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[NATURAL GAS]

GAS DAILY

Monday, June 22, 2015

Sabine Pass LNG Terminal: An early outlook

BENTEK ANALYSIS

Sabine Pass is expected to begin commercial exports of LNG starting with its first 700 MMcf/d liquefaction train in February 2016. With less than one year until Sabine Pass is expected to begin exports, a closer look at what LNG export demand may look like is warranted.

A scenario analysis of downstream demand and contracts sug-

(continued on page 9)

Gas market to remain oversupplied

CANADA

The 2015 North American gas market will continue to be oversupplied through the next two years, as deliverability outpaces demand growth, according to a report released Friday by Canada's National Energy Board.

The report, the "Short-term Canadian Natural Gas Deliverability, 2015–2017 Energy Market Assessment," presents

(continued on page 7)

Producers ask judge to table fracking rules

E&P

US oil and natural gas producers are bracing for new fracking rules set to take effect next week, but a decision by a federal judge could delay them indefinitely.

Attorney Mark Barron, who is representing two industry groups in a lawsuit against the new rules, Thursday said he expected Judge Scott Skavdahl of the US District Court of Wyoming to rule on

(continued on page 6)

Cash falls, while NYMEX moves higher

THE MARKET

The NYMEX July natural gas futures contract rose 3.9 cents to settle at $2.816/MMBtu Friday as short-term power-demand forecasts moved the market into positive territory for the first time in three sessions.

"The mid-June rally has been in response to cooling demand, both the expected effects that cooling demand will have on storage levels, as well as expectations of more cooling demand yet to

Gas Daily Supplements

To access the latest issue of the Gas Daily supplements, click below.
Gas Daily Market Fundamentals (pdf)
Gas Daily Market Fundamentals Data (xls)
Gas Daily Monthly Price Guide (pdf)
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Daily price survey ($/MMBtu)

NATIONAL AVERAGE PRICE: 2.580

Trans. date: 6/19
Flow date(s): 6/20 —22

		Midpoint	+/-	Absolute	Common	Volume	Deals
Permian Basin Area							
El Paso, Permian	IGBAB21	2.610	-0.115	2.600-2.680	2.600-2.630	285	50
Waha	IGBAD21	2.640	-0.090	2.600-2.700	2.615-2.665	305	37
Transwestern, Permian	IGBAE21	2.625	-0.090	2.620-2.640	2.620-2.630	29	3
East Texas-North Louisiana Area							
Carthage Hub	IGBAF21	2.745	-0.075	2.740-2.755	2.740-2.750	25	4
NGPL, Texok zone	IGBAL21	2.705	-0.075	2.700-2.715	2.700-2.710	150	25
Tx. Eastern, ETX	IGBAN21	2.710	-0.035	2.705-2.730	2.705-2.715	18	7
Tx. Gas, zone 1	IGBAO21	2.740	-0.050	2.725-2.750	2.735-2.745	150	24
East-Houston-Katy							
Houston Ship Channel	IGBAP21	2.755	-0.040	2.700-2.790	2.735-2.780	34	7
Katy	IGBAQ21	2.740	-0.070	2.720-2.760	2.730-2.750	173	22
South-Corpus Christi							
Agua Dulce Hub	IGBAV21	2.840	-0.080	2.840-2.840	2.840-2.840	50	1
NGPL, STX	IGBAZ21	2.685	-0.095	2.680-2.700	2.680-2.690	47	8
Tennessee, zone 0	IGBBA21	2.670	-0.090	2.660-2.690	2.665-2.680	32	8
Tx. Eastern, STX	IGBBB21	2.710	-0.070	2.700-2.730	2.705-2.720	48	11
Transco, zone 1	IGBBC21	2.650	-0.105	2.620-2.710	2.630-2.675	43	13
Louisiana-Onshore South							
ANR, La.	IGBBF21	2.730	-0.080	2.730-2.735	2.730-2.730	62	19
Columbia Gulf, La.	IGBBG21	2.755	-0.055	2.725-2.800	2.735-2.775	208	32
Columbia Gulf, mainline	IGBBH21	2.740	-0.055	2.730-2.750	2.735-2.745	83	14
Florida Gas, zone 1	IGBAW21	2.760	-0.070	2.750-2.780	2.755-2.770	58	9
Florida Gas, zone 2	IGBBJ21	2.795	-0.055	2.780-2.820	2.785-2.805	150	14
Florida Gas, zone 3	IGBBK21	2.875	-0.070	2.855-2.900	2.865-2.885	236	24
Henry Hub	IGBBL21	2.805	-0.050	2.780-2.820	2.795-2.815	200	41
Southern Natural, La.	IGBBO21	2.795	-0.065	2.780-2.830	2.785-2.810	176	24
Tennessee, 500 Leg	IGBBP21	2.785	-0.060	2.770-2.800	2.780-2.795	112	23
Tennessee, 800 Leg	IGBBQ21	2.735	-0.075	2.730-2.770	2.730-2.745	322	56
Tx. Eastern, WLA	IGBBR21	2.760	-0.060	2.760-2.760	2.760-2.760	2	1
Tx. Eastern, ELA	IGBBS21	2.750	-0.065	2.740-2.765	2.745-2.755	23	6
Tx. Gas, zone SL	IGBBT21	—	—	—	—	—	—
Transco, zone 2	IGBBU21	2.745	-0.085	2.710-2.760	2.735-2.760	15	7
Transco, zone 3	IGBBV21	2.775	-0.070	2.765-2.790	2.770-2.780	239	36
Trunkline, WLA	IGBBW21	—	—	—	—	—	—
Trunkline, ELA	IGBBX21	2.730	-0.020	2.730-2.735	2.730-2.730	34	8
Oklahoma							
ANR, Okla.	IGBBY21	2.605	-0.035	2.600-2.610	2.605-2.610	28	4
Enable Gas, East	IGBCA21	2.705	-0.080	2.660-2.715	2.690-2.715	36	6
NGPL, Midcontinent	IGBBZ21	2.630	-0.080	2.620-2.640	2.625-2.635	106	25
Oneok, Okla.	IGBCD21	2.600	-0.075	2.600-2.600	2.600-2.600	39	8
Panhandle, Tx.-Okla.	IGBCE21	2.625	-0.030	2.570-2.660	2.605-2.650	151	25
Southern Star	IGBCF21	2.565	-0.100	2.560-2.600	2.560-2.575	45	5
New Mexico-San Juan Basin							
El Paso, Bondad	IGBCG21	2.605	-0.105	2.590-2.610	2.600-2.610	63	12
El Paso, San Juan	IGBCH21	2.625	-0.110	2.620-2.640	2.620-2.630	72	14
Transwestern, San Juan	IGBGK21	2.630	-0.110	2.625-2.645	2.625-2.635	203	35
Rockies							
CIG, Rockies	IGBCK21	2.575	-0.065	2.570-2.595	2.570-2.580	21	6
Kern River, Opal	IGBCL21	2.625	-0.090	2.590-2.640	2.615-2.640	364	52
Stanfield, Ore.	IGBCM21	2.535	-0.110	2.530-2.550	2.530-2.540	43	8
Questar, Rockies	IGBCN21	—	—	—	—	—	—
Cheyenne Hub	IGBCO21	2.585	-0.095	2.580-2.590	2.585-2.590	39	10
NW, Wyo. Pool	IGBCP21	2.565	-0.090	2.550-2.615	2.550-2.580	91	15
NW, s. of Green River	IGBCQ21	2.565	-0.080	2.560-2.570	2.565-2.570	5	2
White River Hub	IGBGL21	2.590	-0.120	2.580-2.605	2.585-2.595	102	18

come," said Gelber & Associates analyst Aaron Calder. "We expect the weather to revert cooler soon, and yesterday's injection proves that hot weather doesn't have much of a sway to storage levels under current market conditions."

Alan Levine, chairman and CEO of brokerage Powerhouse, said "the market has failed to find a direction at all. Clearly, markets are ... sub-par. We do not anticipate a significant decline in supply." While the market settled upward Friday, Levine cautioned, "I do not believe we have seen a bottom of the market yet. It is not impossible that we could test down to the $2.49/MMBtu that we saw at the end of April. A re-test of the low is still possible. "

Bentek Energy, a unit of Platts, showed total US production reached 71.8 Bcf/d Friday. Bentek forecasts supply to remain just below 72 Bcf/d through the end of June.

