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FEATURES

E&Ps Shut In Few Wells Despite Financial Woes

By **EMILY MOSER**, Hart Energy

With many E&Ps struggling to keep their businesses afloat, producers around the globe have forgone turning off the taps even when fields are losing them money.

Despite the drop in oil prices from late 2014, only about 0.1% of global oil production has been halted, amounting to about 100,000 barrels per day (bbl/d) of halted production, according to a new Wood Mackenzie report.

In June, the inventory of drilled but uncompleted wells in the Lower 48 was estimated to be as high as 4,000, the Energy Information Administration said. At the high end, that's about 10% of the 40,000 wells drilled in 2014. The wells were located primarily in the Eagle Ford, Bakken and Permian Basin.

In part, companies are delaying wells because they can't make money from their production. Wood Mackenzie's analysis shows that of the world's 96.1 MMbbl/d production, 3.5% or 3.4 MMbbl/d is cash negative, meaning production costs are higher than the price the producer receives.

During a downturn, an operator's first response could be to store production on the chance that the oil can be sold when the price recovers, said Robert Plummer, vice president of investment research at Wood Mackenzie, in the report.

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"For others the decision to halt production is more complex and we expect that volumes are more likely to be impacted where mechanical or maintenance issues arise and operators can't rationalize further investment at current prices," Plummer said.

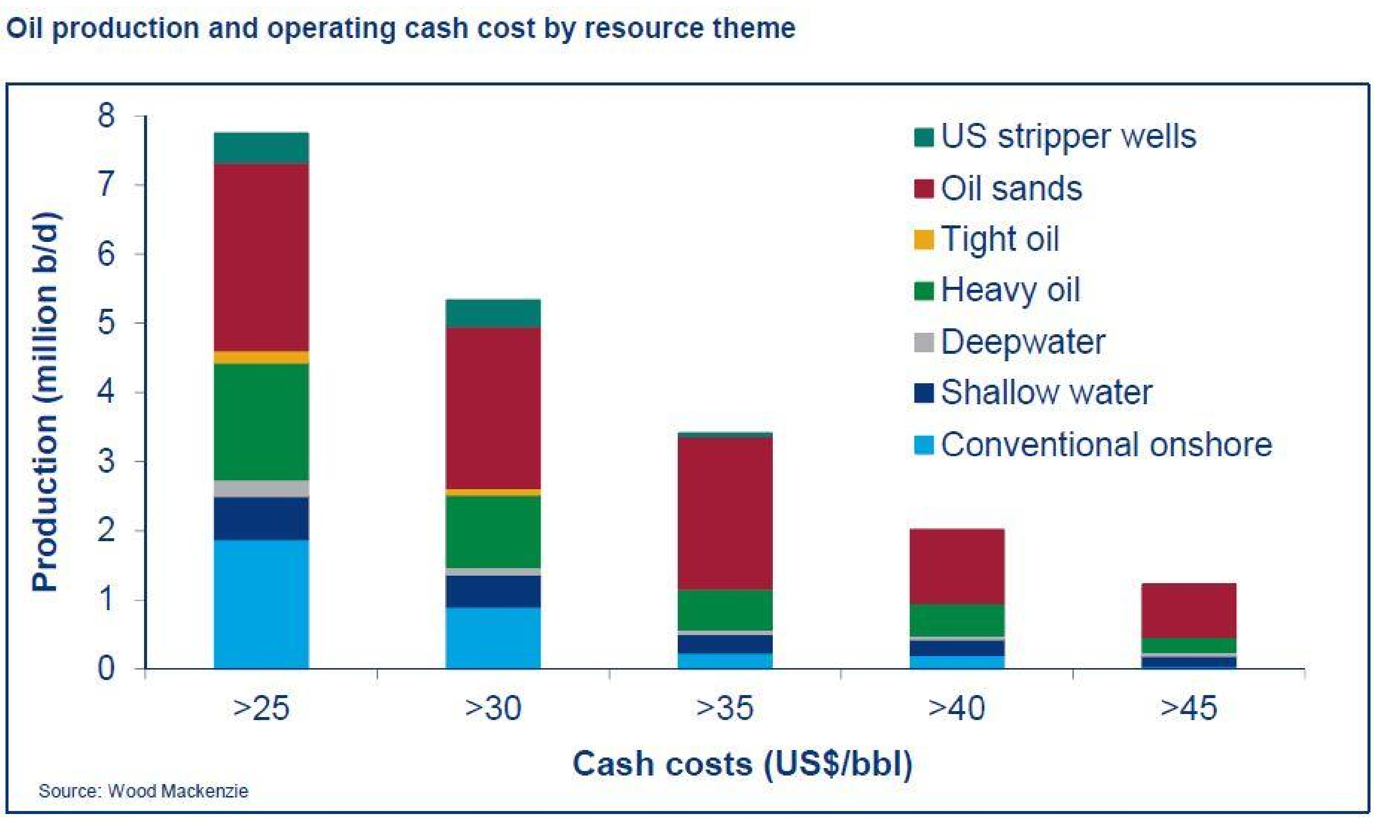
According to Wood Mackenzie, the areas with the largest volumes shut-in up to now have been Canada onshore and oil sands, conventional U.S. onshore projects and aging U.K. North Sea fields.

Harsh Environment
Even at the high point of 2015 before $30 became a reality, many U.S.-based E&Ps were struggling to hang on.

