

MARKETS REPORT

Late Buying Spree Pushes Natural Gas Futures Slightly Higher; Cash Still Soft

Natural gas futures capped the week in positive territory, but the weight of bloating storage inventories and U.S. export concerns were on full display. The July Nymex gas futures contract hit a \$1.763/MMBtu intraday low and traded in the red throughout most of Friday's session before settling the day at \$1.849, up 2.2 cents from Thursday's close. August was up 2.1 cents to \$1.940.

Spot gas, which traded Friday for gas delivery on Monday, continued to slide further. With losses becoming more pronounced than on Thursday, NGI's Spot Gas National Avg. dropped 11.0 cents to \$1.495.

Coming off two straight days of declines for futures, continued warming in the latest weather models snapped the losing streak at the start ...cont' pg. 3

LIQUEFIED NATURAL GAS

Golden Pass LNG Asks FERC for Additional 2.5 MMTY Production Capacity

Golden Pass LNG Terminal LLC, a joint venture of ExxonMobil and state-owned Qatar Petroleum (QP), has asked FERC to increase by 2.5 million metric tons/year (mmt) the total liquefied natural gas (LNG) production capacity of its planned export facilities on the Texas coast.

If approved by the Federal Energy Regulatory Commission, the motion would increase total production capacity to 18.1 mmt (937 Bcf/year) from the previously authorized 15.6 mmt (740 Bcf/year) [CP20-459].

FERC is accepting comment on the proposed capacity increase through June 18.

To be built in Sabine Pass on the upper Texas coast, Golden Pass was sanctioned in February 2019.

The estimated \$10 billion project is to include three ...cont' pg. 13

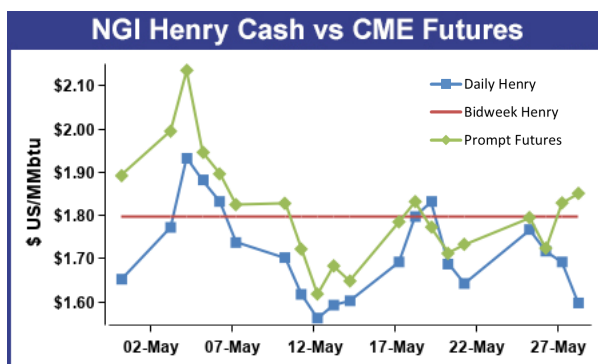
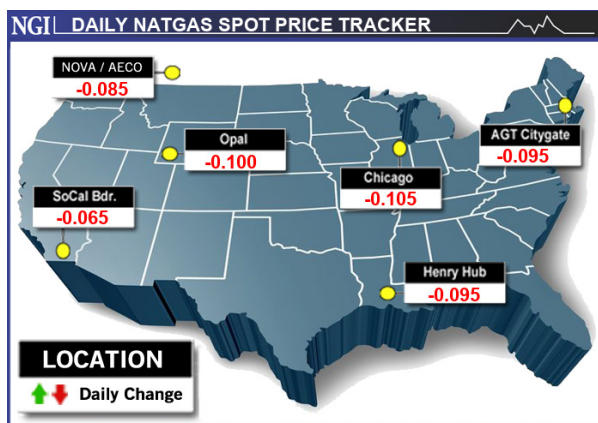
FORWARD LOOK

LNG Anxieties Weigh on June Natural Gas Forward Prices, but Demand Growth Expected by July

With liquefied natural gas (LNG) feed gas volumes sinking to fresh lows and overall demand still lagging amid the coronavirus pandemic, June natural gas forward prices softened for the May 21-27 period, according to NGI's Forward Look.

However, forward prices for July and beyond posted small gains over the five-day trading period on a projected bump in demand as the nation begins to reopen and on expectations for a hot summer, Forward Look data show.

After large erratic moves over the past several weeks, the May 21-27 period culminated with prices along the forward curve not far removed from where they started. The small moves were similar to those seen in ...cont' pg. 11



Previous 5 Days Table	May 22	May 26	May 27	May 28	May 29
July Futures	1.881	1.945	1.886	1.827	1.849
Henry Hub	1.640	1.765	1.715	1.690	1.595
Chicago	1.535	1.705	1.725	1.635	1.530
AGT Citygate	1.285	1.720	1.585	1.365	1.270
Opal	1.475	1.650	1.650	1.595	1.495
SoCal Bdr. Avg.	1.535	1.830	1.810	1.680	1.615
NOVA	1.870	2.000	1.995	1.955	1.870

More Detailed Market Prices on Pages 2-4.

INSIDE THIS ISSUE

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NEWS

Southern Unveils 2050 Net-Zero Emissions Target, Says Low Natural Gas Prices Driving Fleet Transformation

Atlanta-based natural gas and power utility Southern Company on Wednesday unveiled a plan to achieve net-zero greenhouse gas (GHG) emissions by 2050, replacing a previous target of "low-to-no" emissions.

Southern and its subsidiaries, which serve nine million customers in six states, reaffirmed an intermediate goal of 50% reduction in GHG emissions from 2007 ...cont' pg. 14

INSIDE NGI's Shale Daily

WTI Oil Prices Showing Strength on Shut-Ins, Reduced Activity, but Demand Still Precarious

Visit: natgasintel.com

NGI CASH MARKET PRICES

Trade Date: May 29; Flow Date(s): Jun 01

	RANGE	AVG	CHG	VOL	DEALS
South Texas					
Agua Dulce	1.680-1.680	1.680	--	6	1
Florida Gas Zone 1	1.630-1.630	1.630	--	10	1
NGPL S. TX	1.440-1.440	1.440	-0.180	1	2
Tennessee Zone 0 South	1.460-1.470	1.465	-0.140	109	20
Texas Eastern S. TX	1.540-1.600	1.560	-0.130	196	40
Transco Zone 1	1.500-1.500	1.500	-0.160	1	2
Tres Palacios	1.500-1.680	1.570	-0.135	368	60
S. TX Regional Avg.	1.440-1.680	1.550	-0.105	688	126
East Texas					
Atmos Zone 3	1.450-1.460	1.460	-0.130	17	4
Carthage	1.470-1.530	1.500	-0.095	228	30
Golden Triangle Storage	--	--	--	--	--
Houston Ship Channel	1.600-1.620	1.605	-0.135	25	6
HPL - East Texas Pool	1.610-1.610	1.610	--	10	1
Katy	1.580-1.700	1.615	-0.120	457	56
Maypearl	--	--	--	--	--
Moss Bluff	--	--	--	--	--
NGPL TexOk	1.460-1.550	1.500	-0.130	1,268	160
Tennessee Zone 0 North	1.440-1.500	1.470	-0.125	109	30
Texas Eastern E. TX	1.500-1.510	1.505	0.095	41	8
Tolar Hub	1.560-1.600	1.585	-0.070	25	4
Transco Zone 2	1.500-1.510	1.505	-0.195	17	4
E. TX Regional Avg.	1.440-1.700	1.535	-0.115	2,195	303
West Texas/SE New Mexico					
El Paso Permian	1.440-1.550	1.465	-0.070	654	114
El Paso - Keystone Pool	1.450-1.490	1.460	-0.085	228	48
El Paso - Plains Pool	1.450-1.550	1.455	-0.085	45	10
El Paso - Waha Pool	1.440-1.500	1.470	-0.055	381	56
Northern Natural Gas 1-7	--	--	--	--	--
Oneok WestTex	1.400-1.460	1.455	-0.080	164	33
Transwestern	1.440-1.480	1.465	-0.060	178	36
Transwestern - Central	1.450-1.470	1.470	--	73	12
Transwestern - W. TX	1.440-1.480	1.460	-0.065	106	24
Waha	1.400-1.520	1.475	-0.070	1,243	201
W. TX/SE NM Regional Avg.	1.400-1.550	1.465	-0.070	1,694	295
Midwest					
Alliance	1.500-1.550	1.525	-0.110	520	84
ANR ML7	--	--	--	--	--
Bluewater Hub	--	--	--	--	--
Chicago Citygate	1.500-1.545	1.530	-0.105	222	45
Chicago - Nicor Gas	1.500-1.540	1.530	-0.095	85	20
Chicago - NIPSCO	1.520-1.545	1.535	-0.100	124	18
Chicago - North Shore	--	--	--	--	--
Chicago - Peoples	1.500-1.515	1.510	-0.145	14	7
Consumers Energy	1.500-1.560	1.535	-0.130	702	99
Dawn	1.495-1.635	1.535	-0.110	1,946	350
Defiance	1.440-1.490	1.470	-0.125	128	38
Rover-ANR	1.440-1.480	1.470	-0.130	108	32
Rover-Panhandle	1.460-1.490	1.475	-0.100	20	6
Emerson	1.450-1.510	1.500	-0.120	104	38
Joliet	1.470-1.550	1.520	-0.115	579	88
Lebanon	1.480-1.480	1.480	-0.095	20	2
Michigan Consolidated	1.500-1.550	1.525	-0.115	227	37
NGPL Amarillo Mainline	1.495-1.510	1.505	-0.105	126	24
NGPL Iowa-Illinois	--	--	--	--	--
NGPL MidAmerican	--	--	--	--	--
Parkway/Union	1.505-1.595	1.560	-0.105	87	36
REX Zone 3 Delivered	1.470-1.520	1.495	-0.110	702	98
REX into ANR - Shelby	1.480-1.520	1.485	-0.105	80	19
REX into MGT - Edgar	1.470-1.520	1.490	-0.115	80	9
REX into NGPL - Moultrie	1.470-1.515	1.500	-0.110	542	70
REX into PEPL - Putnam	--	--	--	--	--