The July gas contract traded Friday between $2.739/MMBtu and $2.837/MMBtu.

The NYMEX settlement is considered preliminary and subject to change until a final settlement price is posted at 7 pm EDT (2300 GMT).

Northeast spot prices mostly in decline on lower weekend demand

Spot natural gas prices were mostly in decline throughout Northeast markets Friday as demand is expected to fall over the weekend.

Platts unit Bentek Energy forecasts total Northeast demand to fall to just under 13 Bcf/d Saturday, a decline of 584 MMcf/d from Friday's levels. Demand is expected to reach nearly 13.32 Bcf/d Sunday. By Monday, demand is forecast to rebound, jumping to 14.74 Bcf/d, an increase of 768 MMcf/d over the prior seven-day average.

Prices at Algonquin Gas Transmission city-gates dropped 17 cents/MMBtu. Tennessee Gas Pipeline Zone 6 200 Line fell 15 cents.

According to a notice posted by Algonquin, the pipeline will be conducting pigging operations along portions of its 30-inch line that will restrict capacity through the Burrillville Compressor Station in Providence County, Rhode Island. Maintenance is expected to run through July 2. During the maintenance period, capacity through the Burrillville station will be reduced to 670 MMcf/d from 810 MMcf/d.

Bentek data shows flows through the Burrillville Compressor Station have averaged 550 MMcf/d over the prior 30 days and have peaked at nearly 670 MMcf/d over the same period.

A National Weather Service forecast for Boston calls for average temperatures around 66 Saturday. Temperatures are expected to rise by the end of the weekend, with averages reaching nearly 72 degrees Sunday and Monday.

Further south, Transcontinental Gas Pipe Line Zone 6 New York was up slightly, tacking on 1 cent. Transco Zone 5 prices moved lower, falling about 9 cents. Prices at Texas Eastern Transmission M-3 shed almost 6 cents.

Around Appalachia, Dominion Transmission South Point prices declined 11 cents. Tennessee Gas Pipeline Zone 4 300 Leg traded higher, adding a little more than 2 cents.

Along the Gulf Coast, prices were in decline as demand was forecast to fall over the weekend.

According to Platts unit Bentek Energy, total Southeast demand

Daily price survey ($/MMBtu)

Trans. date: 6/19
Flow date(s): 6/20 —22

		Midpoint	+/-	Absolute	Common	Volume	Deals
Canadian Gas							
Iroquois, receipts	IGBCR21	2.700	-0.120	2.600-2.750	2.665-2.740	66	21
Niagara	IGBCS21	—	—	——	——	—	—
NW, Can. bdr. (Sumas)	IGBCT21	2.430	-0.005	2.380-2.450	2.415-2.450	106	29
TCPL Alberta, AECO-C*	IGBCU21	2.415	-0.085	2.390-2.510	2.390-2.445	1417	137
Emerson, Viking GL	IGBCW21	2.675	-0.100	2.640-2.720	2.655-2.695	147	40
Dawn, Ontario	IGBCX21	2.825	-0.085	2.800-2.850	2.815-2.840	276	67
GTN, Kingsgate	IGBCY21	2.355	-0.110	2.345-2.380	2.345-2.365	206	25
Westcoast, station 2*	IGBCZ21	2.350	+0.055	2.330-2.360	2.345-2.360	40	14
Appalachia							
Dominion, North Point	IGBDB21	1.290	-0.125	1.250-1.340	1.270-1.315	58	17
Dominion, South Point	IGBDC21	1.330	-0.110	1.270-1.400	1.300-1.365	112	34
Leidy Hub	IGBDD21	—	—	——	——	—	—
Columbia Gas, App.	IGBDE21	2.710	-0.070	2.690-2.730	2.700-2.720	157	36
Columbia Gas, App. non-IPP	IGBJU21	1.400	-0.335	1.400-1.400	1.400-1.400	5	1
Lebanon Hub	IGBFJ21	2.725	-0.070	2.710-2.735	2.720-2.730	106	9
REX, Clarington Ohio	IGBGO21	—	—	——	——	—	—
Tennessee, zone 4-Ohio	IGBHO21	—	—	——	——	—	—
Tennessee, zone 4-200 leg	IGBJN21	1.365	-0.150	1.320-1.380	1.350-1.380	133	13
Tennessee, zone 4-300 leg	IGBFL21	1.140	+0.025	1.100-1.240	1.105-1.175	42	8
Texas Eastern, M-2 receipts	IGBJE21	1.290	-0.105	1.250-1.380	1.260-1.325	252	50
Millennium, East receipts	IGBIW21	1.220	-0.115	1.200-1.300	1.200-1.245	134	28
Transco, Leidy Line receipts	IGBIS21	1.170	-0.310	1.100-1.200	1.145-1.195	42	8
Mississippi-Alabama							
Tx. Eastern, M-1 30-in.	IGBDI21	2.750	-0.060	2.750-2.750	2.750-2.750	1	1
Transco, zone 4	IGBDJ21	2.800	-0.090	2.770-2.845	2.780-2.820	409	65
Others							
Algonquin, receipts	IGBDK21	1.395	-0.415	1.360-1.420	1.380-1.410	60	9
El Paso, South Mainline	IGBFR21	2.820	-0.125	2.800-2.860	2.805-2.835	97	11
SoCal Gas	IGBDL21	2.800	-0.105	2.730-2.860	2.770-2.835	407	56
PG&E, South	IGBDM21	2.800	-0.090	2.790-2.810	2.795-2.805	224	23
PG&E, Malin	IGBDO21	2.670	-0.095	2.650-2.700	2.660-2.685	517	70
Alliance, into interstates	IGBDP21	2.755	-0.090	2.730-2.780	2.745-2.770	103	20
ANR, ML 7	IGBDQ21	2.780	-0.095	2.720-2.850	2.750-2.815	71	8
NGPL, Amarillo receipt	IGBDR21	2.645	-0.080	2.640-2.650	2.645-2.650	69	15
Northern, Ventura	IGBDU21	2.655	-0.075	2.645-2.670	2.650-2.660	175	22
Northern, demarc	IGBDV21	2.650	-0.075	2.645-2.655	2.650-2.655	58	9
Dracut, Mass.	IGBDW21	—	—	——	——	—	—
Tx. Eastern, M-1 24-in.	IGBET21	—	—	——	——	—	—
Northern Bdr., Ventura TP	IGBGH21	2.650	-0.080	2.580-2.655	2.630-2.655	142	29
Trunkline, zone 1A	IGBGF21	2.740	-0.055	2.730-2.760	2.735-2.750	32	7
Citygates							
Chicago city-gates	IGBDX21	2.745	-0.070	2.710-2.820	2.720-2.775	630	106
Consumers city-gate	IGBDY21	2.825	-0.085	2.815-2.835	2.820-2.830	134	17
Mich Con city-gate	IGBDZ21	2.830	-0.080	2.820-2.870	2.820-2.845	223	38
PG&E city-gate	IGBEB21	3.045	-0.100	3.030-3.100	3.030-3.065	518	49
Florida city-gates	IGBED21	4.445	-0.020	3.770-5.000	4.140-4.755	20	3
Algonquin, city-gates	IGBEE21	1.530	-0.170	1.470-1.600	1.500-1.565	72	10
Tennessee, zone 6 del.	IGBEI21	1.595	-0.150	1.570-1.650	1.575-1.615	69	16
Tennessee, z6 (300 leg) del.	IGBJC21	—	—	——	——	—	—
Iroquois, zone 2	IGBEJ21	2.610	-0.135	2.550-2.700	2.575-2.650	14	4
Tx. Eastern, M-3	IGBEK21	1.425	-0.060	1.350-1.520	1.385-1.470	205	35
Transco, zone 5 del.	IGBEN21	2.870	-0.095	2.850-2.900	2.860-2.885	59	16
Transco, zone 6 non-N.Y.	IGBEL21	2.710	-0.045	2.600-2.795	2.660-2.760	107	26
Transco, zone 6 non-N.Y. North	IGBJS21	2.715	-0.040	2.600-2.795	2.665-2.765	98	23
Transco, zone 6 N.Y.	IGBEM21	2.750	+0.010	2.750-2.800	2.750-2.765	37	8
Kern River, delivered	IGBES21	2.805	-0.080	2.780-2.815	2.795-2.815	443	59
SoCal Gas, city-gate	IGBGG21	2.980	-0.120	2.970-3.010	2.970-2.990	268	40

*Price in C$ per gj; C$1=US$0.8144; Volume in 000 MMBtu/day. Symbols represent gas flow date.

