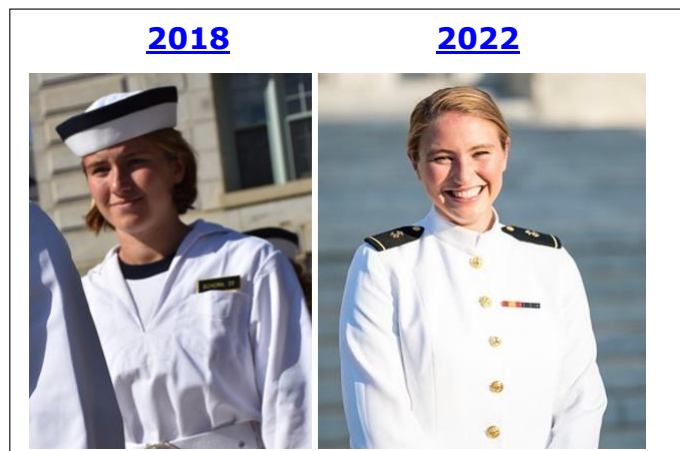




Nearly four years ago to the day, we were in Annapolis, MD to attend the ceremony of our daughter's induction as a Midshipman to the United States Naval Academy. In addition to this being one of the proudest days as parents, it was also one of the most heart-wrenching days we have experienced as we watched our little girl march into Bancroft Hall as a plebe.

We will be in Annapolis next week to watch our young lady commission as an Ensign in the United States Navy with Navy Pilot as her service selection. We are taking next week off to celebrate this tremendous achievement. We will return to our normal publishing schedule on Tuesday, May 31st.



Omnium Gatherum

ENERGY PRICES WERE MIXED YESTERDAY... NYMEX natural gas was strong early but faded in the wake of the EIA's weekly update on storage. Oil markets bounced back from Wednesday's sell-off.

Note Bene: Theater of the Absurd... Senate and House Democrats are now [channeling](#) their inner [Nixon](#) and are resurrecting 1970s style price controls. The Price Gouging McCarthyites have taken their demagoguery to a level not seen since Nixon introduced price controls as a way to deflect heat from the burgeoning investigation into Watergate.

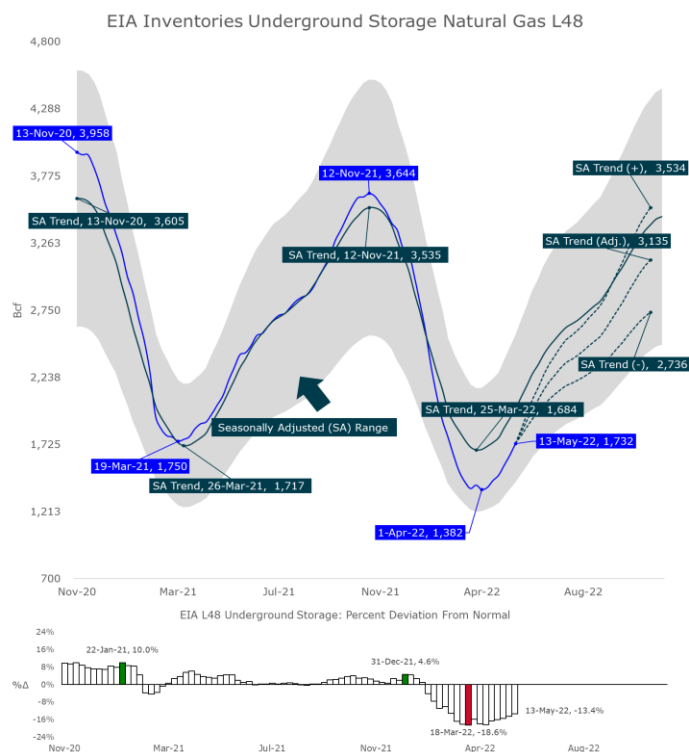
The House of Representatives passed the [Consumer Fuel Price Gouging Prevention Act H.R. 7688](#). If ratified, the act will give President Biden the power to declare an energy emergency for a period of 30 days (but can be renewed indefinitely) in which it will be "... unlawful for any person to sell a consumer fuel, at wholesale or retail... at a price that is unconscionably excessive and indicates the seller is exploiting the circumstances related to an energy emergency to increase prices unreasonably."

