

News : US natural gas production hits 9-month high as NYMEX futures rally falters

By J. Robinson

Published on - Tue, 06 Sep 2022 17:41:11 EST | Modified on - Wed, 07 Sep 2022 11:59:43 EST

- September output averages over 96.6 Bcf/d
- **US** rig count near 34-month high at 868
- **NYMEX** 2022 futures dip to low- to mid-\$8s

US natural gas production is on a tear this month, trending at its highest since late 2021, as steady gains in drilling activity this year begin boosting domestic supply in a potentially chilling turn for gas prices.

So far in September, domestic production averaged over 96.6 Bcf/d as output neared record highs not seen since late December 2021, data compiled by S&P Global Commodity Insights showed.

Compared with the full month of August, production is up about 1 Bcf/d in September in a startling turnaround that comes following a summer of seemingly stagnant supply growth. From May to August, **US** production grew by just 1 Bcf/d, despite a steady build in drilling activity over the same period.

As of late August, the weekly **US** rig count had pulled back modestly to 868 -- down from a total 877 in the week prior when the count hit its highest since November 2019, data published by Enverus showed.

US NATURAL GAS PRODUCTION



Source: S&P Global Commodity Insights

In the **US** ' largest shale basins, rig and frack crews added this year have been keeping busy.

In **Appalachia** , the Permian, **Eagle Ford** , Bakken, SCOOP-STACK and the Denver-Julesburg, the number of monthly wells drilled is now trending at, or just below, levels last seen prior to the global pandemic, data from the **US** Energy Information Administration's Drilling Productivity Report, showed. In the Haynesville, the number of monthly wells drilled in July hit its highest in the report's nine-year history.

Well completions have also been on the rise, adding momentum to recent production growth. Across all seven DPR regions, the number of completed wells in July totaled 974 to hit its highest level since March 2020, **EIA** 's latest data showed.

NYMEX HENRY HUB PROMPT-MONTH FUTURES



Source: S&P Global Commodity Insights

Prices

As producers' upstream investment drive begins making a bottom-line impact on **US gas** supply, a precipitous rise in output over the past two weeks is now taking its toll on prices too.

Over the past two trading days, **NYMEX Henry Hub** prompt-month futures have tumbled from the low-\$9s/MMBtu range to settle Sept. 6 at just \$8.15/MMBtu. **Gas** prices for the upcoming winter season have witnessed a similar decline to start the month with the Nov-22, Dec-22, Jan-23 and Feb-23 contracts sinking by over \$1, or as much as 11%-12%, Platts and **CME** Group data showed.

Cooling momentum in the futures, forwards and cash markets this month also comes as milder temperatures across the eastern half of the **US** begin putting the breaks on **gas**-fired cooling demand.

In September, **US** power burn has pulled back to an average 41.2 Bcf/d -- down nearly 2.8 Bcf/d, or almost 7%, from its monthly average in August. Over the next week, the downward trend is expected to continue with Platts Analytics forecasting total **gas**-fired burn to slip to an average 40.1 Bcf/d, current projections show.

For internal use only. Not for reproduction or further distribution. Platts' standard terms and conditions apply to all use of this article/excerpt. Read Platts' Terms & Conditions at <https://pmc.platts.com/Public/TermsConditions.aspx>.

© 2022 by S&P Global Inc. All rights reserved.

Please contact us to learn more about Platts products and services at +1-800-PLATTS-8 / 1-800-752-8878 (Toll-free in U.S. and Canada) or by email at support@platts.com