

OIL AND GAS

# Natural gas plummets as Freeport delays facility restart following explosion

PUBLISHED TUE, JUN 14 2022-11:57 AM EDT    UPDATED WED, JUN 15 2022-7:32 AM EDT



**Pippa Stevens**  
@PIPPASTEVEN13

WATCH LIVE



**VIDEO** 04:05

**Natural gas prices ease as Freeport LNG facility remains offline following explosion**

Natural gas prices plunged on Tuesday, after Freeport LNG said its facility that had a fire last week likely won't be back up and running soon.

"[C]ompletion of all necessary repairs and a return to full plant operations is not expected until late 2022," the company said Tuesday in a statement. The facility, located in Quintana Island, Texas, had an [explosion](#) last Wednesday.

"Given the relatively contained area of the facility physically impacted by the incident, a resumption of partial operations is targeted to be achieved in approximately 90 days," Freeport



U.S. natural gas fell about 16% to \$7.22 per million British thermal units (MMBtu).



**VIDEO** 02:59

**We have the supply to meet natural gas demand, the question is at what price, says EQT CEO**

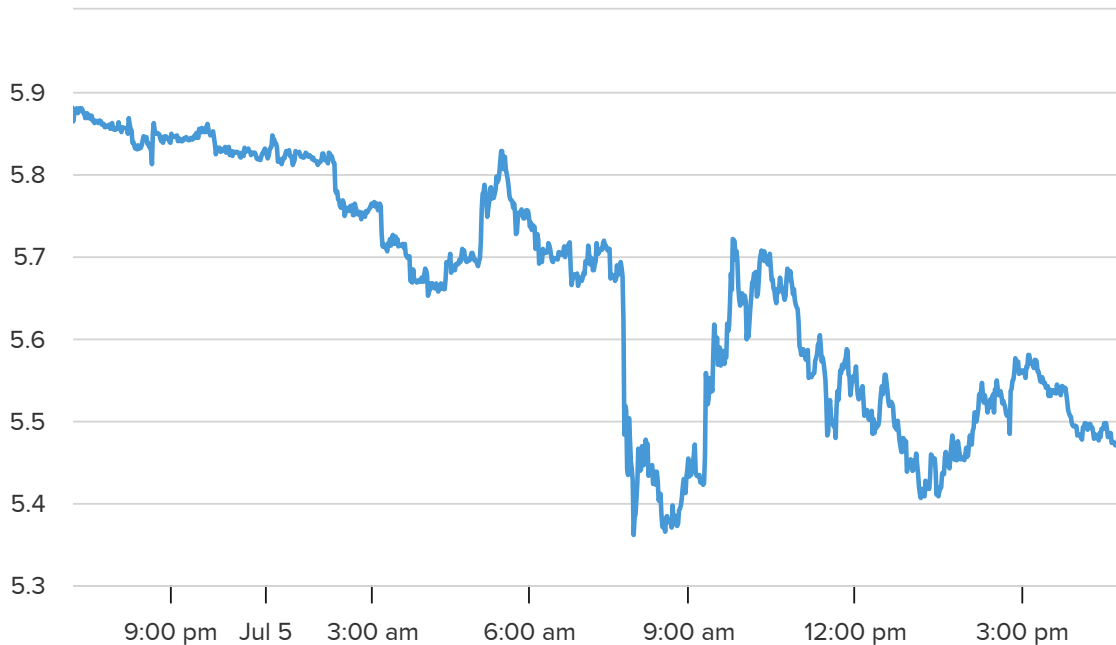
“The U.S. natural gas market will now be temporarily oversupplied as 2 bcf/d or a little over 2% of demand for U.S. natural gas has been abruptly eliminated,” said Rob Thummel, managing director at Tortoise Capital.

“U.S. natural gas supply will likely remain at current levels as producers won’t reduce production by 2 bcf/d. The result is an oversupplied U.S. natural gas market,” he added.

Freeport’s operation is roughly 17% of the U.S.’ LNG processing capacity.

## Natural gas plummets





cnbc.com



Despite Tuesday's drop, natural gas prices are still up 93% since the start of the year. Demand has rebounded as worldwide economies emerge from the pandemic, while supply has remained constrained.

Russia's invasion of Ukraine upended a market that was already tight. As Europe looks to move away from Russian energy, record amounts of [U.S. LNG are now heading](#) to the continent.

Surging prices are adding to inflationary pressures across the economy. Drivers are already grappling with record prices at the pump with the national average for a gallon of gas [topping \\$5 over the weekend](#), and now utility bills are also set to rise.

Natural gas [prices surged above \\$9](#) per MMBtu in May, hitting the highest level since August 2008.

After the explosion at Freeport's facility last week, the company initially said the plant would be shut for several weeks.

"The incident occurred in pipe racks that support the transfer of LNG from the facility's LNG storage tank area to the terminal's dock facilities," the company said Tuesday. "None of the liquefaction trains, LNG storage tanks, dock facilities, or LNG process areas were impacted," the company added.





cnbc.com



## Fast Money

WATCH IN THE APP

UP NEXT | **Mad Money** 06:00 pm ET

## TRENDING NOW



**Child psychologist: The No. 1 skill that sets mentally strong kids apart from ‘those who give up easily’**

1



**Oil tumbles as much as 10%, breaks below \$100 as recession fears mount**

2



**Rihanna is now worth \$1.4 billion—making her America’s youngest self-made billionaire woman**

3



**CLUB Citi says oil could fall to \$65 in a recession. Here’s what that would mean for our stocks**





These major economies are headed into recession in the next 12 months, Nomura says

Sponsored Links by Taboola

## FROM THE WEB

### If You Need To Kill Time On Your Computer, You Have to Play this Vintage Game. No Install.

Forge Of Empires - Free Online Game

### Gronk's Favorite "Dressy" Shoes Feel Like Walking On Clouds

Wolf & Shepherd

CCPA Notice



Subscribe to CNBC PRO

CNBC Councils

CNBC on Peacock

Join the CNBC Panel

News Releases

Corrections

Internships

Podcasts

Careers

Contact

Licensing & Reprints

Supply Chain Values

Advertise With Us

Digital Products

Closed Captioning

About CNBC

Site Map

Ad Choices

Help



News Time



GET IN TOUCH



**CNBC Newsletters**

Sign up for free newsletters and get more CNBC delivered to your inbox

**SIGN UP NOW**

Get this delivered to your inbox, and more info about our products and services.

[Privacy Policy](#)

[Do Not Sell My Personal Information](#)

[CA Notice](#)

[Terms of Service](#)

© 2022 CNBC LLC. All Rights Reserved. A Division of NBCUniversal

Data is a real-time snapshot \*Data is delayed at least 15 minutes. Global Business and Financial News, Stock Quotes, and Market Data and Analysis.

[Market Data Terms of Use and Disclaimers](#)

Data also provided by

