

MIDSTREAM

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VIDEO



Atlantic Sunrise Ready To Shine

LEN VERMILLION
HART ENERGY



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On a bright and sunny Friday morning, a Williams Partners LP SUV pulls up to a hidden clearing between thick trees, far removed from the barns and fields of south-central Pennsylvania passed along the way.

The Atlantic Sunrise natural gas pipeline is about a month from full service and finishing touches are coming along splendidly. The much-needed pipeline with capacity of 1.7 billion cubic feet per day connects to Williams' nearby Transco Pipeline. Once fully operational, Atlantic Sunrise is expected to go a long way toward easing the bottlenecks that plague the Marcellus and help producers move substantial reserves of natural gas out of the basin to vital markets up and down the Eastern Seaboard. ■

FEATURES

Offshore Wind Market To Exceed \$60 Billion

In recent years, the offshore wind energy market has been ablaze and all indications are that it will only continue to grow.

According to report by **Global Market Insights Inc.**, the offshore energy market—windfarms constructed on bodies of water—will surpass \$60 billion by 2024. The reason for the expected growth is the worldwide quest for more sustainable and cleaner energy sources.



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Currently, the largest offshore wind energy farms are in

Northern Europe and Germany, but the market is gaining steam with the U.S. and China also investing heavily in the offshore wind energy market, according to Global Market Insights

“In the current scenario, wind energy is considered among the mature energy sources, since its first deployment in Denmark,” said Ankit Gupta, who is the research manager for energy and power with Global Market Insights. “The Global Wind Energy Council in 2016 claimed that the unconventional energy system will be led by wind. Subject to the fact, offshore wind industry has been gaining momentum, as to contribute majorly in achieving renewable energy targets across the globe.” —**TERRANCE HARRIS** | HART ENERGY

Cross-Border Buildout Critical For LNG Exports

The U.S.-to-Mexico LNG export story doesn't seem to be changing anytime soon as analysts expect U.S. exports to grow to nearly 9.3 billion cubic feet per day (Bcf/d) by 2023. From that, 2.7 Bcf/d is expected to go directly to Mexico.



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During S&P Global Platts' webinar “Demand Beyond the Border-Mexico and LNG Exports” on Aug. 15 analysts warned that the lack of capacity utilization from U.S. export corridors like West Texas and the southwest region has become critical to this story.

“These export corridors are going to be incredibly important for maintaining a well-balanced gas market in the U.S. and will be integral to the overall growth of the U.S. gas market,” Ross Ryeno, senior energy analyst for S&P Global Platts Analytics, said.

In August, U.S. exports to Mexico hit 5 Bcf/d due to the commencement of some new cross-border systems. Behind most of that growth has been the Los Ramones pipeline in South Texas with 2 Bcf/d.

—**MARY HOLCOMB** | HART ENERGY

FRAC SPREAD

Year From The 'Cane Marks Gain For Propane

JOSEPH MARKMAN | HART ENERGY

The hypothetical NGL barrel at Mont Belvieu, Texas, rose above \$37 a barrel last week for the first time since the first week of October 2014. Not coincidentally, that was also the last time that propane eclipsed \$1 a gallon (gal).

To calculate propane's current trend requires a check on the weather. Not this year's weather—last year's.

It's been a year since Hurricane Harvey walloped the Gulf Coast with massive rainfall and brought the refining and