Among E&Ps that filed for bankruptcy in 2015:
- About 43% had been in business for more than 10 years;
- Roughly 12% had had revenues greater than $500 million; and
- Owed a cumulative $18 billion.

In its Capital Global Outlook released in January, Barclays reported that E&P budgets will be down again in 2016, with North American spending falling by 27%.

However, E&Ps only began to make significant capex cuts in second-quarter 2015. Since around mid-2014, companies have slashes capital expenditures, sold assets, issued equity and lowered shareholder distributions to raise or save $130 billion, Deloitte said. Two-thirds of savings have come from non-capex financial measures.



Capex cuts have since steepened along the spectrum of E&Ps. ExxonMobil outlined a 25% reduction in 2016 spending. Many companies have also announced further cuts relative to their 2014 budgets, including Hess Corp. with a 40% cut, Anadarko Petroleum Corp. with 50% and Continental Resources Incwith 66%.

Even though these companies are planning on spending less, improved efficiency is expected to buttress U.S. crude supply, said Daniel P. Katzenberg, senior research analyst of E&P with Robert W. Baird & Co.

"While these cuts should help curtain the supply outlook, continued productivity gains in field level development, another round of operational expense 'leaning,' and additional downward pressure on services pricing continue to provide meaningful offsets that have helped the resilience of U.S. supply," Katzenberg said in a Feb. 5 report.

One of the key ways companies have managed to remain viable has been by reducing production costs. About 95% of U.S. operators produce at costs below $15 per barrel of oil equivalent (boe), compared to 65% in the second quarter of 2014, Deloitte said.

According to Katzenberg, more pain is still needed to improve the supply/demand balance.

In the past year, the U.S. has significantly lowered production costs, which has resulted in only 190,000 bbl/d being cash negative at a Brent price of US$35, Stewart Williams, vice president of upstream research at Wood Mackenzie, said in the report.

"In fact, the biggest reductions have been from tight oil, the majority of which only becomes cash negative at Brent prices well below US$30 per barrel," he added.
Additionally in the U.S., more than 1 MMbbl/d of oil production comes from what are called "stripper wells." Many of these produce only a few barrels a day with operating costs varying between US$15-$40.

"We believe that once the cost of collecting the oil from these wells becomes marginal, producers may opt not to sell or temporarily shut-in the wells first. However, shut-ins are not sustainable and low prices eventually lead to well abandonments," the report said.

Wood Mackenzie's latest study collates oil production data from more than 10,000 fields and calculates the cash operating costs. The method identifies the price at which the fields turn cash negative, and the volume of oil production associated with this price level.

Who Has Shut In?

(According to Wood Mackenzie)

Canada: "So far we believe at least 30,000 bbl/d has been shut-in, predominately from legacy wells in Alberta and British Columbia, following a number of company announcements. No major oil sands project has been shut-in, but heavy oil production has been shut-in."

U.S.: "In the past year we have seen significant downward movement in the cost of production in the U.S., where margins have benefitted from a rapid reduction in costs and a closing of the WTI-Brent differential. High royalty rates magnify these effects, which combined have lowered the cash breakeven by US$10 or greater across almost all of the onshore U.S."

U.K.: "The U.K. North Sea saw six oil fields cease producing in 2015. Total production from the six fields in 2015 was just under 13,000 bbl/d, around 1% of total U.K. production last year."

By **Frank Nieto,** Hart Energy
Interactive elements by **Joseph Markman**, Hart Energy

Editor's Note: *The following is an excerpt of Midstream Business' latest Midstream Interactive article. The entire text, including interactive features such as video, audio and photo galleries can be found at MidstreamBusiness.com.*

The Northeast knows all about gridlock, whether it be the traffic in New York, Philadelphia, Boston—or traffic and legislative blockages in Washington, D.C.—there are no shortages of logjams throughout the region.