The bills wording is intentionally vague; it fails to define what an "unconscionably excessive" price is. That interpretation will be left to the discretion of the White House and will allow Biden to club the oil industry like a baby seal.

This bill is economic nonsense. Keeping prices artificially low will only juice demand and prevent additional supplies from coming to the market. It did not work for Nixon, why do Senate and House Dems think it will work this time?

EIA Review

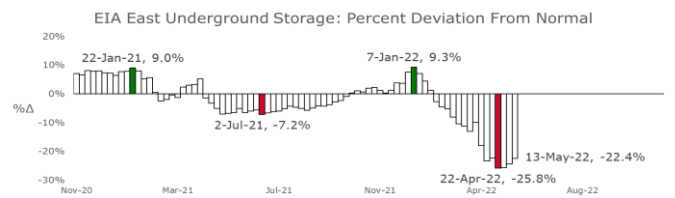
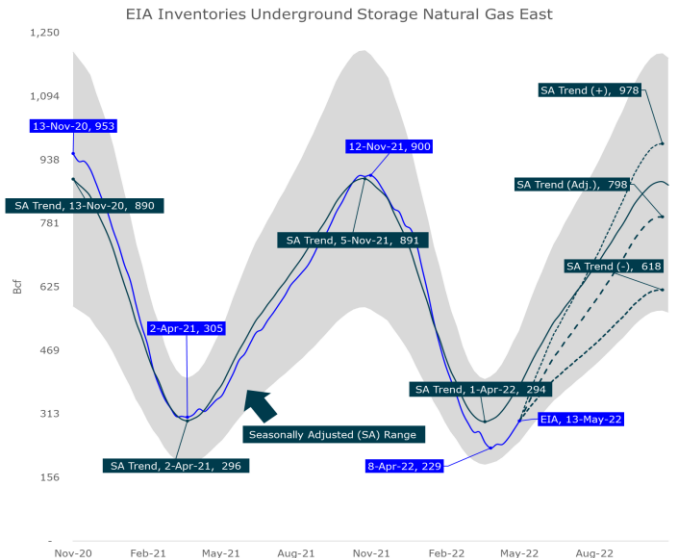
Yesterday, the EIA reported a fifth straight solid refill. As of May 13th, a total of 89 Bcf of gas was injected into L48 underground storage. Storage now stands at 1.732 Tcf. Over the last six weeks, a total of 350 Bcf has been injected which is 33 Bcf (11%) above the seasonally adjusted trend and spot-on last year's pace. In this time, the deficit to the seasonally adjusted time series has narrowed from 18.4% (316 Bcf) to a three-month low of 13.4% (269 Bcf).



The South Central area reported the eighth straight injection of the season. Storage rose by 32 Bcf to 781 Bcf. A total of 222 Bcf has been injected thus far. This is a strong start to the season; it is 49 Bcf (28%) greater than the seasonally adjusted (SA) trend and even 9 Bcf (4%) above the top of the SA range (the SA trend plus the standard error of estimate).

In the Salts, the season-to-date refill is up to a substantial 100 Bcf which is 17 Bcf (20%) above normal for this early stage of the season. Since the start of spring the deficit to the seasonally adjusted norm has been slashed from 49 Bcf (23.9%) to a four-month low of 14 Bcf (5.1%). This is a good thing. It is paramount that the market stuffs as much gas as possible into salt domes now before cooling demand in the northern latitudes picks up next month.

