

# GAS DAILY

Thursday, April 13, 2017

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- Department should stop picking winners, losers: Kalisch

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### Analysts foresee injection between 9-13 Bcf

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### FERC OKs Connecticut Expansion construction

- Project to address regional constraint
- Landowners critical of decision-making procedure

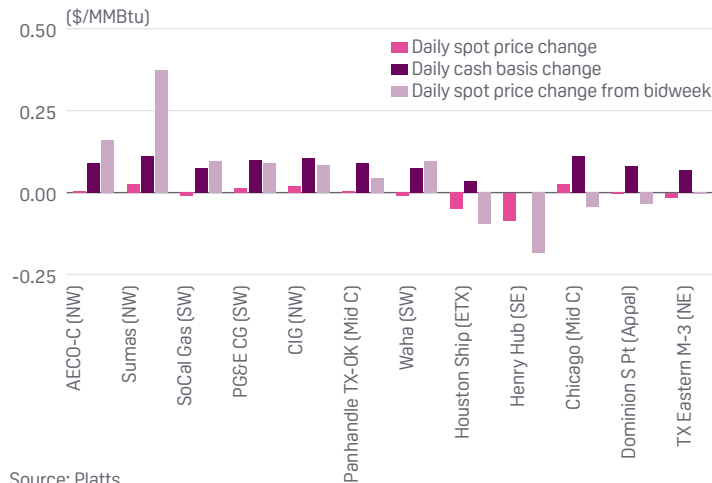
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### NuStar Energy makes entry into Permian

- Midstream firm focusing on prolific Texas plays
- Basin's pipeline capacity seeing rapid build-out

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## SPOT PRICE AND BASIS CHANGES



Source: Platts

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## DAILY PRICE SURVEY (\$/MMBtu)

NATIONAL AVERAGE PRICE: 2.870

Trans. date: 4/12

Flow date(s): 4/13

	Midpoint	+/-	Absolute	Common	Vol.	Deals
<b>Northeast</b>						
Algonquin, city-gates	IGBEE21	3.020	-0.185	2.950-3.180	2.965-3.080	206 35
Algonquin, receipts	IGBDK21	2.765	-0.035	2.730-2.770	2.755-2.770	49 5
Dracut, Mass.	IGBDW21	--	--	-----	-----	-- --
Iroquois, receipts	IGBCR21	3.200	-0.045	3.050-3.230	3.155-3.230	30 13
Iroquois, zone 2	IGBEJ21	3.140	-0.110	3.050-3.220	3.100-3.185	78 12
Niagara	IGBCS21	2.840	-0.195	2.840-2.840	2.840-2.840	8 1
Tennessee, z6 (300 leg) del.	IGBJC21	--	--	-----	-----	-- --
Tennessee, zone 6 del.	IGBEI21	3.305	+0.135	3.050-3.400	3.220-3.395	64 11
Tx. Eastern, M-3	IGBEK21	2.745	-0.015	2.710-2.795	2.725-2.765	322 82
Transco, zone 5 del.	IGBEN21	2.990	-0.055	2.960-3.020	2.975-3.005	134 31
Transco, zone 5 del. North	IGCGL21	2.990	-0.050	2.960-3.020	2.975-3.005	43 7
Transco, zone 5 del. South	IGCHL21	2.990	-0.055	2.970-3.015	2.980-3.000	91 24
Transco, zone 6 N.Y.	IGBEM21	2.790	-0.040	2.770-2.810	2.780-2.800	36 7
Transco, zone 6 non-N.Y.	IGBEL21	2.815	-0.030	2.730-3.000	2.750-2.885	175 31
Transco, zone 6 non-N.Y. North	IGBJS21	2.800	-0.030	2.730-2.850	2.770-2.830	157 29
Transco, zone 6 non-N.Y. South	IGBJT21	2.940	-0.070	2.900-3.000	2.915-2.965	17 2
<b>Northeast regional average</b>	<b>IGCAA00</b>	<b>2.960</b>				
<b>Appalachia</b>						
Columbia Gas, App.	IGBDE21	2.965	+0.010	2.880-2.990	2.940-2.990	525 106
Columbia Gas, App. non-IPP	IGBJU21	2.945	+0.255	2.945-2.945	2.945-2.945	1 1
Dominion, North Point	IGBDB21	2.675	-0.020	2.660-2.690	2.670-2.685	107 20
Dominion, South Point	IGBDC21	2.675	-0.005	2.635-2.700	2.660-2.690	381 76
Lebanon Hub	IGBFJ21	2.875	+0.010	2.870-2.875	2.875-2.875	8 2
Leidy Hub	IGBDD21	--	--	-----	-----	-- --
Millennium, East receipts	IGBIW21	2.660	+0.020	2.650-2.670	2.655-2.665	73 15
REX, Clarington Ohio	IGBG021	--	--	-----	-----	-- --
Tennessee, zone 4-200 leg	IGBJN21	2.785	-0.035	2.770-2.800	2.780-2.795	51 13
Tennessee, zone 4-300 leg	IGBFL21	2.640	+0.055	2.600-2.650	2.630-2.650	54 17
Tennessee, zone 4-313 pool	IGCFL21	2.755	-0.045	2.750-2.800	2.750-2.770	35 11
Tennessee, zone 4-Ohio	IGBH021	--	--	-----	-----	-- --
Texas Eastern, M-2 receipts	IGBJE21	2.655	+0.005	2.620-2.695	2.635-2.675	490 97
Transco, Leidy Line receipts	IGBIS21	2.655	-0.020	2.630-2.700	2.640-2.675	129 27
<b>Appalachia regional average</b>	<b>IGDAA00</b>	<b>2.755</b>				
<b>Midcontinent</b>						
ANR, Okla.	IGBBY21	2.770	+0.000	2.750-2.780	2.765-2.780	112 14
Enable Gas, East	IGBCA21	2.800	-0.080	2.775-2.805	2.795-2.805	40 10
NGPL, Amarillo receipt	IGBDR21	2.830	+0.005	2.830-2.840	2.830-2.835	27 6
NGPL, Midcontinent	IGBBZ21	2.820	+0.000	2.805-2.850	2.810-2.830	308 44
Oneok, Okla.	IGBCD21	2.700	+0.005	2.700-2.700	2.700-2.700	12 5
Panhandle, Tx.-Okla.	IGBCE21	2.755	+0.005	2.730-2.765	2.745-2.765	245 41
Southern Star	IGBCF21	2.750	-0.005	2.745-2.755	2.750-2.755	87 12
Tx. Eastern, M-1 24-in.	IGBET21	--	--	-----	-----	-- --
<b>Midcontinent regional average</b>	<b>IGFAA00</b>	<b>2.775</b>				
<b>Upper Midwest</b>						
Alliance, into interstates	IGBDP21	2.950	+0.020	2.920-2.965	2.940-2.960	167 27
ANR, ML 7	IGBDQ21	2.945	-0.205	2.940-2.950	2.945-2.950	25 2
Chicago city-gates	IGBDX21	2.965	+0.025	2.900-2.980	2.945-2.980	583 86
Chicago-Nicor	IGBEX21	2.945	+0.020	2.900-2.960	2.930-2.960	152 29
Chicago-NIPSCO	IGBFX21	2.975	+0.025	2.930-2.980	2.965-2.980	338 39
Chicago-Peoples	IGBGX21	2.955	+0.025	2.900-2.965	2.940-2.965	77 13
Consumers city-gate	IGBDY21	3.110	-0.020	3.080-3.140	3.095-3.125	366 52
Dawn, Ontario	IGBCX21	3.210	-0.010	3.140-3.250	3.185-3.240	409 65
Emerson, Viking GL	IGBCW21	2.730	-0.020	2.600-2.800	2.680-2.780	255 43
Mich Con city-gate	IGBDZ21	3.045	-0.035	3.030-3.075	3.035-3.055	614 68
Northern Bdr., Ventura TP	IGBGH21	2.865	-0.015	2.850-2.870	2.860-2.870	81 11
Northern, demarc	IGBDV21	2.875	-0.015	2.870-2.885	2.870-2.880	196 27
Northern, Ventura	IGBDU21	2.865	-0.020	2.855-2.880	2.860-2.870	81 11
REX, Zone 3 delivered	IGBRO21	2.885	-0.005	2.830-2.935	2.860-2.910	560 85
<b>Upper Midwest regional average</b>	<b>IGFAA00</b>	<b>2.950</b>				



## Public utilities call for DOE regulation changes

After less than 100 days in office, President Donald Trump has signed several executive orders designed to benefit the oil and gas industry, but an organization representing publicly owned natural gas limited distribution companies says more changes are needed in the US Department of Energy.

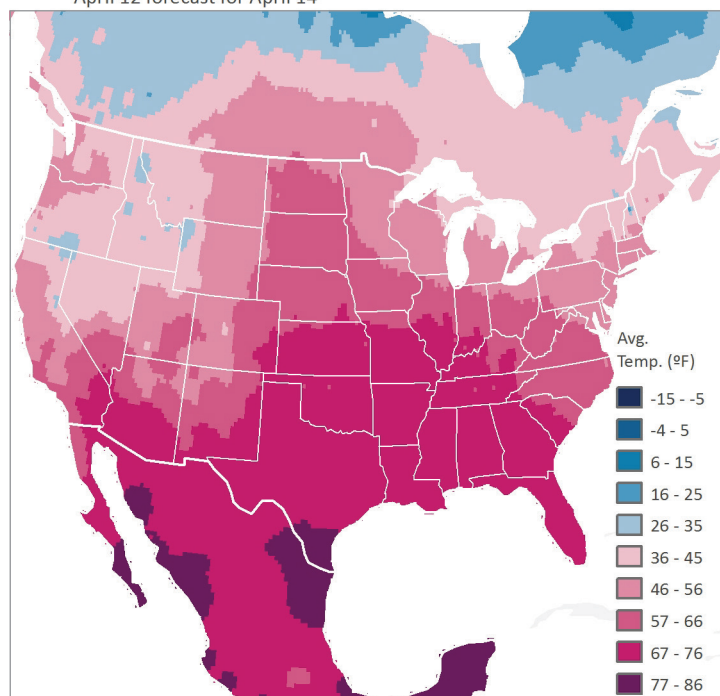
"It appears the Trump Administration understands the value of an energy source that is reliable, abundant and clean," said Bert Kalisch, president and CEO of the American Public Gas Association, during the LDC Southeast forum in Atlanta on Wednesday morning. "The administration has already taken steps to eliminate the long-term trends of federal overreach."