Trade Date: May 29; Flow Date(s): Jun 01

	RANGE	AVG	CHG	VOL	DEALS
REX into Trunk - Douglas	--	--	--	--	--
St. Clair	--	--	--	--	--
Midwest Regional Avg.	1.440-1.635	1.510	-0.110	4,840	855
Midcontinent					
ANR SW	1.470-1.520	1.485	-0.110	155	33
El Paso Anadarko	1.460-1.500	1.480	-0.080	56	10
Enable East	1.390-1.400	1.395	-0.245	38	6
NGPL Midcontinent	1.470-1.510	1.485	-0.130	250	51
Northern Border Ventura	1.470-1.520	1.510	-0.090	246	48
Northern Natural Demarc	1.500-1.520	1.515	-0.095	431	66
Northern Natural Gas 8-12	--	--	--	--	--
Northern Natural Gas 13-16A	--	--	--	--	--
Northern Natural Ventura	1.485-1.515	1.505	-0.095	150	28
OGT	1.395-1.500	1.430	-0.155	211	46
Panhandle Eastern	1.380-1.475	1.430	-0.065	342	83
Southern Star	1.430-1.500	1.480	-0.115	78	16
Transwestern Panhandle Pool	1.500-1.500	1.500	-0.060	14	1
Midcontinent Regional Avg.	1.380-1.520	1.475	-0.110	1,967	388
North Louisiana/Arkansas					
Enable South	--	--	--	--	--
NGPL Gulf Coast Mainline	--	--	--	--	--
Perryville	1.500-1.530	1.510	-0.110	97	6
Texas Eastern, M1, 24	1.500-1.500	1.500	-0.050	2	2
Texas Gas Zone 1	1.420-1.520	1.490	-0.120	610	94
Trunkline Zone 1A	1.480-1.500	1.490	-0.135	214	40
N. LA Regional Avg.	1.420-1.530	1.500	-0.100	922	142
South Louisiana					
ANR SE	1.465-1.560	1.515	-0.155	222	38
Bobcat Storage	1.580-1.580	1.580	--	30	1
Columbia Gulf Mainline	1.420-1.510	1.480	-0.105	739	121
Columbia Gulf onshore	1.480-1.580	1.530	-0.150	269	34
Egan Hub	1.600-1.650	1.610	-0.115	85	4
Florida Gas Zone 2	1.545-1.545	1.545	--	6	1
Henry Hub	1.525-1.700	1.595	-0.095	449	66
Pine Prairie	1.510-1.560	1.540	-0.140	182	26
Southern Natural	1.515-1.650	1.560	-0.120	823	112
Tennessee Line 500	1.500-1.560	1.520	-0.145	506	72
Tennessee Line 800	1.500-1.590	1.540	-0.100	313	62
Texas Eastern E. LA	1.495-1.530	1.515	-0.185	391	52
Texas Eastern W. LA	1.540-1.610	1.575	-0.125	402	46
Texas Gas Zone SL	--	--	--	--	--
Transco Zone 3	1.490-1.605	1.540	-0.175	743	124
Trunkline E. LA	1.580-1.600	1.585	-0.115	7	4
Trunkline W. LA	--	--	--	--	--
S. LA Regional Avg.	1.420-1.700	1.550	-0.130	5,161	763
Southeast					
Dominion Energy Cove Point	1.490-1.490	1.490	-0.110	84	4
FGT Citygate	1.690-1.715	1.700*	--	--	--
Florida Gas Zone 3	1.550-1.570	1.560	-0.165	230	38
Southern Pines	--	--	--	--	--
Tenn Zone 1 100L	1.460-1.490	1.470	-0.130	79	16
Tenn Zone 1 non-St. 87	1.460-1.470	1.465	-0.130	44	8
Tenn Zone 1 St. 87	1.460-1.490	1.475	-0.125	36	8
Texas Eastern M-1, 30	1.540-1.540	1.540	-0.130	1	2
Transco Zone 4	1.490-1.650	1.580	-0.140	1,409	196
Transco Zone 5	1.580-1.650	1.615	-0.115	103	24
Transco Zone 5 North	1.580-1.580	1.580	-0.135	4	2
Transco Zone 5 South	1.580-1.650	1.615	-0.115	99	22
Southeast Regional Avg.	1.460-1.715	1.555	-0.130	1,906	280
Appalachia					
Columbia Gas	1.400-1.500	1.440	-0.025	749	157
Dominion North	1.200-1.260	1.245	-0.100	43	6
Dominion South	1.200-1.300	1.255	-0.100	601	112

...cont' pg. 3

NGI CASH MARKET PRICES

Trade Date: May 29; Flow Date(s): Jun 01

	RANGE	AVG	CHG	VOL	DEALS
Leidy Hub	--	--	--	--	--
Millennium Delivered	--	--	--	--	--
Millennium East Pool	1.180-1.180	1.180	-0.125	21	6
Tenn Zone 4 200L	1.330-1.400	1.350	-0.155	306	61
Tennessee Zn 4 313 Pool	1.280-1.320	1.295	-0.115	28	18
Tennessee Zn 4 Marcellus	1.140-1.150	1.140	-0.105	93	22
Texas Eastern M-2, 30 Delivery	--	--	--	--	--
Texas Eastern M-2, 30 Receipt	1.200-1.270	1.245	-0.080	450	75
Texas Eastern M-3, Delivery	1.280-1.315	1.305	-0.065	160	32
Texas Eastern M-3, Receipt	--	--	--	--	--
Transco-Leidy Line	1.190-1.240	1.210	-0.090	165	43
Appalachia Regional Avg.	1.140-1.500	1.265	-0.095	2,612	532
Northeast					
Algonquin Citygate	1.250-1.300	1.270	-0.095	44	13
Algonquin Citygate (non-G)	1.250-1.300	1.270	-0.095	44	13
Algonquin Receipts	--	--	--	--	--
Dracut	--	--	--	--	--
Iroquois Zone 1	--	--	--	--	--
Iroquois Zone 2	1.300-1.300	1.300	-0.270	24	8
Iroquois, Waddington	1.300-1.330	1.305	-0.245	24	10
Maritimes & Northeast	1.850-2.100	2.050	0.120	5	2
Niagara	--	--	--	--	--
PNGTS	1.700-1.750	1.715	-0.185	42	13
E Hereford/Pittsburg	1.700-1.700	1.700	--	20	6
PNGTS Non-Border	1.700-1.750	1.725	-0.175	22	7
Tenn Zone 5 200L	1.270-1.370	1.325	-0.145	54	5
Tenn Zone 5 200L East	--	--	--	--	--
Tenn Zone 5 200L West	1.270-1.370	1.325	-0.130	54	5
Tenn Zone 5 300L	--	--	--	--	--
Tenn Zone 6 200L	1.300-1.500	1.380	-0.165	65	21
Tenn Zone 6 200L North	1.500-1.500	1.500	-0.080	5	2
Tenn Zone 6 200L South	1.300-1.450	1.370	-0.155	61	19
Tenn Zone 6 300L	--	--	--	--	--
Transco Zone 6 non-NY	1.200-1.285	1.250	-0.065	315	64
Transco Zone 6 non-NY North	1.200-1.285	1.250	-0.065	315	64
Transco Zone 6 non-NY South	--	--	--	--	--
Transco Zone 6 NY	1.250-1.280	1.255	-0.060	41	10
Northeast Regional Avg.	1.200-2.100	1.435	-0.100	611	146
Rocky Mountains					
Cheyenne Hub	1.455-1.510	1.465	-0.110	466	76

Trade Date: May 29; Flow Date(s): Jun 01

	RANGE	AVG	CHG	VOL	DEALS
CIG	1.400-1.440	1.430	-0.110	30	11
CIG DJ Basin	1.180-1.180	1.180	--	7	2
El Paso Bondad	1.450-1.520	1.480	-0.085	161	34
El Paso San Juan	1.460-1.550	1.505	-0.070	194	40
Kern River	1.470-1.510	1.485	-0.100	218	40
Kingsgate	1.470-1.470	1.470	-0.030	10	2
Northwest S. of Green River	1.445-1.470	1.460	--	38	9
Northwest Sumas	1.460-1.480	1.470	-0.105	68	22
Northwest Wyoming Pool	1.450-1.470	1.460	-0.105	104	20
Opal	1.480-1.540	1.495	-0.100	88	16
Questar	1.440-1.440	1.440	-0.100	4	2
Ruby - Receipts	1.470-1.505	1.490	--	50	6
Stanfield	1.440-1.485	1.465	-0.105	95	16
Transwestern San Juan	1.460-1.520	1.495	-0.080	58	10
White River Hub	1.440-1.470	1.455	-0.105	318	66
Rocky Mtns. Regional Avg.	1.180-1.550	1.455	-0.110	1,884	368
Arizona/Nevada					
El Paso S. Mainline/N. Baja	1.630-1.650	1.640	-0.045	58	10
Kern Delivery	1.630-1.700	1.650	-0.065	255	58
California					
Malin	1.510-1.570	1.535	-0.060	576	114
PG&E Citygate	2.370-2.470	2.420	-0.095	1,039	162
SoCal Citygate	1.800-1.825	1.805	-0.410	216	61
Southern Border, PG&E	1.500-1.580	1.525	-0.100	131	26
SoCal Border Avg.	1.500-1.650	1.615	-0.065	288	51
SoCal Border - Blythe	--	--	--	--	--
SoCal Border - Ehrenberg	1.600-1.650	1.630	-0.060	181	31
SoCal Border - Kern River Station	--	--	--	--	--
SoCal Border - Kramer	1.650-1.650	1.650	-0.040	40	6
SoCal Border - Needles	1.500-1.590	1.535	-0.100	53	12
SoCal Border - Topock	--	--	--	--	--
SoCal Border - Wheeler Ridge	1.625-1.625	1.625	-0.055	14	2
California Regional Avg.	1.500-2.470	1.705	-0.095	2,248	414
National Avg.	1.140-2.470	1.495	-0.110	27,035	4,680
Canada					
Alliance (APC) - ATP	1.900-1.930	1.925	-0.060	70	14
Empress	1.850-1.920	1.875	-0.065	613	80
NOVA/AECO C	1.850-1.900	1.870	-0.085	2,096	312
Westcoast Station 2	1.830-1.880	1.845	-0.100	279	88

Prices are in U.S.\$/MMBtu except locations in the Canada section which are in Cdn\$/GJ. The deals column represents the number of transactions used by NGI in the calculation of the price. The volume column is the sum of the volume of those deals, in thousand MMBtus/day. Volumes may not total because of rounding. The data upon which we derive our indexes include both data provided to NGI from the ICE trading platform as well as submitted directly from companies who are principals to the trade. For more information, please see [NGI's Price Methodology](#).

*Assessed based on trades that were conducted at a basis differential to the day-ahead Florida Gas Transmission Zn 3 index that appears in this table.

...from MARKETS REPORT - Late Buying Spree Pushes Natural Gas, pg., 1

of Friday's session. However, the momentum didn't last as traders continued to digest the latest government storage data.

The Energy Information Administration (EIA) on Thursday said that inventories for the week ending May 22 grew by 109 Bcf, which essentially kept the surplus to year-ago levels intact but expanded the overhang to the five-year average by some 16 Bcf.

Genscape Inc. senior natural gas analyst Eric Fell, who had projected a 103 Bcf injection, said when compared to degree days and normal seasonality, the EIA figure appeared loose by around 1 Bcf/d versus the prior five-year average. However, the 109 Bcf injection was more than 7 Bcf/d tighter than the all-time record loose number from the storage week ending April 16, according to Genscape.

"Steep production declines are driving tighter supply/demand balances, with average weekly production down nearly 7 Bcf/d compared to the week of April 16 (86.2 Bcf/d versus 93 Bcf/d), and off

nearly 3 Bcf/d week/week," Fell said.

The rapid pace of production decreases have been driven by a combination of shut-in oil/associated gas, a curtailment of about 1 Bcf/d by EQT Corp. in the Northeast and structural declines driven by the accelerated reduction in rig counts/new well completions, according to the analyst.

West Texas Intermediate crude oil prices are now back above \$30/bbl and "have rebounded back to levels where a number of producers have stated they would bring back shut in oil production; this suggests that we could see a quicker rebound in associated gas than many are currently assuming, including us."

Tudor, Pickering, Holt & Co. (TPH) analysts agreed. The firm's pipeline flow data has not yet show any "meaningful" return of associated volumes, but the team expects "a significant share of the estimated 2-3 Bcf/d currently shut-in could return in June."

As for the EIA's latest storage report, the TPH ...cont' pg. 4

CFTC - COMMITMENTS OF TRADERS REPORT

Report for data through May 26

REPORTABLE	% OI	LONG	SHORT	NET LONG	NET LONG CHG.
Commercial (Hedgers)					
Producers/Users	20%	318,843	266,105	52,738	-15,070
Swap Dealers	29%	390,103	435,800	-45,697	13,944
Non-Commercial (Speculators)					
Managed Money	34%	478,672	485,045	-6,373	-18,817
Other Reportables	13%	174,111	201,255	-27,144	22,185
Total Reportable	96%	1,361,729	1,388,205	-26,476	2,242
Non-Reportable					
Small Traders	4%	70,726	44,251	26,475	-2,242
Total Non-Reportable	4%	70,726	44,251	26,475	-2,242

Source: CFTC - CME Natural Gas Futures + Equivalent CME Henry Hub Swaps

analysts said the 109 Bcf figure likely represented the floor on demand, which they peg at 77.5 Bcf/d, with gains from power expected to offset losses in the residential/commercial sector moving into summer. They expect at least one more 100-plus Bcf build, and potentially as many as three, before cooling demand tightens the market in late June.