Assessment Rationale

Platts Gas Daily indices are based upon trade data reported to Platts by market participants. The indices are calculated using detailed transaction level data from these providers. Platts editors screen the data for outliers that may be further examined and potentially removed. A volume weighted average is then calculated from the remaining set of data. For more details on this methodology please see our North American Natural Gas Methodology and Specifications Guide on Platts.com, located at http://www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/na_gas_methodology.pdf

Questions may be directed to Patrick Badgley at 713-658-3267 or Patrick.Badgley@platts.com.

is expected to fall to 17.57 Bcf/d Saturday, a decline of nearly 490 MMcf/d from Friday's levels. Demand is projected to rebound by Monday, reaching 19.27 Bcf/d.

In Louisiana, prices at benchmark Henry Hub shed 5 cents. Southern Natural Gas Company Louisiana prices fell nearly 7 cents.

According to a National Weather Service report for New Orleans, highs are expected in the mid-90s Fahrenheit through Monday. Lows are expected in the upper-70s.

Upper Midwest prices fall amid warm weather

Spot natural gas prices in the Upper Midwest fell Friday amid forecasts for warm weather through the weekend.

Chicago is forecast to reach 85 degrees Saturday, 4 degrees warmer than usual. The cash price at the Chicago city-gates shed about 7 cents.

In Detroit, temperatures are only expected to drop down to 69 degrees Saturday, 8 degrees warmer than usual. Michigan Consolidated and Consumers Energy both fell about 8 cents.

Near the producing regions, Northern Natural Gas' demarcation point fell about 7 cents as well, while Northern Border Pipeline's Ventura, Iowa, points both slid slightly more.

Minneapolis is expected to average a high temperature of about 83 degrees this weekend, 3 degrees warmer than usual.

Bentek Energy said Upper Midwest demand is expected to average 7.0 Bcf/d over the weekend, about 500 MMcf/d higher than this time a year ago.

Spot natural gas prices fell Friday as demand in the region declined on seasonable weather.

Lack of direction in the NYMEX July contract in early trading also offered no support to cash prices.

Midcontinent demand is forecast to fall nearly half a Bcf/d, with Saturday expected around 9.4 Bcf/d.

Panhandle Eastern Pipe Line slipped about 5 cents.

Oklahoma Gas Transmission's Oneok point shed nearly 10 cents as Oklahoma City is forecast to be about 93 degrees Saturday, a couple degrees above seasonal norms.

ANR Pipeline-Oklahoma and Natural Gas Pipeline Co. of America's Midcontinent zone declined nearly 5 cents and nearly 10 cents, respectively.

NGPL'S Texok zone and Enable Gas Transmission's Flex zone slipped about 7 cents each.

Carthage Hub fell about as much as Texok and Enable, however, holding a regional high.

Northwest gas prices fall on mild weather outlook

Northwest spot natural gas prices declined Friday as moderate weather is forecast for most downstream markets.

Seattle is forecast to see highs in the mid-70s through Monday, a few degrees above the norm, yet mild, while temperatures in downstream markets to the east are projected to be average to below-average over the next eight days, according to the National Weather Service.

Cash prices at Gas Transmission Northwest Kingsgate and GTN Stanfield each fell more than 10 cents.

Opal shed nearly 10 cents, while nearby Cheyenne Hub fell about 9 cents.

Weekly weighted average prices

	06/06-06/12 2015	06/13-06/19 2015	-/+	Wkly total Volumes
Permian Basin Area				
El Paso, Permian Basin	2.468	2.667	0.199	1319
Waha	2.543	2.703	0.160	2042
Transwestern, Permian Basin	2.455	2.621	0.166	162
East Texas-North Louisiana Area				
Carthage Hub	2.645	2.787	0.142	107
NGPL, Texok zone	2.612	2.776	0.164	1725
Texas Eastern, ETX	2.576	2.745	0.169	88
Texas Gas, zone 1	2.623	2.777	0.154	986
East-Houston-Katy				
Houston Ship Channel	2.659	2.780	0.121	66
Katy	2.678	2.794	0.116	1298
South-Corpus Christi				
Agua Dulce Hub	2.794	2.916	0.122	301
NGPL, STX	2.605	2.766	0.161	568
Tennessee, zone 0	2.610	2.772	0.162	621
Texas Eastern, STX	2.648	2.795	0.147	317
Transco, zone 1	2.584	2.744	0.160	246
Louisiana-Onshore South				
ANR, La.	2.656	2.795	0.139	910
Columbia Gulf, La.	2.651	2.801	0.150	1280
Columbia Gulf, mainline	2.640	2.786	0.146	1880
Florida Gas, zone 1	2.670	2.814	0.144	624
Florida Gas, zone 2	2.689	2.829	0.140	716
Florida Gas, zone 3	2.724	2.883	0.159	2027
Henry Hub	2.711	2.840	0.129	1551
Southern Natural, La.	2.686	2.846	0.160	1232
Tennessee, La., 500 Leg	2.689	2.839	0.150	682
Tennessee, La., 800 Leg	2.660	2.799	0.139	1198
Texas Eastern, WLA	2.666	2.803	0.137	788
Texas Eastern, ELA	2.664	2.795	0.131	341
Transco, zone 2	2.672	2.800	0.128	183
Transco, zone 3	2.691	2.836	0.145	1577
Trunkline, WLA	—	—	—	0
Trunkline, ELA	2.607	2.772	0.165	289
Oklahoma				
ANR, Okla.	2.444	2.578	0.134	64
Enable Gas, East	2.591	2.729	0.138	692
NGPL, Midcontinent	2.511	2.665	0.154	1715
Oneok, Okla.	2.477	2.647	0.170	275
Panhandle, Tx.-Okla.	2.452	2.622	0.170	755
Southern Star, Tx.-Okla.-Kan.	2.456	2.609	0.153	341
New Mexico-San Juan Basin				
El Paso, Bondad	2.459	2.653	0.194	491
El Paso, San Juan Basin	2.476	2.674	0.198	854
Transwestern, San Juan	2.477	2.670	0.193	1101
Rockies				
CIG, Rocky Mountains	2.428	2.571	0.143	223
Kern River, Opal plant	2.480	2.654	0.174	4231
Stanfield, Ore.	2.431	2.604	0.173	398
Questar, Rocky Mountains	2.415	2.589	0.174	57
Cheyenne Hub	2.459	2.634	0.175	423
Northwest, Wyo. Pool	2.428	2.609	0.181	831
Northwest, s. of Green River	2.414	2.596	0.182	561
White River Hub	2.469	2.650	0.181	808
Canadian Gas				
Iroquois, receipts	2.373	2.881	0.508	255
Niagara	—	—	—	0
Northwest, Can. bdr. (Sumas)	2.265	2.422	0.157	1382
TCPL Alberta, AECO-C*	C2.408	C2.513	C0.105	10308
Emerson, Viking GL	2.566	2.728	0.162	912
Dawn, Ontario	2.794	2.901	0.107	1843
GTN, Kingsgate	2.265	2.439	0.174	1209
Westcoast, station 2*	C2.214	C2.367	C0.153	969

Colorado Interstate Gas Mainline saw a 7-cent drop, with nearby Northwest Pipeline Wyoming shedding 9 cents.

Southwest spot natural gas prices continue to trek lower, as demand is expected to fall over the weekend, moving higher by Monday.

Platts unit Bentek Energy projects demand to fall over the weekend, averaging near 9.75 Saturday and Sunday, before rising to about 10.3 Bcf/d Monday.

Los Angeles is expecting a high in the low 80s over the weekend, about 10 degrees above the norm.

El Paso South Mainline, El Paso San Juan Blanco and El Paso Permian all fell more than 10 cents. Malin was down around 10 cents.

Southern California Gas city-gate shed over 10 cents, while Pacific Gas & Electric city-gate saw a 10-cent decline.

— Market Staff Reports

Bakken gas production grows, but slows

The amount of flared gas in the Bakken continues to drop, leaving growing volumes available in the regional natural gas marketplace, despite much lower crude and gas prices this year, according to a report issued Friday, June 19, by Lynn Helms, North Dakota's Mineral Resources Director.

However, production growth is expected to slow over the next five years compared to the last five years.

