

Cold And Numb; Fruit And Nuts



By John Harpole

The February morning that I wrote this column, the snow in Denver had that crunchy feeling underfoot. In fact, the low temperature for the day was -17° with a high of -1° , marking a new low-high for Denver.

While we are accustomed to Arctic air masses and, unfortunately, new marijuana laws in the Mile High City, the southern half of the U.S. is suffering through the winter to forget, with no newly legalized drug to help some people numb the cold.

Natural gas producers are experiencing the winter to remember as temperatures fall, prices climb and record winter home heating consumption grows.

On February 6, the Rockies Cheyenne Hub Gas Daily index printed at \$35.03 per million Btu (MMBtu). On January 22, the Transco Zone 6 New York Citygate Gas Daily index printed at \$123.485 per MMBtu. During the first week of February, the Nymex March 2014 gas futures contract traded above \$5 per MMBtu.

Nymex natural gas bears are being forced out of their \$4-forever price hibernation, awakening to a cold new world of \$5-plus natural gas prices.

Cold and numb

The records keep tumbling. According to a report presented to the Federal Energy Regulatory Commission in early January, "U.S. gas demand climbed to 137 Bcf [billion cubic feet] per day on January 7 at the height of the rare cold snap, breaking a five-year-old winter record by a full 11 Bcf per day and pushing gas prices to an average of \$70 per MMBtu along the I-95 corridor between New Jersey and Richmond."

During the now infamous "polar vortex," frigid temperatures throughout the U.S. were 20° to 40° below average. U.S. Energy Information Administration (EIA) numbers show that this winter, natural gas storage withdrawals have been 70% higher than last year. For the week ending January 10, there was a record 287 Bcf gas storage pull. To put that in perspective, that volume is roughly equal to the capacity of 100 liquefied natural gas tankers.

Fruit

Comedian Jon Stewart just couldn't resist picking on the citizens of the Peach State of Georgia or, more specifically, its governor. During Georgia's first winter wallop, a snow storm in Atlanta created what one reporter called "an abandoned car purgatory like that of the zombie apocalypse of 'The Walking Dead.'"

That two inches of snow turned 20-minute commutes into 11-hour nightmares. According to Stewart, Gov. Nathan Deal, in a post-polar vortex news conference said, "There isn't anybody

in this room that could have predicted the degree and the magnitude of the storm that developed."

Evidently, the governor missed three days of weather reports that predicted two inches of snow for Atlanta. He also seemed unaware that the headquarters for the world-famous Weather Channel are located in—wait for it—Atlanta.

In order to demonstrate the depth of that freeze, one intrepid Atlanta-based reporter left a banana out overnight and demonstrated for her audience how she could use it as a hammer against a nail. Evidently, she was concerned that some people just couldn't understand how cold it was, and Atlanta was hit again in February.

But as we all know, nothing goes better with fruit than nuts.

Nuts

About six months ago, I delivered a speech to a monthly luncheon group in a northern Colorado town known for its negative sentiment toward hydraulic fracturing.

I described how, on a regular basis, we can drill down two miles, take a right-hand turn and drill horizontally another two miles through a 20-foot thick oil or gas bearing-shale formation. The accuracy and directional control is such that at the end of those four miles of drilling, we can hit a target the size of a refrigerator.

A woman's arm shot up in the back of the room.

"You're burying refrigerators underground?" she asked.

Her tone had a "gotcha" quality to it, as if she had single-handedly figured out what was happening to all of America's old refrigerators.

The room got so quiet I thought I could hear the ocean. The muted crowd turned to me for a response. I muttered into the microphone, "It's a metaphor."

I thought she had reached rock bottom, but she continued to dig, "I don't care what brand of refrigerator it is!" she insisted.

I'm not clever enough to make up that story. I share it to underscore an obvious and painful truth: The ignorance in this country, when it comes to all things related to oil and gas, is sometimes beyond our comprehension. Unfortunately, that ignorance is projected onto an industry that, in the past few years, has fundamentally changed the global energy picture. Our only option is to focus on educating the public.

How long will the misinformed insist on staying out in the cold? If that's their choice, then they deserve to be cold; but do they have the right to make us all freeze? I don't think so. ■

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