Data for the May 26-29 work week, said TPH analysts, showed supply/demand balances "largely unchanged," and they issued a preliminary estimate of an 106 Bcf injection for the next EIA report, which would be in line with the five-year average. From there, analysts see production and liquefied natural gas (LNG) utilization being the key variables to watch.

"LNG has surprised so far this week, recovering to an average of 6.2 Bcf/d (around 62% utilization), but we expect this will be short lived given June cancellations and maintenance at Cove Point, which is scheduled to begin next week," said the TPH team.

The analysts could be correct. Bloomberg reported that a cargo reloaded in Belgium was expected to be delivered to Cheniere Energy Inc.'s Sabine Pass LNG terminal in Louisiana on June 12 for import. While Cheniere had not commented on the import, the cargo eventually could be reexported as it would end up in storage tanks and reduce the company's liquefaction production requirements, according to one source familiar with the terminal's operations. This would reduce the need to source feed gas from within the Lower 48.

Though LNG imports into the United States are not uncommon, they typically occur during the winter, often to supply the pipeline-constrained New England region. However, with U.S. gas prices tracking above global benchmarks, the economics make sense.

BTU Analytics LLC brought the issue of [summer imports](#) to light last week, noting that while spreads between international prices and Henry Hub may not move high enough to incentivize shipments from Australia or Qatar, they could convince shippers that are closer to take advantage of higher U.S. prices. Still, BTU analyst Connor McLean said summer imports "would be unexpected to say the least."

Whether the United States takes in any additional cargoes throughout the summer is unclear, especially as European prices were tracking below Henry Hub through October, but Energy Aspects sees September as "an inflection point for cargo cancellations from U.S. facilities."

This theory is predicated on the Japan Korea Marker (JKM) September contract now representing an open U.S. export arbitrage for companies that can consider their shipping costs as sunk. By September, the firm sees oil-indexed LNG potentially starting to compete with coal in South Korea, driving up the country's aggregate demand for LNG.

"There will also be year/year LNG demand growth in Asian

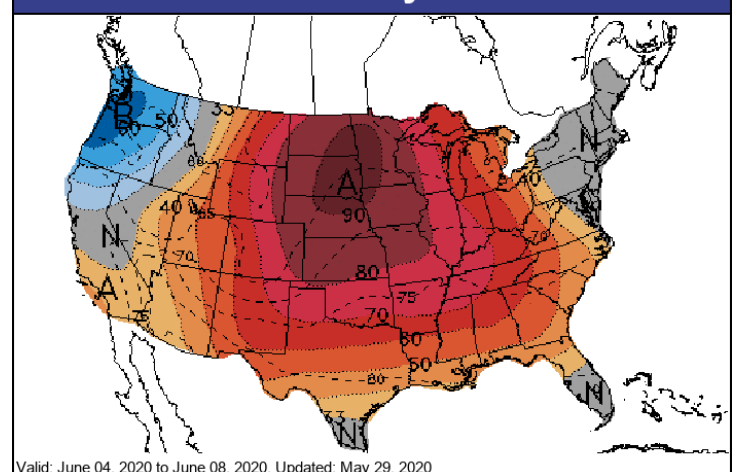
CME HENRY HUB FUTURES PRICES

Trade Date: May 29

CONTRACT	OPEN	HIGH	LOW	SETTLE	CHANGE
Jul-20	1.8190	1.8650	1.7630	1.8490	0.0220
Aug-20	1.9120	1.9510	1.8620	1.9400	0.0210
Sep-20	1.9680	2.0000	1.9190	1.9880	0.0130
Oct-20	2.0600	2.0800	2.0040	2.0680	0.0100
Nov-20	2.3850	2.4010	2.3370	2.3890	0.0100
Dec-20	2.7980	2.8220	2.7650	2.8110	0.0140
Jan-21	2.9340	2.9660	2.9090	2.9550	0.0140
Feb-21	2.9060	2.9290	2.8740	2.9190	0.0130
Mar-21	2.7850	2.8050	2.7570	2.7980	0.0130
Apr-21	2.5010	2.5200	2.4860	2.5120	0.0040
May-21	2.4750	2.4930	2.4600	2.4840	0.0020
Jun-21	2.5210	2.5370	2.5020	2.5260	0.0010
Jul-21	2.5680	2.5800	2.5490	2.5730	-0.0010
Aug-21	2.5780	2.5840	2.5600	2.5800	-0.0030
Sep-21	2.5520	2.5680	2.5400	2.5580	-0.0050
Oct-21	2.5760	2.5810	2.5520	2.5710	-0.0030
Nov-21	2.6040	2.6260	2.6020	2.6170	-0.0040
Dec-21	2.7520	2.7570	2.7350	2.7480	-0.0040
Jan-22	2.8530	2.8580	2.8390	2.8520	-0.0040
Feb-22	2.8050	2.8150	2.8020	2.8120	-0.0040
Mar-22	2.6780	2.6780	2.6580	2.6690	-0.0060
Apr-22	2.3280	2.3280	2.3120	2.3190	-0.0070
May-22	2.2970	2.2970	2.2840	2.2870	-0.0060
Jun-22	2.3350	2.3400	2.3250	2.3250	-0.0060
Jul-22	2.3660	2.3660	2.3660	2.3660	-0.0060
Aug-22	2.3750	2.3750	2.3730	2.3730	-0.0060
Sep-22	2.3610	2.3610	2.3610	2.3610	-0.0060
Oct-22	2.3800	2.3800	2.3800	2.3800	-0.0060
Nov-22	2.4500	2.4500	2.4460	2.4460	-0.0060
Dec-22	2.6230	2.6230	2.6230	2.6230	-0.0060
Jan-23	2.7470	2.7480	2.7400	2.7480	-0.0060
Feb-23	2.7110	2.7110	2.7110	2.7110	-0.0060
Mar-23	2.5790	2.5790	2.5790	2.5790	-0.0060
Apr-23	2.2890	2.2890	2.2890	2.2890	-0.0060
May-23	2.2400	2.2400	2.2400	2.2400	-0.0060
Jun-23	2.2780	2.2780	2.2780	2.2780	-0.0060
Jul-23	2.3150	2.3150	2.3150	2.3150	-0.0060

Source: CME Group, Inc. Updates provided by CSI.

NWS 6-10 Day Outlook



Valid: June 04, 2020 to June 08, 2020, Updated: May 29, 2020

markets as they recover from lockdowns, given the affordability of the fuel," said Energy Aspects analyst James Waddell. "U.S. and other cargo cancellations earlier in the summer should tighten the global balance." September is also the point on the JKM curve when floating storage starts making commercial sense, according

...cont' pg. 6

NGI's MEXICO NATURAL GAS PRICES

Estimated US-to-Mexico Natural Gas Cost Plus Transport Prices

Flow Date(s): 01-Jun-2020 to 01-Jun-2020

US/MX Exchange Rate: 22.18

To the U.S./Mexico Border (a la frontera de EE.UU./Mexico)

		\$US/MMBtu				MX/GJ			
Location (U.S./Mexico)	U.S. Index + Transport From:	U.S. Index Price	Transport Fee ¹	Total Price	Chg	Molécula	Transporte ¹	El Border	Cambio
Arizona/West Texas									
Clint, TX / Juárez, CH	Waha + El Paso Natural Gas	\$1.475	\$0.042	\$1.517	-\$0.072	31.008	0.890	31.898	-1.535
Presidio, TX / Ojinaga, CH	Waha + Trans-Pecos Pipeline	\$1.475	\$0.216	\$1.691	-\$0.070	31.008	4.537	35.545	-1.505
San Elizario, TX / Juárez, CH	Waha + Roadrunner Pipeline	\$1.475	\$0.473	\$1.948	-\$0.070	31.008	9.933	40.941	-1.510
Sasabe, AZ / Sásabe, SO	Waha + EPNG & Sierrita Pipeline	\$1.475	\$0.048	\$1.523	-\$0.070	31.008	1.000	32.008	-1.512
California									
Ogilby, CA / Los Algodones, BN	Ehrenberg + North Baja	\$1.630	\$0.016	\$1.646	-\$0.060	34.267	0.335	34.602	-1.304
South Texas									
Alamo, TX / Reynosa, TM	HSC + Tennessee Gas Pipeline	\$1.605	\$0.013	\$1.618	-\$0.136	33.741	0.280	34.021	-2.882
Brownsville, TX / Matamoros, TM	HSC + Valley Crossing	\$1.605	\$0.291	\$1.896	-\$0.138	33.741	6.127	39.868	-2.926
Rio Grande, TX / Carmago, TM	HSC + NET Mexico	\$1.605	\$0.324	\$1.929	-\$0.135	33.741	6.812	40.553	-2.884
Roma, TX / Mier, TM	HSC + Kinder Morgan Texas	\$1.605	\$0.136	\$1.741	-\$0.137	33.741	2.864	36.605	-2.902

Deliveries Within Mexico (entregas dentro de Mexico)

Region	Border/Hub Point + Transport From:	\$/MMBtu				MX/GJ			
		Border/Hub Price	Transport Fee ¹	Total Price	Chg	Border/Hub	Transporte ¹	Total	Cambio
Aguascalientes	La Laguna + La Laguna-Aguascalientes*	\$2.343	\$0.139	\$2.482	-\$0.070	49.253	2.934	52.187	-1.510
Bajío	Alamo / Reynosa + SNG Zn 3 to Zn 6	\$1.618	\$0.789	\$2.407	-\$0.137	34.021	16.580	50.601	-2.939
Cactus3	Puebla + SNG Zn 7 to Zn 8	\$2.354	\$0.178	\$2.532	-\$0.137	49.486	3.741	53.227	-2.938
El Encino2	San Elizario + Tarahumara	\$1.948	\$0.268	\$2.216	-\$0.070	40.941	5.648	46.589	-1.510
Guadalajara	Aguascalientes + VAG*	\$2.482	\$0.133	\$2.615	-\$0.070	52.187	2.791	54.978	-1.510
La Laguna	El Encino + El Encino-La Laguna*	\$2.216	\$0.127	\$2.343	-\$0.069	46.589	2.664	49.253	-1.510
Los Ramones	Alamo / Reynosa + SNG Zn 3 to Zn 3	\$1.618	\$0.215	\$1.833	-\$0.138	34.021	4.509	38.530	-2.939
Merida	Cactus + Mayakan	\$2.532	\$0.352	\$2.884	-\$0.137	53.227	7.398	60.625	-2.938
Monterrey2	Roma / Mier + Kinder Morgan Mexico	\$1.741	\$0.048	\$1.789	-\$0.136	36.605	0.995	37.600	-2.903
Puebla	Alamo / Reynosa + SNG Zn 3 to Zn 7	\$1.618	\$0.736	\$2.354	-\$0.137	34.021	15.465	49.486	-2.938
Salina Cruz	Cactus + SNG Zn 8 to Zn 9	\$2.532	\$0.680	\$3.212	-\$0.136	53.227	14.289	67.516	-2.938
Saltillo	Alamo / Reynosa + SNG Zn 3 to Zn 2	\$1.618	\$0.253	\$1.871	-\$0.138	34.021	5.317	39.338	-2.939
Tampico	Alamo / Reynosa + SNG Zn 3 to Zn 4	\$1.618	\$0.365	\$1.983	-\$0.138	34.021	7.659	41.680	-2.939
Topolobampo	El Encino + Topolobampo Pipeline	\$2.216	\$0.580	\$2.796	-\$0.069	46.589	12.181	58.770	-1.510
Torreón	Clint / Juarez + SNG Zn 1 to Zn 1	\$1.517	\$0.199	\$1.716	-\$0.072	31.898	4.168	36.066	-1.565
Tula	Alamo / Reynosa + SNG Zn 3 to Zn 5	\$1.618	\$0.645	\$2.263	-\$0.137	34.021	13.546	47.567	-2.938
Tuxpan	Matamoros + Sur de Texas-Tuxpan	\$1.896	\$0.388	\$2.284	-\$0.137	39.868	8.147	48.015	-2.926
Villa de Reyes	Tula + Tula-Villa de Reyes*	\$2.263	\$0.157	\$2.420	-\$0.137	47.567	3.302	50.869	-2.939

