

Month	Settle	5/13/2016	Strip Avg,
Jun-16	2.096	Jun16-Aug16	2.222
Jul-16	2.244	Jun16-Oct16	2.294
Aug-16	2.325	Nov16 - Mar17	2.924
Sep-16	2.365	Apr17-Oct17	2.842
Oct-16	2.439		
Nov-16	2.634	Jun16-May17	2.640
Dec-16	2.915	Calendar 2017	2.919
Jan-17	3.043	Calendar 2018	2.942
Feb-17	3.036	Calendar 2019	2.958
Mar-17	2.990	Calendar 2020	3.046
Apr-17	2.801	Calendar 2021	3.199
May-17	2.791	Calendar 2022	3.369

**NEXT DAY GAS PRICES:**

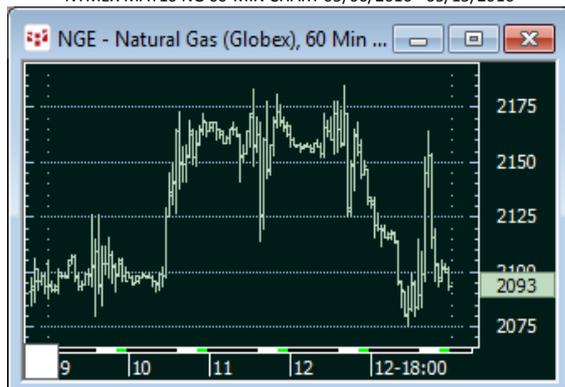
TETCO M2 (rec)	1.4102	Henry Hub	1.9597	Dom-SP	1.4419
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**ICE BASIS FUTURES PRICES:**

Tetco M2 Basis	5/13/2016	Dominion-South Basis	
Jun-16	-0.6700	Jun-16	-0.6650
Jul-16	-0.7350	Jul-16	-0.7350
Jun16-Oct16	-0.8270	Jun16-Oct16	-0.8200
Nov16-Mar17	-0.7400	Nov16-Mar17	-0.7835
Jun16-May17	-0.7833	Jun16-May17	-0.7979
Calendar 2017	-0.7738	Calendar 2017	-0.7931
Calendar 2018	-0.5923	Calendar 2018	-0.6083
Calendar 2019	-0.5179	Calendar 2019	-0.5290
Calendar 2020	-0.4490	Calendar 2020	-0.4781
Calendar 2021	-0.3956	Calendar 2021	-0.4450

**Market Commentary:** This week's chart does not appear markedly different from last week's chart, with prices opening up on Sunday unchanged around the 2.10 level again, and we remained there over the first part of the trading week before launching on Tuesday back up into the upper teens. That was all of the upside that this market could manage though, and we slipped back down Wednesday before recovering ahead of storage, then we fell again after the report, and finished out the week more or less where we had begun, after a brief run up into the mid teens midday Friday fizzled almost as quickly as it got underway. Shoulder season weather is not doing much to spark demand, with a prolonged period of cloudy drizzle for many in the East over much of last week failing to generate much on the heating or cooling side, but sentiment definitely seems to have shifted, with focus now turning toward shrinking supply. With just 56 gas-directed rigs working in the US right now, a 76% drop from just 18 months ago, supply is most likely set to tighten further, but the drilling backlog has not been eliminated as many companies have slowed or postponed completion schedules due to the low price environment. Stock prices of commodity producers are sometimes said to lead movements in the underlying commodities themselves, and that seems to be the sentiment around the recent sharp rally we have seen in many energy names, as oil and gas prices have both moved up significantly from Q1 lows, and there are signals afoot that the production glut is rolling over for both markets. While production has slipped and the surplus to last year's storage and also the 5-year average have begun to decline somewhat, we remain extremely well supplied with a little over 5 months to go of the summer injection season, and the market has shown repeatedly

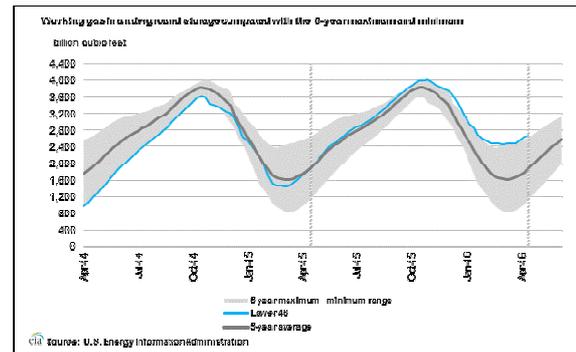
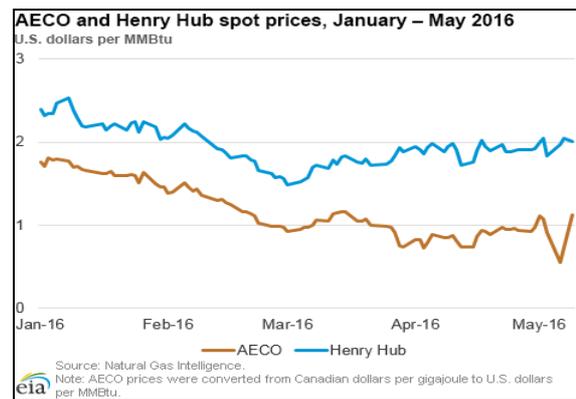
NYMEX MAY16 NG 60-MIN CHART 05/06/2016 - 05/13/2016



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As of Week Ending:	5/6/2016	Build/(Draw)
Current Storage	2,681 Bcf	+56 Bcf
		Surplus/(Deficit)
Last Year Storage	1,865 Bcf	816 Bcf
5-Year Avg. Storage	1,868 Bcf	813 Bcf

that it will respond to any meaningful uptick in the price of natural gas with more product, and that reality is helping to prevent a more meaningful rally from unfolding right now. The Canadian wildfires were blamed for the recent upswing in crude prices, as 1 million bbls. Per day of Canadian tar sands production was knocked offline, but as nearly 90K people were forced to evacuate there was a notable decline in demand for gas, which is the primary fuel used in tar sands extraction operations, as well as in cogeneration units used to power the facilities themselves. The result was an estimated 25% decline in NG demand in Alberta which sent local prices plummeting. The price for gas at AECO hub in Alberta (a primary Canadian benchmark) fell to a record-low \$0.55 on Monday before recovering to double that by Wednesday as some tar sands producers brought operations back online. This goes to illustrate the opposing forces that natural disasters can generate, with oil prices moving higher for one reason, while natural gas prices fell for a different reason that resulted from the same event. A hurricane tracking into the Gulf of Mexico could now result in a similar dichotomy, with oil production still seeing 17% of production come from offshore while the share of gas production coming from deep water has dropped substantially over the past decade and now represents just 5% of dry-gas output.



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