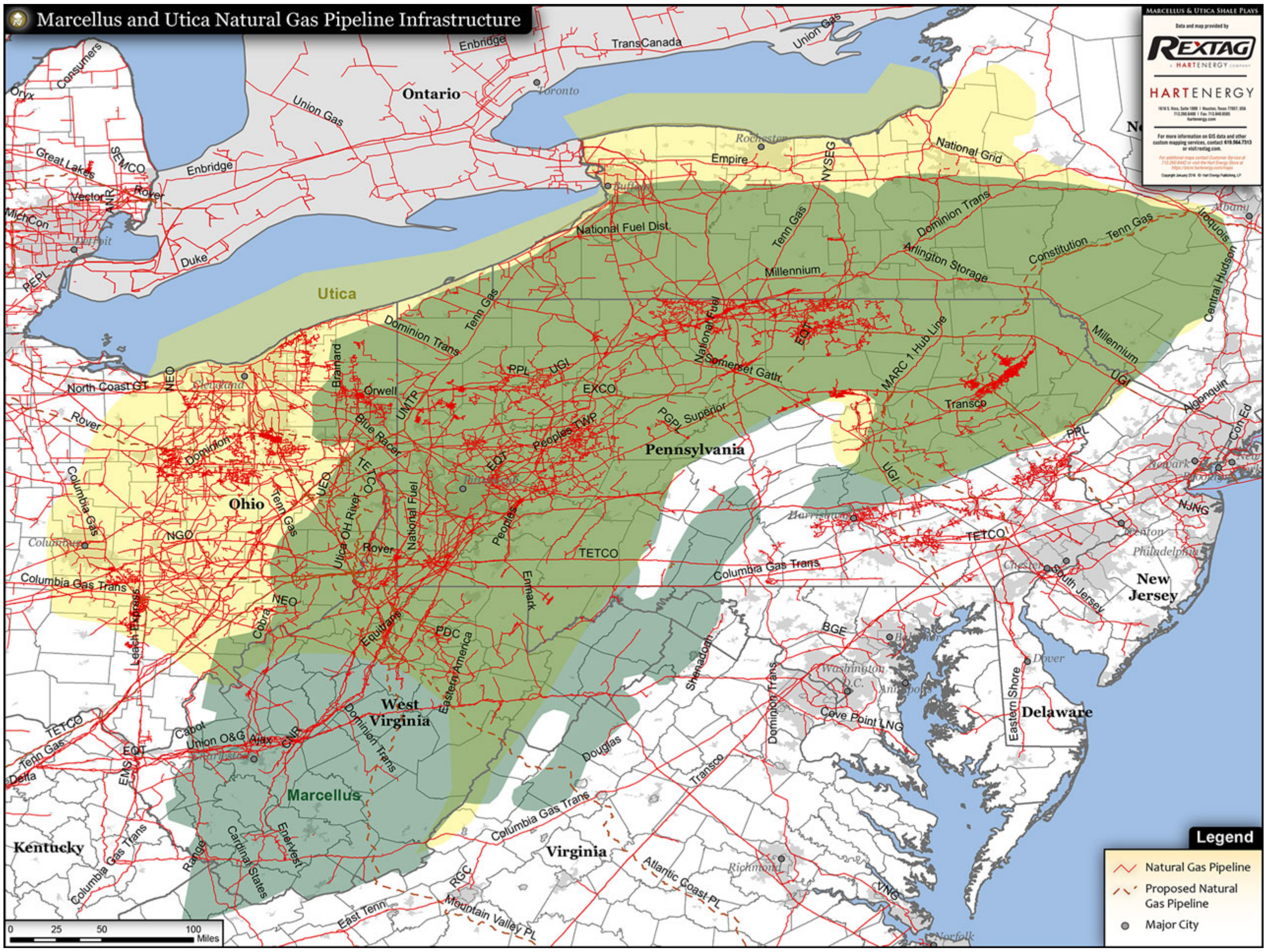
Midstream bottlenecks are just the latest in a long series of stoppages.

Luckily, there aren't shortages of projects designed to get production out of the Marcellus and Utica shales and to market—both home and abroad. Shale plays may be old hat for many in the oil and gas industry, but it's worth remembering how new the industry is for many in the Northeast and how long construction can take in the region.

It's both an exciting and uncertain time for the industry and no region better exemplifies the changing landscape more than the Northeast. Long a demand center for the hydrocarbon industry, the region is firmly entrenched as a dual supply-demand center, thanks to the sheer size of the Appalachian Basin's Marcellus and Utica shales and their proximity to large population centers.

"The Marcellus is such a valuable, abundant asset for our region and our country. In fact, it is such a prolific asset that the supply available to the region significantly outstrips regional market demand. Therefore the excess supply needs to find markets out of the region," Don Raikes, senior vice president–customer service and business development at Dominion Energy, told *Midstream Business*.

Volumes won't be moving in any one direction; rather, they will move to multiple markets.



A compass strategy

"As we reviewed this oversupply dynamic, we developed our compass strategy to move gas out of the region. We have projects that move gas north, south, east and west," he continued.

While there won't be any one, single market for Marcellus and Utica production to move, the Gulf Coast will receive a sizable portion of volumes out of Appalachia.

"There are a lot of projects currently proposed to move Marcellus and Utica production all over the place. We've seen a few pipelines that have started to move gas to the Midwest from Pennsylvania. A lot of it is moving to the Gulf Coast due to the power generation demand and the amount of petrochemical and export capacity in the region," Rob Desai, analyst, equity research, at Edward Jones, told Midstream Business. He added that a challenge is that both credit and equity markets are making it harder for midstream companies to raise capital for new projects.

There is also potential for shipments to Canada and the Southeast, though both areas are regions where shipments could take time to really develop. Canadian companies are developing pipeline projects to move domestic gas to the East Coast, which would force Marcellus gas into a competition with these Canadian volumes.

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—Don Raikes, senior vice president, Dominion Energy

This multimarket approach is quite the change from just a few years ago when it was assumed production would primarily move east, but it is still having a positive impact on the region. Raikes noted that the Marcellus Shale is a global phenomenon known around the world. However, the global market is tight, and there isn’t as much room for growth as there is for displacement of gas and liquids from other sources, which is causing producers and operators to widen the search for ways to relieve this bottleneck.

Part 2 of this article, “Keeping It Local,” will be featured in next week’s edition of Midstream Monitor.

Range’s Midstream VP: ‘The Rock Rules’

By **FRANK NIETO**, Hart Energy

PITTSBURGH—One of the names most synonymous with the Appalachian Basin is Range Resources Corp., which pioneered and discovered the Marcellus Shale with Barnett-style fracking in the early part of this century. When the company released extensive production data from its Marcellus drilling in December 2007, it caused a sensation in the industry because of how impressive the IP rates were from these wells.

This early entry into the play helped the company secure prime acreage in the basin, which continues to prove beneficial to Range in the current price environment.