*Delivery pipeline not yet in service

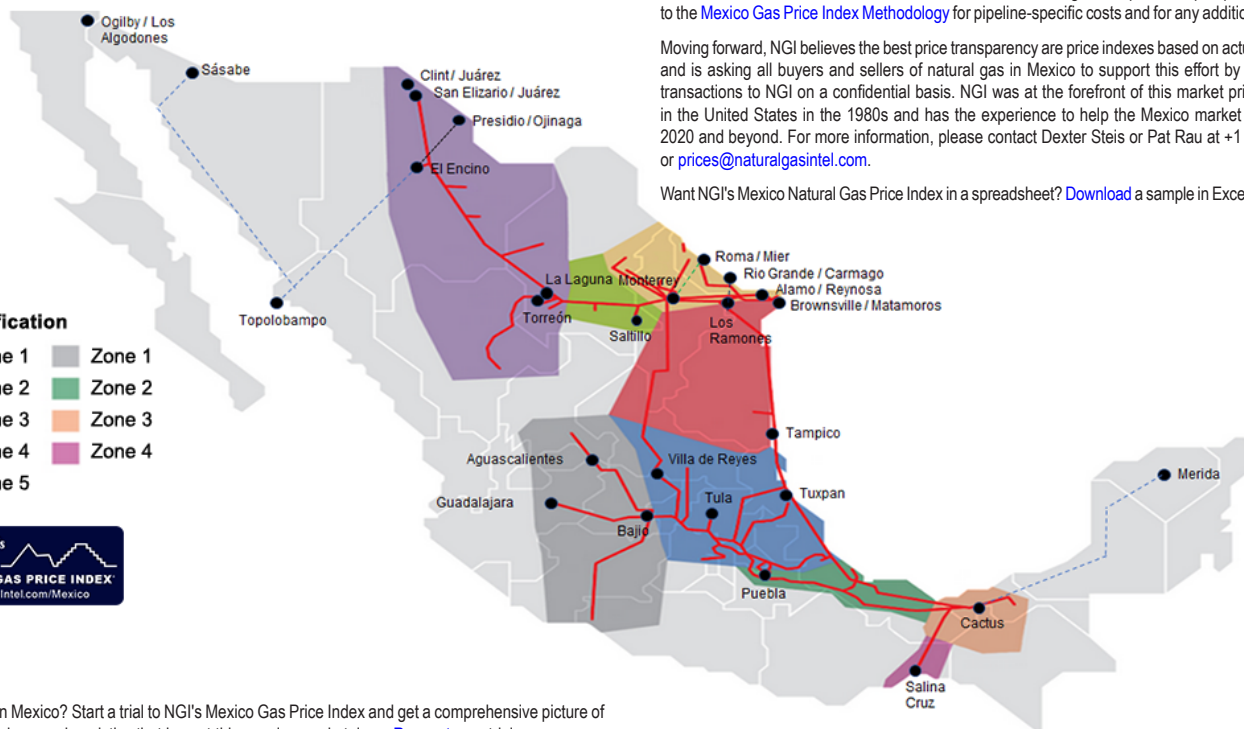
The current assessments are estimated US-to-Mexico natural gas cost plus transport prices; please refer to the [Mexico Gas Price Index Methodology](#) for pipeline-specific costs and for any additional information.

Moving forward, NGI believes the best price transparency are price indexes based on actual transactions, and is asking all buyers and sellers of natural gas in Mexico to support this effort by providing those transactions to NGI on a confidential basis. NGI was at the forefront of this market price deregulation in the United States in the 1980s and has the experience to help the Mexico market do the same in 2020 and beyond. For more information, please contact Dexter Steis or Pat Rau at +1 (703) 318-8848 or prices@naturalgasintel.com.

Want NGI's Mexico Natural Gas Price Index in a spreadsheet? [Download](#) a sample in Excel-friendly format.

Rezonification

Zone 1	Zone 1
Zone 2	Zone 2
Zone 3	Zone 3
Zone 4	Zone 4
Zone 5	Zone 5



Want more on Mexico? Start a trial to NGI's Mexico Gas Price Index and get a comprehensive picture of daily news, prices, and analytics that impact this growing marketplace. [Request](#) your trial.

To learn more about accessing the Excel-readable datafeed file that accompanies this image, or to request historical data access, please contact ngidata@naturalgasintel.com

- 1) Transport rates for U.S. interstates, SISTRANGAS, and other Mexico pipelines taken from electronic bulletin boards (EBBs). However, Texas intrastate pipelines do not have EBBs, so our transportation costs for these are estimates. For more information on which charges we include in these fees, please see the below note.
- 2) Calculated Monterrey price would be the same as Los Ramones, and calculated El Encino would be the same as Torreón, if we had used the SISTRANGAS tariff, since SISTRANGAS is a zone based system.
- 3) U.S. gas is not likely to be delivered to Cactus or Salina Cruz, but these represent a theoretical delivered price in Zonas Sur and Istmo.

to Waddell, allowing U.S. exports to be loaded for delayed delivery. "The deferred delivery of long-term contract cargoes to Pacific buyers in 2H20 is a threat to JKM prices offering a U.S. export arbitrage."

With no shortage of headwinds facing the futures market, prices remained firmly in the red for the bulk of Friday's session. Even after the latest [Baker Hughes Co.](#) rig data was released, which showed the total U.S. rig count now down nearly 500 units since mid-March, the small bump was not enough to move the July contract into positive territory.

However, some aggressive buying emerged in the last half hour of trading, "perhaps with folks simply not wanting to go into the weekend short given that we are seeing demand creep back," according to Bespoke Weather. The firm said that demand could get a boost if the hotter weather pattern sticks around as it suspects it will this summer.

"Data will be increasingly important moving forward," said Bespoke. "We still need to see more tightening to lower the risk of filling storage."

More Losses For Cash

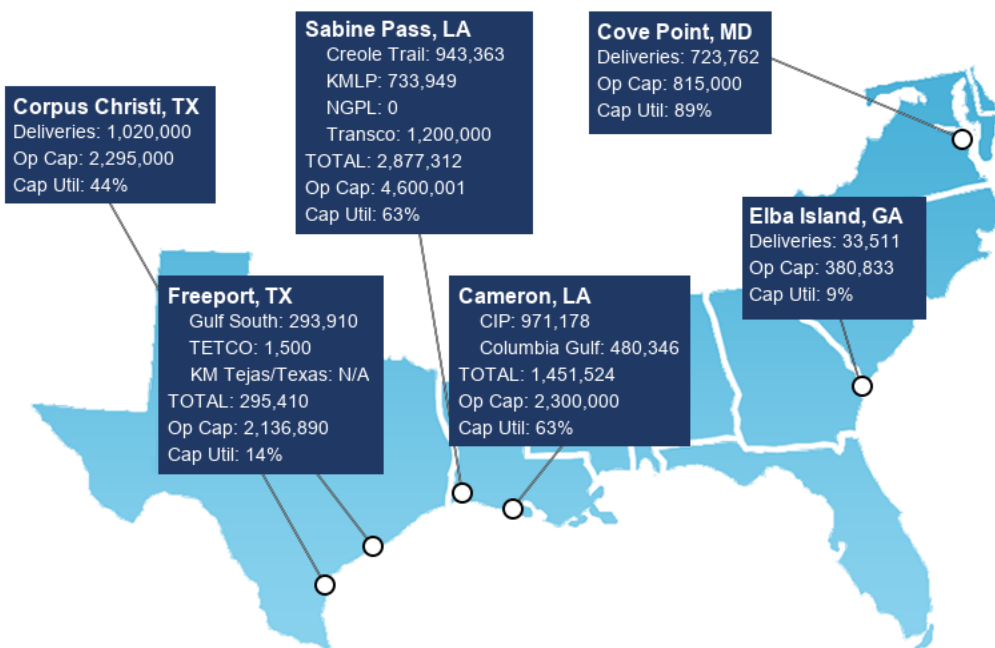
Spot gas prices continued to fall Friday as generally mild spring-time weather conditions were expected to continue across the country. There were some exceptions, namely in the West, but the overall pattern remained "mostly comfortable," according to NatGasWeather.

A cooler-trending weather system was on track to sweep across the Northeast late in the weekend, although it's much too late in the season to drive any meaningful heating demand, the forecaster said. Meanwhile, upper high pressure is expected to strengthen over the central United States, the South and Southeast as the week progresses, resulting in warm highs of upper 80s to lower 90s. However, the northern and eastern part of the country "will be quite comfortable," including the important corridor from Chicago to New York City, the firm said.

Given the lackluster weather demand, Northeast markets softened across the region, but most notably in New England, where [Iroquois Zone 2](#) gas for Monday's delivery plunged 27.0 cents to \$1.300.

Farther upstream, the biggest mover in Appalachia ...cont' pg. 7

IPI's LNG INSIGHT U.S. LNG EXPORT TRACKER 29-May-2020



Daily Summary (Volumes Listed in Dekatherms)

Total Deliveries to U.S. LNG Export Facilities:

6,401,519

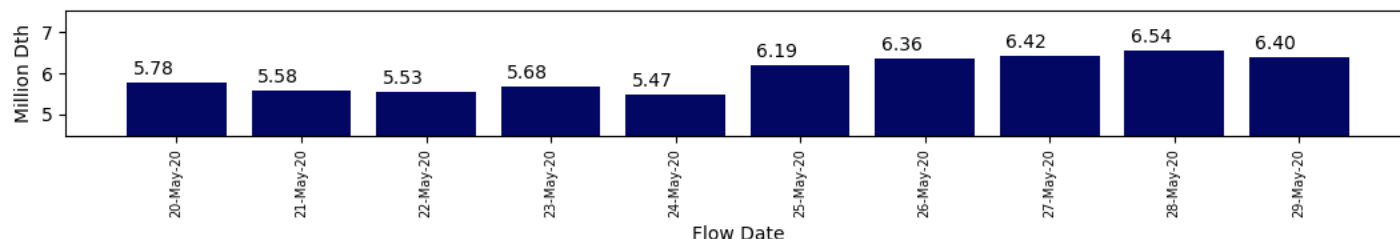
Previous Day:

6,538,439

Change:

-136,920

IPI's LNG INSIGHT



Note: Figures are NGI's estimates of gas delivered to each respective LNG liquefaction facility, listed in dekatherms, and based on best available cycle as of the morning of each listed gas day.