Flared gas has dropped from 36% of total production in 2011 to only 18%, Helms said in the Director's Cut report. Gas capture statewide was at 82% in April. That's up from 77% captured in January. Dry gas production from the Williston Basin's Bakken play in North Dakota is up to about 986 MMcf/d, a 32% gain from the June 2014 levels.

Flaring has been a major problem in North Dakota because the Williston Basin does not have the capacity to either process or transport its excess gas, which is a byproduct of crude oil production.

Even though flaring remains remarkably higher than seen in other states, the reductions show dramatic improvement. The amount of gas flared has dropped in large part because of new regulations instituted by the North Dakota Industrial Commission on Oct. 1, 2014.

However, the economics of gas and oil production have been headed in the opposite direction. The internal rate of return per well has plummeted over the past year. In July 2014, the average Bakken producer could expect an IRR of about 52%, according to Bentek Energy data collected from producers in the play. As of June 2015, IRRs in the play stood at 29% with returns from some producers much lower than that level.

The Bakken remains one of the most profitable plays in the country. Only the Permian and Eagle Ford have higher IRRs, at 34% and 32%, respectively. However, much lower gas and crude prices this year are cutting into returns, leading to much slower drilling and most likely slower production growth.

"North Dakota shallow gas exploration could be economic at future gas prices, but is not at the current price," Helms said in the report.

With US natural gas storage inventories only 1.9% above the

Weekly weighted average prices

	06/06-06/12 2015	06/13-06/19 2015	-/+	Wkly total Volumes
Appalachia				
Dominion, North Point	1.319	1.495	0.176	614
Leidy Hub	—	1.486	—	110
Columbia Gas, Appalachia	2.597	2.756	0.159	1448
Columbia Gas, Appalachia non-IPP	1.305	1.458	0.153	54
Lebanon Hub	2.588	2.754	0.166	784
REX, Clarington Ohio	2.515	—	—	0
Tennessee, zone 4-Ohio	—	—	—	0
Tennessee, zone 4-200 leg	1.411	1.511	0.100	840
Tennessee, zone 4-300 leg	0.859	0.927	0.068	293
Texas Eastern, M-2 receipts	1.294	1.514	0.220	1848
Transco, Leidy Line receipts	1.204	1.515	0.311	499
Millennium, East receipts	1.181	1.264	0.083	712
Mississippi-Alabama				
Texas Eastern, M-1 30-inch (Kosi)	2.674	2.814	0.140	94
Transco, zone 4	2.706	2.858	0.152	2577
Others				
Algonquin, receipts	1.316	1.546	0.230	45
El Paso, South Mainline	2.624	2.854	0.230	378
SoCal Gas	2.617	2.817	0.200	1881
PG&E, South	2.621	2.812	0.191	1397
PG&E, Malin	2.516	2.726	0.210	2606
Alliance, into interstates	2.639	2.807	0.168	668
ANR, ML 7	2.761	2.789	0.028	357
NGPL, Amarillo receipt	2.541	2.699	0.158	908
Northern, Ventura	2.565	2.694	0.129	744
Northern, demarc	2.554	2.695	0.141	389
Dracut, Mass.	—	—	—	0
Texas Eastern M-1 24-inch	2.569	2.761	0.192	18
Northern Border, Ventura TP	2.571	2.694	0.123	417
Trunkline, Zone 1A	2.622	2.781	0.159	453
Citygates				
Chicago city-gates	2.635	2.777	0.142	5094
Consumers Energy city-gate	2.781	2.887	0.106	715
Mich Con city-gate	2.778	2.894	0.116	722
PG&E city-gate	3.050	3.139	0.089	4428
Florida city-gates	3.003	3.362	0.359	273
Algonquin, city-gates	1.890	1.776	-0.114	1266
Tennessee, zone 6 delivered	1.952	1.810	-0.142	338
Tennessee, z6 (300 leg) del.	—	—	—	0
Iroquois, zone 2	2.340	2.794	0.454	175
Texas Eastern, M-3	1.408	1.621	0.213	1518
Transco, zone 5 delivered	2.787	2.958	0.171	1269
Transco, zone 6 non-N.Y.	2.341	2.805	0.464	1100
Transco, zone 6 non-N.Y. North	2.261	2.799	0.538	950
Transco, zone 6 N.Y.	2.275	2.791	0.516	349
Kern River, delivered	2.634	2.818	0.184	2462
SoCal Gas, city-gate	2.770	3.016	0.246	1999

*NOTE: Price in C$ per gj

Rig Count slips to 857 from 1,858 from a couple of weeks ago but gas rigs rise by two

The US oil and natural gas rotary rig count fell by another two rigs to 857 in the week ending Friday, also down 1,001 from 1,858 in the comparable week a year ago, Baker Hughes said in its weekly report.

US gas rigs for the week totaled 223, up two from a week ago, while the US oil rig count slid by four to 631.

Horizontal rigs in the US totaled 662, down one from a week ago. Directional rigs totaled 95, flat with the week before, while vertical rigs fell by one to 100.

The miscellaneous rig count was at three, steady with the week before, but up one from two a year ago, according to Baker Hughes data.

Canada's count climbed by nine to 136, which was down 129 from 265 the same week a year ago.

Canada's oil rigs rose by six to 74 from last week, while gas rigs rose by three to 62. There were no miscellaneous rigs in Canada, unchanged from the prior week and prior year.

— Benjamin Morse

five-year average, prices should remain stable in the near future, Helms said.

Bentek projections show gas production growth in the play slowing from about 40% per year over the last five years to only about 11% per year over the next five.

— Brandon Evans

Push back on proposed royalty hike on federal lands

As the US Department of the Interior mulls increasing royalty rates for all onshore oil and gas development on federal lands, industry experts claim that any additional fees would possibly deter future exploration and production.

The current royalty rate for competitive oil and gas leases on public lands is 12.5%. The DOI and the Bureau of Land Management have been seeking public comment on the issue for the past two months.

"It's time to have a candid conversation about whether the American taxpayer is getting the right return for the development of oil and gas resources on public lands," said Secretary of the Interior, Sally Jewel, in April.

The DOI points out that the current 12.5% royalty rate is well behind what most states and other nations have in place. However, Denver energy attorney, Rebecca Watson, said this could be the wrong time to raise rates.

"At the outset, this is a particularly bad time to consider raising rates given the low-cost commodity environment," Watson said in a phone interview.

"Given what's happening with the tenure of the administration winding down, the government may be trying to put this on the fast-track. Given the timing, the proposal could backfire if it ends up discouraging development on federal lands and prompts companies to favor private leases."

Watson was a former sub-cabinet official in the US DOI as the assistant secretary for lands and minerals management during President George W. Bush's first term. She currently counsels energy, oil and gas, renewable and mining companies on environmental regulatory compliance. She has garnered numerous awards and honors for her work in energy and the environment.

Shale boom not felt on federal lands: Meyer

The royalty rates are just one component of the proposed changes. The DOI is also considering raising rates on bonding requirements, civil penalty assessments and minimum acceptable bids at auctions.

One economic analyst is willing to accept higher rates if the federal government is also willing to open up more public land to exploration and extraction.

"It's not like they are going to start drilling next to Old Faithful," said Jared Meyer, a policy analyst at the Manhattan Institute for Policy Research. "There is a lot more federal land than just the National Park system.

"The shale boom that has taken place across the South has not translated to federal land. There's been a reversal. Oil and gas leases have dropped 27% since 2008."

The BLM manages approximately 700 million acres of federal land under a variety of agencies.

According to BLM data, 66.7 million acres were leased for oil and gas purposes in 1988. By the end of 2014, the figure had plummeted to 34.6 million. However, the number of producible acreage has remained virtually static during that time frame, from 12.9 million in 1988 to 12.7 million by 2015.

Federal gas production down 31%

Concern over the trend was echoed by a representative with the American Petroleum Institute, who said he believes that any additional fees or procedures will only further hamper oil and gas development on federal lands, which are predominately found in the American West.

British Columbia projects to be developed 'one at a time': WoodMac

Major LNG export project sponsors in British Columbia would likely time their development to avoid pushing up capital cost by competing for resources, an industry analyst said Friday.

"We will see projects moving out one at a time and there will be a staged ramp up," Gavin Thompson, vice president for Asia-Pacific with Wood Mackenzie, told reporters in Calgary.

