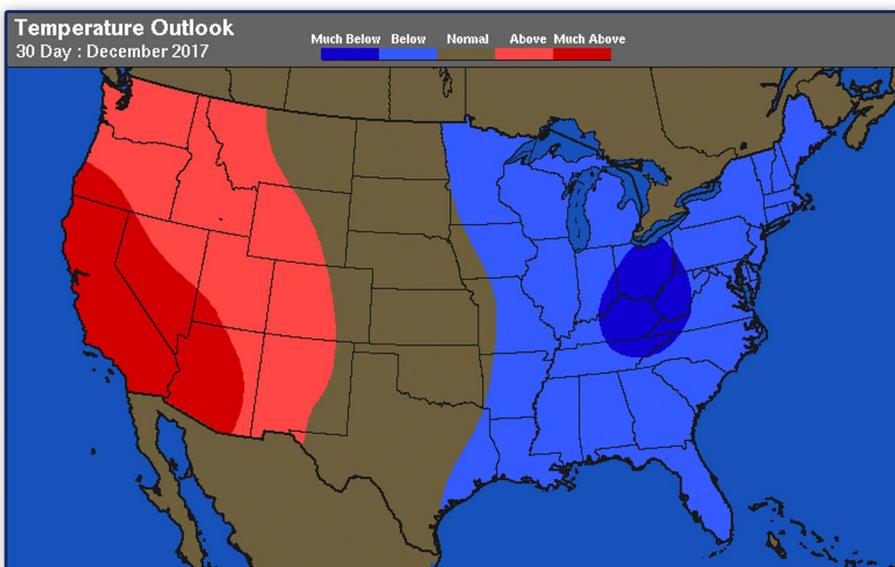


Market Summary

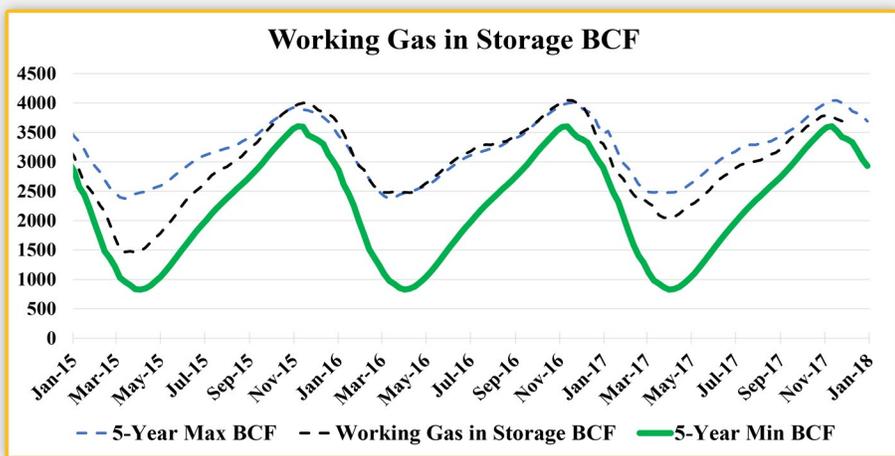
Despite modest winter weather thus far, natural gas prices are on the rise thanks to concerns of looming cold weather and storage reductions. Will be interesting to monitor long-term price performance as global LNG exports continue to increase with large forecasted production increases in 2018.

Weather



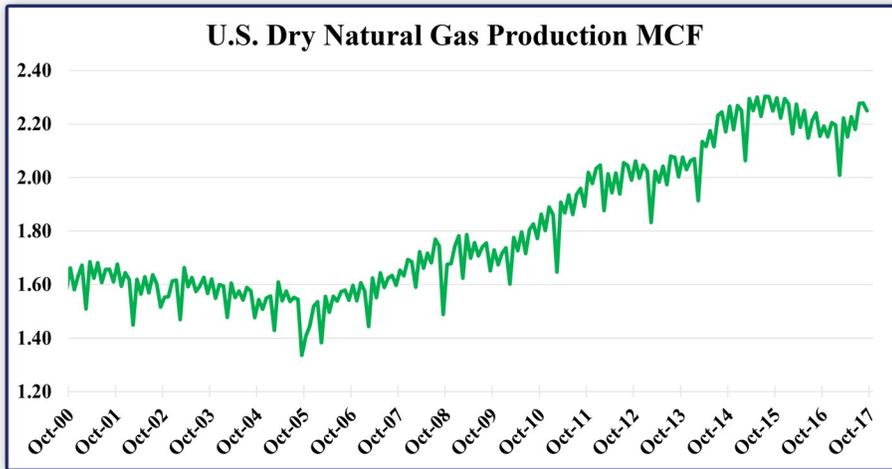
- Early December saw a smaller than expected inventory withdrawal, but prices still rose on expectations of colder weather.
- Mid-November prices surged as concerns about Arctic blast and future winter weather rallied prices.
- Late November forecasts saw a warm start to December, marking the potential for a third straight timid winter. This caused natural gas futures contracts to slide their most since late February.