Source: Pipeline EBBs, NGI's Daily GPI, NGI calculations

was [Tenn Zone 4 200L](#), which tumbled 15.5 cents to \$1.350.

Cash markets across the Southeast were down between 10.0 and 20.0 cents, similar to the decreases seen across Louisiana. Prices across the Midcontinent and Midwest slipped mostly around 10.0 cents or so, while in Texas, [Houston Ship Channel](#) spot gas fell 13.5 cents to \$1.605.

On the West Coast, [SoCal Citygate](#) cash plummeted 41.0 cents to \$1.805 for Monday's gas delivery despite a maintenance event getting underway Monday on Southern California Gas (SoCalGas) that is expected to disrupt about 150 MMcf/d of flowing supply at the California-Arizona border.

SoCalGas is performing planned maintenance on its L235-2, one of the lines that went down in a force majeure incident in the fall of 2017. Work on this line for the past two and a half years has cut SoCalGas import capacity considerably through its Northern Zone within the Needles/Topock Area Zone, according to Genscape.

"For most of 2018 and 2019, flows were limited to 270-300 MMcf/d, but capacity increased to around 450 MMcf/d this past November," analyst Joseph Bernardi said. "Now, flows will again be limited to 270 MMcf/d for what SoCalGas plans to be a two-month maintenance event."

Compensatory flows will likely come via the SoCalGas interconnect with the Kern and Mojave systems at Kramer Junction, according to Bernardi. Not only has SoCalGas posted that extra capacity will be available here during the period of changed flow dynamics during the L235-2 maintenance, but there also is recent evidence for Kramer Junction propping up the imports on the SoCalGas Northern Zone, the analyst said.

That could be why, despite the heat that's suffocating the region, prices across the state dropped Friday.

Meanwhile, construction appeared on track for the El Paso Natural Gas (EPNG) South Mainline Expansion project to meet the target July 1 in-service date, according to Genscape analyst Colette Breshears. The latest construction report filed by the pipeline on May 19 showed compressor construction completion at more than 80% and pipeline work at 100% complete.

The project, which adds the Dragoon, NM, and Red Mountain, AZ, compressor stations, as well as a 17-mile pipeline loop in Texas, would increase throughput out of the Permian Basin along the EPNG mainline by 182 MDth/d. ■

ANALYSIS

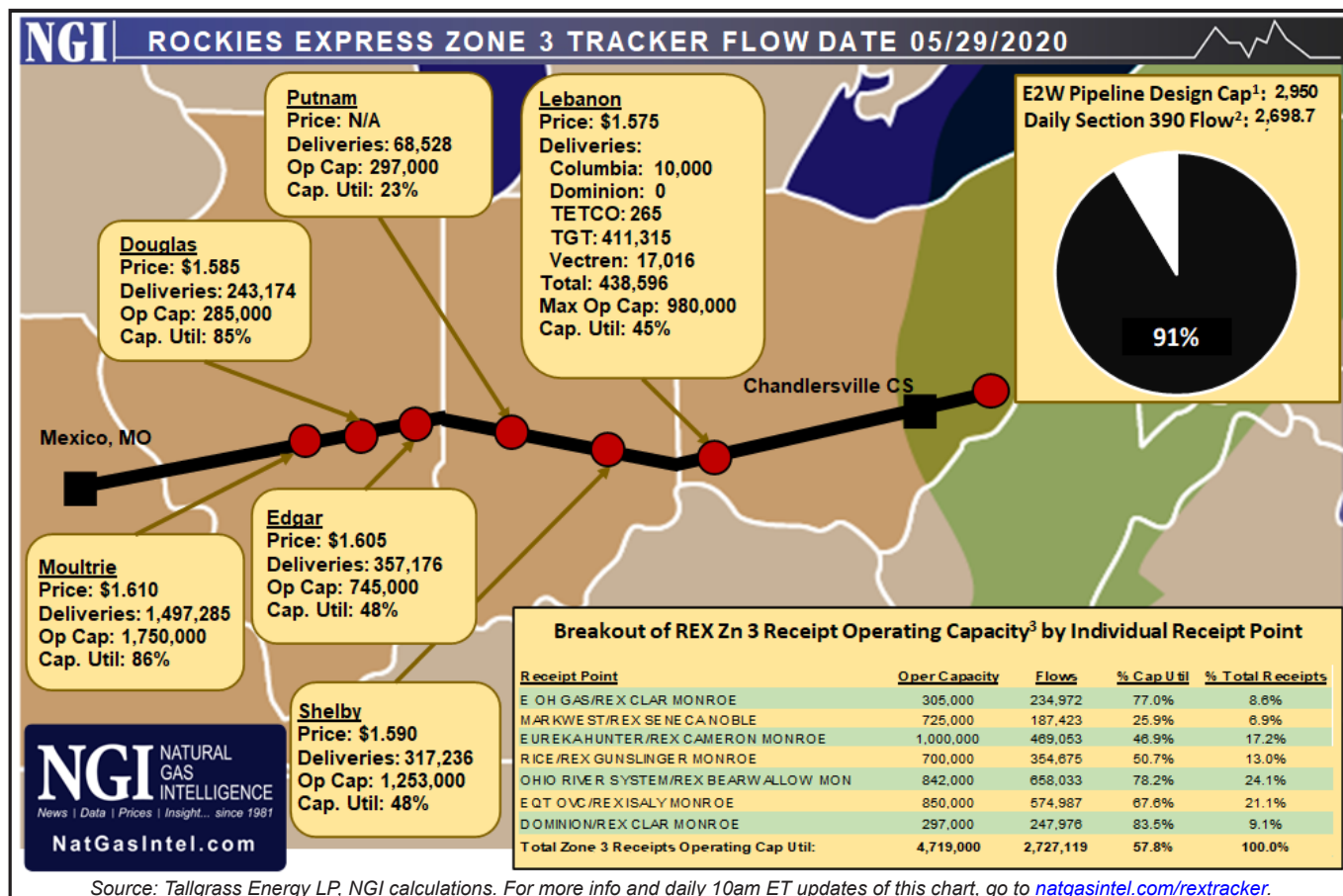
U.S. Renewables Consumption Outpaced Coal in 2019, Thanks in Part to Natural Gas

The United States' use of coal continued to decline in 2019, while renewable energy and natural gas consumption remained strong, according to the Energy Information Administration (EIA).

Last year was the first time, in fact, U.S. annual energy consumption from renewable sources exceeded coal consumption since at least 1885, EIA said Thursday.

"This outcome mainly reflects the continued decline in the amount of coal used for electricity generation over the past decade as well as growth in renewable energy, mostly from wind and solar. Compared with 2018, coal consumption in the United States decreased nearly 15%, and total renewable energy consumption grew by 1%," EIA said.

"Coal-fired power generation has fallen below renewable energy for the first time in more than 130 years — when wood was the primary source of energy in the United States," said Moody's ...cont' pg. 9



TWO U.S. NATURAL GAS RIGS DEPART AS OIL'S DECLINE SHOWS SIGNS OF SLOWING

The U.S. natural gas rig count dropped two units to finish at 77 for the week ending Friday (May 29), while the oil count continued sharply lower, albeit at a slower rate of decline compared to recent weeks, the latest data from Baker Hughes Co. (BKR) show.

The United States saw 15 oil-directed rigs exit the patch during the week, putting the overall domestic tally nearly 700 units behind the 984 rigs running at this time last year. U.S. operators have now laid down nearly 500 rigs since mid-March, one of many signs of the economic shocks delivered by the Covid-19 pandemic.

Two directional units and one vertical unit joined 14 horizontal rigs in exiting the patch for the most recent week. Gulf of Mexico activity held steady at 12, according to BKR.

In Canada, one oil-directed rig packed up shop, dropping the Canadian count to 20, down from 85 in the year-ago period.

The combined North American rig count finished the week at 321, versus 1,069 a year ago.

Among plays, the Permian Basin shed another 14 rigs to drop to 148, a fraction of the 452 rigs active at this time last year. The Marcellus Shale and Williston Basin each dropped two rigs on the week, while the Arkoma Woodford and Utica Shale each added one.

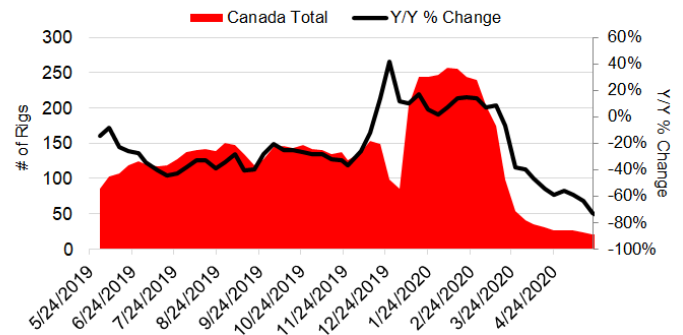
Among states, Texas dropped 11 rigs to fall to 127, versus 480 a year ago. New Mexico, North Dakota and Pennsylvania dropped two a piece. California saw one rig depart overall, while Ohio added one, according to BKR data.

The dislocations from Covid-19 to global energy demand have led to shut-ins and production cutbacks in the United States, and a recent [report by Goldman Sachs](#) analysts found that operators are responding by increasing oil and natural gas hedging into 2021.

Using information from exploration and production operators covered by Goldman, analysts estimated that ...cont' pg. 9



Weekly Canadian Drilling Rig Count For the Week Ended 5/29/2020



	5/29/20	5/22/20	Last Week	5/31/19	% Chg
Alberta					
Central Alberta	0	0	--	6	-100%
East Central Alberta	1	1	0%	9	-89%
Foothills	0	0	--	0	--
Foothills Front	6	6	0%	25	-76%
Northeastern Alberta	1	1	0%	7	-86%
Northwestern Alberta	2	2	0%	4	-50%
Southeastern Alberta	0	0	--	5	-100%
Other Alberta	0	0	--	0	--
Total Alberta	10	10	0%	56	-82%
British Columbia					
Northern British Columbia	6	6	0%	10	-40%
Southern British Columbia	0	0	--	0	--
Other British Columbia	0	0	--	0	--
Total B.C.	6	6	0%	10	-40%
Saskatchewan					
Central Saskatchewan	0	0	--	1	-100%
Eastern Saskatchewan	2	2	0%	8	-75%
Southwestern Saskatchewan	0	0	--	8	-100%
Other Saskatchewan	0	0	--	0	--
Total Saskatchewan	2	2	0%	17	-88%
Manitoba	0	0	--	0	--
New Brunswick	0	0	--	0	--
Newfoundland & Labrador	0	0	--	0	--
Nova Scotia	0	0	--	0	--
NL Offshore	2	3	-33%	2	0%
Quebec	0	0	--	0	--
TOTAL CANADA	20	21	-5%	85	-76%

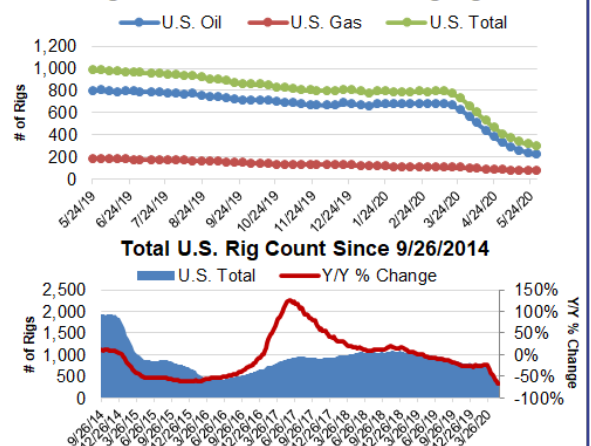
Source: Baker Hughes, NGI's Daily GPI calculations

Weekly U.S. Oil & Gas Drilling Rig Summary As Of 5/29/2020

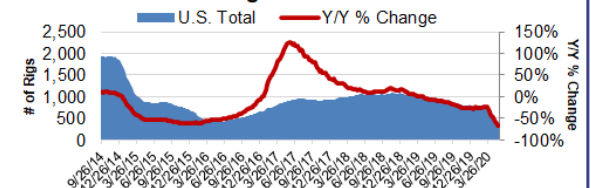
Rig Type	5/29/20	5/22/20	% Change	5/31/19	% Change
			Last Week	Last Year	
Oil	222	237	-6%	800	-72%
Gas	77	79	-3%	184	-58%
Disposal/Other	2	2	0%	0	--
Land	289	306	-6%	957	-70%
Inland/Barges	0	0	--	4	-100%
Offshore	12	12	0%	23	-48%
Horizontal	271	285	-5%	862	-69%
Vertical	7	8	-13%	52	-87%
Directional	23	25	-8%	70	-67%
TOTAL U.S. DRILLING RIGS	301	318	-5%	984	-69%

Source: Baker Hughes, NGI's Daily GPI calculations

Trailing 52 Week U.S. Oil & Gas Drilling Rig Count



Total U.S. Rig Count Since 9/26/2014



...from RIG COUNT - Two U.S. Natural Gas Rigs Depart, pg., 8 through March, 47% of 2020 natural gas production was hedged, along with 66% of oil.