His statement comes on the back of Petronas-backed Pacific Northwest LNG announcing last week a "conditional" final investment decision for its 12-million-mt/year venture in the province.

Another project to export LNG from British Columbia reached a milestone Wednesday when provincial officials issued an environmental assessment certificate to the Shell-led LNG Canada project, which aims to export 24 million mt/year from Kitimat.

With estimated capital costs of US1,000/mt of annual liquefaction capacity for a greenfield project, Canadian projects would have to compete with other global producers for a larger share of the Asia-Pacific market, Thompson said.

Asian LNG demand excepted to remain strong

Despite competition from coal, nuclear and hydroelectric power, Asian LNG demand is still forecast to be strong, Thompson said, adding that demand could grow to 350 million mt/year by 2030 from current demand of about 200 million mt/year.

Compared with their US export projects, LNG producers in British Columbia would have the advantage of "no hurricanes, no Panama Canal" and shorter travel times for LNG carriers, but they will have to compete on price, he said without giving any figures.

The delay in FIDs for planned East African LNG projects could also open up opportunities for Canadian producers, he said.

"We don't see [East African LNG export] coming up before 2023-2024," he said.

Pacific Northwest plans to export its first LNG in late 2019, the company has said.

By 2018-2019, smaller Canadian projects like Woodfibre could start up, Thompson said.

Woodfibre plans a 2.1-million-mt/year facility and has already signed an initial offtake deal with China's Guangzhuo Gas for nearly 50% of its capacity.

— Ashok Dutta

Baker Hughes rig count

Week ending	6/19/15	6/12/15	Chg.	6/20/14
Total US rigs	857	859	-2	1,858
Total US gas rigs	223	221	+2	311
Total Canadian rigs	136	127	+9	265

"Despite the renaissance on state and private lands, energy production on federal lands has fallen, and yet another set of costly changes to federal rules could drive more economic development and job creation off public lands," said Erik Milito, API's upstream group director.

"Clear, consistent leasing and royalty terms are part of what makes investments possible, so preserving certainty in the process is critical for the consumers and workers that benefit from domestic production. We will review the proposal carefully, and we encourage regulators to make America's energy security a priority."

Milito's claim is backed up by a report issued by the Congressional Research Service in April called "US. Crude Oil and Natural Gas Production in Federal and Non-Federal Areas." Since 2010, total US natural gas production increased by 21% or 4.1 Tcf. Meanwhile, natural gas production on federal lands, both on- and offshore, has tumbled by 31% or 1.6 Tcf.

Furthermore, in 2010, 23% of all on-shore US natural gas production originated on federal land. It now just accounts for 13% of the total produced. Some of this can be attributed to the large shale plays mainly contained on state and private land.

Also, nearly 50% of the drop comes from offshore drilling for natural gas. Onshore still has suffered declines as well, with annual production dropping 543 Bcf between 2010 and 2014.

Watson has represented clients whose oil and gas development projects have been delayed by several years while waiting for approval to drill on federal land.

Federal approval 'takes five years'

"It took one of my clients five years to clear through the federal approval process," Watson said. "By then the market had changed so much it wasn't even worth it to drill there anymore."

But Watson points out that BLM is more than capable of streamlining energy projects on federal land. For example, on June 1, the BLM announced the approval of the first of three large-scale solar projects to occupy more than 3,000 acres within the Dry Lake Solar Energy Zone in Clark County, Nevada.

"Through the permitting process established in the Solar Energy Program, the expedited reviews of these three projects were completed in less than 10 months," BLM announced in a press release issued this month.

The Energy Policy Act of 2005 was created to speed up the permitting process required for drilling on federal land. And it worked for a time. In 2006, the average application for permit to drill took 91 days to complete. By 2014, the average time for completing an APD was back up to 227 days.

Watson believes the industry would be able to handle moderate royalty rate increases if the application process is sped up as well.

The Institute for Policy Integrity at the New York University School of Law submitted a lengthy comment to the DOI in favor of raising rates. They called the current federal royalty rate system outdated and pointed to several states which already employ higher royalty rates for producing oil and gas on state lands.

For example, Texas royalty rates range from 20% to 25%, California and Colorado are both 16.67% and North Dakota and New Mexico range from 16.67% to 18.75%. Meanwhile, Pennsylvania mimics the current federal rate of 12.5%.

In 2007, the DOI raised the royalty rate for all offshore leases in the Gulf of Mexico to 18.75 percent. Friday, June 19, is the last day to submit comments to the DOI on the proposed changes.

Platts made several attempts to obtain answers from BLM but they failed to respond by the time of going to press.

— Brandon Evans

Producers ask judge *... from page 1*

their injunction request to delay implementation. Skavdahl is to hear the case on June 23.

The industry groups have requested the rules be suspended until their court challenge against them is resolved, said Barron, with the law firm of Baker & Hostetler.

If the judge rules against the injunction, the new fracking regulatory regime is expected to be imposed on June 24.

The Independent Petroleum Association of America and the Western Energy Alliance, both industry groups, filed suit to overturn the fracking rule the same day it was unveiled in March by the US Bureau of Land Management.

Attorneys general with Wyoming, North Dakota, Utah and Colorado have joined the effort to get the rule overturned in federal court through their own lawsuit. These states argue that the new rules violate state sovereignty and could hinder oil and gas development.

"The states are in a far better position to regulate and manage this," said Dan Naatz, vice president of federal resources and regulatory affairs with IPAA, in an interview Thursday.

While he did not expect the federal rules to have an immediate impact on production due to the long-range nature of drilling plans, Naatz said they could become hurdles to future oil and gas development.

With BLM set to begin enforcing the new fracking rules, Naatz said operators have numerous technical questions yet to be answered, including how certain cement casing requirements need to be reported and how it plans to define usable water.

Rules surrounded by uncertainty: Naatz

"There are a lot of questions and a lot of uncertainty," he said.

The pending federal rules would tighten restrictions on hydraulic fracturing of wells on federal and Indian lands. The rules include chemical disclosure, well construction and fluid disposal requirements.

Bev Winston, a BLM spokeswoman, said the agency has no plans to delay the rules from taking effect next week.

Winston downplayed the impact the new rules would have on operators, indicating many operators were complying with several of them already.

"As with current operations, within 30 days of completion of their operations, operators must submit a well completion report to BLM," Winston said in an emailed statement. "With the new rule, they will now also describe the as-built hydraulic fracturing operations, and the operator or their contractor will post the chemicals used to FracFocus, as many operators already do."

When the rules take effect June 24, she said, operators will need to include required hydraulic fracturing completion information with drilling permit applications they submit, which regulators will then review to "ensure the operator has accounted for wellbore integrity and flowback fluid management, prior to issuing an approved permit."

But Naatz said the rule was aimed at controlling wells, and ultimately slowing oil and gas development on federal lands.

Production on federal lands accounts for roughly 5% of total US production, a statistic used as both a criticism of the Obama administration for blocking fossil fuel development and as an explanation for why the new fracking rules have had almost no market impact.

Administration officials have stressed that production trends more to do with prices and geology than land ownership.

The BLM receives, on average, 15-20 drilling permits per day for drilling on all federal land, Winston said. This number has dipped slightly since oil prices have fallen, she added.

In their lawsuit, the industry groups claim the rules will cause operators "irreparable economic harm" above the estimated $11,400/well cost for compliance since producers may be required to disclose trade secrets and confidential commercial information.

— Brian Scheid

Gas market oversupplied *... from page 1*

three cases — a higher-range price case, mid-range price case, and a lower-range price case – and finds an oversupplied gas market in all three cases.

In a mid-range price case, prices would fall from $4.35/MMBtu (all dollar figures in US dollars) in 2014 to $3.55/MMBtu in 2017, while Canadian natural gas deliverability remains relatively flat from 14.7 Bcf/d in 2014 to 14.7 Bcf/d in 2017.

"The higher price case would see gas prices at $3.70/MMBtu by 2017, resulting in more gas drilling and Canadian deliverability increasing to 15.6 Bcf/d in 2017," the study says. In the lower-price case the report predicts that the growth in markets for Canadian gas would decrease, potentially due to mild weather conditions, weak investment and reduced competitiveness relative to robust US gas production.

In addition, the lower-price case would see prices remaining at or below $3.10/MMBtu and deliverability declining to 13.9 Bcf/d by 2017.

"The big punchline is the natural gas market is going to remain oversupplied. We're facing a lot of issues from the US," Connor McDonald, NEB supply analyst and author of the study, said in an interview Friday.