Elie Atme, Range Resouces' vice president of marketing and midstream, addresses the crowd at Hart Energy’s Marcellus-Utica Midstream Conference & Exhibition. *Source: Hart Energy*

“At Range, we have a saying: the rock rules,” Elie Atme, the company’s vice president of marketing and midstream, said at Hart Energy’s recent Marcellus-Utica Midstream Conference & Exhibition.

“We have a wonderful stronghold, perhaps the best in the basin. [Currently], we’re focused on being a low cost producer and will push forward with our capital program for 2016 while leveraging the great assets we have,” Atme added. This position allows for repeatable projects that provide good returns that further drive down costs. As more production is brought online it has encouraged tremendous growth in the midstream. Atme noted that

Range Resources is improving its capital efficiency thanks in no small part to the increasing amount of takeaway capacity that has been built in the region and the increased demand this capacity is creating.

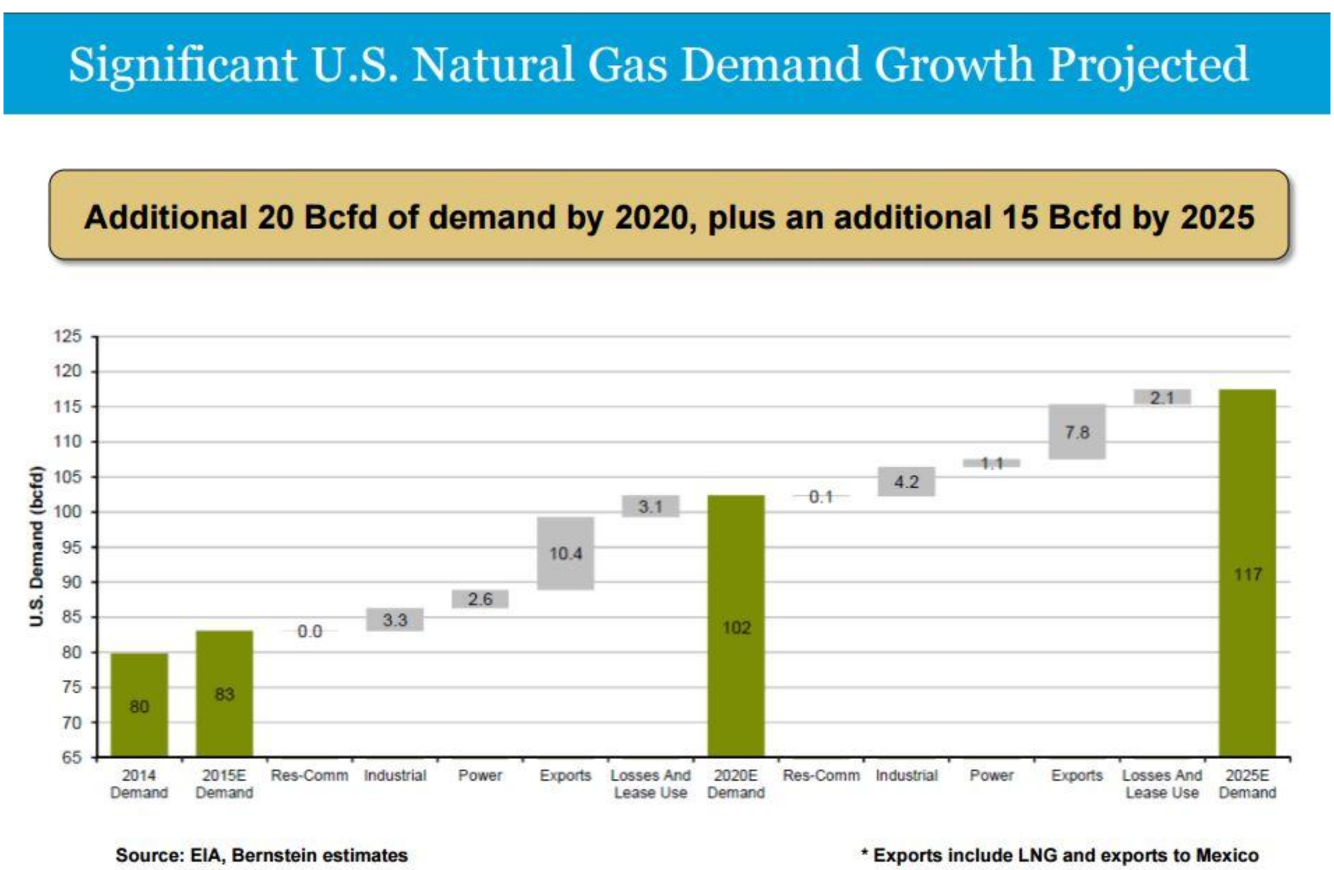
In addition to being a first mover on the production side of the Marcellus Shale, Range has also been a first mover in supporting pipeline projects to new markets. The company has a mutually beneficial relationship with midstream operators, as both help fuel each other’s growth.

In order to take advantage of the strongest basis differentials available, Range supports projects connecting to various markets. “We’ve found a lot of value by being able to access markets, both domestic and international. There’s tremendous value to be found in having optionality in your portfolio by being able to optimize where your production is going,” Atme said.

The anticipated takeaway projects being developed in the Northeast should improve future basis differentials in the Appalachian Basin and help support future growth.

“We’ve grown enough to support a lot of different projects. One of those near and dear to me is Spectra Energy’s Uniontown-to-Gas City Pipeline. This is a great project that has added significant value to Range by shipping to markets in the Midwest,” Atme said. “Another wonderful project we are supporting is Sunoco Logistics’ Mariner East project. We are the only producer with firm capacity on this project and we currently export propane out of Marcus Hook and will soon be exporting ethane from the facility.”

