

## Market Update

PRODUCTS	4/2/18	4/3/18	4/4/18	4/5/18	4/6/18
WTI Crude Oil	63.05	63.56	63.37	63.54	62.06
Brent Crude Oil	69.02	68.22	68.02	68.33	67.11
Natural Gas	2.75	2.71	2.72	2.68	2.70

- [CME Group](#)

## Headlines

### Local North Dakota

- **Increased capacity proposed for natural gas pipeline in ND.** [Dickinson Press](#)
  - Alliance Pipeline is seeking commitments to expand a natural gas transmission pipeline that runs through North Dakota. The company's announcement this week comes as North Dakota oil and gas regulators are encouraging new infrastructure investment to handle growing volumes of natural gas production. North Dakota produces more than 2 billion cubic feet of natural gas per day. That volume is projected to climb to between 3.5 billion and 4.5 billion cubic feet per day by 2035, said Justin Kringstad, director of the North Dakota Pipeline Authority. Alliance Pipeline receives natural gas from British Columbia, Alberta and North Dakota and transports an average of 1.6 billion cubic feet per day to markets in Chicago. The company is seeking commitments from industry to transport another 400 million cubic feet per day, a 25 percent increase. "Strong customer demand is the driver for this initiative," said Dan Sutherland, Alliance vice president for commercial operations, in a statement. The Alliance Pipeline enters North Dakota in Renville County and travels southeast through the state to Richland County. If the expansion receives regulatory approval, it would require an additional three compressor stations in North Dakota located near Maxbass, Munster and Lisbon, said Alan Roth, a spokesman for Alliance. The expansion is proposed to be in service by the end of 2021. Kringstad said additional transmission pipeline capacity is one piece of the puzzle to reducing natural gas flaring, along with developing more gathering pipelines and processing plants. "Looking ahead, I do expect a need for additional transmission capacity out of the region," Kringstad said. North Dakota natural gas production has continued to climb even as oil production dropped or held flat, increasing about 35 percent in 2017. Bruce Hicks, assistant director of the Oil and Gas Division, told the North Dakota Industrial Commission this week that the growth is in part due to industry's focus on drilling in the core of the Bakken, where wells tend to produce more gas. In addition, as Bakken oil and gas wells mature, they tend to produce a higher ratio of natural gas, Hicks said. Two shorter pipelines in northwest North Dakota connect to the Alliance Pipeline, the Tioga lateral, also owned by Alliance, and the Prairie Rose Pipeline. Both of those pipelines are essentially full, according to Kringstad. If additional North Dakota natural gas volumes are committed to Alliance, increased pipeline capacity would be required, Kringstad said.

### Domestic U.S.

- **Oil climbs with equities, Saudi Arabia hikes crude prices.** [Reuters](#)
  - Oil prices rose on Thursday, helped by gains in U.S. equities markets and Saudi Arabia's unexpected hike in crude prices, though crude's advance was curbed by strength in the dollar. Brent crude futures LCOc1 gained 31 cents to settle at \$68.33 a barrel, and U.S. West Texas Intermediate crude CLc1 rose 17 cents to settle at \$63.54 a barrel. Oil prices drew support as Wall Street rose. Equities investors shrugged off fears of an escalating trade conflict between the United States and China and looked forward to the quarterly earnings season. U.S. officials said the countries could negotiate. "Oil prices are profiting from the general brightening of sentiment on the markets as signs emerge that the trade dispute is easing between the U.S. and China," analysts at Commerzbank said in a note. Saudi Arabia announced that it would increase its official selling prices of May crude, and the move supported prices, said Phil Flynn, analyst at Price Futures Group in Chicago. "It's kind of bullish that they feel like they can justify those higher prices and not lose market share," he said. The strength of the U.S. dollar limited oil's gains, analysts said. The U.S. dollar rose to its highest in more than

one month against a basket of major currencies. DXY. Because oil is dollar-priced, a stronger greenback makes purchases in other currencies more expensive. Market intelligence firm Genscape said inventories at Cushing, Oklahoma, the delivery point for U.S. crude futures, rose 2.5 million barrels for the week to April 3, according to traders who saw the data. Wednesday's weekly inventory figures showed that U.S. crude stocks unexpectedly declined by 4.6 million barrels in the most recent week. U.S. production hit a new high last week. The extent to which it counterbalances output cuts from the Organization of the Petroleum Exporting Countries (OPEC) will be critical, said Gene McGillian, manager of market research at Tradition Energy in Stamford. The energy minister of OPEC member Qatar told Reuters that the organization and its allies should maintain supply cuts, which are set to run until the end of 2018. Saudi Arabia has said they could be extended in some form into 2019.

