

THE SCHORK REPORT



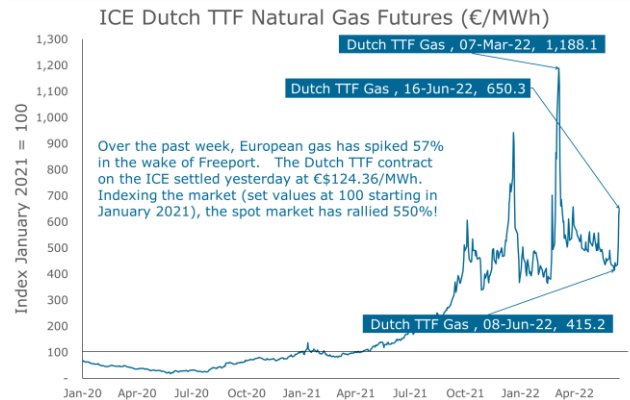
FUNDAMENTAL + TECHNICAL ANALYSIS OF THE ENERGY MARKETS

Friday, June 17, 2022

www.schorkgroup.com

EIA Weekly Natural Gas Status Report

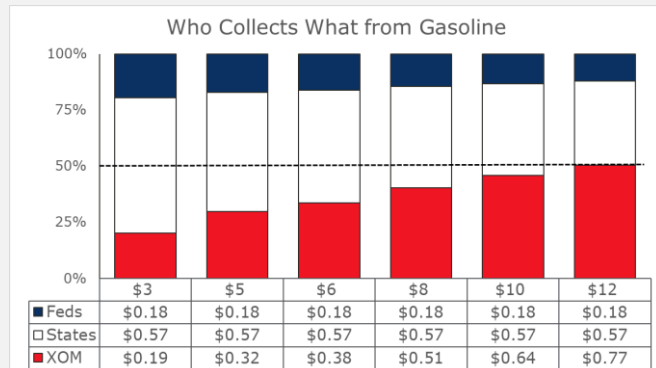
Storage Δ (Bcf)	3-Jun	Seasonally Adjusted Norm	10-Jun	Bias
L48	102	68 ± 19	92	Bearish
South Central	26	16 ± 4	20	Neutral
Salt	3	1 ± 0	0	Neutral
Nonsalt	24	15 ± 4	19	Neutral
Midwest	28	25 ± 9	28	Neutral
East	31	24 ± 9	31	Neutral
Mountain	5	5 ± 1	4	Neutral
Pacific	11	(1) ± 0	10	Bearish



Nota Bene: "Why aren't they drilling? Because they make more money not producing more oil," Biden said. "Exxon, start investing and start paying your taxes." —President Biden, June 14th, 2022

Source: [Hellenic Shipping News](https://www.hellenicshippingnews.com)

We wonder what color the sky is in President Biden's world, "... start paying your taxes." What is he talking about? In the first quarter, Exxon paid [\\$11.26 billion](#) in total taxes and in 2021 the company paid [\\$40.59 billion](#) in taxes, a \$17.80 billion increase from 2020 when the company reported a loss of \$22.44 billion.



Exxon's profit margin in the first quarter was [6.4%](#) so, for every \$1 of sales the company makes 6.4 cents.

How does that stand up to the government's take? Uncle Sam collects 18.4 cents per gallon, while the states on average collect 57.1 cents per gallon, for a total vigorish of 75.5 cents. AAA's national average on gasoline at the pump is around \$5 per gallon. As illustrated, at this price Exxon is earning about 32 cents, while the government collects its 75.5 cents.

Gasoline at the pump has to break \$12 per gallon before Exxon's take is as high as the governments!

Omnium Gatherum

ENERGY PRICES WERE FIRM YESTERDAY... Oil markets were weak early, strong late as the U.S. slapped [Iran](#) with a new round of sanctions. NYMEX gas peaked before the EIA's weekly storage update and moved lower after the report's release. Bulls managed to scratch out a \$0.044 gain.

EIA Natural Gas Review

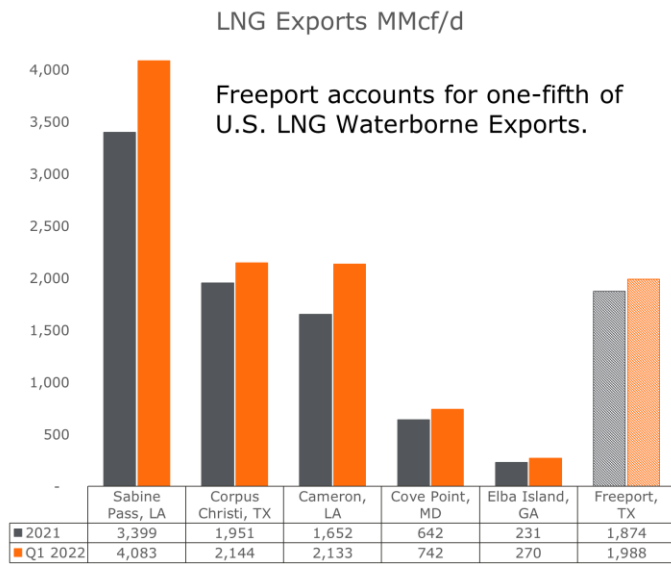
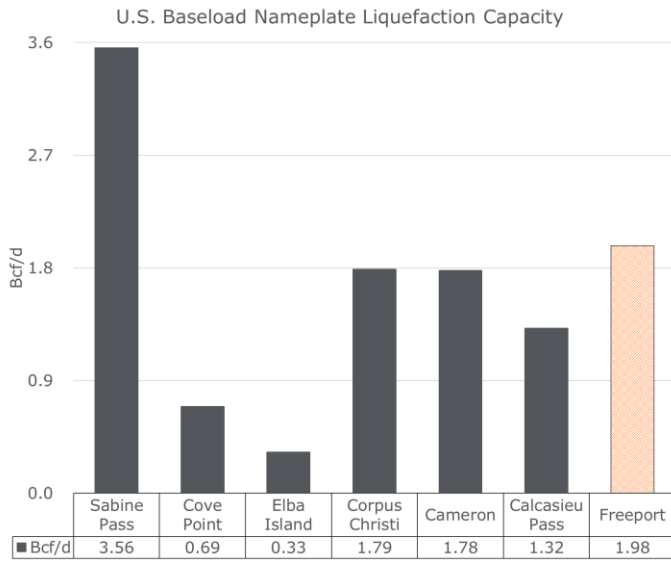
Yesterday, the EIA reported a solid injection of 92 Bcf of natural gas into L48 underground storage for the week ended June 10th. The report included revisions to reflect resubmissions on data from the previous three weeks. As of last Friday, inventories stood at 2.095 Tcf. Since the start of the season, a total of 713 Bcf has been injected, 64 Bcf (10%) above the seasonally adjusted trend but 36 Bcf (5%) below last year's pace.