Storage



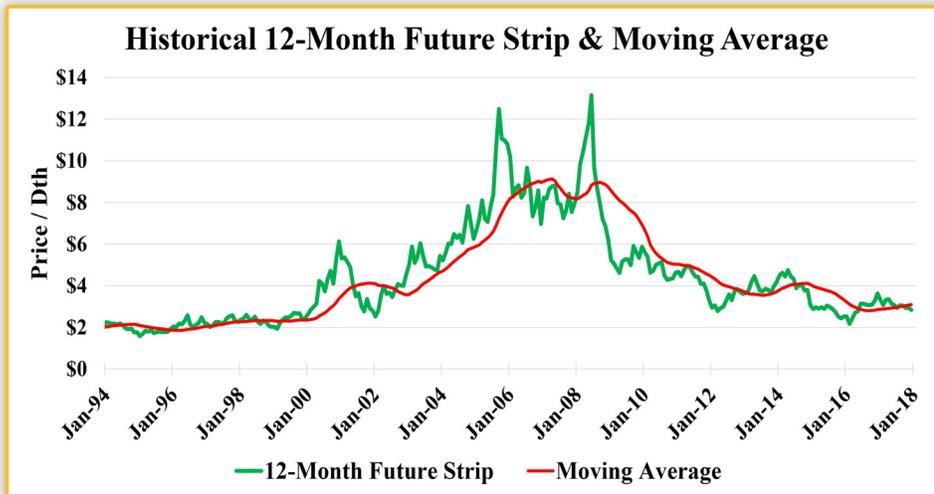
- A winter cold snap may create storage deficiencies in California due to the Aliso Canyon storage site that is out of service - it affects three critical pipelines that represent 42% of the transmission capacity into the region.
- Working natural gas stocks are 3,693 Bcf, which is 8% lower than the year-ago level and 3% lower than the five-year average.

Production



- The Marcellus Shale in Pennsylvania accounts for 20% of all U.S. natural gas production. It is forecasted to increase production 40% by 2040 – couple this with increased pipelines in key regions which will encourage production to meet growing commitments.
- Rig count up to 915 rigs after an all-time low of 404 rigs in May 2016.
- Gas production growth expected to surge in 2018 to 78.90 Bcf/day after rising modestly in 2017 to 73.63 Bcf/day.

Pricing



Bidweek

Month	SCG	NYMEX
Jan.	\$3.92	\$3.930
Feb.	\$3.53	\$3.391
Mar.	\$2.70	\$2.627
Apr.	\$3.04	\$3.175
May	\$3.06	\$3.142
Jun.	\$3.29	\$3.236
Jul.	\$3.19	\$3.067
Aug.	\$3.21	\$2.969
Sep.	\$3.24	\$2.961
Oct.	\$2.96	\$2.974
Nov.	\$3.61	\$2.752
Dec.	\$6.38	\$3.074

Prices per Mmbtu.

Noteworthy

- The United States as an LNG supplier is likely to shape the global LNG market over the next half decade due to low production costs and profound shifts in contracting practices. This challenges LNG's long-standing overseas suppliers. Qatar is the current dominant global LNG exporter, followed by Australia.
- End User Price Effect of "fracking" from 2007-2016: annual Pennsylvania production (Marcellus Shale) increased by 2,800%, gas price utilities charged residential customers dropped 75%, 40% cost reduction in natural gas bills for PA overall.
- Poland signed 5-year deal to import U.S. LNG from 2018 to 2022.