The reason is that in most merchant markets, natural gas-fired generation is the marginal type of generation and gas prices have been quite low, he said.

"If there's going to be incremental gas capacity added, it's going to be in the regulated regions," Mitra said.

The nation's coal-fired generation fleet has decreased by about 50 GW over the past few years because of low-cost gas generation and increased environmental regulation, but that fleet may shrink by another 10 GW in 2016-2017, "mostly in the state of Pennsylvania," Mitra said. "We believe \$2 is where you start to see switching," Mitra said.

Snyder said gas prices would depend heavily on what Russian gas giant Gazprom decides to do in reaction to inroads made into the European market by US LNG shipments. "If Russia tries to support the price and give up market share," she said, US LNG export capacity could operate at 70% to 75%, but if Gazprom lets the natural gas price in Europe fall to hold onto market share, "you could be looking at a utilization rate of 40% to 50%."

<http://www.platts.com/latest-news/electric-power/houston/natural-gas-generation-bringing-below-cost-values-21259107>

Mark Watson, Edited by Richard Rubin (Platts) 4/12/16

\$780M in financing for Westmoreland natural gas plant

The owner of an under-construction Westmoreland County natural gas-fired power plant has closed on \$780 million in financing for it. Tenaska Pennsylvania Partners LLC made the announcement about the 925-megawatt Tenaska Westmoreland plant, which is a joint venture of Tenaska of Omaha, Neb., and Mitsubishi subsidiary Diamond Generating Corp. It will serve regional grid operator PJM Interconnection's forward capacity market, and should be going online in 2018. Mitsubishi is supplying the natural gas turbines for the plant.

"Achieving financial closing for Tenaska Westmoreland illustrates our ability to develop and advance market-driven power projects," said Greg Kelly, president of Tenaska's Development Group, in a prepared statement. "We are pleased to reach this milestone and look forward to the next phase of the project."

<http://www.bizjournals.com/pittsburgh/news/2016/04/19/780m-in-financing-for-westmoreland-natural-gas.html>

Paul J. Gough, Digital Producer (Pittsburgh Business Times) 4/19/16



Center for Sustainable Shale Development Certifies EQT Corporation's Appalachian Operations for Completion of Air & Water Evaluation and Verification Process

The Center for Sustainable Shale Development (CSSD or Center), a collaborative between environmental organizations and energy companies to advance best management practices for the development of shale gas resources in the Appalachian region, announced today that it has certified EQT Corporation's Appalachian Basin operations as having successfully completed the CSSD's rigorous evaluation and verification process. Full CSSD certification confirms conformance with all 15 of the Center's Performance Standards.

"EQT Corp. is now the fourth major operator in the Appalachian Basin to demonstrate it can meet CSSD's 15 Performance Standards," said Susan LeGros, CSSD President and Executive Director. "In each of these 15 areas, EQT's Appalachian Basin operations meet or exceed state and federal air and water management regulatory requirements. EQT's certification, and the other operators who have qualified for certification and continue to maintain conformance to CSSD's standards, reinforces the importance and value of responsible voluntary actions and transparency that goes beyond simple compliance."

As scheduled, all three previously certified companies, Chevron Appalachia, CONSOL Energy and Shell Appalachia have successfully completed assurance audits to ensure continued conformance with CSSD's performance standards.

<http://www.prnewswire.com/news-releases/center-for-sustainable-shale-development-certifies-eqt-corporations-appalachian-operations-for-completion-of-air--water-evaluation-and-verification-process-300252741.html>

(PR Newswire) (Center for Sustainable Shale Development) 4/18/16

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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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