



## Market Commentary for August 10, 2018

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### NATURAL GAS

Henry Hub

Day change: **\$0.011, down 0.4%** | Settle \$2.944 | September 2018

Waha Basis:

Day change: unchanged | Settle: **-\$0.997** | September 2018

Low point on curve: **-\$1.412** | April 2019

TTF

Day change: **\$0.048, down 0.6%** | Settle \$7.672 | September 2018

Cryo-spread\*

Day change: **\$0.096, up 1.6%** | Settle \$6.091 | September 2018

- BHI gas rig count increased by net 3 rigs to a total of 186 rigs
- EIA expects natural gas pipeline capacity into the South Central region of the US to reach almost 19 cbf/d by the end of 2018
- President Trump is expected to nominate Bernard McNamee, head of the DOE Office of Policy, to fill the FERC Commissioner position soon to be vacated by Robert Powelson; McNamee was previously a proponent of the DOE's ill-fated coal and nuclear bailout plan
- [A bulls\\*\\*t business plan \(no really\)](#) ... to repent for its role in the Aliso Canyon gas storage leak fiasco, California is pushing Sempra to fund a program that captures methane leaks from dairy farms that can be processed into "renewable natural gas"
- Cenovus Energy has agreed to sell its Pipestone assets in Canada's Montney shale region including 9,600 boepd for C\$625 million to NuVista Energy
- The Nord Stream 2 consortium has applied to the Danish Energy Agency for an alternative gas pipeline route through the Denmark Exclusive Economic Zone (EEZ) in the Baltic Sea ... Denmark has been considering a law to veto the original route through Danish territorial waters

\* and Cryo-spread = Gulf Coast LNG netback price less the front-month NG contract price, implying the gross margin of exporting LNG on the Gulf Coast

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### OIL

Brent

Day change: **\$0.74, up 1.0%** | Settle: \$72.81 | October 2018

WTI

Day change: **\$0.82, up 1.2%** | Settle: \$67.63 | September 2018

- BHI oil rig count increased by net 10 rigs to a total of 869 rigs; 5 rig increase in the Permian basin
- Diamondback Energy announced it will acquire Ajax Resource LLC in a cash and

stock transaction worth about \$1.25 billion; Ajax holds about 25,500 net acres in the Midland basin with 12,100 boepd

- EIA: August STEO forecasts that US crude production will average 10.68 million bpd in 2018 (2017 average was 9.40 million bpd), down 0.11 million bpd from last month's estimate due to Permian pipeline constraints; although ...
- ... Plains All American announced accelerated initial partial operations dates for two Permian crude pipeline projects – the Sunrise extension project will add about 500,000 bpd with initial in-service date by the end of 2018 and the Cactus II pipeline will begin operations in Q3 2019 with full capacity of 670,000 bpd by Q2 2020
- LINN Energy completed the spin-off of Riviera Resources, a new independent company with legacy properties in the Hugoton basin, East Texas, North Louisiana, Michigan and the Uinta basin ... LINN will focus on the Merge/SCOOP/STACK plays in Oklahoma
- Believe it when you see it ... after a five year moratorium on oil and gas drilling on public land in California, US BLM is considering issuing new leases in Fresno, San Luis Obispo and six other counties ... just as activists in San Luis Obispo are calling for a ballot to ban all new oil exploration
- Iraq reported that crude production rose to 4.46 million bpd in July, its highest level in 13 months
- PM Narendra Modi stated that India aims to achieve 10% ethanol blending with gasoline by 2022, which equates to more than 200% increase in ethanol production to 4.5 billion liters

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