



December 03, 2020

Week Ending 11-27-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-1	-22	-41	152	18
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3939	3596	3649	-18	+290

Energy News – The hurricane season officially ended on November 30 with over 30 named storms (18 more than average), 13 hurricanes (7 more than average), and 6 major hurricanes (3 more than average). According to NOAA, a record of 12 named storms reached the U.S. coastline in 2020 which is 3 above the previous high of 9 in 1916.

Natural Gas – The December NYMEX contract settled for the month at \$2.896 per MMBtu. This settlement was \$.100 per MMBtu lower than last month’s settlement of \$2.996 and \$.426 per MMBtu higher than last year’s settlement of \$2.470. Since becoming the prompt month, the January contract has traded near \$2.88 per MMBtu but declined to \$2.78 per MMBtu on Wednesday and all of 2022 is tumbling near \$.20 per MMBtu on Thursday due to a warmer weather outlook. Technical indicators decreased slightly with support at \$2.73 and \$2.66 per MMBtu and resistance at \$2.83 and \$2.95 per MMBtu.

Storage – The expectation for this week’s storage report was for a withdrawal near 13 Bcf. The actual withdrawal reported by EIA is below expectations at 1 Bcf. This is again below last year’s withdrawal of 22 Bcf and the five-year average withdrawal of 41 Bcf. Inventories are at 3.939 Tcf and this level is 343 Bcf above last year and 290 Bcf above the five-year average.

Weather –November finished as the third warmest in the last 60 years. Although there may be some cold snaps in the 11–to–15 day forecast, most of the forecasts remain warm for the nation.

NYMEX NG Price Summary Data as of 12-02-2020		
Month	Price \$/MMBtu	Change
Jan 21	\$2.780	(\$0.064)
12-month strip	\$2.773	(\$0.054)
Winter 20-21	\$2.760	(\$0.068)
Summer 2021	\$2.732	(\$0.047)

(Sources: EIA, CME Group, Baker Hughes)

Crude Oil – Crude oil prices remained strong as prices for all of 2021 continued to exceed \$45 per barrel. OPEC+ was scheduled to meet on Monday-Tuesday of this week but have yet to reach an agreement on an output increase that is scheduled for January.

Natural Gas Production/Rig Count – Baker Hughes reports the natural gas rig count increased by 1 to 77 for the week ending November 27 which compares to 131 from a year ago. Production remains near 90 Bcf per day. November production increased over 3 Bcf per day from the October monthly average of 87.7 Bcf per day.

Natural Gas Demand – LNG feedgas demand reached another all-time record of 11.3 Bcf per day this week. Demand remains higher than last year in the power burn and Mexico exports sectors, but residential/commercial demand is lower, mainly due to continued milder weather.

For further information, please contact Regina Fort at (405) 842-9200 or rfort@clearwaterenterprises.net

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December 10, 2020

Week Ending 12-04-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-91	-57	-61	156	17
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3848	3539	3588	-1	+260

Energy News – A balmy start to November and December is providing downside pressure to natural gas prices in the midcontinent market. November ended with temperatures 4.7 degrees above the five-year normal and storage levels are expected to end December higher than originally forecast.

Natural Gas – The January NYMEX contract generated some interest this week as it tumbled over \$0.17 per MMBtu from last Friday’s settlement of \$2.575 per MMBtu to settle on Tuesday at \$2.399 per MMBtu. A strong storage withdrawal and cooler temperatures has brought the contract back to near \$2.57 per MMBtu on Thursday. Although there has been a slower start to Winter, a large portion of the winter demand period remains. Technical indicators decreased significantly with support at \$2.37 and \$2.31 per MMBtu and resistance at \$2.54 and \$2.64 per MMBtu.

Storage – Expectations for this week’s storage report covered a wide range with withdrawal estimates ranging from 75 to 96 Bcf. The actual withdrawal reported by EIA was at the high end of the range at 91 Bcf. This is significantly above both last year’s withdrawal of 57 Bcf and the five-year average withdrawal of 61 Bcf. Inventories are at 3.848 Tcf and this level is 309 Bcf above last year and 260 Bcf above the five-year average.

Weather – Forecasts beyond the short-term outlook continue to trend warmer. Cold Artic air is currently blocked from entering the lower 48.

Crude Oil – Crude oil prices continue to be relatively strong (currently exceeding \$47 per barrel of all of 2021) despite an unexpected surge in inventories. OPEC+ reached a compromise with a modest production increase in January and will meet monthly to decide future actions.

Natural Gas Production/Rig Count – Baker Hughes reports the natural gas rig count decreased by 1 to 75 for the week ending December 4 which compares to 133 from a year ago. Production remains near 90 Bcf per day.