"Our update on covered producer hedging on the back of 1Q2020 results suggests an increase in 2020 oil hedging to recent highs, while 2021 liquids/natural gas hedging is above historical averages," analysts said. "Relative to last quarter, we saw an 18% increase in 2020 oil production hedged," with 60% of the increase resulting from increased hedges and 40% from lower production because of shut-ins and reduced activity.

This comes as the International Energy Agency expects the crisis to result in a [sharp pullback](#) in global natural gas and oil investments, with Lower 48 spending falling by half year/year.

The decline in investments worldwide has "serious implications" for security and the transition to alternative fuels, the global energy watchdog said in the World Energy Investment 2020 report. ■

Benjamin Nelson, senior credit officer and lead coal analyst. "We expect ongoing secular decline in the demand for coal, accelerated by the economic fallout from the global outbreaks of Covid-19, will persist in the early 2020s."

U.S. coal consumption decreased for the sixth consecutive year in 2019 to 11.3 quadrillion Btu, the lowest level since 1964, and electricity generation from coal fell to its lowest level in 42 years.

Meanwhile, EIA said, "Natural gas consumption in the electric power sector has significantly increased in recent years and has displaced much of the electricity generation from retired coal plants."

The U.S. coal-fired generating fleet saw its [output levels](#) decline to nearly 966,000 GWh in 2019, the lowest level since 1976, marking the largest percentage decrease in history, according to EIA data.

The coal fleet's rate of utilization also saw a significant decrease in 2019 to 48%, versus 67% capacity in 2010. While demand for electricity may have been the culprit for the decline, the EIA noted the [increased output](#) from natural gas-fired plants and wind turbines.

Total renewable energy consumption in the United States grew in 2019 for the fourth year in a row to a record-high 11.5 quadrillion Btu.

"Since 2015, the growth in U.S. renewable energy is almost entirely attributable to the use of wind and solar in the electric power sector. In 2019, electricity generation from wind surpassed hydro for the first time and is now the most-used source of renewable energy for electricity generation in the United States on an annual basis,"

EIA said.

In the short-term at least, the economic impacts of Covid-19 may override such trends. Global natural gas [demand](#) is on track to drop by a record 5% in 2020 due to the economic impacts of the global pandemic, the International Energy Agency (IEA) said recently. The year/year decline, which follows 10 years of uninterrupted growth, would be the largest on record since natural gas demand developed at scale during the second half of the 20th century, the global energy watchdog said.

The power generation and industrial sectors are expected to account for 60% and 25% of the total decrease in gas demand, respectively, while the energy sector itself — including upstream operations, refining and pipeline gas compression — is seen accounting for 10% of the drop. ■

REGULATORY

PG&E Bankruptcy Plan OK'd by California Regulators, Now Awaiting Court Approval

California regulators on Thursday approved with conditions Pacific Gas and Electric Co.'s (PG&E) proposed \$58 billion bankruptcy reorganization plan, giving the combination utility a clear path to exit Chapter 11 once a federal bankruptcy court approves the proposal.

In addition to the California Public Utilities Commission's (CPUC) OK, the San Francisco-based utility's proposal has gained approvals from [Gov. Gavin Newsom](#), [bankruptcy creditors](#), and the Federal Energy Regulatory Commission. The plan calls for PG&E to pay \$25.5 billion to cover the devastation from wildfires in 2017 and 2018.

Most of the conditions in the state regulators' approval came from CPUC President Marybel Batjer's criticism-laced ruling last February regarding PG&E's management, board governance, and regulatory oversight. Batjer warned that for the approved plan to be successful, "PG&E needs to embrace the need for fundamental change."

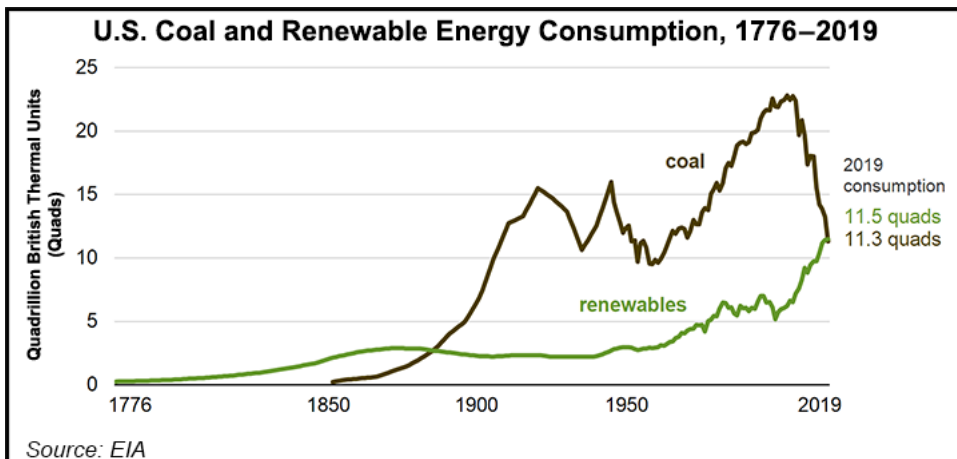
Before voting, the CPUC listened to more than two hours of public comments, most of which urged the regulators to reject the utility's plan. The comments included the Mayor of San Jose Sam Liccardo representing more than 200 local elected officials in the state who are opposed to PG&E's proposal.

PG&E is accepting an unprecedented level of regulation and third-party involvement in its natural gas and electric businesses, including allowing its state operating permit to be the subject of ongoing review, hosting a state-appointed observer to review safety goals progress, and appointing an independent monitor when the current federal district court monitor's term expires next year.

CEO Bill Johnson said PG&E is "committed to doing right by the communities impacted by wildfires."

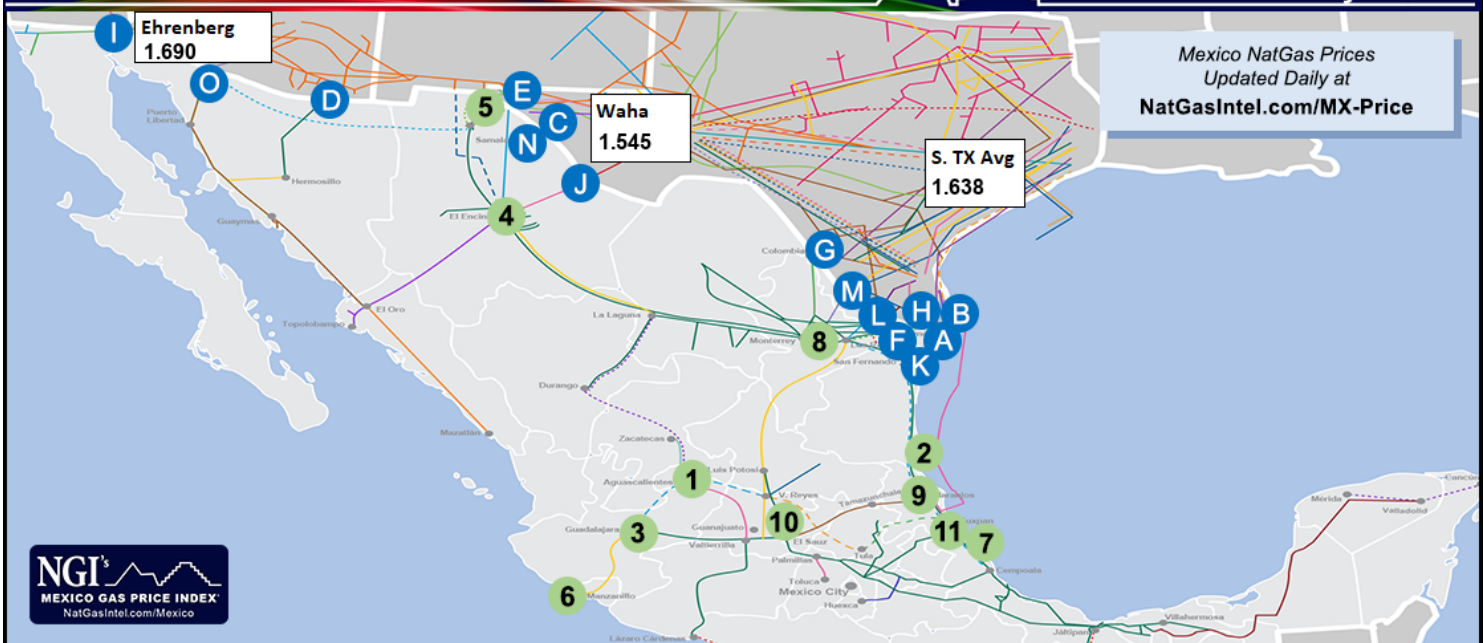
The court monitor, [U.S. District Judge William Alsup](#) alleged during a hearing Thursday that PG&E was resisting stricter safety measures against wildfires, saying "if ever a corporation deserved to go to prison, it is PG&E for the people it killed in California." Alsup referred to PG&E as a "recalcitrant criminal."

