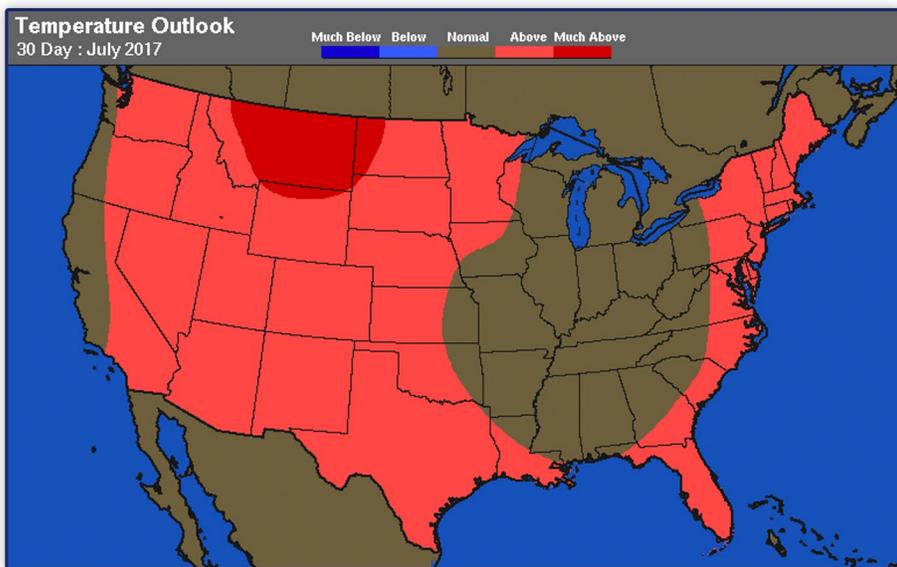


Market Summary

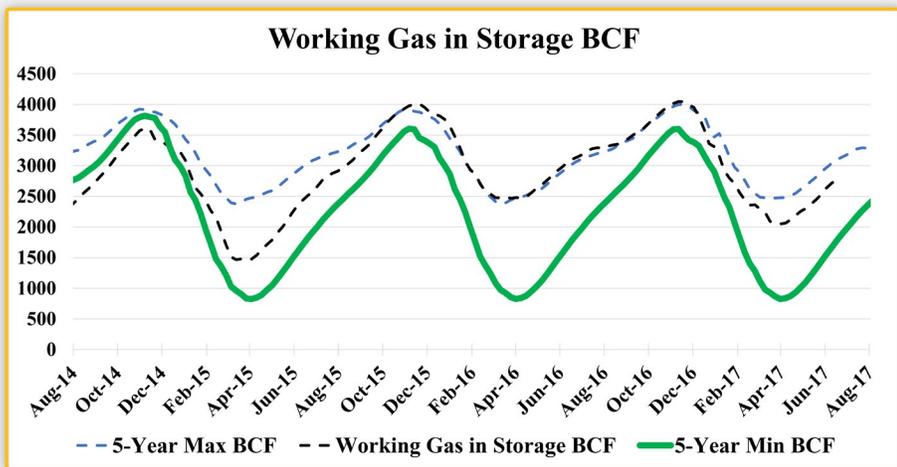
This summer's scorching temperatures are overshadowing increased production, stable storage figures, and relaxed regulations from the Trump administration.