The market may be in a downcycle, but there is tremendous demand coming online in the next few years. This makes it very important for companies to be able to work through the next year or two before this demand starts to take hold of the market.



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Moving Gas To New England: An Entirely New Revolutionary War

By **JOSEPH MARKMAN**, Hart Energy

PITTSBURGH—There are at least 99 problems in delivering sufficient natural gas to meet winter demand in New England, but pipeline capacity constraint is not one of them. Or at least it shouldn't be.

That was the message delivered—along with barely concealed sighs of frustration—by two experts to attendees at Hart Energy's recent Marcellus-Utica Midstream Conference & Exhibition.

Thomas M. Kiley, president and CEO of the Northeast Gas Association, left, and Kurt Krieger, principal with Steptoe & Johnson, discuss the challenges in delivering gas to Northeast markets at Hart Energy's Marcellus-Utica Midstream Conference. ***Source: Hart Energy***

The true culprit in the region's woes, they contended, is the scarcity of power generation companies that have signed up for new capacity.

"Our gas industry argues vociferously that it's really not capacity constraint because our local gas distribution companies [LDCs] have the capacity; they have had it and they're going to continue to have it as they grow," said Thomas M. Kiley, president and CEO of the Northeast Gas Association. "The power generators don't sign up, so in a really, really cold stretch of days, by that third day, they can be in a significant situation."
ISO New England, a regional nonprofit that operates the power grid, has responded by developing a winter reliability program that includes some dual-fuel operators that use oil and coal.

"You can imagine how appealing that is to the environmentalists," Kiley said.

The source of public discontent derives from the "polar vortex" that brought bitter cold to New England during the winter of 2013-2014. About half of gas-fired generators in the region couldn't run and chilled consumers were introduced to new models of economic dynamics and economic regulation.

"There was plenty of gas," said Kurt Krieger, principal with the Steptoe & Johnson LLP law firm. "It was just that the LDCs' economic model at the time didn't support them signing up for firm transport capacity and we needed to get gas to those plants to operate."

Since then, regulators like the Federal Energy Regulatory Commission (FERC) have started changing some of the economic regulations. The regional transmission organizations now have pay-for-performance tariffs and compensation to ensure that they would be compensated for investing in pipeline capacity and for supply, and penalized if they do not invest in capacity and a shortage materializes.

"You can imagine the anger of our industry in the Northeast—which I have to assume would be equally shared by you—when the general media, as things get dicey, report that due to a gas supply shortage, ISO is getting ready for rolling blackouts," Kiley told attendees.

The Northeast's longtime reliance on heating oil is slowly eroding, although current low oil prices have slowed the conversion rate to gas, Kiley said. However, conversions are continuing simply because while oil is cheap at the moment, gas is cheaper.

"I think a lot of consumers look at the long term and understand the benefits of natural gas vis-à-vis oil and are, in fact, signing up," he said.

But the role of natural gas as a clean-burning, affordable, needed fuel in the Northeast is countered by an environmental movement fiercely opposed to fossil fuels in principle. FERC approvals of pipeline construction permits almost automatically end up in the U.S. Court of Appeals, D.C. Circuit.

"I do see [FERC staff] having to work extremely hard through the certificate process to defend their actions, defend their professional review of environmental impacts," Krieger said. "They know now that two things are going to happen. They know that:

- "any decision they write, if they decide that a project needs an environmental assessment as opposed to an environmental impact statement, they know that that's going to be challenged before the agency moves forward; and
- "they know that if FERC certificates a pipeline project, notwithstanding the thorough job that the agency might have done on environmental review, they know that the decision is going to get appealed to the D.C. Circuit."

Landing in court delays construction of a pipeline, but it doesn't necessarily doom it.

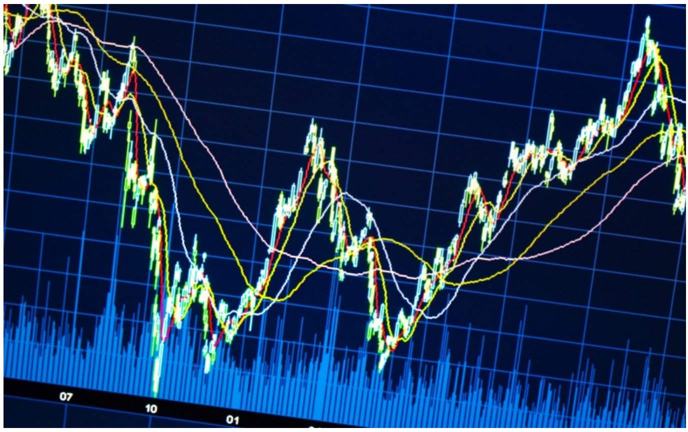
"If you look back at FERC's track record before D.C. Circuit, which is an extremely talented legal circuit," Krieger said, "FERC has done an excellent job when it comes to environmental issues at certificating pipelines."

FRAC SPREAD

Frac Spread: Consistently Unpredictable

By **FRANK NIETO**, Hart Energy

The best way to describe the current commodities market would be uninterrupted volatility. For the past year, crude, gas and liquids prices have consistently fluctuated up and down as the market has been hit with a multitude of macro headwinds ranging from supply exceeding demand, weaker Chinese economy and an unsettled U.S. dollar.