The APGA represents all public gas utilities in the US, which happen to serve a much smaller customer base than investor and privately owned gas utilities. There are about 1,300 gas utilities in the US, and approximately 1,000 of those are municipally owned.

Although LDCs serve about 70 million residential and commercial customers in the US, only 5 million of those are served by public gas utilities as the other 65 million are served by investor and privately owned utilities. The public utilities lack the resources of the larger utilities, making

## 2-DAY-AHEAD TEMPERATURE FORECAST MAP

April 12 forecast for April 14



Source: Platts, Custom Weather

## 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](http://www.platts.com/IM/Platts/Content/MethodologyReferences/MethodologySpecs/na_gas_methodology.pdf)

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## DAILY PRICE SURVEY (\$/MMBtu)

Trans. date: 4/12

Flow date(s): 4/13

	Midpoint	+/-	Absolute	Common	Vol.	Deals
<b>East Texas</b>						
Agua Dulce Hub	IGBAV21	--	--	----	--	--
Carthage Hub	IGBAF21	2.840	-0.035	2.840-2.845	2.840-2.840	32 6
Florida Gas, zone 1	IGBAN21	--	--	----	----	-- --
Houston Ship Channel	IGBAP21	3.015	-0.050	3.000-3.030	3.010-3.025	49 9
Katy	IGBAQ21	2.960	-0.085	2.920-2.980	2.945-2.975	335 47
NGPL, STX	IGBAZ21	2.830	-0.025	2.830-2.830	2.830-2.830	8 1
NGPL, Texok zone	IGBAL21	2.835	+0.000	2.830-2.870	2.830-2.845	201 41
Tennessee, zone 0	IGBBA21	2.740	-0.065	2.720-2.760	2.730-2.750	56 17
Tx. Eastern, ETX	IGBAN21	2.890	-0.025	2.890-2.890	2.890-2.890	46 6
Tx. Eastern, STX	IGBBB21	2.935	-0.070	2.935-2.940	2.935-2.935	8 3
Transco, zone 1	IGBBC21	2.940	-0.005	2.940-2.940	2.940-2.940	13 2
Transco, zone 2	IGBBU21	--	--	----	----	-- --
<b>East Texas regional average</b>	<b>IGGAA00</b>	<b>2.885</b>				
<b>Louisiana/Southeast</b>						
ANR, La.	IGBBF21	2.940	-0.025	2.940-2.950	2.940-2.945	55 8
Columbia Gulf, La.	IGBBG21	2.945	-0.010	2.940-2.950	2.945-2.950	68 11
Columbia Gulf, mainline	IGBBH21	2.930	-0.010	2.915-2.950	2.920-2.940	387 54
Florida city-gates	IGBED21	3.150	-0.100	3.150-3.150	3.150-3.150	5 1
Florida Gas, zone 2	IGBBJ21	2.950	-0.030	2.950-2.950	2.950-2.950	70 1
Florida Gas, zone 3	IGBBK21	2.965	-0.030	2.950-2.975	2.960-2.970	382 44
Henry Hub	IGBBL21	2.995	-0.085	2.970-3.030	2.980-3.010	112 22
Southern Natural, La.	IGBB021	2.950	-0.030	2.945-2.960	2.945-2.955	487 65
Tennessee, 500 Leg	IGBBP21	2.935	-0.040	2.900-2.960	2.920-2.950	176 35
Tennessee, 800 Leg	IGBBQ21	2.930	-0.050	2.930-2.940	2.930-2.935	126 23
Tx. Eastern, ELA	IGBBS21	2.925	-0.045	2.900-2.935	2.915-2.935	103 24
Tx. Eastern, M-1 30-in.	IGBDI21	2.900	-0.035	2.900-2.900	2.900-2.900	5 1
Tx. Eastern, WLA	IGBBR21	2.945	-0.025	2.940-2.960	2.940-2.950	45 10
Tx. Gas, zone 1	IGBAO21	2.905	-0.030	2.895-2.920	2.900-2.910	122 18
Tx. Gas, zone SL	IGBBT21	2.890	-0.145	2.855-2.900	2.880-2.900	1 3
Transco, zone 3	IGBBV21	2.955	-0.010	2.910-2.980	2.940-2.975	36 15
Transco, zone 4	IGBDJ21	2.945	-0.030	2.930-2.960	2.940-2.955	341 46
Trunkline, ELA	IGBBX21	2.890	-0.130	2.890-2.890	2.890-2.890	5 1
Trunkline, WLA	IGBBW21	2.945	-0.205	2.910-2.970	2.930-2.960	1 3
Trunkline, zone 1A	IGBGF21	2.920	-0.010	2.905-2.930	2.915-2.925	38 7
<b>Louisian/Southeast regional average</b>	<b>IGHAA00</b>	<b>2.945</b>				
<b>Rockies/Northwest</b>						
Cheyenne Hub	IGBC021	2.750	+0.010	2.735-2.760	2.745-2.755	62 14
CIG, Rockies	IGBCK21	2.715	+0.020	2.700-2.720	2.710-2.720	23 5
GTN, Kingsgate	IGBCY21	2.545	-0.020	2.530-2.550	2.540-2.550	48 9
Kern River, Opal	IGBCL21	2.760	+0.005	2.750-2.775	2.755-2.765	291 43
NW, Can. bdr. (Sumas)	IGBCT21	2.715	+0.025	2.700-2.730	2.710-2.725	110 22
NW, s. of Green River	IGBCQ21	2.735	+0.025	2.720-2.750	2.730-2.745	19 4
NW, Wyo. Pool	IGBCP21	2.735	-0.005	2.700-2.770	2.720-2.755	85 13
PG&E, Malin	IGBD021	2.830	+0.010	2.810-2.850	2.820-2.840	176 29
Questar, Rockies	IGBCN21	2.705	+0.005	2.700-2.730	2.700-2.715	26 4
Stanfield, Ore.	IGBCM21	2.700	-0.015	2.680-2.720	2.690-2.710	67 11
TCPL Alberta, AECO-C*	IGBCU21	2.720	+0.005	2.675-2.750	2.700-2.740	1474 133
Westcoast, station 2*	IGBCZ21	1.945	+0.015	1.925-1.975	1.935-1.960	53 15
White River Hub	IGBGL21	2.750	+0.015	2.730-2.760	2.745-2.760	55 12
<b>Rockies/Northwest regional average</b>	<b>IGIAA00</b>	<b>2.720</b>				
<b>Southwest</b>						
El Paso, Bondad	IGBCG21	2.730	-0.010	2.730-2.730	2.730-2.730	25 5
El Paso, Permian	IGBA821	2.725	-0.010	2.700-2.740	2.715-2.735	100 16
El Paso, San Juan	IGBCH21	2.735	-0.015	2.730-2.740	2.735-2.740	77 12
El Paso, South Mainline	IGBFR21	2.845	-0.010	2.840-2.860	2.840-2.850	110 11
Kern River, delivered	IGBES21	2.845	-0.005	2.840-2.860	2.840-2.850	86 12
PG&E city-gate	IGBEB21	3.320	+0.015	3.300-3.330	3.315-3.330	491 58
PG&E, South	IGBDM21	2.830	-0.020	2.830-2.830	2.830-2.830	12 2
SoCal Gas	IGBDL21	2.835	-0.010	2.820-2.850	2.830-2.845	353 50
SoCal Gas, city-gate	IGBGG21	3.255	+0.055	3.200-3.350	3.220-3.295	362 42
Transwestern, Permian	IGBAE21	2.715	-0.005	2.700-2.720	2.710-2.720	43 7
Transwestern, San Juan	IGBGK21	2.750	+0.010	2.750-2.750	2.750-2.750	71 11
Waha	IGBAD21	2.765	-0.010	2.730-2.785	2.750-2.780	98 15
<b>Southwest regional average</b>	<b>IGJAA00</b>	<b>2.885</b>				

\*Price in C\$ per gJ; C\$1=US\$0.7518; Volume in 000 MMBtu/day. Symbols represent gas flow date.

the cost and compliance of regulations more impactful.

"Although President Trump's 100th day is not until later next week, we can already see how this administration will impact our industry," Kalisch said.

President Trump has signed 23 executive orders to date since January 20. Kalisch identified four that affect the natural gas industry and LDCs in particular:

- An order to expedite environmental reviews streamlines and expedites such reviews for infrastructure projects ranging from pipelines to highways.
- An order requiring that for each new regulation passed at least two prior regulations must be eliminated, and any new incremental costs for new regulations much result in eliminating equivalent costs from prior regulations. This order is already facing legal pushback.
- An order mandating agencies to establish reform task forces, with each agency pouring through existing regulations and identifying which ones need to be repealed or replaced.
- The fourth order, signed on March 28, outlines a directive for the US to pursue reliable electricity and energy through "coal, natural gas, nuclear material, flowing water and other domestic sources, including renewables."

"This last one is significant," Kalisch said. "Renewables were mentioned last as there is no longer a special focus on renewables in this administration. They want the market to sort this out. The energy market is no longer distorted by an administration picking renewable winners and reliable losers."

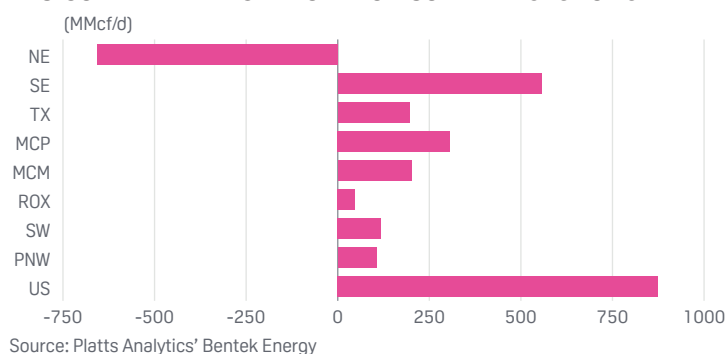
### Summer res/comm to rise 873 MMcf/d in 2017

Kalisch credited the economy's emergence from the last recession to the growth of shale gas in the US.

