



## ENERGY RISK MANAGEMENT

Howard Rennell, Pat Shigueta,  
& Karen Palladino

(212) 624-1132 (888) 885-6100

[www.e-windham.com](http://www.e-windham.com)

### NATURAL GAS & POWER MARKET REPORT FOR NOVEMBER 4, 2011

#### NATURAL GAS MARKET NEWS

##### North America

Chesapeake Energy is close to selling acreage in the Utica Shale in Ohio for \$3.4 billion. The deal will bring in \$15,000 per acre. \$2.1 billion of the deal will allow an unnamed partner to acquire 25% interest in about 570,000 acres of the company's Utica Shale properties. Chesapeake also said that it plans to sell an additional \$750 million of its Utica preferred shares to other investors.

Plains Exploration and Production (PXP) has sold assets in Texas for \$785 million as the company tries to raise cash and shift from natural gas assets to more liquids-rich properties. The company plans to sell assets in the gas-rich Granite Wash area for \$600 million to Linn Energy. PXP also plans to sell its South Texas conventional natural gas properties to an unnamed company for \$185 million.

##### International

BG plans to ship additional LNG spot cargoes to Singapore in 2013. The company will offer the spot shipments to companies that it already has agreements with first before opening the bidding to smaller users. BG plans to import 3 mtpa of LNG to Singapore's 6 mtpa when it opens in the second quarter of 2013.

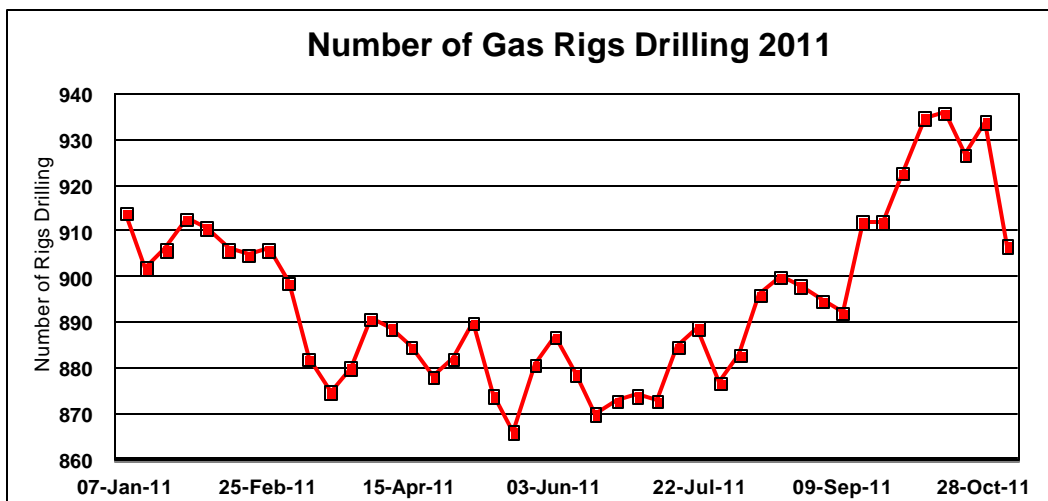
##### Generation Outages

**NPCC**- Entergy Corp's Vermont Yankee nuclear power plant increased to 61% power on Friday from 22% power on Thursday as it continues to exit a planned outage.

**SERC**- The 799MW Dominion Resource Inc Surry 2 nuclear power station reduced power to 75% early on Friday from full power on Thursday.

**The NRC reported this morning that some 82,923 Mw of nuclear generation was online, up 0.05% from yesterday and up some 6.06% from the same day a year ago.**

**Number of Gas Rigs Drilling 2011**



Singapore could expand its first LNG terminal to 20 million metric tons a year with seven tanks and three jetties making it one of the world's largest terminals.

Turkmenistan's Oil and Gas Minister said that he has no doubts that the

Turkmenistan to India pipeline or TAPI will be built. TAPI will pump gas from Indian fields to Turkmenistan through Afghanistan. The minister said that the pipeline would need to pump 1 trillion cubic meters over a 30 year period.

Due to gas finds by Eni and Anadarko in Mozambique the country plans to offer a round of offshore bids in December and again at the end of 2012. The first round of bidding this year will be for Mozambique's side of Lake Niassa.

US COAL CONSUMPTION				
		National	East	West
This week	11/4/2011	16.58	14.23	2.28
Last Week	10/27/2011	16.72	14.26	2.31
Last Year	11/4/2010	18.94	16.55	2.45

Ukraine expects that it will be able to agree to a new gas deal with Russia that will significantly lower the price of gas this month.