May is when we see the largest injection of the year. Looking back at the past 30 years of data from the EIA, the average injection for this month is 380 ±24 Bcf. The month's interpolated injection was spot on the 30-year mean of 380 Bcf. From this perspective, last month's refill was good but, given the dearth of molecules at the end of last winter, good is not good enough.

Relief is on the way for U.S. prices.

Earlier this week, the floor fell out from underneath the NYMEX Henry Hub natural gas complex as prices plunged by near-record amounts after Freeport LNG announced its Quintana Island, TX facility will be offline through the remainder of the cooling season and into the start of the

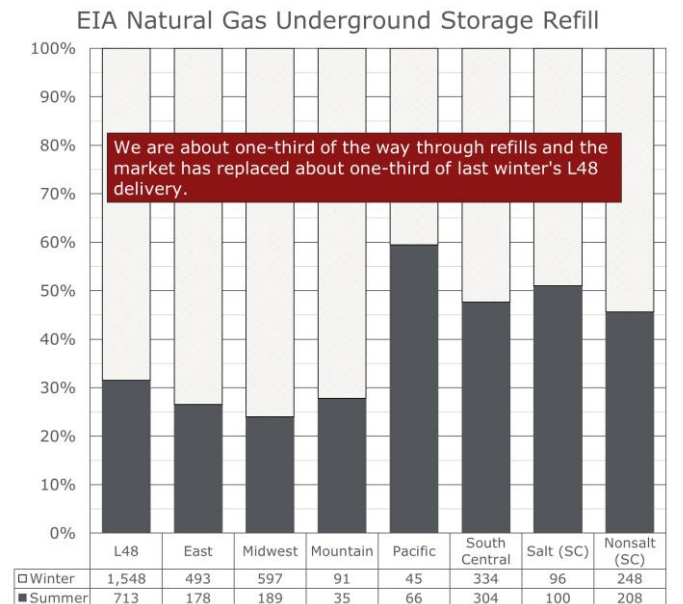
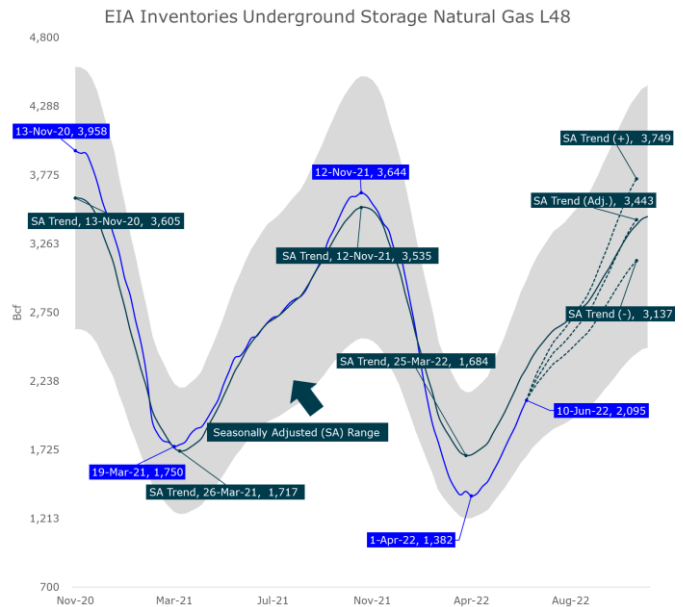
heating season, sidelining one-fifth of U.S. LNG export capacity.



Freeport hopes to return to partial operations in 90 days. The plant has baseload nameplate liquefaction capacity of 1.98 Bcf/d and the company exported 1.87 Bcf/d of LNG in 2021 and shipped 1.99 Bcf/d in the first quarter of this year.

Assuming the plant remains offline through the middle of October, approximately 178 Bcf/d of stranded LNG will be available for storage refills. Therefore, the loss of Freeport through the refill season boosts our base-case end-of-season storage forecast to approximately 3.43 Tcf, with a high case of 3.75 Tcf. The five-year average for the end of refills is 3.656 Tcf.

The early consensus for next Thursday's report is in the low end of the seasonally adjusted range, from the low 60s Bcf to the mid-70s Bcf.



The U.S.'s gain is Europe's loss. European gas prices are surging now that imports from the U.S. have been slashed. Over the past week, the ICE Dutch TTF futures (the benchmark for European gas prices) jumped 57% (!!) from a four-month low to a three-month high of €124.36/MWh.