"While coal was king in the 19th century and oil in the 20th, unquestionably, natural gas is king in the 21st," he said. "Just a decade ago some might have doubted this statement, but now, after fueling America out of the 2008 recession, it is unreasonable to doubt any longer. No longer viewed as just a bridge fuel, natural gas is accepted as the foundational fuel for America through the 21st century. Through improved technology, demand continues to reach new heights every year."

About 92% of all gas distributed by public LDCs goes to direct use by residential and commercial customers. During summer 2017, res/comm is expected to grow year over year in every region of the US except the Northeast, according to Platts Analytics' Bentek Energy.

### RES/COMM DEMAND CHANGE FROM SUMMER 2016 TO 2017



From April through October, res/comm demand in the Northeast is expected to drop more than 600 MMcf/d from last year. However, on a US level, total res/comm demand is projected to rise by 873 MMcf/d. The Southeast in particular will comprise the bulk of the year-over-year gains with a jump of 555 MMcf/d from last summer.

However, the summer of 2016 was on the low end for res/comm compared to previous years with the largest divergences occurring in the fall due to relatively mild weather. Platts Analytics current forecast is well within historic levels.

### AGPA presses DOE to alter policies

In order for res/comm to continue growing in demand, Kalisch said several changes need to be made to how the DOE functions.

"The US DOE has been picking winners and losers for too long," he added. "It is neither necessary nor appropriate to interfere in the energy markets. AGPA is lobbying for an equal playing field for all energy choices, including natural gas."

"Over the last decade our national energy policy was hijacked and transformed into an ideologically driven environmental policy that in some cases claimed natural gas should be used solely for electric generation. This policy overlooked the benefits direct use of natural gas provides."

AGPA has lobbied the DOE for the past six years to alter its proposed rule on how it reviews the efficiency of residential appliances.

"It is a flawed model and does not reflect the actual market or real consumer choices," Kalisch said. "The alleged consumer savings do not exist."

"The model continues to go through changes, and it has not even been peer reviewed. Last month AGPA requested that any analysis be peer reviewed. Until changed, the model will taint any appliance efficiency standards made going forward."

Kalisch highlighted other changes that the department should make, including: requiring that all potential changes to standards or testing procedures be discussed with stakeholders first; requiring that any changes to test procedures for a piece of equipment be finalized before creating a new energy standard based on that test; using the full fuel cycle in all energy standards and codes to learn how best to use each fuel; and revising price forecasting methods to use market pricing whenever available.

— [Brandon Evans](#)

### Analysts foresee injection between 9-13 Bcf

The US Energy Information Administration is expected Thursday to report an injection to natural gas storage stocks between 9 Bcf and 13 Bcf for the week that ended Friday, according to a Platts survey of analysts.

An injection within those expectations would be substantially more than the 2-Bcf build EIA reported for the previous week, as well as the 1-Bcf withdrawal for the same week a year ago, but in line with the 12-Bcf five-year average, according to EIA data.

The wider range of analyst expectations for Thursday's report were injections between 7 Bcf and 20 Bcf.

With last week's 2-Bcf injection, the EIA reported inventories rose to 2.051 Tcf, which was 427 Bcf, or 17%, below year-ago inventory of 2.478 Tcf; but 265 Bcf, or 15%, above the five-year average of 1.786 Tcf.

Overall, supply-and-demand estimates changed very little in the US compared with the previous week, according to Platts Analytics' Bentek Energy.

US production fell only 1 Bcf over the course of the week, while imports from Canada and LNG send-out remained flat with the previous week.

On the demand side, pipeline exports to Mexico were 1 Bcf higher in the week, while LNG feedgas was 3 Bcf higher and US demand fell by 1 Bcf.

From a storage sample activity perspective, South Central region storage activity changed very little, with the regional sample as a whole down less than 0.1 Bcf. The largest changes in sample activity compared with last week took place in the East and Midwest regions, where sample net injections were up 7.5 and 4.1 Bcf, respectively.

In the East, this amounted to a net build of 1.9 Bcf. In the Midwest, activity totaled a net injection of only 0.1 Bcf, according to Platts Analytics.

### Analyst opinions diverge as to future injection trends

With the last of the colder weather seemingly over with, analysts expect storage levels to increase at a more robust rate in coming weeks as the shoulder season truly gets under way. However, some analysts expressed concern that storage injection levels could fall off once again as the summer cooling season gets under way.

"We do know that the exports are going to be picking up as we get into the summer. That could be an issue as we get to hotter-than-normal temperatures," Phil Flynn, an analyst with Price Futures Group said in an interview Wednesday. "We think that we're really close to an area where we could see a little bit of a structural shortage."

However, Dan Lippe of Petral Consulting — whose injection estimate was on the high end of the range — said storage injections over the next several months are likely to be much more robust compared with those of previous years notwithstanding expected increases in demand.

Pointing to the impact of increased natural gas production on storage trends he noted that average withdrawals seen during in the just completed winter heating season were 10 Bcf/d to 14 Bcf/d less than the three-year average.

"Some of that is weather, but some of that has got to be more production," he said.

— *Jim Magill*

## FERC OKs Connecticut Expansion construction

US Federal Energy Regulatory Commission staff on Wednesday authorized Tennessee Gas Pipeline to start building its Connecticut Expansion Project, which will deliver an additional 72,100 Dt/d of gas to Connecticut, potentially easing supply constraints and winter price spikes in the region.

The announcement prompted outrage from project opponents and spurred new concern Wednesday from a Native American tribe that

argued it was left out of the consultation process.

The project will utilize the existing Tennessee 200 and 300 lines for increased deliverability to Tennessee Zone 6 in Connecticut. Gas moving into Tennessee Zone 6 from both the 200 leg through New York, and 300 leg through Pennsylvania experience constraints during the winter months, particularly when demand in New England spikes.

These constraints cause prices to spike in Tennessee Zone 6, trading close to both Algonquin city-gates and Iroquois Zone 2 as the two points compete for scarce molecules in the area. The small volume that the project will bring may not have a meaningful impact on prices at Tennessee Zone 6, but it does provide incremental firm capacity and increased reliability to the end-user shippers on the project.

FERC's Office of Energy Projects on Wednesday authorized Tennessee to proceed with tree-clearing and full construction activities associated with the expansion project.

FERC staff confirmed the receipt of all federal authorizations relevant to the construction activities, according to the notice signed by Danny Laffoon, chief of Gas Branch 1 within the OEP's Division of Gas Environment and Engineering.

### Project to address regional constraint

Richard Wheatley, a spokesman for Tennessee parent company Kinder Morgan, backed OEP's decision.

"We are pleased that the FERC today approved notice to proceed requests by Tennessee Gas Pipeline for tree-clearing and full construction for its Connecticut Expansion Project," Wheatley said in an email. "The project received a thorough and thoughtful review by state and federal agencies during the last two years," he continued.

"The project will upgrade TGP's existing system within New York, Massachusetts and Connecticut and help meet increased demand in the US Northeast for transportation capacity for clean, environmentally friendly natural gas produced domestically, benefiting our [local distribution company] customers in the region."

Environmental groups recently tried to delay construction on the project, arguing in part that the Massachusetts Department of Environmental Protection had not issued its final water quality certification for the expansion.

The Massachusetts DEP issued its final decision on the certification on March 27.

The state's decision can be appealed to the 1st Circuit Court of Appeals within 30 days.

### Landowners critical of decision-making procedure

Carolyn Elefant, who represents landowners involved in the proceeding, called the decision ludicrous. "My clients have had a rehearing request that has been pending for a year," she said. "Now the decision has been made by a branch chief."

"Let's at least have decisions made the way that Congress intended, by a commission that has five sitting commissioners and a quorum," Elefant said. "This defies any notions of fairness and due process," she added. Elefant said her clients are still deciding what to do next.

FERC delegated some of its authority to staff while it lacks a



quorum, but the commission did not delegate authority to act on rehearing requests.

Meanwhile, the Narragansett Indian Tribal Historic Preservation Office recently filed a late intervention in the FERC proceeding, arguing that the commission never consulted with them about the damage the project would do to ceremonial stone landscapes. In fact, FERC did not even identify the sites until seven months after it approved the project, the tribe argued.

On Wednesday, the tribe opposed Tennessee's request to proceed, noting that the construction would destroy 21 of these ceremonial stone landscapes. The tribe argued that OEP cannot resolve the matter. "While the commission lacks a quorum, staff with delegated authority cannot issue an order on a matter that is in dispute," the tribe said.

— [Kate Winston, Liz McFarland](#)

## NuStar Energy makes entry into Permian

In yet another sign that the ramp-up of oil and gas production in the West Texas portion of the Permian Basin is leading to the rapid expansion of midstream development in the play, pipeline and terminal developer NuStar Energy on Wednesday announced a major merger and planned investment in the basin.

CEO Brad Barron said Wednesday that NuStar would acquire fellow midstream player Navigator Energy Services, and will spend a "couple of million dollars" over the next five years in growth projects to increase its pipeline capacity in the Permian region.

The deal, estimated to be worth \$1.475 billion and unveiled Tuesday, is due to close this summer and will see NuStar take over the following assets: about 500 miles of crude oil mainline of capacity 74,000 b/d; ship-or-pay volumes commitments of some 412,000 b/d through multiple outbound pipeline interconnections; a pipeline gathering system of over 400,000 b/d of pumping capacity; and about 1 million b/d of crude oil storage capacity of which 44% or 440,000 barrels are already leased.

"We expect rapid volume growth in the system later this year and in 2018 and beyond, which is expected to be driven by existing customers," Barron said on a conference call Wednesday to discuss the company's deal.

The pipeline system has 16 producers, of which 70% are pure-play Permian producers, with the take-or-pay "contracts, terms and tenor" being first rate and with no exposure to gas processing, he said.

Terming the assets as new-builds that will require minimum maintenance capital, Barron said they are also "strategically connected to maximize the current demands" and will allow for future expansions.

"We also expect an upside potential [at Permian] as the industry continues to improve its drilling results and technology and including a [pipeline] solution to navigate all the way to Corpus Christi," Barron said without indicating a timeline.