NYMEX NG Price Summary Data as of 12-09-2020		
Month	Price \$/MMBtu	Change
Jan 21	\$2.442	\$0.043
12-month strip	\$2.576	\$0.034
Winter 20-21	\$2.450	\$0.037
Summer 2021	\$2.570	\$0.036

(Sources: EIA, CME Group, Baker Hughes)

Short-Term Energy Outlook – The EIA forecasts:

- Henry Hub prices will increase due to rising heating demand, rising LNG exports and declining production. Prices will average \$3.10 per MMBtu in 2021 which is up from \$2.07 in 2020.
- Consumption will average 83.4 Bcf per day in 2020, down 2.0% from 2019. Demand will average 79.4 Bcf per day in 2021 with declines in all sectors.
- Production will average 90.9 Bcf per day in 2020 and 87.9 Bcf per day in 2021.
- Declines in production will more than offset declines in demand resulting in storage withdrawals outpacing the five-year average, ending March at 1.6 Tcf, 15% lower than the five-year average.

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December 17, 2020

Week Ending 12-11-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-122	-97	-105	158	16
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3726	3442	3483	-91	+243

Energy News – The impact of the work-from-home (WFH) dynamics due to COVID on winter demand have been a widely speculated unknown. However, a market analytic firm reports that any increase in residential demand due to WFH is being offset by demand destruction in the commercial sector.

Natural Gas – The January NYMEX contract has traded in a narrower range this week as the market appears to be in a holding pattern, waiting to see if more consistent winter weather will develop in early 2021. After settling at \$2.591 per MMBtu last Friday, this week’s daily settles were between \$2.682 per MMBtu and \$2.677 per MMBtu. The Jan-Mar strip remained in a similar range, settling at \$2.674 per MMBtu on Wednesday. Technical indicators decreased with support at \$2.58 and \$2.50 per MMBtu and resistance at \$2.76 and \$2.82 per MMBtu.

Storage – The expectation for this week’s storage report was for the first triple-digit withdrawal of the season near 127 Bcf. The actual withdrawal reported by EIA is near expectations at 122 Bcf. This is again above last year’s withdrawal of 97 Bcf and the five-year average withdrawal of 105 Bcf. Inventories are at 3.726 Tcf and this level is 284 Bcf above last year and 243 Bcf above the five-year average.

Weather – A winter storm on the East coast is bringing snow and freezing air to that section of the country for the first time this year. Colder temperatures have been moving through the upper Midwest, all of which are giving some upward direction to gas prices. More seasonal temperatures are expected after this week.

NYMEX NG Price Summary Data as of 12-16-2020		
Month	Price \$/MMBtu	Change
Jan 21	\$2.677	(\$0.005)
12-month strip	\$2.780	\$0.017
Winter 20-21	\$2.674	(\$0.000)
Summer 2021	\$2.776	\$0.022

(Sources: EIA, CME Group, Baker Hughes)

Crude Oil – Prices continue above \$47 per barrel for all of 2021 even though potential shutdowns in the U.S. and Europe are tempering expectations of global demand. Chinese demand, however, reached a 4-month high in November and is 8.4% above last year.

Natural Gas Production/Rig Count – Baker Hughes reports the natural gas rig count increased by 4 to 79 for the week ending December 11 which compares to 133 from a year ago. Production remains around 90 Bcf per day which is near the EIA forecast for the year.

Natural Gas Demand – LNG feedgas demand remains at record levels (11 Bcf per day) as prices strengthen in Europe and Asia. Demand also remains higher than last year in the power burn and Mexico exports sectors, with residential/commercial demand lower year over year.

The January NYMEX contract will settle for the month on Tuesday, December 29 and next week’s storage report will be issued by the EIA on Wednesday due to the Christmas holiday.

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December 23, 2020

Week Ending 12-18-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-152	-146	-127	158	15
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3574	3296	3356	-122	+218

HOLIDAY EDITION

THIS WEEK'S STORAGE REPORT WAS RELEASED ONE DAY EARLY DUE TO THE CHRISTMAS HOLIDAY

Energy News – Natural gas supplies from Western Canada into the midcontinent market are exceeding expectations and indications are that this trend may continue through winter. These increased Canadian imports may displace supply from Chicago in the upper Midwest, which could impact prices in all the midcontinent.

Natural Gas – After settling last week near \$2.70 per MMBtu, the January NYMEX contract moved up on Tuesday to settle at \$2.780 per MMBtu but is down substantially on Wednesday – trading below \$2.60 per MMBtu. All of 2021 is down double digits in this shortened week of trading. The market will close early on Thursday and be closed all day on Friday. Technical indicators have increased with support at \$2.63 and \$2.54 per MMBtu and resistance at \$2.80 and \$2.88 per MMBtu.