Weather



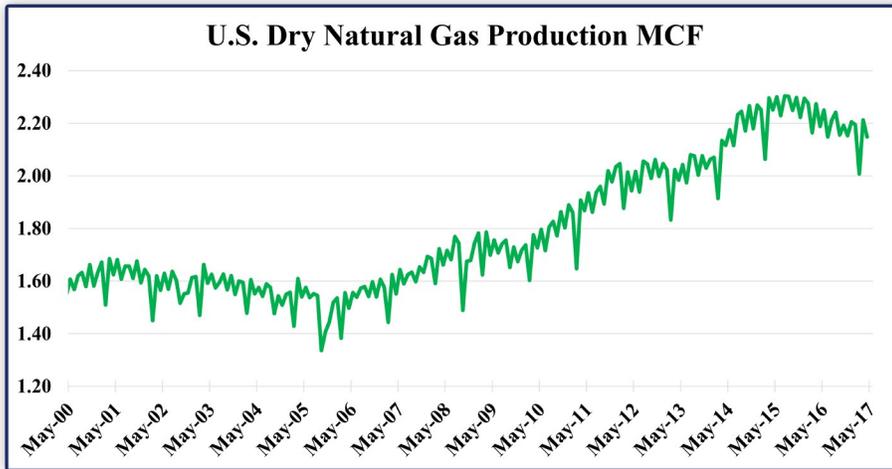
- End of June saw new temperature records in many parts of California, with San Diego county breaking its all time high temperature at 124 degrees. This caused energy demand to peak at about 47,000 MW for California – 4th highest peak in 20 years.
- With relatively mild long-term spring weather (in terms of power sector demand), domestic demand may remain subdued.

Storage



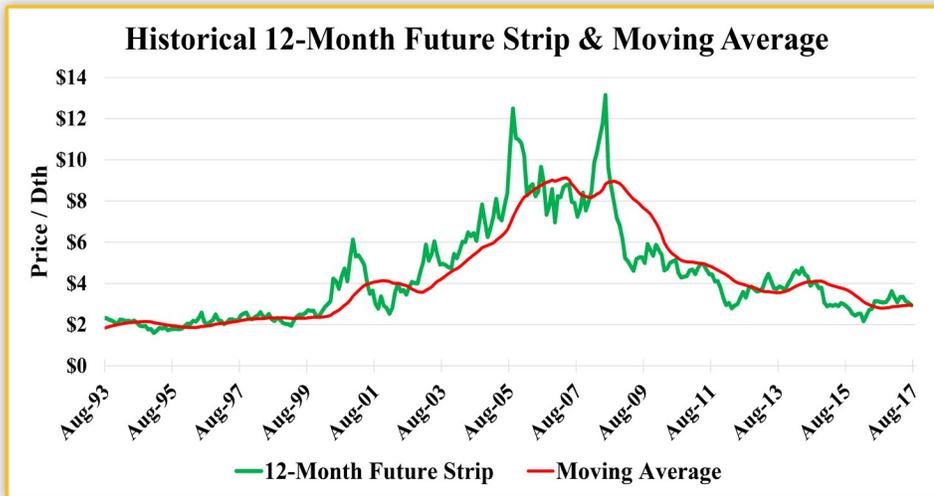
- For 7 out of the last 9 weeks, the weekly net injection has been smaller than the 5-year average.
- So far in the 2017 refill season, net injections into working gas storage are below the 5-year average in most regions of the Lower 48 states.
- Working gas stocks total 2,888 Bcf, which is 187 Bcf more than the 5-year average and 285 Bcf less than last year at this time.

Production



- Although week-over-week rig counts have not shown dramatic increases, the slump of the last few years may be over with 107% increase in year-over-year natural gas rig counts.
- US Department of Energy approves two more applications to export LNG from Los Angeles.

Pricing



Bidweek

Month	SCG	NYMEX
Jan.	\$3.92	\$3.930
Feb.	\$3.53	\$3.391
Mar.	\$2.70	\$2.627
Apr.	\$3.04	\$3.175
May	\$3.06	\$3.142
Jun.	\$3.29	\$3.236
Jul.	\$3.19	\$3.067

Prices per Mmbtu.

Noteworthy

- Natural gas is the leader of generation fuel in the U.S. power market. However, by 2040, renewable sources are expected to supply just as much electricity demand as gas. This may mark a leapfrog over the full transition to natural gas as the cost of renewable power falls rapidly.
- In response to the historic Aliso Canyon storage leak, California approved rules to cut natural gas leaks from pipelines and pumping stations by 40% - requiring frequent inspections and leak fixes within 3 years.
- Trump administration continuing to undo environmental regulations by suspending compliance dates on the rules limiting methane emissions from oil and gas companies working on public lands.