Producers have been gravitating to the Permian Basin for years, lured by low breakeven prices and, most recently, an increase in crude prices following the OPEC-led production cuts in January.

Platts Analytics Bentek estimates that Permian crude production

will rise an average 400,000 b/d in 2017 to 2.433 million b/d, and rise to 3.487 million b/d by 2022.

The breakeven cost for Permian Midland oil is currently \$31.71/b, according to the Platts Well Economics Analyzer, which assumes a drilling and completion cost of \$6 million/well. Two years ago, the breakeven was \$48/b.

Early this year, NuStar's senior vice president of marketing and business development, Danny Oliver, said on an earnings call that the company was working to hook its terminal assets at Corpus Christi, Texas, to pipelines coming down from the Permian Basin of West Texas and New Mexico to capture that growing flow of crude.

In addition, the company is "looking for some opportunities" from another main trunkline into the Corpus Christi area, Oliver said then, but did not immediately name that or any pipelines tapped as likely hookup targets.

## NuStar's radar focusing on prolific Texas plays

In line with its strategy to focus on its core pipeline and storage business, NuStar has been eyeing acquisitions and growth opportunities in the Permian, Barron said.

"It is no secret we have been actively searching for ways to break into the Permian Basin which represents 40% of onshore rig activity. For the past 18 months or so, we have actively looked at opportunities in the Permian, but for one reason or the other they have not met our acquisition criteria," he said.

He defined the company's criteria as those that came with low risk and is within the core areas of expertise.

Besides providing a footing in Permian, the deal to acquire Navigator will also complement NuStar's existing midstream assets in Eagle Ford – another prolific US energy-producing basin, Barron said.

## Basin's pipeline capacity seeing rapid build-out

Permian Basin drilling activity has ramped up so quickly in response to the rise in oil prices after a two-year downturn that midstream companies are jumping headlong into the fray to get a piece of the pipeline action.

Platts Analytics' Bentek Energy expects pipeline takeaway capacity to carry Permian crude south to the US Gulf Coast – currently at 2.5 million b/d – to rise to 3 million b/d by January. And lack of demand from USGC refiners, which favor heavier, more sour crudes, is likely to keep pipeline utilization below capacity, however, unless export demand increases.

## DECISION ON CANADIAN EXCHANGE RATE CHANGE

Following a period of subscriber feedback, S&P Global Platts has decided against using the Tullet Prebon 4:30 PM London (11:30 am CPT) Spot FX exchange rate in lieu of the Bank of Canada Noon Rate in its Gas Daily publication.

The Noon rate, which will be discontinued after April 28 by the Bank of Canada, will instead be replaced by the Bank of Canada 4:30 ET (3:30 CPT) daily exchange rate. This change will take effect on May 1, 2017.

Please send any comments on the decision above to [gas\\_survey\\_comments@platts.com](mailto:gas_survey_comments@platts.com) and [pricemethodology@spglobal.com](mailto:pricemethodology@spglobal.com).

That additional 500,000 b/d of pipeline capacity includes the expansion of the BridgeTex pipeline and a new Enterprise Products Partners project.

Plains All American plans to expand its Cactus pipeline by 140,000 b/d to 390,000 b/d this year, supplying more Permian crude to Corpus Christi export terminals.

Export capacity is rising at Corpus Christi, where Occidental Petroleum inaugurated its 200,000 b/d Ingleside export terminal in 2016.

Last month, San Antonio-based EPIC Pipeline, sponsored by TexStar Midstream Logistics, Castleton Commodities International and Ironwood Midstream Energy Partners announced a 45-day open season for shipper commitments to move crude and condensate from the Delaware and Midland basins in the Permian play to Corpus Christi on a 730-mile, 440,000 b/d pipeline.

That pipeline is expected to be operational by the end of the first quarter in 2019.

— [Ashok Dutta](#)

## California commission advances gas-fired plants

The California Energy Commission on Wednesday approved two natural gas-fired power plants totaling 1,884 MW to be built by AES in Southern California.

The 844-MW Huntington Beach and the 1,040-MW Alamos power plants will replace existing plants at their sites that are set to be shuttered before 2021 because of California's phase-out of plants that use once-through cooling technology.

The existing 474-MW Huntington Beach and 1,950 MW Alamos plants are under contract to Southern California Edison through May 2018. The plants are covered under a resource adequacy agreement that runs from June 1, 2018, through 2020, but needs to be approved by the California Public Utilities Commission.

The new plants include 1,284 MW of combined-cycle capacity that is under contract to SCE, which selected the projects through a solicitation process in 2014 to meet the utility's long-term needs driven by the retirement of the San Onofre nuclear plant and the pending shutdowns of older power plants.

The new Huntington Beach and Alamos projects includes 200 MW and 400 MW, respectively, of simple-cycle capacity that isn't under contract and could be built in a later phase.

### Need for gas-fired capacity questioned

CEC member David Hochschild said he was concerned that the commission was approving natural gas-fired capacity that didn't appear to be needed while the state is trying to slash its carbon dioxide emissions.

The simple-cycle capacity provides the state with options but would not be built without power purchase agreements, Stephen O'Kane, AES US West director of sustainability and regulatory compliance, said during the CEC meeting.

Further, energy storage and distributed solar is the company's fastest growing sector in the West, not natural gas-fired plants, O'Kane said, noting that the new natural gas-fired plants had less capacity

than the older, less efficient plants they were replacing.

AES expects the new capacity and 100 MW of storage that is under contract to SCE will cost about \$1.9 billion to build.

AES, based in Arlington, Virginia, expects to complete financing agreements for the natural gas-fired projects in mid-2017 with construction expected to begin later this year, according to the company's annual report, filed February 27 with the US Securities and Exchange Commission. The power plants are expected to be online in 2020, with the energy storage following a year later.

— [Ethan Howland](#)

## Utilities defend rates amid cheap natural gas

As the public becomes increasingly aware of cheap natural gas prices, utilities find themselves defending the rates customers are charged each month.

"The Internet is a wonderful thing, and it's also a very dangerous thing, because now everybody is an expert in natural gas prices," said Kenneth Yagelski, managing director of gas supply for Southern Co. Gas. "We've had a problem making sure customers have a realistic expectation of what the prices are."

Speaking on an April 12 gas buyers' panel at the LDC Gas Forum Southeast in Atlanta, Yagelski said customers will look at the price at which gas is trading on a nearby hub and wonder why they are not getting that rate.

The same phenomenon plays out for public utilities. Municipal Gas Authority of Georgia COO Michael Frey said the state-chartered company has had customers leave citing high rates in their exit surveys. Donnie Sharp, senior gas supply coordinator for Huntsville Utilities, said, "People do hear about gas being cheap, so they do expect their rates to be competitive. It's our job to guarantee that."

Communication with customers will be key to moving past this issue, the utility officials said. "We've found an opportunity to work really hard to educate our customers and our regulators," Yagelski said.

According to Yagelski, many prospective customers expect commodity prices to rise in the near future. But he said the industry sees flat growth with few price spikes in the short term.

While securing cheap supply will help utilities offer competitive rates to customers, reliability and flexibility are also important when buying gas for end-users, the officials said. Disruptions have major impacts on consumers, Yagelski said.

"On a cold day, your customers can't burn ... a contract. They burn natural gas," he said. "You can have all the contracts you want and lawyer up, but at the end of the day you need the counterparty to perform."

— [Rachel Adams-Heard, S&P Global Market Intelligence](#)

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### SUBSCRIBER NOTE: GOOD FRIDAY HOLIDAY NOTICE

Gas Daily will not be published on Friday, April 14, due to the Good Friday holiday. No price data will be collected that day.

Flow dates for natural gas traded on Thursday, April 13, will be for Friday, April 14, through Monday, April 17.

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## FERC tax policy for pipes depends on Congress

The US Federal Energy Regulatory Commission will likely look to Congress before adjusting its income tax allowance and rate-of-return policies to avoid a potential double recovery of tax costs in the rates charged by pipeline company partnerships, an industry expert said.

Even if FERC convenes a quorum of three or more commissioners in time to address its backlog by midsummer, the commission may wait to see whether Congress considers tax reform legislation subjecting large master limited partnerships to corporate tax rates, ClearView Energy Partners LLC Managing Director Christi Tezak explained.

“If that legislation happens, particularly subjecting MLPs to a lower corporate tax rate, then the difference between the two would disappear and there would be no need for a new rulemaking because everybody would have a tax obligation,” Tezak said.

“The bottom line is that if we’re having serious tax reform discussion ... even if you were talking about something that seems to be a very difficult lift and may not actually happen ... then I think FERC waits,” she said. “If Christmas comes and goes and it doesn’t look like we’re getting tax reform, then I think that the commission would buckle down in earnest.”

### Commission seeks feedback

The commission issued a notice of inquiry in December 2016 to gather feedback on possible adjustments to its income tax allowance and rate-of-return policies. The commission issued the notice after a July 1, 2016 decision by the US Court of Appeals for the District of Columbia Circuit, which found that FERC’s policies could allow pipelines set up as partnerships to unfairly profit from their tax structure.

The court concluded that FERC failed to demonstrate that there was no double recovery for a partnership pipeline as a result of FERC

policies when a discounted cash flow methodology was used. The court listened to United Airlines and other shippers on Kinder Morgan’s Santa Fe Pacific oil pipeline, which argued that such a double recovery had occurred because FERC allowed a partnership entity with pass-through taxation to receive an income tax allowance. (US Court of Appeals for the D.C. Circuit docket 11-1479)

The reply period for comments on the FERC notice of inquiry closed April 7, but Tezak noted that there is no specific deadline the commission has to meet.

Formed to encourage growth, the MLP structure distributes earnings to the limited and general partners who pay their own taxes. Money retained at the partnership is reinvested in the business and covers operating expenses. The model took hold in the midstream sector with pipeline companies that could offer stable and growing cash flows from long-term, fee-based natural gas and oil transportation contracts.

The Washington, D.C.-based Master Limited Partnership Association provided comments in an April 7 filing that sought to bolster FERC’s case that the tax allowances are needed.

“It is simply not true that no tax is paid on the earnings of an MLP-owned pipeline,” the association argued.

“MLPA urges the commission not to change a policy that for over a decade has worked well and allowed MLPs to perform the function intended by Congress,” the group said.