"Canadian exports are having a harder time competing," he said.

The competitiveness of Canadian gas exports will continue to be challenged by the growing gas production in the US Northeast, especially from the Marcellus Shale play, McDonald said.

The study found that Canada produced an average of 14.7 Bcf/d of marketable natural gas in 2014, up 4.8% from 2013 but still below the 17 Bcf/d peak in seen in 2005.

US gas production continues to boom

Meanwhile, gas production has increased steadily in the US since 2005. Marketable gas production in the US averaged 74.7 Bcf/d in 2014, representing an increase of 6% on a year-over-year basis.

Mexican gas production decreased slightly from 2006 to 2013 to about 4.5 Bcf/d, while increasing demand for gas in that country and improved integration of Mexican markets with US pipeline infrastructure has resulted in increased Mexican gas imports from the southern US, the study finds.

Although in 2014 gas drilling activity in Canada increased year-over-year due to higher gas prices, the study foresees drilling to decline significantly throughout this year. "Increased deliverability from the US has reduced gas prices and made some Western Canadian natural gas prospects uneconomic to pursue," the study finds.

In the report's mid-range price case, "the market remains oversupplied with deliverability relatively flat in 2015 and declining in 2016. By 2017, increasing demand pushes the market further towards a balanced position creating higher prices and providing an incentive for a slight increase in Western Canadian production."

However, the report sees a bright spot in production from unconventional gas plays in the Western Canada.

"Tight gas activity grows over the projection with 901 tight gas wells drilled in Western Canada in 2017 including 544 in the Montney tight gas play. The Duvernay Shale play continues to see most Canadian shale gas activity with 40 wells drilled in 2017, compared to five wells in the Horn River Basin," the study says.

For the higher-price case, the report finds "increased demand tightens the market earlier and higher prices encourage enough drilling that deliverability rises throughout the forecast." The higher-price case also sees increased drilling activity to confirm deliverability for a proposed liquefied natural gas project on Canada's west coast.

Gas from Western Canada faces US competition

"In the lower price case, Western Canadian natural gas faces greater competition from US sources with more Canadian gas squeezed out of the Eastern US and central Canadian markets. Lower prices and a reduced market opportunity decrease Canadian deliverability," the report states.

McDonald said demand for production of Western Canadian oil sands is expected to make up a big portion of the gas demand in the western region. The Montney Shale Basin of northern British Columbia and Alberta "is actually very competitive," he said.

In addition, the report cites a potential increase in drilling in Western Canada "as producers confirm adequate deliverability for future LNG exports by assessing reserve and production potential. This activity was a significant contributor to the rise in 2014 Canadian gas deliverability."

A final investment decision on the proposed Canadian LNG export project in 2015 or 2016 "could accelerate this activity within the time period assessed in this report."

Currently, none of the projects proposed to export LNG from the west Coast of Canada have announced a FID. Although an FID announcement on an LNG export project wouldn't necessary impact deliverability in the short term, it "could have some upside within this time span," covered by the report, McDonald said.

(continued on page 9)

Northeast, Western basis markets mostly trade higher with rising NYMEX

Financial basis markets were mostly on the rise Friday with the largest increases coming from the East and West coasts.

The NYMEX July natural gas futures contract settled at $2.816/MMBtu, an increase of 3.9 cents from Thursday's settlement.

According to the National Weather Service, in its eight- to 14-day outlook, an increased probability of above-average temperatures are expected across the US Southeast and West, while below-average temperatures are forecast for the Northeast and Upper Midwest as well as portions of New Mexico and the Texas Panhandle.

In the Northeast, Transcontinental Gas Pipe Line Zone 6 New York July basis climbed 3.5 cents to minus 71 cents/MMBtu. Transco August basis rose even higher, adding nearly 6 cents to minus 77.25 cents/MMBtu.

In New England, Algonquin Gas Transmission city-gates July basis was down slightly, falling 1 cent to minus 64.5 cents/MMBtu. Since trading at minus 5 cents on June 1, Algonquin July basis has fallen 59.5 cents month-to-date.

Further along the curve, Algonquin winter 2015-16 was up, adding 5.7 cents to plus $6.60/MMBtu.

Dominion Transmission, South Point July basis slipped by a little more than 0.5 cent to minus $1.48/MMBtu, while Dominion winter 2015-16 shed just over 1.5 cents to minus 96.75 cents/MMBtu.

In the Southeast, Florida Gas Transmission Zone 3 July basis was unchanged at plus 6 cents/MMBtu.

In Texas, Houston Ship Channel July basis was down less than 0.5 cent to minus 1.75 cents/MMBtu.

In the Upper Midwest, Chicago city-gates July basis was nearly unchanged at minus 3.25 cents/MMBtu.

Northwest Pipeline-Rockies July basis climbed 1.3 cents to minus 16.5 cents/MMBtu. Further out on the curve, Rockies winter 2015-16 basis added 1 cent to minus 12.9 cents/MMBtu.

On the West Coast, Southern California Gas July basis edged up 1.5 cents to plus 9.5 cents/MMBtu. SoCal July basis has added 9 cents month-to-date. SoCal August basis also traded higher, rising 2 cents to plus 12 cents/MMBtu.

Pacific Gas & Electric July basis climbed 0.5 cent to plus 35 cents/MMBtu.

Upstream in Western Canada, AECO-NIT July basis fell 2 cents to minus 69 cents/MMBtu.

According to Platts unit Bentek, Western Canadian production is having its strongest June in years, despite ongoing maintenance in the region. Month-to-date, June Western Canadian production has averaged 13.8 Bcf/d, which is an increase of 1.1 Bcf/d from the same period last year.

"Historically, June production is somewhat limited by maintenance, but this year is seeing much higher infringement on production potential than is common. July production typically grows from June, however, and with production so strong despite the maintenance, next month may be on pace to be the strongest July in years," said Bentek.

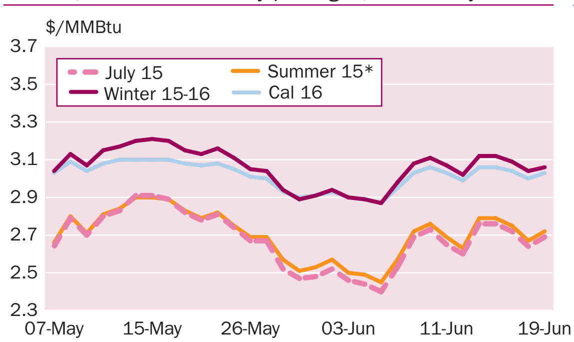
— Curt Mrowiec

Platts M2MS Forward Curve — Natural Gas, Jun 19 (¢/MMBtu)

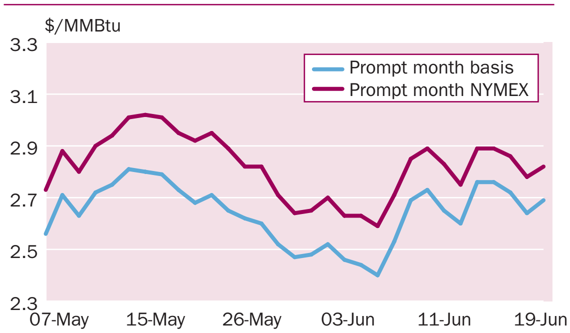
Prompt month: Jul 15	
Algonquin, city-gates	-64.50
Transco, zone 6-NY	-66.50
Texas Eastern, M-3	-137.30
Columbia Gas, Appalachia	-10.80
Dominion, South Point	-148.40
Transco, zone 3	-1.20
Transco, zone 4	1.00
Southern Natural, LA	-1.80
Tennessee, 500 Leg	-4.10
Florida Gas, zone 3	6.00
Columbia Gulf, mainline	-7.00
Houston Ship Channel	-1.80
NGPL, Texok	-7.50
Chicago city-gates	-3.30
MichCon city-gate	5.50
Dawn, Ontario	7.00
Panhandle, TX-Okla.	-21.30
Northern, Ventura	-13.50
Northern, demarc	-12.50
Waha	-9.00
El Paso, Permian Basin	-12.80
El Paso, San Juan Basin	-12.00
PG&E city-gate	35.30
PG&E, Malin	-5.00
SoCal Gas	10.30
Northwest, Rockies	-16.50
Northwest, Sumas	-45.40
AECO, Alberta	-69.00

Summer season is April-October. Winter is November-March. *Balance-of-season.

