

News : US gas production tracks near records as market awaits moderation

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- Seven-day average at 104.5 bcf/d
- 'No catalyst' for growth: S&P analysts

Having fully recovered from mid-January freeze-offs, US gas production is back within reach of record levels even as forecasters project output will moderate on the heels of 2023's decline in drilling activity.

Production is up to nearly 104.5 Bcf/d over the last week, not far off from the all-time highs of nearly 105.7 Bcf/d recorded in December, according to data from S&P Global Commodity Insights. Cold weather impacts triggered the major swings in production over the Martin Luther King Jr. holiday, when output bottomed out at about 88.3 Bcf on Jan. 16.

The recovery comes as a suite of publicly traded gas-focused operators prepare to report Q4 2023 earnings and announce 2024 capital plans, indicating the direction they plan to take production levels this year.

Producers' view

For now, resilient gas production continues to slacken the market and put downward pressure on prices amid weak seasonal gas demand. NYMEX Henry Hub gas futures declined again Feb. 9, with the May 2024 contract joining March and April below \$2/MMBtu, data from CME Group showed.

The confluence of current market fundamentals and the [later than expected arrival of new LNG feedgas demand](#) means dry gas plays have "no catalyst" for production growth in 2024, according to S&P Global upstream analysts.

Only a handful of publicly traded gas producers have communicated their latest capital plans to date, and those who have expressed that current market fundamentals do not call for significantly more drilling activity in 2024.

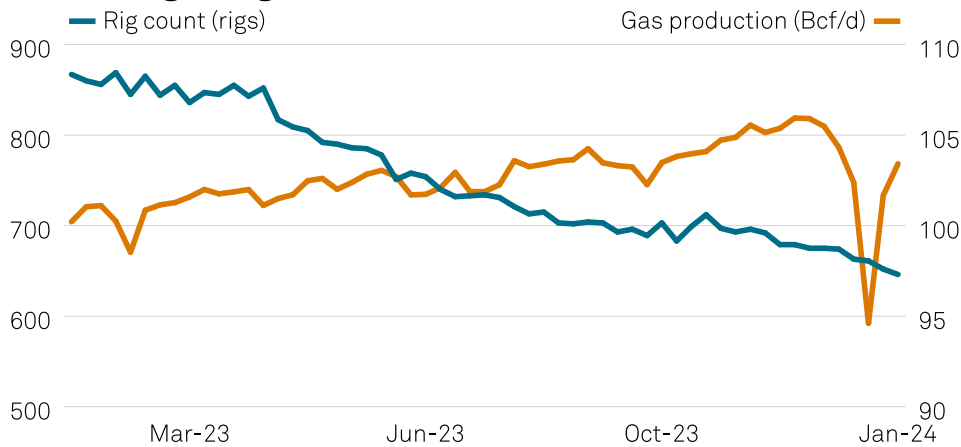
CNX Resources, which announced Jan. 25 its intent to cut spending and hold gas production flat in 2024, will move to a single-rig program this year after exiting 2023 with two operating.

Fellow Appalachian producer Seneca Resources said Feb. 8 that it will drop to one rig in the spring, although the National Fuel Gas subsidiary has notably raised its production guidance and anticipates 8% year-over-year growth in 2024.

Drilling, production outlook

At 646 in the week ended Jan. 31, total US rigs hit their lowest point since the fall of 2021, S&P Global data showed. Gas-directed rigs, which represent about 18% of that total, were down 65 units from year-ago levels.

Total US rigs vs gas production



Production figures include January freeze-offs

Source: S&P Global Commodity Insights

Production from the gas plays [grew against the decline in activity through late 2023](#) but is expected to moderate until fundamentals tighten, S&P Global upstream analysts said in a Q1 2024 gas supply outlook published Feb. 8.

"Low gas focused activity from mid-2023 until mid-2024 will serve to continue to production stalling until early 2025 when operators remain hopeful for LNG demand," which forecast gas production to average 102.5 Bcf/d in 2024.

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