The Interstate Natural Gas Association of America also commented in favor of tax allowances for MLPs, while the Natural Gas Supply Association and the Liquid Shippers Group encouraged FERC to adjust its current ratemaking policies to eliminate the income tax allowance for interstate gas pipelines owned by MLPs. (FERC docket PL17-1)

— [Allison Good, S&P Global Market Intelligence](#)

## PIPELINE MAINTENANCE

Start date	End date	Pipeline	Description
11-Apr	11-Apr	Algonquin	Algonquin Gas Transmission is conducting maintenance from the Lambertville Meter Station to the Hudson River which will reduce capacity through the Stony Point Compressor station by 391 MMcf/d to 1.42
12-Apr	12-Apr	Algonquin	Algonquin gas transmission is running an in-line tool through the mainline 04/05 that will limit Stony Point throughput capacity by 525 MMcf/d to 1.29 Bcf/d.
23-Mar	01-Jun	SOCAL	SoCal Gas released a notice on March 23 regarding the Storage Safety Enhancement Plan (SSEP) after the California PUC pushed back on the severe limitations of storage withdrawals.
03-Apr	27-Apr	Texas Gas	Texas Gas Announces Valve Maintenance at Bastrop Compressor Station Bringing Capacity Down to 240 MMcf/d
01-Mar	31-Oct	Westcoast	Westcoast Pipeline is planning to undergo maintenance this summer that is set to restrict flows both out of Westcoast Station 2 and to Sumas from March through the end of summer.

## NATURAL GAS FUTURES

### NYMEX May settles at \$3.187/MMBtu, up 3.7 cents

The NYMEX May contract edged 3.7 cents higher Wednesday to settle at \$3.187/MMBtu, chipping into Tuesday's near 9-cent decline ahead of the weekly US Energy Information Administration natural gas storage report.

According to Platts Analytics' Bentek Energy, US demand is expected to surge 2 Bcf day-on-day Thursday, reaching about 65 Bcf/d, slightly below the April month-to-date.

Looking ahead, prospects for weaker US demand in the coming weeks and restrictions on NET Mexico, impacting exports into the Mexican market, may prove difficult for the prompt month to continue to trudge higher over the next two weeks.

Forecasts through April 26 maintain that US demand will hover near 64 Bcf/d, below the current April month-to-date of 65.5 Bcf/d, and a stark 8.2 Bcf/d below year-ago levels.

The National Weather Service projects the eight- to 14-day temperature outlook to mirror more immediate weather outlooks, with "near to below normal temperatures [being] favored over the northern [continental US]," with a high degree of confidence of above-average temperatures over the southern half of US.

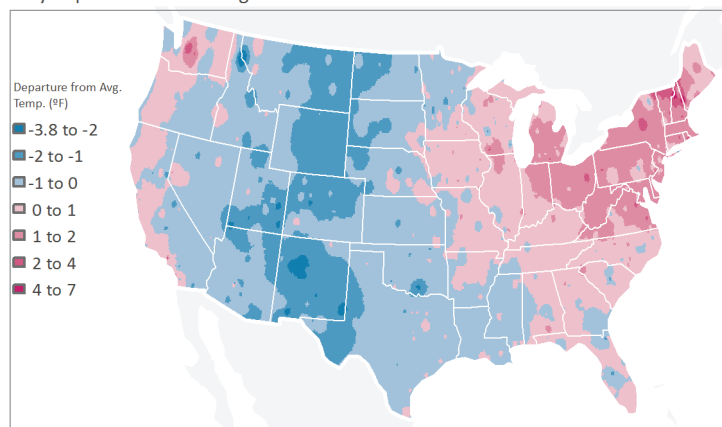
In addition, CENEGAS announced that from April 10 through 21, NET Mexico flows through the Agua Dulce compressor station will be restricted in a range of 570 MMcf/d to 1.22 Bcf/d.

In the more immediate time frame, preliminary projections formulated by Platts expect an injection between 9 Bcf-13 Bcf into storage stocks, bringing total inventory to nearly 2.064 Tcf.

Even as 2017 to-date US demand sits 5.1 Bcf/d below the 2016 year-to-date level of 86.3 Bcf/d, a 2.3-Bcf/d surge in LNG feedgas and Mexican exports from 2016 combined with a 1.9-Bcf/d dip in total US dry production and national storage stocks below year-ago levels has engendered a tighter supply balance, helping to buoy the prompt-month contract compared with year-ago levels.

### MONTH-AHEAD TEMPERATURE FORECAST MAP

May departure from average



Source: Platts, Custom Weather

### NYMEX HENRY HUB GAS FUTURES CONTRACT, APR 12

	Settlement	High	Low	+/-	Volume
May 2017	3.187	3.197	3.132	0.037	55011
Jun 2017	3.262	3.273	3.212	0.038	13086
Jul 2017	3.332	3.346	3.286	0.036	3497
Aug 2017	3.362	3.375	3.319	0.037	1013
Sep 2017	3.355	3.366	3.308	0.038	1186
Oct 2017	3.370	3.381	3.324	0.036	1228
Nov 2017	3.423	3.432	3.384	0.033	450
Dec 2017	3.554	3.560	3.514	0.030	508
Jan 2018	3.627	3.632	3.588	0.029	559
Feb 2018	3.588	3.591	3.558	0.025	72
Mar 2018	3.492	3.496	3.467	0.021	282
Apr 2018	2.927	2.928	2.906	0.012	1107
May 2018	2.857	2.857	2.847	0.009	57
Jun 2018	2.875	2.875	2.856	0.008	45
Jul 2018	2.897	2.898	2.878	0.007	342
Aug 2018	2.903	2.903	2.895	0.007	58
Sep 2018	2.880	2.880	2.872	0.005	10
Oct 2018	2.899	2.900	2.882	0.005	165
Nov 2018	2.948	2.948	2.948	0.005	0
Dec 2018	3.085	3.085	3.070	0.005	3
Jan 2019	3.189	3.189	3.173	0.007	94
Feb 2019	3.163	3.163	3.163	0.008	0
Mar 2019	3.090	3.090	3.090	0.008	0
Apr 2019	2.700	2.700	2.700	0.003	0
May 2019	2.664	2.664	2.664	0.001	0
Jun 2019	2.688	2.688	2.688	0.001	0
Jul 2019	2.715	2.715	2.715	0.001	0
Aug 2019	2.726	2.726	2.726	0.001	0
Sep 2019	2.724	2.724	2.724	0.001	0
Oct 2019	2.754	2.754	2.754	0.001	0
Nov 2019	2.819	2.819	2.819	0.001	0
Dec 2019	2.959	2.959	2.959	0.001	0
Jan 2020	3.079	3.095	3.079	0.001	0
Feb 2020	3.051	3.051	3.051	0.000	0
Mar 2020	2.992	2.754	2.754	-0.001	0
Apr 2020	2.685	2.685	2.685	0.007	0

Contract data for Tuesday

Volume of contracts traded: 375,630

Front-months open interest:

May, 208,144; Jun, 157,229; Jul, 159,431

Total open interest: 1,411,174

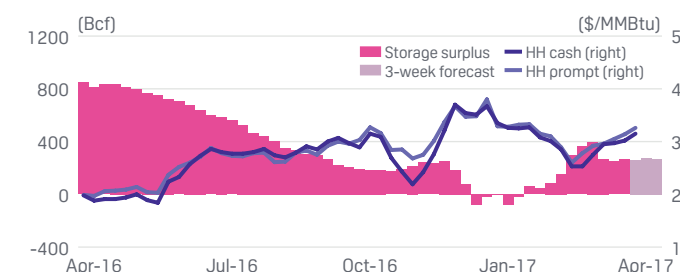
Data is provided by a third-party vendor and is accurate as of 5:30 pm Eastern time.

### NYMEX PROMPT MONTH FUTURES CONTINUATION



Source: Platts

### BENTEK US GAS STORAGE SURPLUS vs ROLLING 5-YEAR AVERAGE





## NORTHEAST GAS MARKETS

### Spots mostly fall as forward strips strengthen

Natural gas prices in the US Northeast were mostly weaker Wednesday as temperatures are expected to remain near seasonal norms Thursday.

Forecast demand increases on Thursday were not able to boost pricing as the market may be looking further ahead to demand drops Friday-Sunday.

Platts Analytics' Bentek Energy predicted that total demand in the Northeast will increase by around 1.5 Bcf to 16.373 Bcf Thursday before tumbling back down to 13.662 Bcf on Sunday.

Despite the uptick Thursday, demand would remain under the seven-day prior average before April 9 of 17.33 Bcf, and will remain weak eight to 14 days out, when it will drop to around 15.916 Bcf.

Algonquin city-gate fell 18.5 cents to trade around \$3.02/MMBtu, the lowest it has traded in the past six days. Similarly, at Transco Zone 6 New York, prices fell 4 cents to \$2.79/MMBtu. This is the fourth day Transco Zone 6 New York prices have traded under the \$3/MMBtu mark, historical pricing from S&P Global Platts showed.

Algonquin said in a posting Wednesday morning that it experienced an unplanned outage at its Cromwell, Connecticut, compressor station, and repairs are under way.

"As a consequence of this outage, effective immediately, capacity at Cromwell will be approximately 1,107,000 Dth/d. AGT will post updates to the status of the repairs as soon as it is known," the posting said.

Over the last seven days, flows through the pipeline have averaged 1,108,000 Dth/d, or about 88%, of the compressor station's 1,237,000 Dth/d operating capacity.

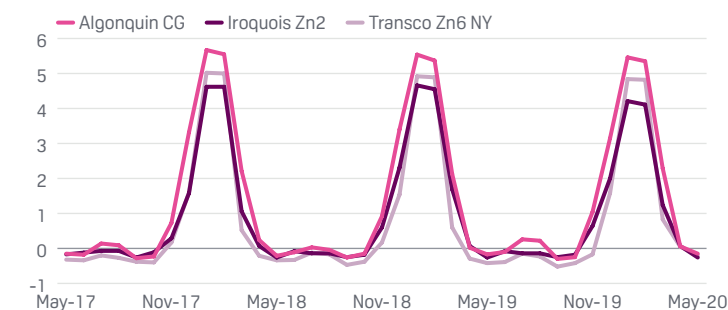
Further upstream, markets also saw more mixed movement, with Tennessee Gas Pipeline Zone 4 (300 Leg) gaining 5.5 cents to trade at \$2.64/MMBtu.

