

Natural Gas Market Continues to Be Plagued With Over Supply

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The Paragon Report Provides Stock Research on Chesapeake Energy and Devon Energy

NEW YORK, NY -- (Marketwire) -- 09/06/12 -- Natural gas prices have been in a long slump as production has grown dramatically in recent years as advances in technology have unlocked vast new reserves. According to data from the U.S. Energy Information Administration Gross gas output hit a record high of 72.74 bcf per day in January. The United States Natural Gas Fund (UNG) is down roughly 25 percent year-to-date. The Paragon Report examines investing opportunities in the Natural Gas Industry and provides equity research on [Chesapeake Energy Corporation](#) (NYSE: CHK) and [Devon Energy Corporation](#) (NYSE: DVN).

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Since hitting a decade low of \$1.90 per million British thermal units in April natural gas prices have rallied approximately 47 percent. While prices have rallied sharply, natural gas supplies have also continued to grow despite producers slashing the number of natural gas rigs. Data from Baker Hughes shows that the number of rigs drilling for natural gas has fallen to 473 from 895 a year ago. At the same time oil drilling rigs have surged by 355 from a year ago, this is key factor as roughly a quarter of natural gas production in the U.S. is a byproduct of oil drilling according to the EIA. Natural gas stocks are currently 14.6 percent higher than last year, and 12 percent higher than the five-year average.

"You're not going to permanently fix the gas market unless oil prices are meaningfully lower," said Pearce Hammond, an analyst with Houston investment bank Simmons.

Paragon Report releases regular market updates on the Natural Gas Industry so investors can stay ahead of the crowd and make the best investment decisions to maximize their returns. Take a few minutes to register with us free at www.ParagonReport.com and get exclusive access to our numerous stock reports and industry newsletters.

Bloomberg recently reported that DTE Energy Co., Enbridge Inc. and Spectra Energy Corp. are jointly developing a natural gas pipeline from Ohio's Utica Shale to Midwest and eastern Canadian markets. The project is estimated to cost between \$1.2 billion and \$1.5 billion according to a statement released by Spectra.

The 250 miles (400 kilometers) long Nexus Gas Transmission system would have the capacity to move 1 billion cubic feet of gas a day to Michigan and Ontario. [Chesapeake Energy Corp.](#), [Devon Energy Corp.](#) and [Exxon Mobil Corp.](#) are among the companies drilling in the Utica formation.

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