# Oil and Gas Analysis

## o Rotary Rig Count Summary

Location	Date	Week	+/-	Week Ago	+/-	Year Ago
United States	29-Mar-18	1003	10	993	164	839
	6-Apr-18	993	-2	995	169	824
North Dakota	29-Mar-18	54	1	53	12	42
	6-Apr-18	53	0	53	11	42
Canada	29-Mar-18	111	-23	134	-21	132
	6-Apr-18	134	-23	157	-2	155
International	Mar-18	972	-7	979	29	943

- Baker Hughes

## o Weekly Petroleum Status Report

Stocks (Million Barrels)			
	Four Weeks Ending		
	3/30/2018	3/23/2018	3/31/2017
Crude Oil (Excluding SPR)	425.3	429.9	535.5
Motor Gasoline	238.5	239.6	239.1
Distillate Fuel Oil	129.5	129.0	152.4
All Other Oils	392.3	391.0	410.4
Crude Oil in SPR	665.5	665.5	692.1
Total	1,851.0	1,855.0	2,029.6

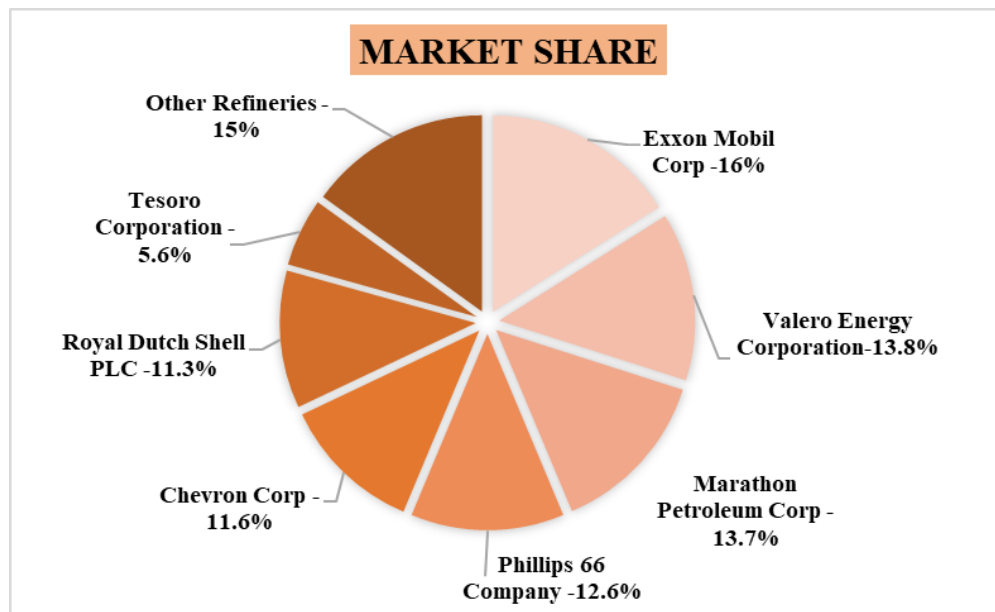
Products Supplied (Thousand Barrels per Day)			
	Four Weeks Ending		
	3/30/2018	3/23/2018	3/31/2017
Motor Gasoline	9,344	9,363	9,306
Distillate Fuel Oil	4,003	4,013	4,185
All Other Products	7,588	7,373	6,083
Total	20,935	20,748	19,574

<b>Refinery Activity (Thousand Barrels per Day)</b>			
	<b>Four Weeks Ending</b>		
	<b>3/30/2018</b>	<b>3/23/2018</b>	<b>3/31/2017</b>
Crude Oil Input to Refineries	16,719	16,469	15,982
Refinery Capacity Utilization	91.8	90.5	88.2
Motor Gasoline Production	10,158	10,110	9,713
Distillate Fuel Oil Production	4,710	4,605	4,839