El Paso, Permian Basin: Key packages, last 30 days



El Paso, Permian Basin: Basis market vs NYMEX



El Paso, Permian Basin: Forward curve

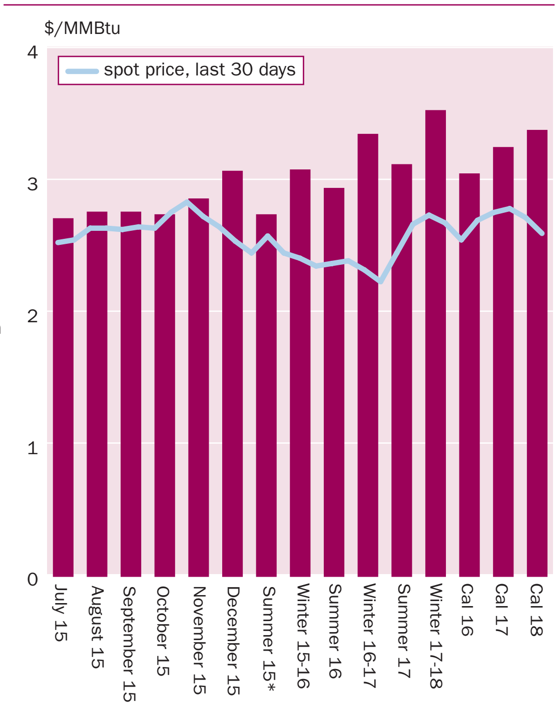


Table and graphs are created using Platts M2MS-Gas data. Forward assessments as basis to the Henry Hub and full values are available for periods spanning 10 years.
To see a sample and find information on how to subscribe to the full data set go to www.platts.com/risk. For more information on Platts services, please call +1-800-PLATTS8.
For editorial questions, call Mark Callahan +713-658-3211.

North American gas market ... *from page 7*

In the eastern part of the country, gas production from offshore Nova Scotia is expected to continue to decline, the report finds.

"The Deep Panuke project offshore of Nova Scotia was expected to help offset declining output from the Sable Offshore Energy Project. Currently, production from Deep Panuke is shut in due to issues with high levels of water being produced alongside gas production," the report states.

"Although Deep Panuke is expected to return to production by October 2015, incursion of water into the reservoir could adversely impact the amount of natural gas recoverable over the lifetime of the project."

Sable production will continue to decrease, while the future of Deep Panuke production remains "very much a question mark," McDonald said.

— *Jim Magill*

Sabine Pass LNG Terminal ... *from page 1*

gests Sabine Pass demand could exhibit strong seasonality if global demand remains subdued. Sabine Pass Trains 1-5 have signed six tolling agreements for a total contracted capacity of 2.82 Bcf/d of the 3.5 Bcf/d total liquefaction capacity at the terminal.

These 20-year agreements give their capacity holders the right to liquefy gas for a cost between $2.25-$3/MMBtu ($2.78/MMBtu average). Sabine Pass will also supply the feed gas for its capacity holders at a cost of Henry Hub plus 15%.

Given Bentek's forecast average Henry Hub price of $2.74/MMBtu in 2016, Sabine Pass capacity holders could profitably send gas into Northeast Asia if delivered prices remained above $8.50/MMBtu, but would likely continue to export from Sabine Pass should delivered prices fall to as low as$6/MMBtu.

Currently, the Northeast Asia LNG spot price (JKM) is averaging $7.20/MMBtu through the first half of September, rising to just over $8/MMBtu in November. Should prices maintain the $7-$9 range seen most of this year, Bentek

Shale Value Chain assessments, Jun 19

	$/MMBtu	+/-
Gulf Coast ethane fractionation spread	0.046	0.040
Gulf Coast E/P mix fractionation spread	-0.217	0.040
E/P mix Midcontinent to Rockies fractionation spread	-0.188	0.065
E/P mix Midcontinent fractionation spread	-0.243	0.080
National raw NGL basket price	4.536	-0.148
National composite fractionation spread	1.781	-0.108

The methodology for these assessments is available at:
www.platts.com/IM.Platts.Content/MethodologyReferences/MethodologySpecs/shale-value-chain.pdf

Natural gas hub flow, Jun 19

Hub Name	Scheduled Flow	+/-	% Change	Daily Price	—31 Day Average— Flow	Price
ANR, La.	184	12	6.70	2.810	187	2.724
Florida city-gates	1,828	12	0.64	4.465	1,492	3.155
Iroquois, receipts	43	13	44.69	2.820	85	2.663
Kern River, Opal plant	432	12	2.85	2.715	459	2.553
Northern, Ventura	1,223	29	2.45	2.730	1,168	2.643
Northern, demarc	448	-208	-31.68	2.725	657	2.642
Northwest, Can. bdr. (Sumas)	1,143	26	2.33	2.435	1,123	2.239
PG&E, Malin	1,303	77	6.30	2.765	1,264	2.605
Stanfield, Ore.	0	0	-	2.645	1	2.497
Transco, zone 3	1,246	-91	-6.79	2.845	1,106	2.776
Transco, zone 6 N.Y.	1,101	5	0.42	2.740	1,201	2.357

Volumes in 000 MMBtu; prices in $/MMBtu. For more information, contact Bill Murphy at 720-264-6699.

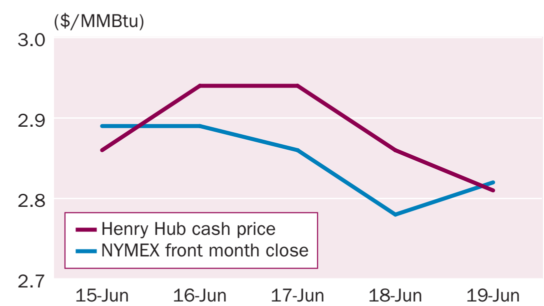
Source: Platts data

NYMEX Henry Hub gas futures contract, Jun 19

	Settlement	High	Low	+/-	Volume
Jul 2015	2.816	2.837	2.739	0.039	149242
Aug 2015	2.840	2.859	2.761	0.041	79768
Sep 2015	2.852	2.868	2.775	0.040	37831
Oct 2015	2.884	2.900	2.813	0.036	33929
Nov 2015	2.997	3.009	2.934	0.029	14952
Dec 2015	3.180	3.188	3.119	0.027	11468
Jan 2016	3.288	3.297	3.230	0.029	14435
Feb 2016	3.285	3.290	3.225	0.029	3382
Mar 2016	3.246	3.252	3.187	0.029	9183
Apr 2016	3.082	3.085	3.030	0.026	6053
May 2016	3.082	3.083	3.032	0.024	1191
Jun 2016	3.109	3.110	3.068	0.024	1037
Jul 2016	3.144	3.144	3.095	0.024	871
Aug 2016	3.154	3.154	3.116	0.024	289
Sep 2016	3.149	3.149	3.112	0.024	248
Oct 2016	3.181	3.183	3.138	0.024	572
Nov 2016	3.255	3.255	3.217	0.024	148
Dec 2016	3.410	3.411	3.370	0.023	73
Jan 2017	3.533	3.533	3.490	0.023	414
Feb 2017	3.524	3.524	3.495	0.024	283
Mar 2017	3.465	3.465	3.465	0.023	60
Apr 2017	3.210	3.210	3.210	0.020	59
May 2017	3.210	3.210	3.210	0.020	15
Jun 2017	3.247	3.247	3.247	0.020	15
Jul 2017	3.287	3.287	3.287	0.020	15
Aug 2017	3.298	3.298	3.298	0.020	16
Sep 2017	3.288	3.288	3.288	0.020	16
Oct 2017	3.310	3.310	3.310	0.020	16
Nov 2017	3.379	3.379	3.379	0.020	15
Dec 2017	3.538	3.538	3.524	0.020	20
Jan 2018	3.662	3.662	3.662	0.020	0
Feb 2018	3.643	3.643	3.643	0.020	1
Mar 2018	3.581	3.581	3.581	0.019	0
Apr 2018	3.276	3.276	3.276	0.019	0
May 2018	3.276	3.538	3.524	0.019	0
Jun 2018	3.311	3.311	3.311	0.019	0

Contract data for Thursday
Volume of contracts traded: 365,618
Front-months open interest:
Jul, 78,332 ; Aug, 180,450; Sep, 194.126
Total open interest: 1,047,813
Data is provided by a third-party vendor
and is accurate as of 5:30 pm Eastern time.