The biggest uncertain condition in the market is the question of how much crude will be produced by OPEC as well as how many barrels (bbl) will be released from Iran and Iraq this year.

CURRENT FRAC SPREAD (CENTS/GAL)				
FEBRUARY 19, 2016	**Conway**	**Change from Start of Week**	**Mont Belvieu**	**Last Week**
Ethane	13.78		15.13	
Shrink	10.87		11.80	
Margin	2.91	134.84%	3.33	50.62%
Propane	32.90		36.13	
Shrink	15.02		16.30	
Margin	17.88	18.01%	19.83	12.01%
Normal Butane	46.65		51.73	
Shrink	17.01		18.46	
Margin	29.64	-3.26%	33.27	-5.59%
Isobutane	60.83		51.65	
Shrink	16.33		17.73	
Margin	44.50	4.02%	33.92	-6.35%
Pentane+	66.08		64.58	
Shrink	18.19		19.74	
Margin	47.89	5.52%	44.84	0.36%
NGL $/Bbl	14.73	-2.38%	15.11	-3.43%
Shrink	5.99		6.50	
Margin	8.74	9.20%	8.60	3.20%
Gas ($/mmBtu)	1.64	-15.46%	1.78	-11.00%
Gross Bbl Margin (in cents/gal)	19.67	10.25%	19.76	3.91%
NGL Value in $/mmBtu (Basket Value)				
Ethane	0.76	-2.27%	0.83	-2.20%
Propane	1.14	-0.06%	1.25	0.31%
Normal Butane	0.50	-8.10%	0.56	-7.59%
Isobutane	0.38	-2.05%	0.32	-8.00%
Pentane+	0.85	-1.23%	0.83	-3.41%
Total Barrel Value in $/mmbtu	3.64	-2.18%	3.80	-3.02%
Margin	2.00	12.32%	2.02	5.31%

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 NGPL Midcontinent zone, Mont Belvieu based on Houston Ship Channel.

The latest example of OPEC's grip on the current market was provided this week when crude prices rose after it was announced that Saudi Arabia, Venezuela, Qatar and Russia would freeze production at January levels. The agreement requires other producers join in, but it isn't expected to have a major impact on prices, according to Barclays Capital.

"It is vital to note that there was not much incremental production expected from Russia, Qatar and Venezuela for the rest of the year, given these countries are already stretching their production limits," the investment firm said in a Feb. 16 research note. The report stated that production out of these countries was expected to be flat to down this year.

RESIN PRICES – MARKET UPDATE – FEBRUARY 19, 2016					
TOTAL OFFERS: 20,146,684 lbs		SPOT		CONTRACT	
Resin	Total lbs	Low	High	Bid	Offer
LLDPE - Film	4,282,624	0.49	0.58	0.465	0.505
HDPE - Inj	3,395,084	0.495	0.57	0.46	0.5
HDPE - Blow Mold	3,245,980	0.49	0.56	0.44	0.48
LDPE - Film	3,127,336	0.49	0.6	0.5	0.54
PP Homopolymer - Inj	1,722,116	0.535	0.605	0.57	0.61
LLDPE - Inj	1,230,392	0.56	0.59	0.49	0.53
PP Copolymer - Inj	1,163,196	0.56	0.71	0.59	0.63
HMWPE - Film	1,058,208	0.495	0.57	0.46	0.5
LDPE - Inj	921,748	0.55	0.6	0.5	0.54

Source: Plastics Exchange – www.theplasticsexchange.com

Most important, the agreement failed to include Iran and Iraq, which are the countries that are expected to have the largest increase in production this year as they return to the global market. Already Iraq production was at near record highs in January and Iran has indicated plans to re-establish pre-sanction output levels.
Even if the agreement were to succeed in freezing output and improving crude prices, it would likely provide an incentive to U.S. shale producers to being drilling again. This would cause a downturn in prices once again as supplies would almost certainly exceed demand.

NGL PRICES						
Mont Belvieu	Eth	Pro	Norm	Iso	Pen+	NGL Bbl
Feb. 10 - 16, '16	15.13	36.13	51.73	51.65	64.58	**$15.11**
Feb. 3 - 9, '16	15.47	36.02	55.98	56.14	66.86	**$15.64**
Jan. 27 - Feb. 2, '16	15.18	34.14	51.94	51.98	70.88	**$15.32**
Jan. 20 - 26, '16	14.64	31.26	46.30	46.16	66.94	**$14.18**
January '16	14.99	33.52	49.29	49.26	73.66	**$15.20**
December '15	14.83	38.66	56.87	57.47	92.65	**$17.69**
4th Qtr '15	17.50	42.15	60.09	60.57	97.59	**$19.11**
3rd Qtr '15	18.26	40.99	54.16	55.19	100.10	**$18.80**
2nd Qtr '15	17.93	46.30	58.11	59.66	126.14	**$21.48**
1st Qtr '15	18.38	53.01	66.35	67.81	110.53	**$21.94**
Feb. 11 - 17, '15	17.83	58.20	68.03	70.20	116.80	**$23.05**
Conway, Group 140	**Eth**	**Pro**	**Norm**	**Iso**	**Pen+**	**NGL Bbl**
Feb. 10 - 16, '16	13.78	32.90	46.65	60.83	66.08	**$14.73**
Feb. 3 - 9, '16	14.10	32.92	50.76	62.10	66.90	**$15.09**
Jan. 27 - Feb. 2, '16	13.92	31.20	48.52	56.00	70.52	**$14.83**
Jan. 20 - 26, '16	13.30	28.96	43.38	49.40	65.76	**$13.69**
January '16	14.14	30.31	46.42	53.17	72.76	**$14.72**
December '15	13.32	33.23	54.07	60.36	91.32	**$16.79**
4th Qtr '15	14.90	38.06	57.31	64.04	95.84	**$18.20**
3rd Qtr '15	15.47	36.28	48.59	54.34	99.10	**$17.59**
2nd Qtr '15	15.50	40.55	52.40	56.80	121.50	**$19.89**
1st Qtr '15	17.81	49.00	66.13	76.84	106.32	**$21.49**
Feb. 11 - 17, '15	17.00	54.40	66.60	84.48	116.03	**$22.89**