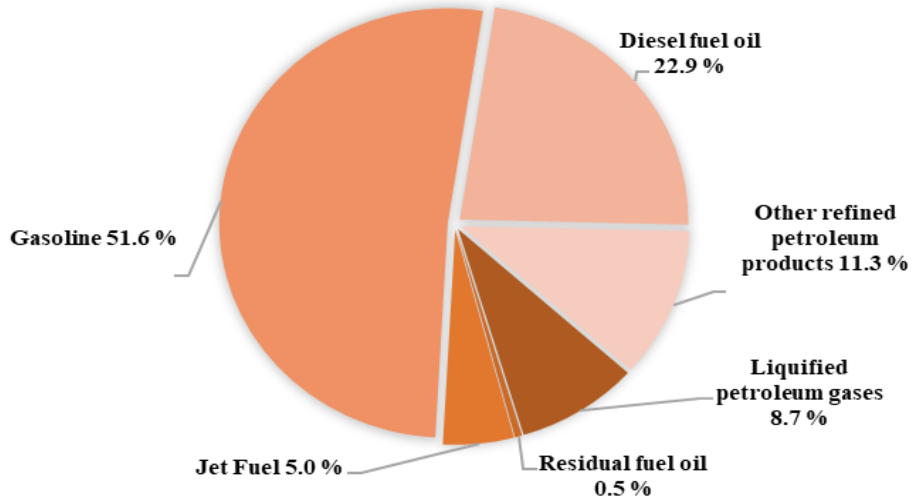
<b>Net Imports (Thousand Barrels per Day)</b>			
	<b>Four Weeks Ending</b>		
	<b>3/30/2018</b>	<b>3/23/2018</b>	<b>3/31/2017</b>
Crude Oil	5,974	6,169	7,234
Petroleum Products	-2,772	-2,842	-2,751
Total	3,202	3,327	4,482

- [EIA](#)

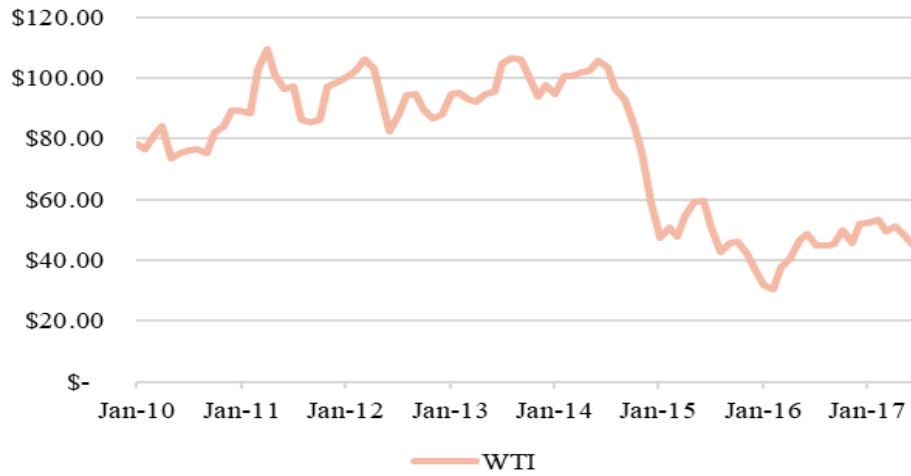
- **US Petroleum Refining at a Glance**



## PRODUCTS AND SERVICES SEGMENTATION



## WTI Monthly Spot Pricing



- [EIA](#)

## o Key External Drivers

- o **World price of crude oil**
  - <http://markets.businessinsider.com/commodities/oil-price?type=wti>
- o **Demand from gasoline and petroleum bulk stations**
  - <https://www.reuters.com/article/us-usa-natgas-kemp/u-s-natural-gas-prices-rise-as-winter-stocks-look-tight-kemp-idUSKCN1BU1RK>
- o **GDP of mainland China**
  - <https://tradingeconomics.com/china/gdp>
- o **Trade-weighted index**
  - <https://www.investing.com/news/economy-news/top-5-things-to-know-in-the-market-on-friday-541066>
- o **Total vehicle miles**
  - <https://www.advisorperspectives.com/dshort/updates/2017/08/31/vehicle-miles-traveled-another-look-at-our-evolving-behavior>