

U.S. Natural Gas Production Rose Slightly in January: Platts Bentek

Production Averaged 71.5 Bcf/d in January, up 1% from December

PR Newswire
DENVER

DENVER, Feb. 17, 2016 /PRNewswire/ -- Natural gas production in the lower 48 United States averaged 71.5 billion cubic feet per day (Bcf/d) in January, which is up nearly 0.5 Bcf/d, compared to the December average, according to [Platts Bentek](#), an analytics and forecasting unit of Platts, the leading independent provider of information and benchmark prices for the commodities and energy. On a month-over-month basis, January natural gas production was up less than 1% from December.

The U.S. Energy Information Administration (EIA) will publish its domestic production estimates for September on or around February 29, 2016.

"The growth observed in the January over December was the culmination of relatively large movements in production across several regions," said Sami Yahya, Platts Bentek energy analyst. "The Northeast predictably was responsible for the largest shift, increasing by about 750 million cubic feet (MMcf/d) in January over the previous month. Production average in the Midcon basin jumped by nearly 350 MMcf/d, which was countered by a drop of 360 MMcf/d and 100 MMcf/d in the Southeast and Texas, respectively. Production in the Midwest and Southwest regions dipped by 75 MMcf/d each, while the Rockies remained flat month-on-month. "

The growth spurt in the Northeast was partially a recovery from a dip caused by lower than normal demand that took place in late December. Northeast production was curtailed by an average of 0.5 Bcf/d during the last week of December, as warmer temperatures blanketed the region and suppressed demand. The other reason for the growth spurt is the commencement of Transco's Leidy Southeast expansion on January 5, providing 525 MMcf/d of capacity from the Dry Marcellus in northeastern Pennsylvania to as far as Choctaw, Alabama. Northeast production managed a new record of 22.5 Bcf/d in late January.

Of note, said Yahya, there was little to no effect from freeze-offs this winter season in the Northeast, which is in contrast with past winter seasons.

"As the 2015 fourth quarter results trickle out over the next few weeks, and we learn more about the 2016 guidance, the primary theme among producers will likely be that of unrelenting perseverance," Yahya said. "The number of active rigs in the country continues to slide, and more budget cuts are expected. Slowing down drilling programs or even halting them is anything but a losing bet, and relying heavily on the availability of wells in backlog inventory is in the cards. Producers will need to raise capital to complete whatever backlog of wells they have, and thus selling some non-core assets is also a big possibility for many of the operators."

The latest Platts Bentek data analysis suggests 2016 U.S. natural gas production will average approximately 71.7 Bcf/d, with some growth geared toward the end of the year. This will mark a year-on-year growth of less than 1%.

The Platts Bentek data analysis is based on an extensive sample of near real-time production receipt data from the U.S. lower 48 interstate pipeline system. Platts Bentek production models are highly correlated with and provide an advance glimpse of federal government statistics from the U.S. EIA.

This Platts Bentek U.S. natural gas production data estimate will be published every month covering the previous month's output activity. Platts Bentek's dry gas production estimates are not observed data and are based on pipeline receipt nominations and certain state production data.

Bentek Energy, which specializes in energy market analytics and is recognized as the industry leader in natural gas market fundamental analysis was acquired by Platts in 2011, and is known as Platts Bentek. For more information about natural gas supply and demand fundamentals and Platts Bentek, visit the website at www.platts.com.

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