

THE SCHORK REPORT



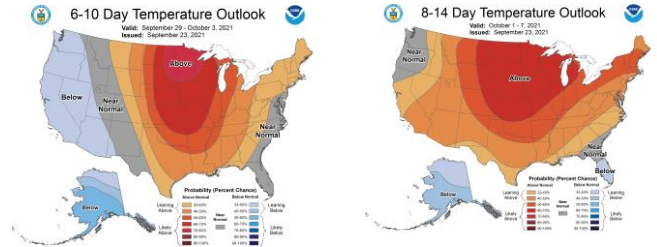
FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

Friday, September 24, 2021

www.schorkgroup.com

EIA Weekly Natural Gas Status Report				
Storage Δ (Bcf)	EIA 10-Sep	Seasonally Adjusted Norm	EIA 17-Sep	Bias
L48	83	67 ± 19	76	Neutral
South Central	22	9 ± 2	25	Bearish
Salt	9	1 ± 0	11	Bearish
Nonsalt	13	8 ± 0	14	Bearish
Midwest	34	30 ± 11	28	Neutral
East	29	22 ± 8	19	Neutral
Mountain	2	4 ± 1	3	Neutral
Pacific	(3)	3 ± 1	0	Bullish

NOAA Outlook



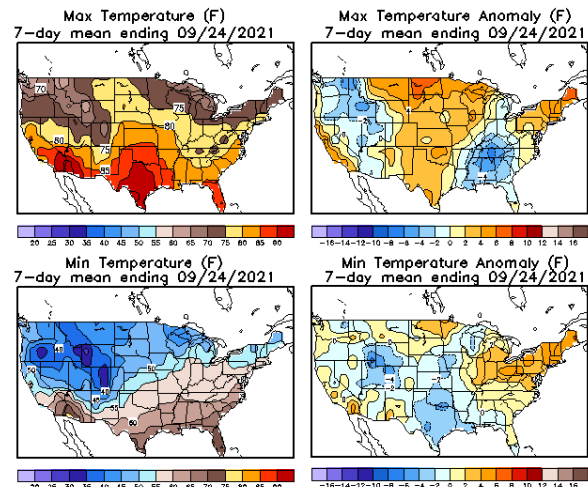
Temperature 6-10 Day

Temperature 8-14 Day

Note Bene: Per the latest update from the Bureau of Safety and Environmental Enforcement (BSEE), 31 of the 560 manned production platforms (5½%) in the Gulf of Mexico are still evacuated. An estimated 25% (541 MMcf/d) of gas production and 16% (294 Mb/d) of crude oil production is shuttered. Since Ida made landfall at the end of August, a total of 27.52 MMbbl of crude oil production and 35.77 Bcf of natural gas production has been lost.

Furthermore, per the DOE's latest Hurricane Ida/Nicholas situation report, there are approximately 16,000 customer power outages along the Gulf Coast. Two refineries in Louisiana remain shut, accounting for approximately 3% (500,000 barrels per day) of total U.S. operable refining capacity. Since Ida's landfall, refinery outages have averaged 996 Mb/d or 6% of total U.S. operable capacity.

Platts' survey of 70 Bcf to a 76 Bcf mean on Bloomberg survey. We were at 73 Bcf. The typical injection for this report is 73 ± 21 Bcf. Through the EIA week, an average of 1.05 Bcf/d (47%) of Gulf of Mexico gas production was shuttered as a result of Ida and Nicholas.



Source: NOAA

Omnium Gatherum

PRICES WERE STRONG YESTERDAY... October Henry Hub gas futures on the NYMEX shrugged off a large inventory update from the EIA, rallied through the \$4.837/MMBtu VWAP and peaked halfway in between our first two daily resistance targets of \$4.976 and \$5.037 per MMBtu. NYMEX WTI crude oil for November rocketed to within 8 cents of the July 06th high print of \$73.58/b and to within 7 cents of our initial resistance of \$73.57/b.

Natural Gas Review

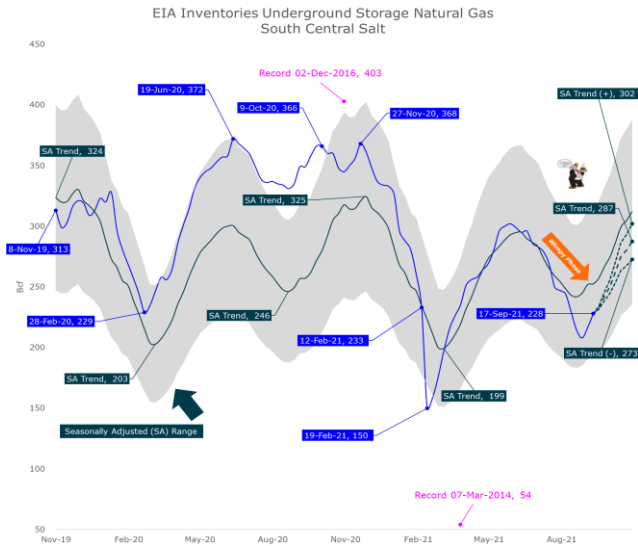
Yesterday, the EIA reported an injection of 76 Bcf of gas into L48 underground storage. Stocks rose to 3.082 Tcf for the week ended September 17th. The report came in around the consensus which ranged from a mean on the

Next week's report will be impacted by extant storm related disruptions, but mild weather east of the Mississippi. Through the first six days of the current EIA week, an average of 596 MMcf/d (25½%) of Gulf of Mexico gas production was shuttered and 25,000 customers in Louisiana were without power. The typical injection this week is 74 ± 22 Bcf. The early consensus is calling for a solid addition in the mid-80s Bcf.