Appalachian production fell slightly Tuesday, averaging about .2 Bcf/d lower day-on-day, at 23.6 Bcf/d, Platts Analytics data shows.

Further down the curve, most forwards pricing moved higher in the Northeast. Columbia Gas Appalachia balance of summer basis rose 1.25 cents, trading at minus 16.38 cents/MMBtu. This marks a 30-day high and is 3.33 cents above where it closed in March.

Also gaining more than 2 cents was the Transco Zone 6 New York May contract, which rose 2.5 cents to trade at minus 33 cents/MMBtu Wednesday.

### NORTHEAST FORWARD BASIS (\$/MMBtu)

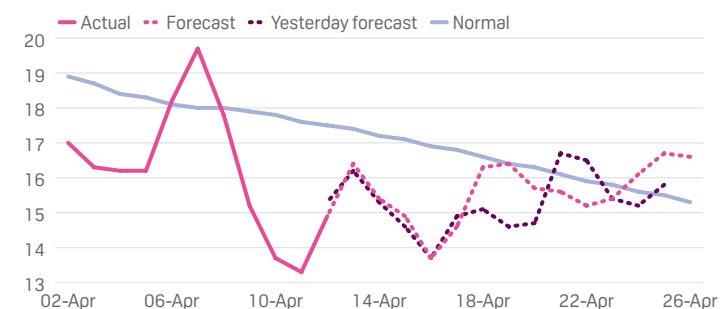


### NORTHEAST SPOT AND FORWARD BASIS (\$/MMBtu)

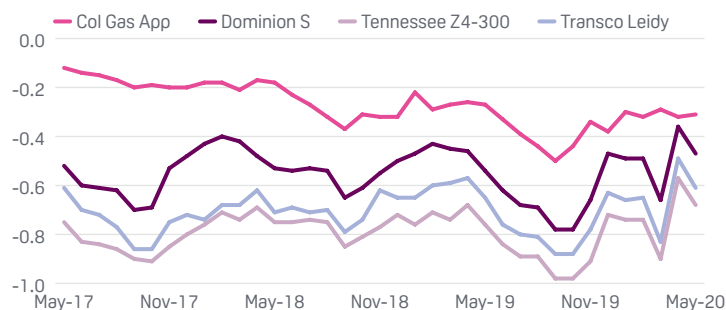
	Spot basis			MTD			Prompt forward basis		
	12-Apr	11-Apr	Chg	MTD Avg.	MTD last year	Chg	12-Apr	11-Apr	Chg
Henry Hub	3.00	3.08	-0.09	3.12	1.92	+1.21	3.19	3.15	0.04
<b>Northeast region</b>									
Algonquin CG	0.03	0.13	-0.10	0.20	1.48	-1.28	-0.16	-0.16	0.00
Iroquois Zn2	0.15	0.17	-0.03	0.25	0.55	-0.30	-0.17	-0.17	0.00
Tenn Zn6 Dlv'd	0.31	0.09	0.22	0.61	1.53	-0.92	-0.13	-0.13	0.00
Transco Zn 6 NY	-0.21	-0.25	0.05	-0.19	-0.17	-0.02	-0.32	-0.36	0.03
Transco Zn5 Dlv'd	-0.01	-0.04	0.03	-0.02	-0.02	+0.00	-0.05	-0.09	0.05
Transco Zn6 Non-NY	-0.18	-0.24	0.06	-0.18	-0.21	+0.03	-0.31	-0.29	-0.02
TX Eastern M-3	-0.25	-0.32	0.07	-0.22	-0.35	+0.13	-0.45	-0.47	0.02
<b>Appalachia</b>									
Col Gas Appal	-0.03	-0.13	0.10	-0.10	-0.11	+0.01	-0.13	-0.15	0.03
Dominion N Pt	-0.32	-0.39	0.07	-0.30	-0.46	+0.16	-0.58	-0.56	-0.02
Dominion S Pt	-0.32	-0.40	0.08	-0.29	-0.45	+0.16	-0.52	-0.54	0.02
Lebanon Hub	-0.12	-0.22	0.10	-0.16	-0.39	+0.22	-0.14	-0.15	0.01
Millennium East Receipts	-0.34	-0.44	0.11	-0.34	-0.52	+0.18	-0.69	-0.65	-0.04
Tenn Zn4-200 Leg	-0.21	-0.26	0.05	-0.19	-0.41	+0.22	-0.44	-0.45	0.02
Tennessee zone 4-300 leg	-0.36	-0.50	0.14	-0.36	-0.52	+0.17	-0.75	-0.77	0.02
Texas Eastern M-2 receipts	-0.34	-0.43	0.09	-0.31	-0.46	+0.16	-0.53	-0.55	0.02
Transco Leidy Line receipts	-0.34	-0.41	0.07	-0.32	-0.49	+0.17	-0.61	-0.64	0.03
<b>Other locations</b>									
Dracut MA	--	--	--	1.15	--	--	0.19	0.19	0.00
Iroquois Receipts	0.21	0.17	0.04	0.23	0.30	-0.06	-0.23	-0.23	0.00
Niagara	-0.16	-0.16	0.01	-0.10	-0.25	+0.15	-0.43	-0.43	0.01

Source: Platts M2M data

### NORTHEAST DEMAND FORECAST (Bcf/d)



### APPALACHIA FORWARD BASIS (\$/MMBtu)



## SOUTHEAST GAS MARKETS

### Cash prices dip below \$3/MMBtu since March 20

The Southeast and East Texas spot market continued to fall in Wednesday trading, with almost all pricing points slipping under the \$3/MMBtu level for the first time since March 20 as demand levels stabilize near the previous seven-day average.

According to Platts Analytics' Bentek Energy total Southeast and Texas demand is expected to stabilize around 27.4 Bcf/d Thursday, and expected to hover around this range in the coming days as high temperatures in New Orleans and Houston will remain consistently a few degrees above the seasonal norm, limiting continued downward movement of prices.

Henry Hub dipped almost 9 cents, while near Houston, Katy Hub dipped nearly 9 cents compared with Houston Ship Channel sliding 5 cents, widening the margin between the two points to about 6 cents, the largest margin since March 20.

Beyond Houston and New Orleans, the National Weather Service has consistently projected a high probability of above-average temperatures across the entirety of the Southeast into the latter half of April.

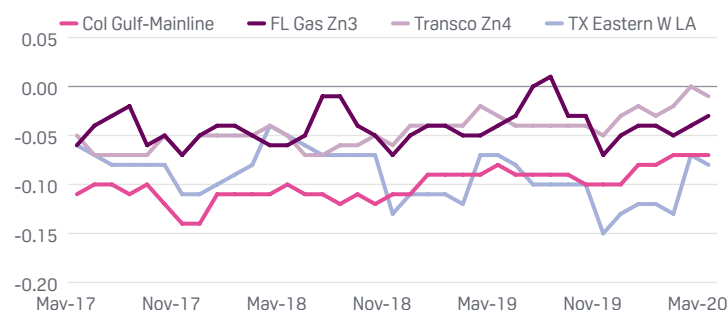
Further south, Platts Analytics sample data shows Mexican exports have dipped from 1.52 Bcf/d on April 9 to 1.03 Bcf/d, an almost 500-MMcf/d drop, largely confined to falling exports along NET Mexico, likely driven by maintenance at Agua Dulce compressor station.

CENEGAS notified the market that maintenance at the compressor station will restrict flows by a range of 570 MMcf/d to 1.22 Bcf/d from April 10-21. Alongside the drop in flows, S&P Global Platts M2MS Agua Dulce May futures contract fell by nearly 9 cents Tuesday to \$3.15/MMBtu, one of the largest day-on-day decreases since March 14.

Since April 7, when CENEGAS announced the maintenance work, the May contract has fallen 18.6 cents.

Back on December 13, 2014, Mexican exports from Texas decreased by 336 MMcf/d day on day, similar to the 382-MMcf/d dip experienced from April 9-11, according to Platts Analytics data. With the drop, M2MS Agua Dulce prompt-month contract fell almost 19 cents from December 12 through 15, 2014, settling at \$3.576/MMBtu.

