

IMGA **gas NEWS**

Interstate Municipal Gas Agency

JAN-FEB 2018

Issue 97

Year in Review: 2017 Was a Stellar Year for Oil and Gas

By: Matt Mandell

Let's look back and appreciate some remarkable shale-related trends that have occurred in 2017.

Soaring Production

Despite activists best and strangest efforts, American oil and natural gas production soared in 2017. Already the world's largest oil and natural gas producer since 2012, U.S. oil production grew by over 650,000 barrels per day (b/d) between January and September of 2017. Even more impressive, U.S. oil production is projected to keep growing this year, with the U.S. Energy Information Administration estimating an additional 94,000 b/d increase this month. Still not enough? The agency forecasts U.S. crude output will reach over 10 million b/d - a new record - thanks to a nearly 1.2 million b/d increase in oil production from shale development alone in 2017.

Through shale development, U.S. natural gas production has grown as well. Between January and December of 2017, U.S. shale gas output grew from about 47.6 billion cubic feet per day (Bcf/d) to over 62.2 Bcf/d - a near 31 percent increase. Natural gas output from shale is projected to grow even further, with EIA estimating an increase of 764 million cubic feet per day (Mcf/d) from December 2017 to January 2018, with almost half of that production stemming from the Appalachia region alone.

Growing Exports

With production skyrocketing and emissions dropping thanks to increased natural gas use, the United States is now in a unique position to help trading partners around the globe achieve their climate goals through liquefied natural gas (LNG) exports. With only one terminal currently in operation and the first shipment of U.S. LNG taking place less than two years ago, American LNG exports have flourished over the past year.

SAVE THE DATE **2018 IMGA Annual Meeting**

March 20, 2018 at Northfield Inn & Conference Center in Springfield, IL
Come and talk with other municipal leaders. Share solutions and problems for natural gas within your community.
Listen to knowledgeable speakers on today's natural gas topics.
Enjoy a great breakfast buffet and a delicious prime rib and shrimp buffet for lunch.



According to EIA, U.S. LNG exports averaged 1.9 Bcf/d through November of 2017, something almost unthinkable 10 years ago when the U.S. was importing over 3 Bcf of LNG per day. Moreover, U.S. LNG export capacity increased from about 1.5 Bcf/d in January to roughly 2.8 Bcf/d, with capacity expected to nearly quadruple by 2019 as additional terminals come on line.

Coupled with increased natural gas pipeline exports and decreased reliance on imported natural gas, this year also saw the United States becoming a net exporter of natural gas for the first time in nearly 60 years.

Critics have claimed that increased U.S. oil and natural gas exports would send energy prices soaring. But that simply has not been the case.

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Billions of Dollars in Investment

Unsurprisingly, the growth in production and exports has been met with equal enthusiasm for increased investment in shale development. According to the International Energy Agency (IEA) 2017 World Energy Investment report, U.S. shale investment grew 53 percent in 2017, with the next largest increase in spending coming from Russia at only six percent.

Conclusion

There are so many benefits from oil and gas for which to be thankful; from record production dropping prices for consumers, to billions of dollars in investment providing new jobs and economic growth. But if nothing else, 2017 showed the oil and gas industry is strong and here to stay.

Operator Qualification Certification

The next training sessions are scheduled for January 23 in Franklin and January 25 in Pinckneyville for Corrosion Control, and February 20 in Franklin and February 22 in Pinckneyville for Damage Prevention.

Please contact Brenda Rubenacker at the office to register or for any questions.

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Gas Production Rising

Dry natural gas production is forecast to average 73.3 billion cubic feet per day (Bcf/d) in 2017, a 1 Bcf/d increase from the 2016 level. Forecast dry natural gas production increases by an average of 3.1 Bcf/d in 2018. This increase reverses a 2016 production decline, which was the first annual decline since 2005. Natural gas production in 2018 is forecast to be 4 Bcf/d above the 2017 level.

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