Alsup ordered the utility to expand its wildfire safety mitigation work. ...cont' pg. 11



NGI's MEXICO NATGAS FLOW TRACKER

29-May-2020



U.S./MEXICO BORDER LOCATIONS

Key	Location	Delivery Pipeline	Deliveries (Dths/MMbtu)	Op Cap (Dths/MMbtu)	Deliveries (Gigajoules)	Op Cap (Gigajoules)	Cap Util %
A	Alamo, TX / Reynosa, TM	Tennessee / SISTRANGAS	98,367	479,700	103,783	506,110	21%
B	Brownsville, TX / Gulf of Mexico	Valley Crossing / Sur de Texas-Tuxpan	662,497	2,768,730	698,971	2,921,165	24%
C	Clint, TX / Ciudad Juarez, CH ¹	El Paso / Gasoducto de Chihuahua	113,049	544,500	119,273	574,478	21%
D	Cochise County, AZ (4 Points)	El Paso / Various	208,470	459,473	219,948	484,770	45%
E	El Paso, TX / Ciudad Juarez, CH	OkTex / Gas Natural de Juarez	0	55,000	0	58,028	0%
F	Hidalgo, TX / Reynosa, TM	Texas Eastern / SISTRANGAS	0	443,872	0	468,310	0%
G	Laredo, TX / Colombia, NL	Impulsora / Nueva Era	345,722	605,002	364,756	638,311	57%
H	McAllen, TX / Arguelles, TM	Energy Transfer / SISTRANGAS	109,134	250,000*	115,143	263,764	44%
H	McAllen, TX / Arugelles, TM	Kinder Morgan Border / SISTRANGAS	282,869	350,000*	298,443	369,270	81%
I	Ogilby, CA / Los Algodones, BC	North Baja / Gasoducto Rosarito	271,942	525,000	286,914	553,904	52%
J	Presidio, TX / Ojinaga, CH	Trans-Pecos / Ojinaga-El Encino	194,888	1,356,000	205,618	1,430,656	14%
K	Rio Bravo, TX / Rio Bravo, TM	Tennessee / Gasoducto Del Rio	228,031	430,500	240,585	454,202	53%
L	Rio Grande, TX / Camargo, TM	NET Mexico / SISTRANGAS	1,587,176	2,004,206	1,674,560	2,114,550	79%
M	Roma, TX / Ciudad Mier, TM	Kinder Morgan Texas / Mier-Monterrey	374,270	640,000	394,876	675,236	58%
N	San Elizario, TX / San Isidro, CH	Comanche Trail / San Isidro-Samalayuca	220,069	1,135,000	232,185	1,197,489	19%
O	Sasabe, AZ / Sasabe, SO	Sierrita / Sonora Pipeline	141,444	523,640	149,231	552,470	27%

*Contracted capacity. Figures may differ from operating capacity figures that appear on the SISTRANGAS EBB.

LOCATIONS WITHIN MEXICO

Key	Location	Delivery Pipeline	Volume (Dths/MMbtu)	Op Cap (Dths/MMbtu)	Deliveries (Gigajoules)	Op Cap (Gigajoules)	Cap Util %
1	Aguascalientes	SISTRANGAS / Gasoductos de Bajio	39,856	58,812	42,050	62,050	68%
2	Altamira Receipts	LNG / SISTRANGAS	292,878	N/A	309,003	N/A	N/A
3	El Castillo	Manzanillo-Guadalajara / SNG	0	109,292	0	115,309	0%
4	El Encino	Ojinaga-El Encino / El Encino-Mazatlan	196,132	670,000	206,930	706,888	29%
4	El Encino	Ojinaga-El Encino / El Encino-La Laguna	37,913	1,500,000	40,000	1,582,584	3%
5	Gloria a Dios, CH	Gasoducto de Chihuahua / SNG	42,265	121,232	44,592	127,907	35%
6	Manzanillo	LNG / Manzanillo-Guadalajara	257,437	500,000	271,611	527,528	51%
7	Montegrando	Sur de Texas-Tuxpan / SNG	50,864	500,000	53,664	527,528	10%
8	Monterrey	KM Mexico / SISTRANGAS	116,000	425,104	122,387	448,509	27%
9	Naranjos	Sur de Texas-Tuxpan / Naranjos-El Sauz	447,939	919,200	472,601	969,807	49%
10	Pedro Escobedo	Naranjos-El Sauz / SISTRANGAS	224,159	433,870	236,500	457,757	52%
11	Tuxpan	Sur de Texas-Tuxpan / Tuxpan-V de Reyes	0	886,000	0	934,780	0%

Note: Delivery and operating capacity data are as of the morning of the stated flow date. Prices are from our U.S. Mexico Spot Market Price table.

¹The four EPNG points in Cochise County, AZ are: Douglas (IDOUGLAS), El Fresnal (ICFEAGUA), Monument 90 (DPMEXWIL), and Willmex (IMEXWIL).

*Design and/or contractual capacity. Actual scheduled volumes can exceed this amount, depending on SNG system pressure and activity on nearby pipelines.

Source: Pipeline EBBs, NGI calculations

In response, PG&E attorneys argued that Alsup overstepped his authority and verged into the CPUC's territory. PG&E spokesperson Ari Vanrenen referred to the matters in Alsup's court as "an ongoing dialogue."

Liabilities related to the 2017 and 2018 wildfires estimated at \$30 billion prompted PG&E in January 2019 to [file for bankruptcy](#) for the second time in less than 20 years. If approved by the court, it would be the largest U.S. utility bankruptcy ever.

The CPUC confirmed that the plan meets the requirements of the state's wildfire relief law and keeps PG&E on track to meet a [June 30 deadline](#) to emerge from bankruptcy in time to qualify for coverage from a California wildfire insurance fund.

On May 22, [creditors approved](#) the plan with about 80,000 wildfire victims voting for the utility proposal. Confirmation hearings began May 27 for the U.S. Bankruptcy Court for the Northern District of California to consider approving the plan. ■

...from *FORWARD LOOK - LNG Anxieties Weigh on June Natural Gas*, pg., 1

Nymex futures, where the Henry Hub June contract expired Wednesday at \$1.722 and the July contract settled at \$1.886, though July continued to fall on Thursday before bouncing a bit to close out the week.

Though week/week changes were small, EBW Analytics Group LLC noted that the June contract rolled off the board 22.0 cents lower than when it assumed the front-month position. The July-October contracts fell even more over the past month, according to the firm, with the August contract leading the way with a 28.0-cent decline.

"This highlights emerging shifts in the shape of the forward curve," EBW said. From a fundamental perspective, tumbling gas export expectations and "greater recognition" that weakness in the industrial and power sectors may take longer to recover were primary bearish drivers.

More than 30 U.S. gas export cargoes have been canceled for June, and international prices are signaling that oversupply conditions may linger. Much of that is from the mild winter that left global storage inventories brimming with supplies, but Covid-19 added insult to injury as it sapped industrial demand.

"How much gas in total are we likely to flow to Europe this summer? Seems like it should be zero," said a market observer on The Desk's online energy platform Enelyst.

[How much U.S. natural gas production is going to LNG export? Find out with NGI's U.S. LNG Export Tracker.]

For now, feed gas deliveries to U.S. terminals have recovered somewhat since falling to a fresh low of around 5.5 Bcf/d on Sunday. Volumes were at about 6.4 Bcf/d on Friday, though the increase appeared to be more of a blip on the radar rather than sustained momentum given that estimates for July cargo cancellations were coming in higher than June.

EBW pointed out that June cargo cancellations outpaced those in May. In addition, Covid-19 is ravaging South America and likely slashing anticipated heating demand during the southern hemispheric winter. Furthermore, the Asian rebound in demand remains tepid.

"With LNG feed gas demand nearly 1.0 Bcf/d off recent lows, chances for a further sustained rebound appear bleak," EBW said. The dismal outlook, coupled with the slow pace of increased demand from the industrial sector, has proven to be too much for the market to overcome, even with a "startling" decline in production.

[EQT Corp.](#) in early May curtailed 1.4 Bcf/d to wait out higher prices. From the get-go, the Appalachia producer indicated that the duration was "subject to commodity price movements, relationships and resulting economics" and on Tuesday, management said the cuts [could extend through June](#).

Nevertheless, with weather demand starting to build, Bespoke Weather Services said that unlike the last several weeks when it was difficult to build any "true" bullish case at the front of the curve, things are less certain now with demand coming back as the economy reopens.

The firm looked to the Energy Information Administration's (EIA) storage report to shed some light on last week's balance situation, with its projection of a 106 Bcf build expected to be well above the five-year average.

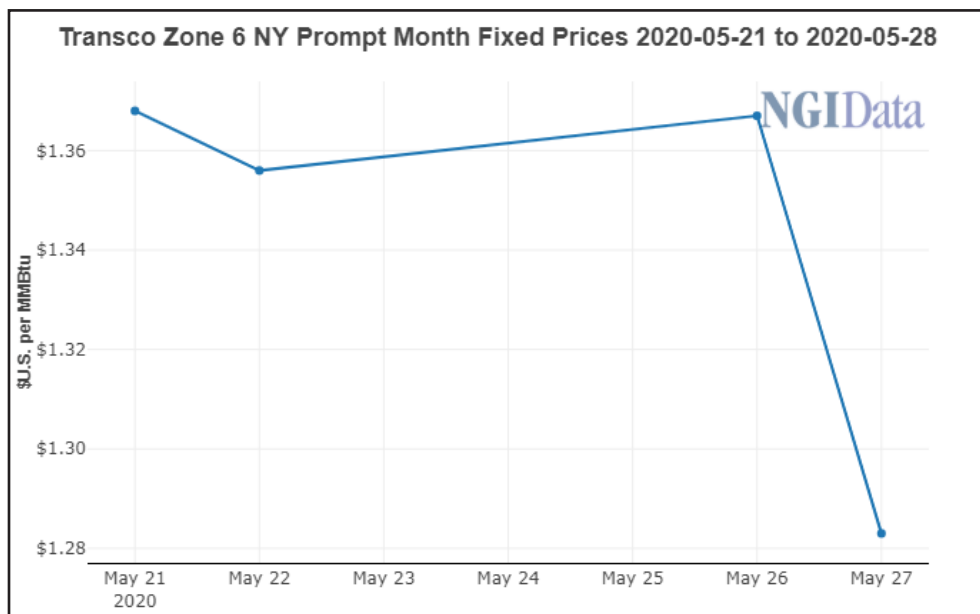
To the chagrin of market bulls, the EIA reported a larger-than-expected 109 Bcf injection into inventories for the week ending May 22. Bespoke said the triple-digit build "does reflect some tightening of supply/demand balances, as expected, though is not enough to put us on pace to avoid filling storage."

"We suspect some additional tightening will be seen over the next few weeks with the economy gradually coming back, but it remains to be seen whether or not it will be enough to get end-of-season projections below 'full' levels."

Prices could remain range-bound until the data shifts more decisively one way or the other, although with the July contract still above the June contract's expiration, some near-term downside risks exist.

Indeed, weather models have at times hinted at the start of more widespread heat across the country, but then data often has turned cooler. On Friday, however, Bespoke noted that with projected Global Angular Momentum anomalies heading negative over the next two weeks, signifying the atmosphere's move toward a La Niña base state, "confidence is increasing that hotter trends overall are the table we are playing at this summer."

"While not an extreme pattern at the moment, other than in parts of the central United States where stronger anomalies are most persistent, there is just a lack of cooling ...cont' pg. 12



NGI Rover NatGas Flow Tracker for Gas Day 29-May-2020

Defiance Deliveries

ANR: 1,671,000
PEPL: 639,569
Total: 2,310,569
ANR Max Op Cap (% Util): 1,819,000 (92%)
PEPL Max Op Cap (% Util): 1,100,000 (58%)

Market Zone North

Vector
Dawn Hub
CA

Michigan Deliveries

Vector: 958,710
Max Op Cap: 1,500,000
Cap Util: 64%

Appalachia Deliveries

Clarington: 0
REX-Seneca: 1
Columbia CPG: 1
Revolution: 0

Market Zone South

Mainline Zone

Mainline Zone

Supply Zone

Supply Zone



— Rover Pipeline ○ Compressor Station

Rover Receipt Points	Op Cap	Receipt Vol	% Util
BERNE	350,000	324,213	93%
CADIZ-MW	300,000	131,000	44%
CADIZ-ORS	1,070,000	807,324	75%
CLARINGTON-EUREKA	350,000	213,571	61%
CLARINGTON-OVC	300,000	214,999	72%
CRAWFORD-UGS	350,000	0	0%
HARMON CREEK	400,000	177,000	44%
MADISON	400,000	105,300	26%
MAJORSVILLE	400,000	400,000	100%
REVOLUTION	525,000	0	0%
SENECA	800,000	94,124	12%
SHERWOOD	800,000	699,895	87%
SUNDANCE	372,000	113,337	30%
Total Rover Receipts	3,250,000	3,280,763	101%
Total Rover Deliveries	3,250,000	3,269,281	101%
	System Cap*	TSQ	% Util

*Represents stated full system capacity. All units in dekatherms.