Henry Hub/NYMEX spread



Platts oil prices, Jun 19

	($/b)	($/MMBtu)
Gulf Coast spot		
1% Resid (1)	52.64-52.66	8.42
3% Resid (1)	51.74-51.76	8.28
Crude spot		
WTI (Jul) (2)	59.62-59.64	10.28
New York spot		
No.2 (1)	73.16-73.21	11.71
0.3% Resid LP (3)	58.79-58.81	9.41
0.3% Resid HP (3)	56.79-56.81	9.09
0.7% Resid (3)	51.82-51.84	8.29
1% Resid (3)	50.79-50.81	8.13

1= barge delivery; 2= pipeline delivery; 3= cargo delivery expects that BG and Gas Natural Fenosa will likely utilize much if not all of their combined 1.1 Bcf/d of capacity.

However, depending on how oversupplied the market may be in 2016, BG and GNF may be required to operate in the spot market, which could result in increased seasonal demand swings.

Profile players hold 75% of Sabine Capacity

Additionally, if the new Sabine Pass supplies push the market into heavily oversupplied territory, Northeast Asian prices could collapse below the $6/MMBtu breakeven price, which could leave US gas stranded. Based on the primary demand markets of the individual capacity holders and the seasonal demand curves of those respective markets,

Bentek has estimated the maximum demand curves of each respective buyer.

The analysis suggests that under a full-utilization scenario, demand for LNG would average 0.9 Bcf/d through 2016, peaking at 1.2 Bcf/d in November. The total feed gas demand for the facility would likely average around 11% higher to account primarily for gas consumed for power generation.

However, if portfolio capacity holders were required to operate in the spot market alone, Bentek estimates that winter demand seasonality could be as much as 25% higher.

The full-utilization scenario may be unlikely if global demand fails to materialize and Sabine Pass begins exporting to an oversupplied market. While utility capacity holders may have more assured downstream demand, portfolio capacity holders are more likely to be operating in the spot markets and may not have consistent downstream demand sources.

Around 50% of Sabine Pass capacity is held by portfolio players or by Cheniere Marketing, which may be at risk under a low-demand scenario.

During Sabine Pass' first year of operation, around 75% of capacity is held by portfolio players, suggesting flows may be more susceptible to global demand swings during its first year of operation. In the event that the global LNG market is extremely oversupplied and Northeast Asia and European spot prices fall below Henry Hub plus margin plus transport, Sabine Pass portfolio players may become completely dependent on winter demand swings, which could drive seasonal swings of up to 1 Bcf/d.

— Ross Wyeno

PLATTS
McGRAW HILL FINANCIAL

GAS DAILY

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WEEKLY GAS MARKET DATA

Basis differential for week ended Jun 19

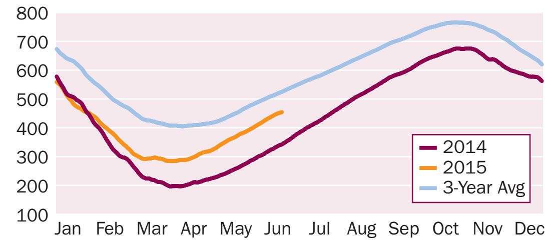
	Henry Hub	El Paso Permian	Agua Dulce	Transco Zone 3	Katy	Kern, Opal	Panhandle Tx.-Ok.	Chicago city-gates	Col. Gas Appa.	SoCal Gas
Weekly WACOG	2.84	2.67	2.92	2.84	2.79	2.65	2.62	2.78	2.76	2.82
Henry Hub		0.17	-0.08	0.00	0.05	0.19	0.22	0.06	0.08	0.02
El Paso, Permian	-0.17		-0.25	-0.17	-0.12	0.02	0.05	-0.11	-0.09	-0.15
Agua Dulce	0.08	0.25		0.08	0.13	0.27	0.30	0.14	0.16	0.10
Transco Zone 3	0.00	0.17	-0.08		0.05	0.19	0.22	0.06	0.08	0.02
Katy	-0.05	0.12	-0.13	-0.05		0.14	0.17	0.01	0.03	-0.03
Kern, Opal	-0.19	-0.02	-0.27	-0.19	-0.14		0.03	-0.13	-0.11	-0.17
Panhandle, Tx.-Ok.	-0.22	-0.05	-0.30	-0.22	-0.17	-0.03		-0.16	-0.14	-0.20
Chicago city-gates	-0.06	0.11	-0.14	-0.06	-0.01	0.13	0.16		0.02	-0.04
Col. Gas Appa.	-0.08	0.09	-0.16	-0.08	-0.03	0.11	0.14	-0.02		-0.06
SoCal Gas	-0.02	0.15	-0.10	-0.02	0.03	0.17	0.20	0.04	0.06	
NYMEX Basis	0.024	-0.146	0.104	0.024	-0.026	-0.166	-0.196	-0.036	-0.056	0.004

NYMEX Basis is the NYMEX Henry Hub/cash basis differential calculated from the near-month settlement of $2.816.

Bentek Canadian gas storage data for week ended Jun 19

(in Bcf)	East	West	Total
Working gas	104.74	349.64	454.38
Weekly Change	9.49	4.11	13.61
% of capacity	39.82%	62.10%	55.01%
Working Gas Jun 20, 2014	97.54	247.69	345.23

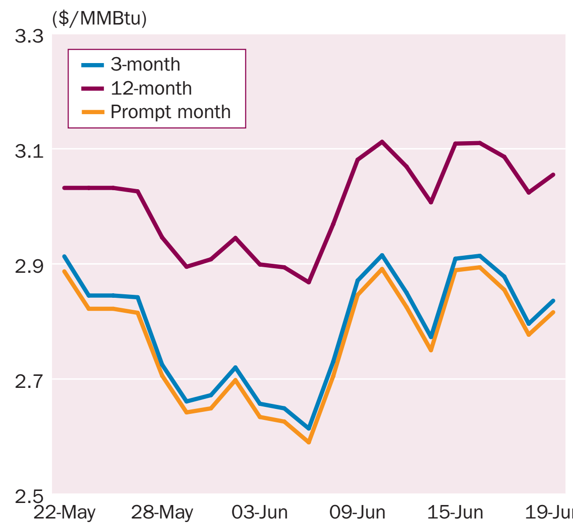
Canadian Storage Inventories (Bcf)



Source: Bentek

Henry Hub futures and strips

	06/15 Mon	06/16 Tue	06/17 Wed	06/18 Thu	06/19 Fri
Jul-015	2.889	2.894	2.855	2.777	2.816
Aug-015	2.912	2.918	2.883	2.799	2.840
Sep-015	2.925	2.931	2.895	2.812	2.852
Oct-015	2.954	2.958	2.927	2.848	2.884
Nov-015	3.067	3.068	3.040	2.968	2.997
Dec-015	3.242	3.240	3.215	3.153	3.180
Jan-016	3.342	3.339	3.321	3.259	3.288
Feb-016	3.335	3.332	3.314	3.256	3.285
Mar-016	3.291	3.288	3.272	3.217	3.246
Apr-016	3.110	3.109	3.097	3.056	3.082
May-016	3.108	3.107	3.095	3.058	3.082
Jun-016	3.134	3.132	3.121	3.085	3.109
3/strip	2.909	2.914	2.878	2.796	2.836
6/strip	2.998	3.002	2.969	2.893	2.928
9/strip	3.106	3.108	3.080	3.010	3.043
12/strip	3.109	3.110	3.086	3.024	3.055



CFTC Commitment of Traders Report for week ended June 16

	long positions	short positions	net position	net position last week	change in overall positions	% market share	% market share last week
Producers/merchants/processors/users	131,803	138,336	51.21% short	50.47% short	7.64%	21.09%	19.04%
Swap dealers	224,803	13,259	94.43% long	95.35% long	-7.43%	18.59%	19.51%
Money managers	213,299	352,099	62.27% short	63.95% short	-5.65%	44.15%	45.46%
Other reportables	53,789	153,286	74.02% short	72.48% short	-1.83%	16.17%	16%

Source: CFTC. For detailed information regarding the categories of traders listed in this table, please see the CFTCs explanatory note at:

www.cftc.gov/ucm/groups/public/@commitmentsoftraders/documents/file/disaggregatedcotexplanatorynot.pdf