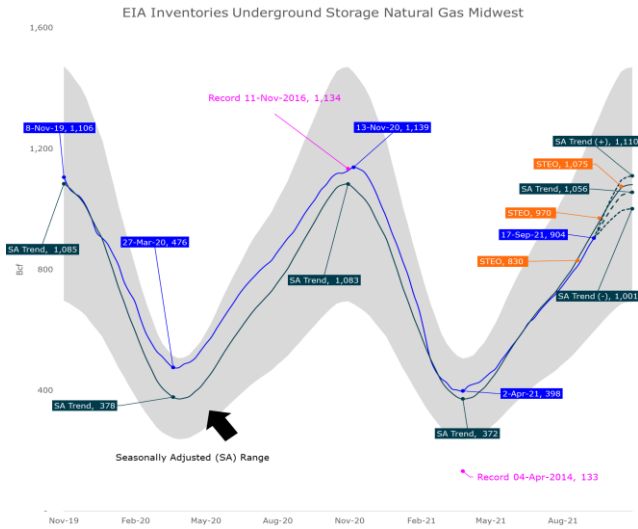
Storage in the Salts rose by a heavy 11 Bcf to 228 Bcf. Over the last two weeks, the deficit to the seasonally adjusted time series improved by 536 basis points from a **seven-month** high of 15.11% (37 Bcf) to 9.752% (25 Bcf). This summer's delivery—which we dub the *Wimpy*

Phase of the season—summed a mammoth 94 Bcf which is 58% above normal. Over the last two weeks, utilities have repaid 20 Bcf of this *borrowed* gas.

In the Nonsalt Region, a solid 14 Bcf was injected, the largest addition since early June. All told, a substantial 25 Bcf was injected into the South Central market area. This season's hitherto refill improved to 320 Bcf, 23 Bcf (8%) above the five-year mean and within 14 Bcf (4%) of the seasonally adjusted time series.

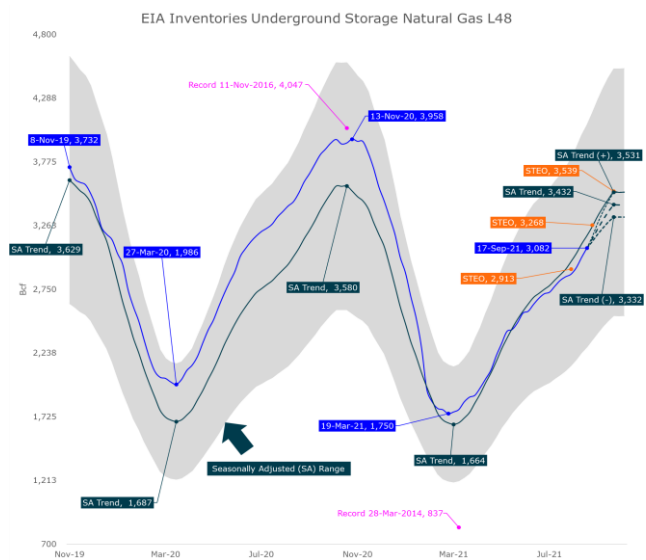
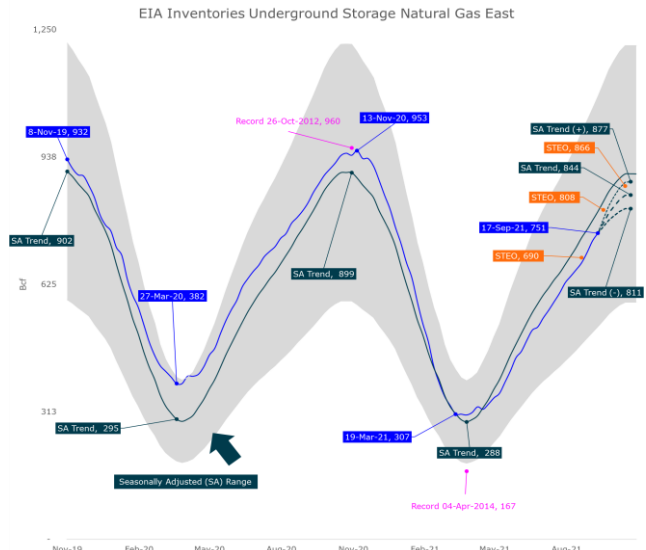


Storage in the Midwest reported the twenty-fourth injection of the season, a normal 28 Bcf was added. Inventories rose to 904 Bcf but the deficit to the seasonally adjusted time series inched out by 18 basis points to 2.76% (26 Bcf). This season's refill is running 9% (52 Bcf) below the seasonal trend. As a result, storage is on track to enter winter with 1.056 Tcf, 1.8% below the EIA's forecast of 1.075 Tcf.



Storage in the East rose by a normal 19 Bcf to 751 Bcf. The deficit to the seasonally adjusted trendline moved out by 24 basis points 6.49% (52 Bcf). This season's hitherto

refill is a 446 Bcf which is 58 Bcf (12%) below the five-year average and 69 Bcf (13%) below the historical time series. The market is on pace to enter winter at 844 Bcf or 22 Bcf (2½%) below the EIA's forecast of 866 Bcf.



Next Thursday's report will be impacted by extant storm related disruptions... duh, thank you *Captain Obvious*. Through the first six days of the current EIA week, an average of 602 MMcf/d (27%) of Gulf of Mexico gas production was shuttered and as of Wednesday, 25,000 customers in Louisiana were without power. The typical injection this week is 74 ±22 Bcf. The early consensus is calling for a solid addition in the mid-80s Bcf.

Bottom Line

We are nearly four fifths of the way through this refill season, and the market has only replaced three of five cubic feet of gas delivered last winter. Our 50/50 line on end-of-season storage is 3.575 Tcf after yesterday's EIA update, i.e. 9.7% (387 Bcf) below last winter's starting balance.