### SOUTHEAST FORWARD BASIS (\$/MMBtu)



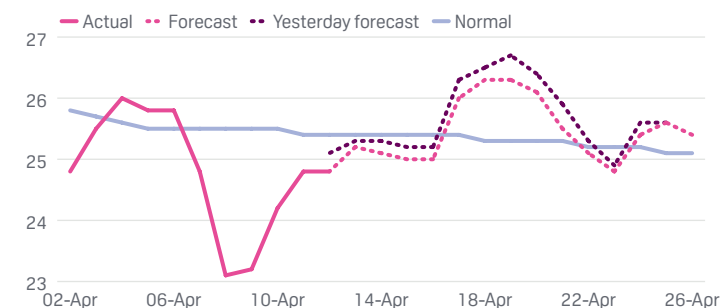
Source: Platts

### SOUTHEAST SPOT AND FORWARD BASIS (\$/MMBtu)

	Spot basis			Prompt forward basis		
	12-Apr	11-Apr	Chg	MTD Avg.	MTD last year	Chg
Henry Hub	3.00	3.08	-0.09	3.12	1.92	+1.21
<b>Southeast</b>						
ANR LA	-0.06	-0.12	0.06	-0.08	-0.09	+0.01
Col Gulf LA	-0.05	-0.13	0.08	-0.08	-0.09	+0.01
Col Gulf-Mainline	-0.07	-0.14	0.08	-0.10	-0.08	-0.02
FL Gas Zn1	--	--	--	-0.06	-0.05	+0.00
FL Gas Zn2	-0.05	-0.10	0.06	-0.07	-0.05	-0.03
FL Gas Zn3	-0.03	-0.09	0.06	-0.05	-0.05	-0.01
Florida CG	0.16	0.17	-0.02	0.24	0.20	+0.04
SoNat LA	-0.05	-0.10	0.06	-0.07	-0.07	+0.00
Tenn LA 500 Leg	-0.06	-0.11	0.05	-0.08	-0.08	+0.00
Tenn LA 800 Leg	-0.07	-0.10	0.04	-0.08	-0.08	+0.01
TETCO-M1	-0.10	-0.15	0.05	-0.10	-0.10	+0.00
Texas Gas Zn SL	-0.11	-0.12	0.01	-0.11	-0.07	-0.03
Texas Gas Zn1	-0.09	-0.15	0.06	-0.11	-0.07	-0.03
Transco Zn2	--	--	--	-0.08	-0.08	+0.00
Transco Zn3	-0.04	-0.12	0.08	-0.07	-0.06	-0.02
Transco Zn4	-0.05	-0.11	0.06	-0.08	-0.05	-0.02
Trunkline E LA	-0.11	-0.06	-0.05	-0.09	-0.12	+0.04
Trunkline W LA	-0.05	-0.05	-0.01	-0.06	-0.04	-0.02
Tx Eastern E LA	-0.07	-0.11	0.04	-0.08	-0.10	+0.02
TX Eastern W LA	-0.05	-0.11	0.06	-0.06	-0.10	+0.03
<b>East &amp; South Texas</b>						
Agua Dulce	--	--	--	-0.08	-0.04	-0.03
Carthage Hub	-0.16	-0.21	0.05	-0.15	-0.09	-0.06
Houston Ship Channel	0.02	-0.02	0.04	0.01	-0.06	+0.08
Katy	-0.04	-0.04	0.00	-0.01	-0.05	+0.04
NGPL S TX	-0.17	-0.23	0.06	-0.15	-0.09	-0.06
NGPL Texok Zn	-0.16	-0.25	0.09	-0.20	-0.08	-0.12
Tenn Zn0	-0.26	-0.28	0.02	-0.17	-0.14	-0.03
Transco Zn1	-0.06	-0.14	0.08	-0.07	-0.09	+0.02
TX Eastern E Tx	-0.11	-0.17	0.06	-0.10	-0.10	+0.00
TX Eastern S TX	-0.06	-0.08	0.02	-0.06	-0.09	+0.03

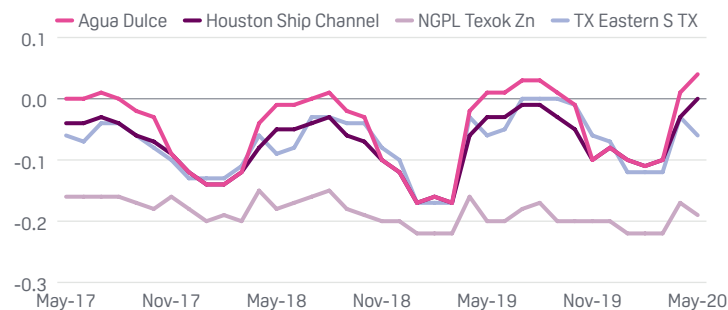
Source: Platts M2M data

### SOUTHEAST & TEXAS DEMAND FORECAST (Bcf/d)



Source: Platts

### EAST AND SOUTH TEXAS FORWARD BASIS (\$/MMBtu)



Source: Platts

## CENTRAL GAS MARKETS

## Cash prices mixed; forwards prices mostly rise

Spot natural gas prices in the Central US headed in different directions Wednesday as demand is projected to continue its decline to significantly below-normal levels toward the weekend.

The National Weather Service forecast temperatures in the Upper Midwest and the Midcontinent to rise to above-normal levels, with a high of 79 degrees in the major market area of Chicago on Saturday -- 20 degrees above the historical average. Weather is also expected to be warm in Detroit, with a Saturday high of 76 degrees, 19 degrees above normal.

Platts Analytics' Bentek Energy projected total local demand in the Central region to drop by 0.5 Bcf to 12.9 Bcf before further weakening to a weekly low of 10.7 Bcf on Saturday.

The spot gas market had mixed reactions to the continued demand slump, following the selloff in recent trading days. The Chicago city-gates rose 2.5 cents to average \$2.965/MMBtu, while MichCon city-gate fell 3.5 cents to \$3.045/MMBtu.

Heading south in the producing region, Natural Gas Pipeline Co. of America's Midcontinent Pool remained flat at \$2.820/MMBtu.

Month-to-date total local demand in the region currently averages 13.9 Bcf/d, 17% lower than 16.8 Bcf/d at this period last year. Heating demand in the region has declined due to the bearish shoulder season weather.

Looking at gas storage in the Central US, April gas injection has so far averaged at 2.0 Bcf/d, significantly more bearish than the average withdrawal of 51 MMcf/d at this point in 2017, Platts Analytics data showed. The official weekly storage report from the Energy Information Administration for the week ended April 7 is scheduled for release Thursday morning.

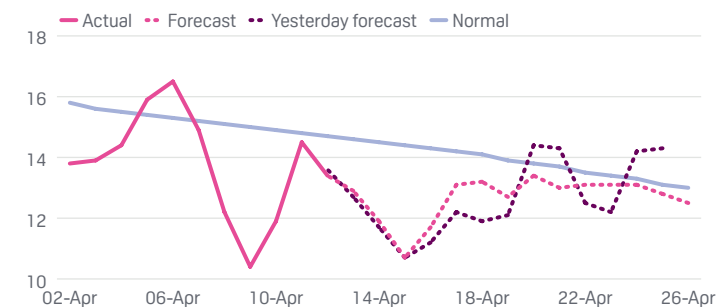
In the forwards market, mostly positive movement was seen for Central US trading points' May basis contracts. In the Upper Midwest, MichCon May basis gained 1.25 cents to minus 3 cents/MMBtu, while Northern Natural Gas Demarcation May basis rose 1.75 cents to minus 25.50/MMBtu. Down in the Midcontinent, Panhandle May basis gained 1.50 cents to minus 37 cents/MMBtu.

## CENTRAL SPOT AND FORWARD BASIS (\$/MMBtu)

	Spot basis			MTD			Prompt forward basis		
	12-Apr	11-Apr	Chg	Avg.	last year	Chg	12-Apr	11-Apr	Chg
Henry Hub	3.00	3.08	-0.09	3.12	1.92	+1.21	3.19	3.15	0.04
<b>Midwest/East Canada</b>									
ANR ML 7	-0.05	0.07	-0.12	0.01	0.05	-0.05	-0.07	-0.06	-0.01
Chicago CG	-0.03	-0.14	0.11	-0.06	0.03	-0.09	-0.16	-0.14	-0.01
Consumers Energy CG	0.12	0.05	0.07	0.07	0.06	+0.00	0.00	-0.01	0.01
Dawn Ontario	0.22	0.14	0.08	0.18	0.09	+0.09	0.14	0.13	0.01
Mich Con CG	0.05	--	0.05	0.01	0.04	-0.03	-0.03	-0.04	0.01
Northern Ventura	-0.13	-0.20	0.07	-0.16	-0.04	-0.12	-0.27	-0.27	0.01
Viking-Emerson	-0.27	-0.33	0.07	-0.28	-0.01	-0.27	-0.41	-0.41	0.00
<b>Midcontinent</b>									
ANR OK	-0.23	-0.31	0.09	-0.30	-0.24	-0.07	-0.36	-0.37	0.01
Enable Gas East	-0.20	-0.20	0.01	-0.21	-0.13	-0.08	-0.24	-0.24	0.00
NGPL Midcontinent	-0.18	-0.26	0.09	-0.27	-0.18	-0.09	-0.32	-0.33	0.01
Northern NG Demarc	-0.12	-0.19	0.07	-0.15	-0.04	-0.11	-0.26	-0.27	0.02
Oneok OK	-0.30	-0.39	0.09	-0.36	-0.25	-0.11	-0.41	-0.42	0.01
Panhandle TX-OK	-0.24	-0.33	0.09	-0.32	-0.23	-0.09	-0.38	-0.39	0.01
Southern Star TxOKs	-0.25	-0.33	0.08	-0.35	-0.23	-0.11	-0.41	-0.41	0.01

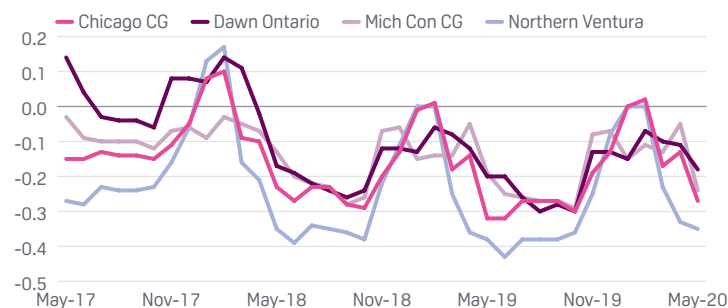
Source: Platts M2M data

## MIDWEST &amp; MIDCONTINENT DEMAND FORECAST (Bcf/d)



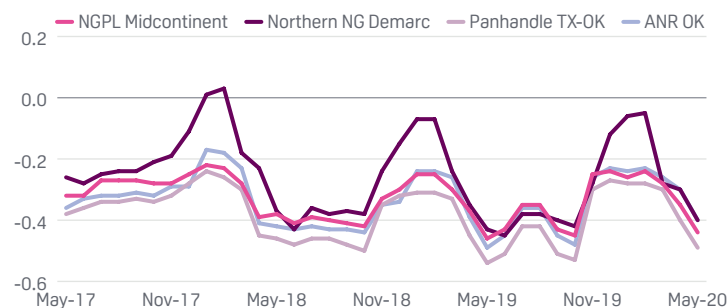
Source: Platts

## MIDWEST FORWARD BASIS (\$/MMBtu)



Source: Platts

## MIDCONTINENT FORWARD BASIS (\$/MMBtu)



Source: Platts

## WEST GAS MARKETS

### Spot gas prices mixed on demand outlook

The majority of spot natural gas prices at western hubs were little changed Wednesday -- shifting a couple of cents at most in one direction or the other -- as temperatures are expected to remain either above or in the vicinity of normal on Thursday.

Thursday's demand forecasts were able to provide some stability for some hubs, but longer-range forecasts are pushing others lower.

Platts Analytics' Bentek Energy unit expects total West demand will increase Thursday by around 600 MMcf and will top 9 Bcf on Friday. Demand in this range would come closer to the seven-day average before April 9 of 9.340 Bcf/d, but is expected to lose steam in the eight- to 14-days out period, where it will drop back to 7.816 Bcf/d.