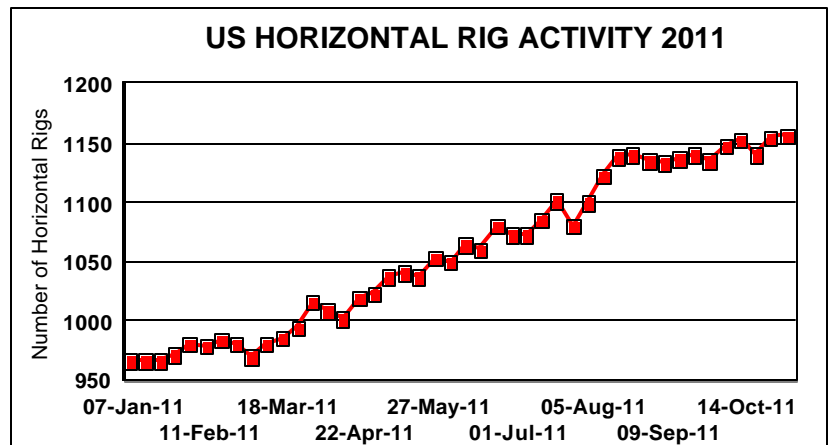
Statoil has recently made acquisitions to increase its stake in two gas fields off the coast of Norway. The company bought Hess' 3.26% stake in the Barents Sea Snoehvit field for an undisclosed amount bringing Statoil's ownership of the project to 36.79%. In the second deal Statoil received Total's 2.5% stake in the Valemon gas field in return for Statoil's 2% share in the Hild gas field. The move gives Statoil a 67% stake in the Valemon gas field.

### **Electric Market News**

Democrats in the Senate blocked a bill on Thursday that would have delayed the EPA's clean air rules. The Long-Term Surface Transportation Extension Act of 2011 aimed to block EPA controls on toxic emissions from cement factories and industrial boilers.

### **ECONOMIC NEWS**

The Labor Department said the US economy created 80,000 jobs in October. It said the private sector added 104,000 positions, which was partly offset by continued cuts at all levels of government. Payroll data for the previous two months were revised up by a total of 102,000 to show 158,000 jobs were added in September and 104,000 jobs in August. The unemployment rates fell only marginally to 9% from 9.1% in September.



JP Morgan reported that global all industry PMI fell to 51.4 in October from 52 in September. It also reported that the global services PMI fell to 51.8 in October from 52.6 in September.

Private sector activity in the euro zone fell at its fastest pace in 28 months in October amid the continuing debt crisis. Markit's composite Purchasing Managers' Index for the euro zone fell to 46.5, down from 49.1 in September and below a previous estimate of 47.2. Markit's Service PMI also fell sharply to 46.4 in October from 48.8 in September, its lowest level since July 2009 and lower than a previous estimate of 47.2.

Euro zone producer prices increased more than expected in September, increased mainly by a surge in energy costs. The European Union's statistics office Eurostat said producer prices in the euro zone increased 0.3% on the month in September for a 5.8% year on year increase. Energy prices increased 1% month on month in September for a 12.2% year on year increase.

An adviser to the Chinese Central Bank said China's GDP growth is expected to slow to 8.5% in 2012 from an estimated 9.2% in 2011.

### **Market Commentary**

The natural gas market ended the session relatively unchanged after posting an inside trading day. The market traded to a high of \$3.847 early in the session as several weather forecasts called for cooler weather on the horizon. Private weather forecasts called for milder than usual temperatures

across the Northeast over the next six to ten days while cool temperatures on the West Coast should move toward the Eastern US over the next 11 to 15 days. It traded in a 5 cent trading range for most of the session, before it erased its gains and traded to a low of \$3.769 in afternoon trading. The natural gas market settled up 5 ticks at \$3.783.

The natural gas market is still seen remaining in its recent trading range, with upside limited to \$4.00. The market is seen finding resistance at its highs of \$3.847 and \$3.863 followed by \$3.878 and \$3.908. More distant resistance is seen at \$3.955 and \$3.978. Support is however seen at its lows of \$3.769, \$3.741, \$3.73 followed by \$3.722 and \$3.674.

According to the disaggregated futures and options report, managed money funds increased their net short position by 4,680 contracts to 118,986 contracts in the week ending November 1<sup>st</sup>.