CURRENT FRAC SPREAD (CENTS/GAL)				
AUGUST 31, 2018	Conway	Change from Start of Week	Mont Belvieu	Last Week
Ethane	12.90		37.43	
Shrink	18.74		19.31	
Margin	-5.84	-8.49%	18.12	-1.15%
Propane	78.45		100.33	
Shrink	25.89		26.68	
Margin	52.56	-0.64%	73.65	8.03%
Normal Butane	77.68		112.40	
Shrink	29.31		30.21	
Margin	48.37	27.76%	82.19	9.47%
Isobutane	97.60		119.75	
Shrink	28.15		29.01	
Margin	69.45	8.95%	90.74	9.56%
Pentane+	112.20		152.93	
Shrink	31.34		32.31	
Margin	80.86	1.53%	120.62	4.83%
NGL \$/Bbl	25.75	2.48%	37.18	4.12%
Shrink	10.32		10.64	
Margin	15.43	5.67%	26.54	6.33%
Gas (\$/mmBtu)	2.83	-1.94%	2.91	-1.02%
Gross Bbl Margin (in cents/gal)	35.87	5.27%	62.11	6.42%
NGL Value in \$/mmBtu (Basket Value)				
Ethane	0.71	1.34%	2.06	-1.08%
Propane	2.72	-1.07%	3.48	5.47%
Normal Butane	0.84	14.66%	1.21	6.44%
Isobutane	0.61	5.57%	0.75	6.80%
Pentane+	1.45	0.54%	1.97	3.53%
Total Barrel Value in \$/mmbtu	6.33	2.05%	9.48	3.79%
Margin	3.50	5.51%	6.56	6.08%

Price, Shrink of 42-gal NGL barrel based on following: Ethane, 36.5%; Propane, 31.8%; Normal Butane, 11.2%; Isobutane, 6.2%; Pentane+, 14.3%, Fuel, frac, transport costs not included. Conway gas based on Midwest region, Mont Belvieu based on Houston region. Shrink is defined as Btus that are removed from natural gas through the gathering and processing operation. Energy's staff from its Houston headquarters). The margin is 41.1% higher than the 52.2 cents/gal of a year ago.

However, the 47-month high for Mont Belvieu propane may not be the peak. Envantage believes the price will trend higher, given that propane is at about 61% of the price of West Texas Intermediate (WTI) crude oil, compared to 70% at this time last year. And it will need to rise, the analysts say, to curb exports and fill up domestic stocks ahead of winter. ■

export complex to its knees. The U.S. Energy Information Administration (EIA) estimated days of supply for propane at 65.8 on Aug. 25, 2017, the day Harvey made landfall on the Texas coast at San Jose Island. The EIA's next weekly estimate, on Sept. 1,

raised the days of supply to 86.8. In terms of inventory, propane totaled 73.6 million barrels for the week ending Aug. 25, 2017, and shot up to 80 million barrels for the week ending Sept. 1. That's 8.5 million barrels more than the most recent reported figure of 71.4 million barrels for the week ending Aug. 24, 2018.

Strong exports have contributed to the large inventory deficit, said **Envantage Inc.** in a recent report. The analysts also noted that propane's higher price could cut into those exports and cited rumors of cargo cancellations.

"We said several months ago that the market's perception that propane balances would be more than adequate going into the fall months could set the market up for much higher propane prices as the summer ended," Envantage said. "We believe that our projections for tighter propane balances going into fall have been proven right."

Last week's propane price was 27.2% above where it was for a two-week reporting period a year ago (after Harvey chased Hart



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PODCAST

Women In Energy: Owning The Table

Hart Energy's Women In Energy podcast is back with another installment focused on managing from the top level and the path of one industry executive to leading her own company.



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In this episode, Ann Fox, president and CEO of Nine Energy Service Inc., joined hosts Jessica Morales and Emily Patsy to discuss what she's learned from holding the top position at a leading oilfield services company and the

advice she has for the younger generation.

Fox, who served multiple tours of duty in Iraq in the U.S. Marine Corps, spoke with us about her entry into the energy industry **(1-minute mark)** after her service.

She also spoke more about her experiences in the military **(1:45)** and how that molded her into the leader she is today **(4:15)**. One of the correlations between her military service and time with Nine Energy that she shared was her approach to the downturn after assuming the CEO role in 2015 **(4:45)**.

In addition, Fox talked about the moment she felt she had found her calling in life while still early on in her career **(8:25)**.

Lastly, Fox shared advice on building a strong team **(10:10)**, mentors **(11:55)** and millennials **(13:10)**.

You can comment on this podcast in the comments section or by tweeting our

hosts **@JessicaMNews** or **@EmilyPatsy**. —**JESSICA MORALES** and **EMILY PATSY** | HART ENERGY



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