Storage – The expectation for this week's storage report varied widely with withdrawals from 154 to 168 Bcf. The actual withdrawal reported by EIA is near the lower end of expectations at 152 Bcf. This is higher than both last year's withdrawal of 146 Bcf and the five-year average withdrawal of 127 Bcf. Inventories are at 3.574 Tcf and this level is 278 Bcf above last year and 218 Bcf above the five-year average.

Weather – Colder weather is expected in the Midwest and Rockies in the near-term with a variable pattern to continue into early January. December temperatures are expected to finish close to the 10-year average.

NYMEX NG Price Summary Data as of 12-22-2020		
Month	Price \$/MMBtu	Change
Jan 2021	\$2.780	\$0.075
12-month strip	\$2.825	\$0.041
Winter 20-21	\$2.752	\$0.064
Summer 2021	\$2.809	\$0.035

(Sources: EIA, CME Group, Baker Hughes)

Crude Oil – Crude oil prices declined on news of a new Covid strain in the U.K. and more travel restrictions. Prices rebounded to above \$48 per barrel for most of 2021 in response to the passage of a pandemic relief package late Monday which is expected to boost economic growth and demand for energy

Natural Gas Production/Rig Count – Baker Hughes reports the natural gas rig count increased by 2 to 81 for the week ending December 18 which compares to 125 from a year ago. Production has exceeded 90 Bcf per day on several days this week.

Natural Gas Demand – LNG feedgas demand remained near 11 Bcf per day this week. Although residential/commercial demand has been below last year's levels, the upcoming colder weather is expected to prompt additional demand in this sector.

The January NYMEX contract will settle for the month on Tuesday, December 29.

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December 31, 2020

Week Ending 12-25-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-114	-87	-102	161	14
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3460	3209	3254	-152	+206

NEW YEAR'S EVE EDITION

The market will be closed on Friday, January 1 in observance of the New Year's Day holiday

Energy News – Both the natural gas and oil markets are impacted by current events of the past week. Despite optimism from the rollout of vaccinations and the new U.S. stimulus package, the new variant of the virus which is emerging has led to the reinstatement of movement restrictions which constrains near-term demand.

Natural Gas – Even during a quieter holiday week, the market provided some excitement in advance of Tuesday's settlement. After settling at \$2.518 per MMBtu prior to the Christmas break, the January NYMEX contract opened trading on Monday significantly lower at \$2.311 per MMBtu and settled for the day at \$2.305 per MMBtu. On Tuesday, the contract recovered some of the losses and settled for the month at \$2.467 per MMBtu. This settlement was \$.429 lower than last month's settlement of \$2.896 per MMBtu and \$.309 higher than last year's settlement of \$2.158 per MMBtu. The February contract settled on Tuesday at a similar level of \$2.444 per MMBtu and on Wednesday at \$2.422 per MMBtu as the market once again seeks to find direction in response to the latest weather forecasts. Technical indicators have decreased with support at \$2.35 and \$2.27 per MMBtu and resistance at \$2.58 and \$2.67 per MMBtu.

Storage – The expectation for this week's storage report was for a withdrawal near 120 Bcf. The actual withdrawal reported by EIA is near expectations at 114 Bcf. This is higher than both last year's withdrawal of 87 Bcf and the five-year average withdrawal of 102 Bcf. Inventories are at 3.460 Tcf and this level is 251 Bcf above last year and 206 Bcf above the five-year average.

NYMEX NG Price Summary Data as of 12-30-2020		
Month	Price \$/MMBtu	Change
Feb 2021	\$2.422	(\$0.022)
12-month strip	\$2.611	(\$0.022)
Winter 20-21	\$2.430	(\$0.015)
Summer 2021	\$2.608	\$0.003

(Sources: EIA, CME Group, Baker Hughes)

Weather – Early January is expected to continue the highly variable pattern. Temperatures are forecast near normal in the Midwest and Northeast with above normal in the South. Snow and rain are expected in the West with normal to below normal temperatures and associated overnight heating demand in this region.

Crude Oil – Crude oil futures prices have remained near \$48 per barrel for most of 2021 even with the factors impacting near-term demand. In addition, OPEC+ is expected to increase output in January and Russia supports another increase in February.

Natural Gas Production and Demand – Production remains level as daily averages are near 90 Bcf per day over the past week. LNG feedgas demand continues to push against record-high levels near 11 Bcf per day. Residential/commercial demand is expected to see declines in response to the warmer weather.

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