The good news is the announcement is the first indication since the fall of 2014 that Saudi Arabia is willing to take another approach besides drill at all costs. For the first time in a long time uncertainty in the market may not be a bad thing.

Unfortunately NGL prices failed to follow this upward swing as the theoretical NGL barrel price fell at both Conway and Mont Belvieu. It was down 2% to $14.73/bbl at Conway with a 9% gain in margin to $8.74/bbl and down 3% to $15.11/bbl with a 3% gain in margin to $8.60/bbl.

The margin gains are primarily attributable to the ethane market; however, they are not a sign of an improving market. Instead these gains are due to the relative stability of ethane prices while natural gas prices suffered large losses at both hubs due to large storage overhangs in the market.

Interestingly gas prices fell to their 12-month lows despite a solid natural gas storage withdrawal report from the U.S. Energy Information Administration. The agency reported that storage was down 158 billion cubic feet to 2.706 trillion cubic feet (Tcf) the week of Feb. 12 compared to

2.864 Tcf the prior week. This was 25% greater than the 2.174 Tcf posted last year at the same time and 26% greater than the five-year average of 2.151 Tcf.

It is possible that the gas market is currently experiencing the beginning of a rebalancing as winter is drawing to a close. While prices will be challenged in the coming month, En*Vantage reported that there could be a "significant recovery" by the end of the year.

"We should enter the fourth quarter with lower production levels as producer after producer announces very large CAPEX cuts and many of them forecasting production declines in 2016. We will also see increases on the demand side of the equation with industrial demand, LNG exports and growth of exports to Mexico. This is of course assuming that we have the normal weather as well as North American staying out of recession," the advisory firm said in its Feb. 18 *Weekly Energy Report*.

MORE TOP STORIES

Devon Fires Away With Equity Offering, Eases Worries

By **EMILY MOSER**, Hart Energy

After announcing a 75% capex cut, Devon Energy Corp. took aim and fired—after insisting it didn't need any additional financial firepower.

The Oklahoma City company said Feb. 17 it will commence an equity offering, which analysts project could raise more than $1 billion in proceeds and cover its balance sheet concerns.

Following its $2.5 billion acquisition in the Anadarko and Powder River basins in December, Devon planned to prune its portfolio. The company aimed for asset sales between $2 billion and $3 billion, starting with its 50% stake in the Access Pipeline in Canada. The midstream divestiture is expected to command a $900 million to $1 billion asking price.

However, Devon's equity offering should remove any worries about the company's dependence on asset sales in the current low commodity environment, said Charles Robertson II, analyst with Cowen and Co.

"With this offering, Devon need only to complete the Access Pipeline sale," Robertson said in a report.
Devon will offer 69 million shares of its common stock, upsized from 55 million, to the public for $18.75 per share. Goldman Sachs & Co. is book-running manager for the offering, which includes a 10.35 million share greenshoe option. The company has roughly 411 million shares outstanding as of its last quarterly report.

"This is a surprise following Devon's earnings call during which management firmly expressed confidence in the $2 billion to $3 billion divestiture target and shrugged off the need to issue equity when asked multiple times," Tudor, Pickering, Holt & Co. (TPH) said in a report.

TPH estimates proceeds will total about $1.47 billion, including the greenshoe. Proceeds are planned to bolster the company's liquidity position, reduce debt and fund its $900 million to $1.1 billion 2016 capital program. The company does not have hedging on oil or gas production, according to Wells Fargo Securities LLC.

The stock offering provides Devon a funding backstop should cash flow tighten more than expected and/or asset sales are prolonged, Robertson added.

The company has $12.1 billion in debt with $350 million due in December 2016. “Beyond that, the next debt maturities are in 2018 for two bonds totaling $875 million,” Robertson said.

No ‘Fire Sale’

Devon has hired advisers to help sell the $2 billion to $3 billion in noncore assets.
The company’s sale of the Access Pipeline, a heavy oil transportation pipeline network serving northeastern Alberta, is expected to close in first-quarter 2016. TPH anticipates proceeds to be about $1 billion.

Devon’s upstream divestitures will include up to 80,000 barrels of oil equivalent per day of production from properties in the Midland Basin, East Texas and Midcontinent region. Key targets include:

- 15,000 net undeveloped acres in Martin County, Texas;
- Southern Midland Wolfcamp;
- Carthage Field in Panola County, Texas;
- Granite Wash; and
- Mississippi Lime.

Devon's vice president of communications, Howard Thill, told Reuters that the targeted asset sales will not be conducted as a “fire sale.”

“If we do not receive good value for an asset, we will defer the sale of that asset until a later date,” Thill said according to Reuters.

