

Month	Settle	1/8/2016	Strip Avg,
Feb-16	2.472	Feb16-Apr16	2.480
Mar-16	2.471	Apr16 - Oct16	2.597
Apr-16	2.497	Nov16 - Mar17	2.910
May-16	2.534	Apr17-Oct17	2.795
Jun-16	2.581		
Jul-16	2.624	Feb16-Jan17	2.645
Aug-16	2.638	Calendar 2017	2.872
Sep-16	2.637	Calendar 2018	2.952
Oct-16	2.665	Calendar 2019	3.031
Nov-16	2.737	Calendar 2020	3.147
Dec-16	2.887	Calendar 2021	3.269
Jan-17	2.995	Calendar 2022	3.410

ICE NEXT DAY GAS PRICES:

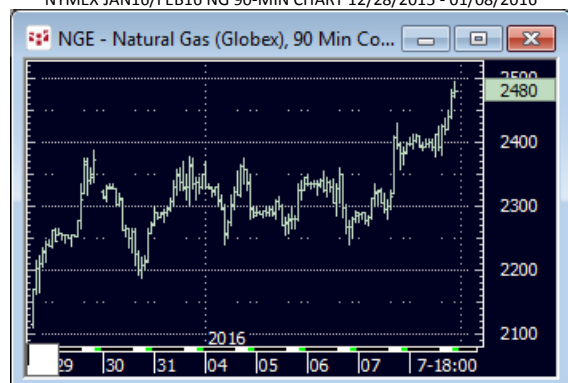
Transco Z5 non-WGL	3.2485	TCO	2.3449	Dominion-South	1.4178
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ICE BASIS FUTURES PRICES (delayed by one day)

TCO Basis	1/7/2016	Dominion-South Basis	
Feb-16	-0.1500	Feb-16	-0.9450
Feb16-Apr16	-0.1467	Feb16-Apr16	-0.9808
Apr16-Oct16	-0.1775	Apr16-Oct16	-1.0443
Nov16-Mar17	-0.1945	Nov16-Mar17	-0.8395
Calendar 2016	-0.1798	Calendar 2016	-1.0150
Calendar 2017	-0.2273	Calendar 2017	-0.8296
Calendar 2018	-0.2833	Calendar 2018	-0.6792
Calendar 2019	-0.2742	Calendar 2019	-0.5848
Calendar 2020	-0.2783	Calendar 2020	-0.5610
Calendar 2021	-0.2725	Calendar 2021	-0.5413
Calendar 2022	-0.2685	Calendar 2022	-0.5290
Calendar 2023	-0.2735	Calendar 2023	-0.5173

**Market Commentary:** The lows of mid-December are now a fairly distant memory for the market, which has staged an impressive rally since that time and tested the 2.50 level this afternoon, which is the highest the price has been in three months time, surprising as that may sound. Weather conditions are less bearish than had been priced in 3 weeks ago, but conditions are far from what would be considered bullish on the weather front, and instead the market has moved higher on shifting sentiment and an improved technical picture on the charts. When prices have discounted the chance of any winter weather, even a short-lived cold spell can spell trouble for those short the market, and with prices trading at the lowest levels since the late 1990's and sentiment extreme in its (then) bearishness, it did not take a great deal of change to find a very large number of potential buyers. As with all short-covering rallies, the magnitude of the move may not accurately reflect the actual degree of the underlying shift in the fundamental outlook. The Jan contract finished up last Tuesday with a run-up into the close, finishing at its highest level in many weeks, and the 2.372 final settle surpassed the close for Nov and Dec, but still fell shy of Oct's 2.563 close from a few months back. Feb assumed prompt status from there, and it initially pulled back, breaking below 2.20 briefly last Wed before staging a sharp recovery to finish out the year, and we were back up into the upper 2.30's to close out 2015. The first week of action for 2016 has seen prices initially consolidate in the vicinity of the 2.30 mark, before yesterday's storage report helped the market break higher, and we built on that initial burst today as we tested the

NYMEX JAN16/FEB16 NG 90-MIN CHART 12/28/2015 - 01/08/2016

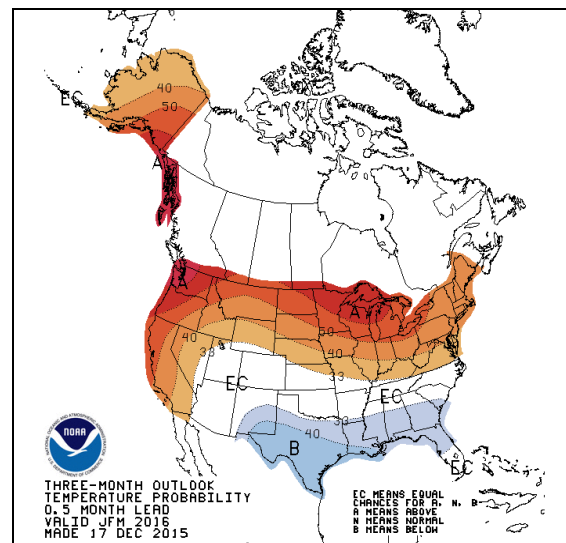


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As of Week Ending:	1/1/2016	Build/(Draw)
Current Storage	3,643 Bcf	(113)* Bcf
		Surplus/(Deficit)
Last Year Storage	3,108 Bcf	535 Bcf
5-Year Avg. Storage	3,179 Bcf	464 Bcf

\* (113) Bcf withdrawal includes a reclassification of 4 Bcf from base gas to working gas, which results in an implied flow from storage of (117) Bcf for the week.

psychological 2.50 level after failing to take out session lows. After a series of very disappointing weekly storage reports, expectations for yesterday's number were clustered around the (100) Bcf figure, and when the EIA instead announced that storage declined by 113 Bcf, the knee-jerk reaction saw the market launch, and the rubber-band type snap up and back that we sometimes see failed to materialize as the initial pop held up. In addition to the fact that the storage withdrawal was larger than forecast, there was also a reclassification of 4 Bcf from working gas to base gas, which when factored in results in an implied flow from storage of 117 Bcf, which is more bullish still. When things are priced for disaster, it doesn't take much of an improvement in the outlook for expectations to snap back forcefully, and that is just what seems to have occurred here. The below 3-month outlook from NOAA shows expected temperature anomalies for Jan, Feb, and Mar, and the trend for warmer weather in the North is expected to continue to prevail, with colder temps in Southern regions providing little relief to offset the resultingly anemic demand for gas that mild conditions in major demand centers result in. After a very bearish Nov and Dec the market now appears to be expecting more supportive weather conditions for the balance of the season, but the outlook from NOAA does not jibe with that (nor does the strong El Nino that is still around), and this newfound optimism should be met with a dose of skepticism, as the conditions that sent prices below 1.75 remain and if weather conditions disappoint, the bears are likely to re-emerge in force.



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