The near-term increase is helping to boost some prices while the longer-term outlook is applying pressure to others.

In the Rockies, Cheyenne Hub increased 1 cent while Gas Transmission Northwest Kingsgate fell 2 cents.

And, in the producing areas of the southwestern US, Waha gave back a cent as SoCal city-gate increased just over 5 cents.

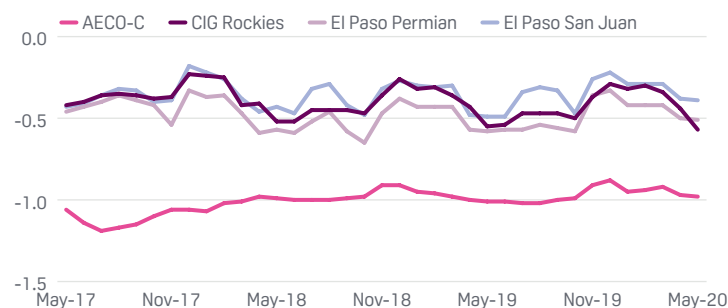
Total supply to the California/Southwest market area is now shown to lag behind April 2016 flows by 5% and is down 1% year-on-year so far in 2017.

Concurrently, demand in this area is 10% lower so far in April compared with the year-ago period and is down 5% year to date, as a result, futures strips for the supply area hubs have come under pressure.

The El Paso Permian balance of summer basis has fallen 10.8 cents between January 1 and April 7 to minus 42 cents. The winter strip's decline has been even steeper during the same time period, decreasing 19.9 cents to minus 43.8 cents/MMBtu.

Similar falls have been seen in the Rockies, where Northwest Wyoming Pool/Rockies balance of summer has dropped 5.7 cents and the winter basis is down 11.4 cents to minus 37.10 cents/MMBtu and minus 28.5 cents/MMBtu, respectively.

### WEST SUPPLY LOCATIONS FORWARD BASIS (\$/MMBtu)

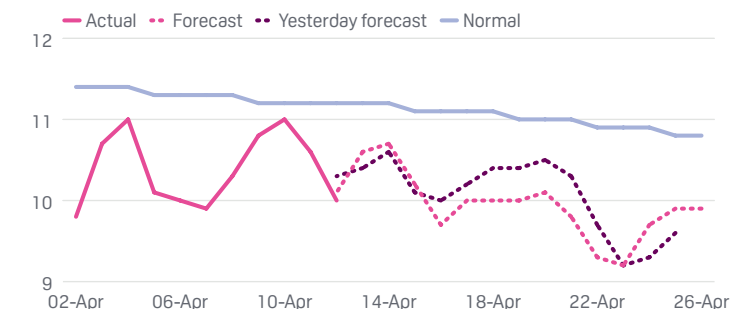


### WEST SPOT AND FORWARD BASIS (\$/MMBtu)

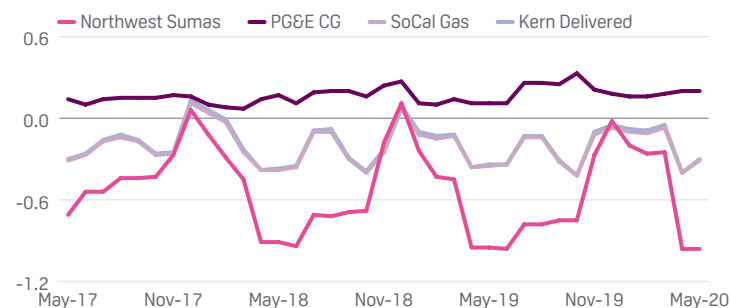
	Spot basis			MTD			Prompt forward basis		
	12-Apr	11-Apr	Chg	Avg.	last year	Chg	12-Apr	11-Apr	Chg
Henry Hub	3.00	3.08	-0.09	3.12	1.92	+1.21	3.19	3.15	0.04
<b>Northwest</b>									
GTN Kingsgate	-0.45	-0.52	0.07	-0.54	-0.50	-0.04	-0.60	-0.61	0.00
Northwest Sumas	-0.28	-0.39	0.11	-0.42	-0.57	+0.15	-0.71	-0.69	-0.02
Northwest Stanfield	-0.30	-0.37	0.07	-0.40	-0.40	-0.01	-0.43	-0.44	0.01
<b>Rockies</b>									
Cheyenne Hub	-0.25	-0.34	0.10	-0.34	-0.23	-0.10	-0.41	-0.41	0.00
CIG Rockies	-0.28	-0.39	0.11	-0.37	-0.31	-0.06	-0.42	-0.43	0.01
Kern River Opal	-0.24	-0.33	0.09	-0.33	-0.22	-0.10	-0.39	-0.38	-0.01
NW WY Pool	-0.26	-0.34	0.08	-0.35	-0.31	-0.04	-0.39	-0.38	-0.01
Questa Rky	-0.29	-0.38	0.09	-0.40	-0.28	-0.12	-0.37	-0.37	-0.01
<b>Southwest</b>									
El Paso Permian	-0.27	-0.35	0.08	-0.36	-0.22	-0.13	-0.46	-0.45	-0.01
El Paso San Juan	-0.26	-0.33	0.07	-0.35	-0.24	-0.11	-0.43	-0.43	0.00
Kern River Dlv	-0.15	-0.23	0.08	-0.24	-0.15	-0.09	-0.30	-0.30	0.00
PG&E CG	0.33	0.23	0.10	0.20	-0.01	+0.22	0.14	0.14	0.00
PG&E Malin	-0.17	-0.26	0.10	-0.27	-0.19	-0.08	-0.32	-0.33	0.00
PG&E South	-0.17	-0.23	0.07	-0.25	-0.16	-0.09	-0.30	-0.30	0.00
SoCal Gas	-0.16	-0.24	0.08	-0.25	-0.16	-0.09	-0.31	-0.31	0.00
SoCal Gas Citygate	0.26	0.12	0.14	0.11	0.02	+0.09	-0.02	-0.02	0.00
Transwestern Permian	-0.28	-0.36	0.08	-0.36	-0.23	-0.13	-0.44	-0.43	0.00
Waha	-0.23	-0.31	0.08	-0.32	-0.20	-0.12	-0.40	-0.39	-0.01
<b>West Canada</b>									
AECO-C	-0.28	-0.37	0.09	-0.49	-0.93	+0.44	-1.06	-1.07	0.01

Source: Platts M2M data

### SOUTHWEST, NORTHWEST, ROCKIES DEMAND FORECAST (Bcf/d)



### WEST DEMAND LOCATIONS FORWARD BASIS (\$/MMBtu)





## TOTAL NET PIPELINE FLOWS BY REGION (MMcf/d\*)

	11-Apr	12-Apr	Change	MTD avg.	MTD last year	Change
<b>Supply regions – net pipeline outflows</b>						
Texas	6,694	6,610	84	6,864	8,433	-1,569
West Canada	8,276	8,298	-22	8,193	8,396	-203
Rockies	6,489	6,373	116	6,344	6,699	-355
Midcontinent	3,216	3,140	76	3,179	3,154	25
Northeast	5,287	5,077	210	5,238	2,945	2,293
<b>Demand regions – net pipeline inflows</b>						
Southwest	4,101	4,197	96	3,709	4,251	542
Southeast	5,938	6,272	334	6,203	6,126	-77
Northwest	1,644	1,629	-15	1,524	1,347	-177
Midwest	11,497	11,160	-337	11,461	11,477	16
East Canada	3,326	2,893	-433	3,012	2,957	-55

\* Net pipeline flows by region are the aggregated total interstate pipeline flows across the regional border. Net supply regions are those that historically have had more supply than demand within the region and have been net suppliers of gas to other regions. Net demand regions historically have had more demand than supply and have been net receivers of pipeline gas from other regions.

## HENRY HUB/NYMEX SPREAD



## 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)

\*Links require PMC login. For login help, contact [support@platts.com](mailto:support@platts.com).

## SHALE VALUE CHAIN ASSESSMENTS, APR 12

	\$/MMBtu	+/-
Gulf Coast ethane fractionation spread	0.801	0.182
Gulf Coast E/P mix fractionation spread	0.575	0.181
E/P mix Midcontinent to Rockies fractionation spread	0.593	-0.020
E/P mix Midcontinent fractionation spread	0.488	0.000
National raw NGL basket price	6.610	0.138
National composite fractionation spread	3.595	0.188

The methodology for these assessments is available at:

[www.platts.com/IM/Platts.Content/MethodologyReferences/MethodologySpecs/shale-value-chain.pdf](http://www.platts.com/IM/Platts.Content/MethodologyReferences/MethodologySpecs/shale-value-chain.pdf)

## PLATTS OIL PRICES, APR 12

	(\$/b)	(\$/MMBtu)
<b>Gulf Coast spot</b>		
1% Resid (1)	49.06-49.08	7.85
HSFO (1)	46.31-46.33	7.41
<b>Crude spot</b>		
WTI (May) (2)	53.10-53.12	9.16
<b>New York spot</b>		
No.2 (1)	64.01-64.05	10.24
0.3% Resid LP (3)	53.19-53.21	8.51
0.3% Resid HP (3)	53.19-53.21	8.51
0.7% Resid (3)	48.69-48.71	7.79
1% Resid (3)	48.19-48.21	7.71

1= barge delivery; 2= pipeline delivery; 3= cargo delivery

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Tall Oak Midstream II, LLC and its affiliates and subsidiaries (collectively, "Tall Oak") are pleased to announce a non-binding Open Season for its TOM Midcon Transport residue gas pipeline project. Tall Oak's non-binding Open Season solicits commitments for firm transportation capacity from Tall Oak's Carmen Plant in Alfalfa County, Oklahoma to deliveries at the Canadian-Blackwell CDP on Southern Star Central Gas Pipeline, Inc.

This non-binding Open Season will begin at **9:00 AM (Central) on Thursday, April 6, 2017** and will conclude at **3:00 PM (Central) on Thursday, April 20, 2017**.

Interested parties may obtain more information about this non-binding Open Season at [www.talloakmidstream.com/operations](http://www.talloakmidstream.com/operations) or by contacting:

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