Devon has already closed the sale of interests in one of its storied assets in the San Juan Basin—the Northeast Blanco Unit (NEBU). The company sold the NEBU interests to BP Plc (NYSE: BP) in December for an undisclosed amount.

According to TPH, the sale of Devon’s Access pipeline stake and noncore E&P assets will plug the company’s estimated 2017 cash flow outspend and further reduce net debt.

> “If we do not receive good value for an asset, we will defer the sale of that asset until a later date.”
>
> — *Howard Thill, Vice President of Communications, Devon*

Other E&Ps, such as Noble Energy Inc. and Marathon Oil Corp. have signaled their intent to pick up the pace of divestitures to help balance sheets and liquidity.

Noble could “monetize additional assets” to give the company flexibility in the volatile price environment, David Stover, Noble's chairman, president and CEO, said on a Feb. 17 post-earnings call.
Noble's asset sales could include midstream assets or a portion of its interest in the Tamar gas field off the coast of Israel, Stover said, according to a Seeking Alpha transcript.

Ax Looms Over Pennsylvania Natural Gas Pipeline Protest

A federal judge could hold a Pennsylvania family that runs a maple syrup business in contempt of court on Feb. 19 if it persists in blocking crews from felling a grove of trees to make way for a new shale gas pipeline that would cross its property.

The defendants and their supporters, who first confronted chainsaw crews on Feb. 10, face arrest if they again interfere, U.S. District Court Judge Malachy Mannion in Scranton warned earlier this week.

The $875 million Continental Pipeline, due to be operational this autumn, would run 124 miles (200 km) from Montrose, Pa., to Albany, N.Y., and bring gas from Pennsylvania fracking wells to the New York and New England markets.

"We're trying to keep them from cutting trees before they have all the permits they need to build in New York state," said Megan Holleran, spokeswoman for North Harford Maple, a family-run syrup business in New Milford, Pa.

Christopher Stockton, a Constitution spokesman, acknowledged the company does not have all the permits needed to finish the New York portion of the pipeline but said it expected to receive them.

"All the pipe is in New York waiting," he said. "The crews are hired and mobilized and ready to go."

Family members and their supporters in recent weeks have stood in the proposed right-of-way to prevent cutting of the trees.

Protests against fracking, or hydraulic fracturing, to extract gas from subterranean shale rock formations have grown across the state, where the industry has flourished in recent years.

In Pennsylvania's Susquehanna County, home of North Harford Maple, Cabot Oil & Gas Corp. has frequently tangled with anti-fracking activists, who say the process can pollute water, create noise and trigger earthquakes.

Houston-based Constitution Pipeline Co. requested the hearing because it faces a March 31 deadline for tree-cutting imposed by the Federal Energy Regulatory Commission (FERC) to protect the endangered Northern Long-Eared Bat and certain migratory bird species, according to court papers.

If the deadline passes, FERC rules would force the Houston-based joint venture, which involves involving Cabot Oil & Gas, Williams Cos. and other partners, to delay the work until autumn at the earliest.

Charif Souki Resigns From Cheniere Board

Cheniere Energy Inc. ex-CEO Charif Souki has resigned from the company's board, according to a regulatory filing. Souki notified the board on Feb. 12 that he was resigning as a member of the board, effective immediately, the filing said.

Souki, who co-founded Cheniere, also served as chairman and president, but was replaced in December as president and CEO by Neal Shear on an interim basis. Andrea Botta had replaced Souki as chairman.

The transition was announced months after activist investor Carl Icahn took a big stake in the company. Icahn had supported the board for "having the guts" to replace Souki, adding that there was "little doubt that the board wished to move the company in a direction that differed greatly from the path Souki wanted.

The energy company has still not appointed a permanent CEO.

Aliso Canyon Well Is Permanently Sealed

The California Division of Oil, Gas and Geothermal Resources (DOGGR) confirmed Feb. 18 that the well that was leaking methane at the Southern California Gas Co. (SoCalGas) Aliso Canyon storage facility has been permanently sealed and taken out of service.

Now that the well is permanently sealed, there is no longer any gas or odorant being released from the well. As a result, residents should no longer experience short-term health symptoms related to the release of odorants from the gas well, SoCalGas reported.

Residents in Porter Ranch who temporarily relocated because of the gas leak have been notified, as have other residents of Porter Ranch and the surrounding communities. Residents who have temporarily relocated to short-term housing, such as hotels, will have up to eight days/seven nights to transition back home, and residents who have been placed in rental housing will have through the agreed term of their leases to return home. SoCalGas has provided specific information on the return process and exceptions for special circumstances.

On Dec. 4, 2015, SoCalGas started drilling a relief well to stop the natural gas leak by plugging the well at its base. On Feb. 11, heavy fluids were pumped in to control the flow of methane, and on Feb. 12, cement from the relief well was pumped into the base of the leaking well, the company said; that process was finished on Feb. 17.

Dennis V. Arriola, chairman, president and CEO of SoCalGas, said that the company will partner with state and local agencies to help the local community and impacted residents return to normal. He also said that DOGGR would now focus on determining the cause of the leak.

On Feb. 17, Reuters reported that SoCalGas entered a not guilty plea during an arraignment in Los Angeles County Superior Court in Santa Clarita, Calif., on charges that it waited three days to report the huge methane leak and on the additional misdemeanor count of illegally discharging air contaminants.

The California Air Resources Board and the South Coast Air Quality Management District have been monitoring, on an hourly basis, methane levels in the community. Both agencies have reported an abrupt decline of methane levels in the community.

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