Source: Rover EBB, NGI calculations & estimates

anywhere once beyond the start of next week. This keeps projected demand above even the hotter 10-year normal.”

The “one fly in the ointment” could be the tropics, as models still show potential for a Gulf of Mexico storm in the next eight to 12 days that could have some impact on the Lower 48. Monday marks the official start of the Atlantic hurricane season, but already the second storm of the season, Bertha, made landfall east of Charleston, SC, on Wednesday.

“If something does form, it would have implications on both LNG and demand if there is a U.S. impact,” said Bespoke.

Weak Northeast

Forward markets across most of the Lower 48 moved in line with Nymex futures, shifting less than a nickel across the curve amid the ever-changing supply/demand landscape because of the Covid-19 pandemic.

However, East Coast pricing hubs were uniformly lower across

the front of the curve as the last remnants of winter faded and far milder weather moved into the region. Points along Transcontinental Gas Pipe Line (Transco) fell nearly 10.0 cents for the June contract, though small increases were seen starting in July.

Transco Zone 6 NY June dropped 9.0 cents from May 21-27 to reach \$1.283, while July picked up 2.0 cents to \$1.605 and the balance of summer (June-October) stayed flat at \$1.470, according to *Forward Look*. Prices for the winter 2020-21 (November-March) strip tacked on 1.0 cent to reach \$4.39, easily coming in at the high end of winter prices seen across the Lower 48.

The only stronger prices for winter were seen in New England, where pipeline constraints limit the amount of gas that can flow into the region. Algonquin Citygate June was down 8.0 cents to \$1.347, July was up 1.0 cent to \$1.648 and the balance of summer held steady at \$1.570. Winter prices managed to slip a penny but firmly held above the \$5 mark, *Forward Look* data show.

In Appalachia, Texas Eastern M-3 June prices dropped 9.0 cents from May 21-27 to reach \$1.300, July climbed 2.0 cents to \$1.586, the balance of summer stayed flat at \$1.460 and the winter strip fell 1.0 cent to \$3.740.

EBW noted that while growth in storage surpluses on a national scale continues, several factors have resulted in the opposite trend this spring in the East Region. Since the storage week ending April 10 and continuing through the week ending May 15, the year/year surplus in the East narrowed by 54 Bcf (1.5 Bcf/d) while the surplus versus the

five-year average slipped by 33 Bcf (0.9 Bcf/d).

One of the contributing factors to the tightening of supplies, according to the firm, is that the East is less exposed to sources of Covid-driven demand weakness, namely LNG exports and industrial demand. These direct effects therefore are proportionally lighter. Furthermore, reductions in residential and commercial power sector demand are lower during the spring shoulder season in the East than in the Gulf Coast or Texas, where early season cooling demand plays a larger role, EBW said.

The East also got some late-season cold that boosted demand, and injections from local distribution companies (LDC) have been coming in lighter than expected, according to the firm. LDCs are primarily “reliability focused, not market-focused,” and aim to begin each winter heating season with enough fuel to ensure adequate supplies. If LDCs wanted to enter winter 2020-21 with similar inventories to year-ago levels, average injections from now ...cont' pg. 13

through October would decline by 0.7 Bcf/d, further reducing local demand, EBW said.

All these factors have contributed to faltering regional production, namely from EQT, but others may follow suit, according to EBW. [CNX Resources Corp.](#) highlighted the potential to shape its production profile to maximize returns, and other leading producers are “undoubtedly” exploring similar options, EBW said.

“If producers elect to choke back wells or throttle down production, it may cause the East Region storage surplus to sink faster, eventually pulling forward an eventual rebound in local natural gas prices.” ■

...from *LIQUEFIED NATURAL GAS - Golden Pass LNG Asks FERC, pg. 1*

liquefaction trains, each with capacity of 5.2 mmt. Also planned are associated utility systems, interconnections and an expansion of the facility's storm protection levee system.

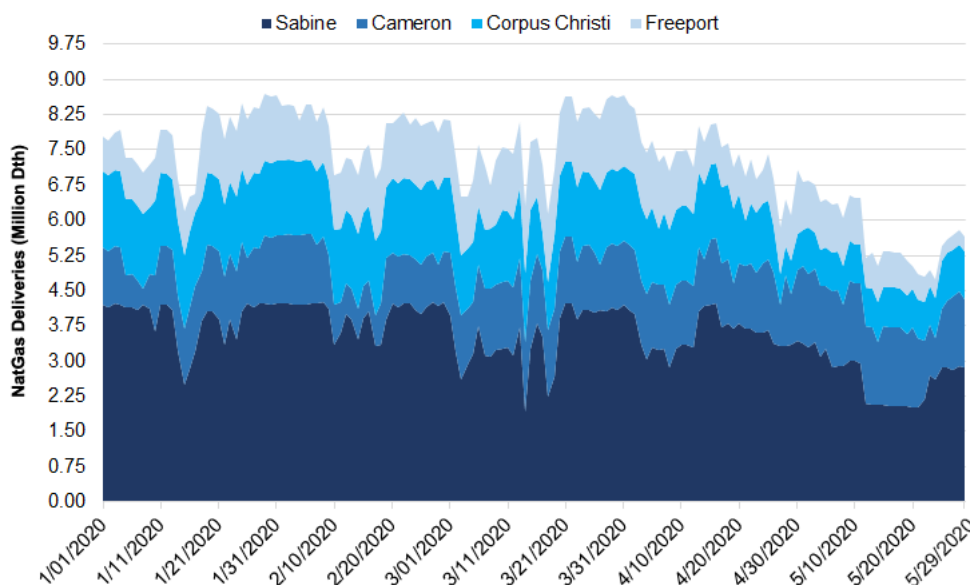
Houston-based Golden Pass sponsors originally designed a gas import project in 2003, when U.S. gas stores were depleted and unconventional resources had yet to be affirmed.

The export design would use the existing infrastructure, which includes five

storage tanks, two marine berths to accommodate the largest LNG carriers, and an existing 69-mile pipeline system with access to U.S. markets. Construction was expected to take about five years, with the facilities set to be operational in 2024.

Golden Pass agreed to be a 20-year cornerstone shipper for Enable Midstream Partner's proposed interstate gas ...cont' pg. 14

Daily Natural Gas Deliveries to Louisiana & Texas LNG Terminals, YTD



Note: Year-to-date through to 5/29/2020.

Source: Pipeline EBBs, NGI calculations

2020 EDITION

NGI'S MAP OF NORTH AMERICAN NATURAL GAS PIPELINES, LNG FACILITIES & SHALE PLAYS

FULL-SIZE MAP
52" x 36"



177
Operational
Pipelines



48
Proposed
Pipelines



163
North American
Market Hubs



47
Imp/Exp
Border Points



53
LNG Imp/Exp
Terminals



LA & TX
LNG
Details



Permian
Zoomed
Pipeline Inset

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system [Gulf Run Pipeline](#), with a commitment of 1.1 Bcf/d. Gulf Run, [launched in 2018](#), is proposing to move up to 2.75 Bcf/d from Northern Louisiana to the Gulf Coast to supply export projects. Enable is anticipating a late 2022 in-service date, including filing for required approval by FERC.

Working interests in Golden Pass project are 70% owned by QP and 30% owned by ExxonMobil. The project builds upon an international relationship between the two giant producers, with QP also joining ExxonMobil in exploration and development activities in Argentina, Brazil and [Mozambique](#). ■

...from [NEWS - Southern Unveils 2050 Net-Zero Emissions Target](#), pg., 1

levels by 2030.

“Driven primarily by low natural gas prices, and through our regulators, Southern Company has seen a rapid transition of

its system’s generation fleet,” the firm said. The system’s carbon emissions decreased by 44% through 2019, “and the company now expects to achieve the 50% reduction goal well in advance of 2030, and possibly as early as 2025.”

To achieve the net zero goal, the plan is to continue to reduce emissions and improve energy efficiency, as well as incorporating negative carbon solutions such as direct air capture of carbon and natural methods such as afforestation.

As You Sow, a shareholder advocacy nonprofit, praised the net-zero objective as an improvement on previous goals.

“We commend Southern for committing to net-zero emissions and look forward to more clarity on how it will achieve this new target, especially with regard to its large natural gas fleet,” said As You Sow’s Lila Holzman, energy program manager.

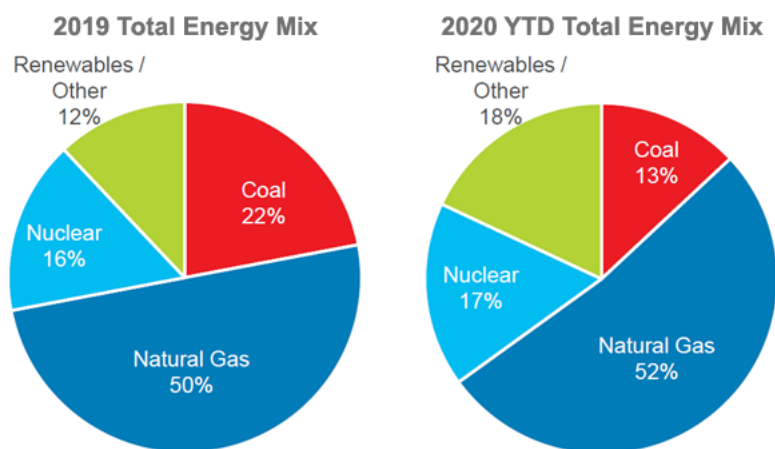
“Shareholders are increasingly concerned that utilities may experience stranded assets and early retirements of natural gas infrastructure similar to what we’ve seen with coal-fired assets. Southern must clarify how it will avoid this as it works to achieve its climate target.”

The Energy Information Administration on Thursday said renewable energy consumption surpassed coal in 2019 for the first time in modern history.

In setting the net-zero-by-2050 objective, Southern joins the ranks of fellow utilities including [Xcel Energy](#), [NRG Energy Inc.](#), [Public Service Enterprise Group Inc.](#), [Pinnacle West Capital Corp.](#), [Duke Energy Corp.](#) and [Dominion Energy Inc.](#)

Oil and gas [majors](#) such as [Chevron Corp.](#) and [ExxonMobil](#), as well as [financial](#) institutions such as [Barclays plc](#) and [JPMorgan Chase & Co.](#), also have faced increasing pressure from shareholders to align their portfolios with the goals of the Paris climate accord. ■

Southern Company 2019 & 2020 YTD Total Energy Mix



Source: Southern Company

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Contact us: **EDITORIAL:** editorial@natgasintel.com; **PRICING:** prices@natgasintel.com; **SUPPORT/SALES:** info@natgasintel.com; **ADVERTISE:** adv@natgasintel.com

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