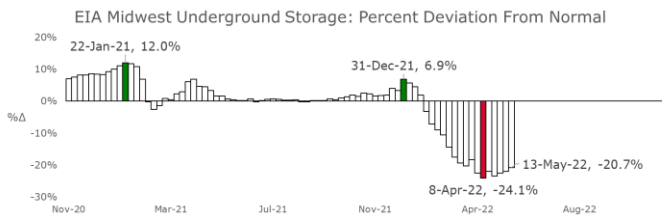
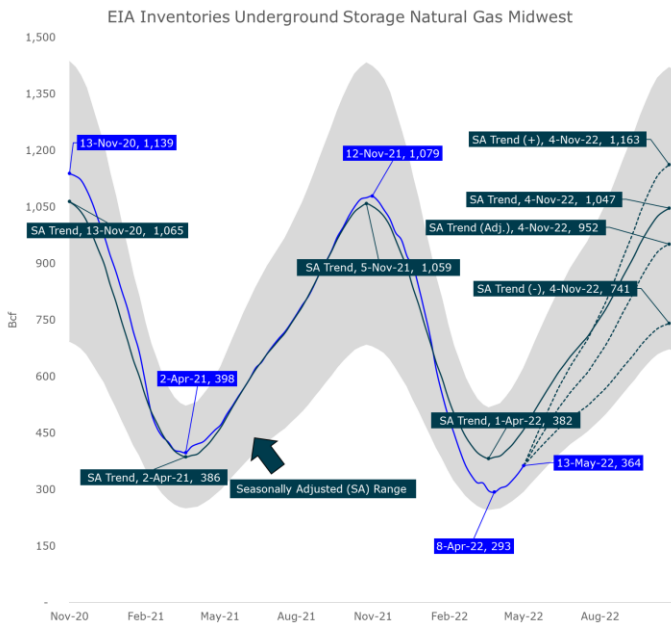
The Nonsalt region refill is up to a solid 127 Bcf. Storage rose to 531 Bcf last week and the deficit to the seasonally adjusted time series narrowed to a three-month low of 68 Bcf (11.3%).



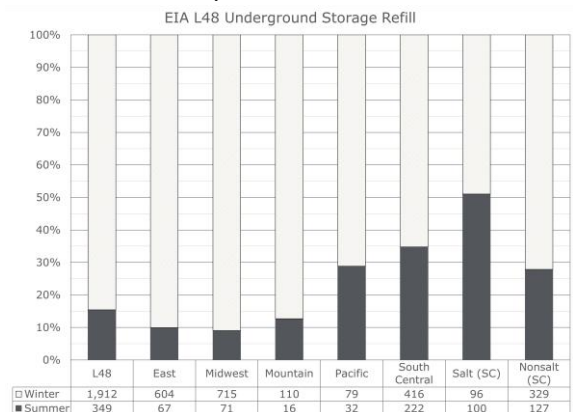
In the East 22 Bcf was injected last week. The season-to-day refill is a meager 67 Bcf which is 21 Bcf (24%) below the seasonally adjusted norm. As of last Friday, storage stood at 296 Bcf with an 86 Bcf (22.4%) deficit to the seasonally adjusted time series.

Bottom Line

This season's refill-to-date is 350 Bcf, 33 Bcf (10.5%) above the seasonally adjusted trend and spot-on last year's pace. As illustrated, we are around one-fifth of the way through the season and the market has covered 15% of last winter delivery.



The Midwest reported a normal injection of 22 Bcf. Inventories rose to 364 Bcf and the deficit to the seasonal norm narrowed to 95 Bcf (20.7%). The hitherto injection of the nascent season is up to 71 Bcf which is 6 Bcf shy (8%) of the seasonal norm and 30 Bcf (30%) below last year's pace.



The early consensus for next Thursday's report is a good, not great, injection of $\approx 80 \pm 5$ Bcf. Our current forecast for end-of-June inventories is unchanged from last week at about 2.31 Tcf which is 11% below the five-year average. Our forecast for the end-of-season is about 3.39 Tcf which is 8% below the five-year average.