Month	Settle	6/3/2016	Strip Avg,
Jul-16	2.398	Jul16-Oct16	2.497
Aug-16	2.476	Nov16-Mar17	3.039
Sep-16	2.517	Apr17-Oct17	2.927
Oct-16	2.595	Nov17-Mar18	3.220
Nov-16	2.770		
Dec-16	3.024	Jul16-Jun17	2.820
Jan-17	3.152	Calendar 2017	3.012
Feb-17	3.146	Calendar 2018	3.032
Mar-17	3.101	Calendar 2019	3.037
Apr-17	2.886	Calendar 2020	3.105
May-17	2.872	Calendar 2021	3.250
Jun-17	2.905	Calendar 2022	3.408

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NEXT DAY GAS PRICES:

TETCO M2 (rec)	1.5212	Henry Hub	2.3116	Dom-SP	1.5501

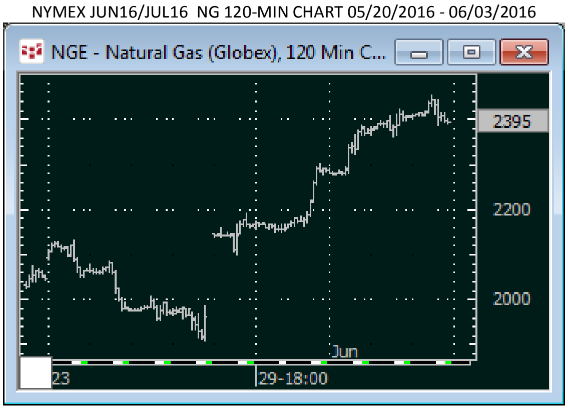
ICE BASIS FUTURES PRICES:

Tetco M2 Basis	6/3/2016	Dominion-South Basis	
Jul-16	-0.7600	Jul-16	-0.7475
Aug-16	-0.8375	Aug-16	-0.8250
Jul16-Oct16	-0.8756	Jul16-Oct16	-0.8631
Nov16-Mar17	-0.7540	Nov16-Mar17	-0.7950
Jul16-Jun17	-0.8075	Jul16-Jun17	-0.8183
Calendar 2017	-0.7919	Calendar 2017	-0.8077
Calendar 2018	-0.6244	Calendar 2018	-0.6404
Calendar 2019	-0.5429	Calendar 2019	-0.5571
Calendar 2020	-0.4708	Calendar 2020	-0.5004
Calendar 2021	-0.4171	Calendar 2021	-0.4665
Calendar 2022	-0.3727	Calendar 2022	-0.4317

As of Week Ending:	5/27/2016	Build/(Draw)
Current Storage	2,907 Bcf	+82 Bcf
		Surplus/(Deficit)
Last Year Storage	2,195 Bcf	712 Bcf
5-Year Avg. Storage	2,154 Bcf	753 Bcf

Market Commentary: The natural gas market seems to have just recently found its footing, and the new front-month Jul16 contract has started off with a bang as prompt prices touched their highest levels since January briefly this morning, before backing off somewhat into the close. Two weeks ago began in normal fashion, opening slightly higher on Sunday up around 2.10, but the then-prompt Jun16 contract slowly worked its way lower as the week wore on, before ultimately settling at 1.963 for the month which was down 3 cents from last month's settle. Jul was already trading at a substantial premium to Jun when it went off the board, and that is reflected on the below 120-minute continuation chart with the gap higher late last week, and since assuming prompt status Jul has seen a nice rally of more than 20 cents, which is not a bad way to start things off. The rally has been impressive to be sure, and production has begun to taper off in recent weeks back toward the 70.5 Bcf/day level, which was a level we first breached back in the second half of 2014 on the way up toward a high of 73.5 Bcf/day back in February. If the trend of the past few days' production reports holds true or even continues lower, we may have the making of a sustainable rally on our hands, given the speed at which we have gone from all-time highs back to levels last seen 18 months ago. The flip side of course is that if production can be ratcheted back that quickly, then it can likely be re-accelerated with similar efficiency as pricing cues dictate, which may serve to reduce the scope of any rally tied to declining production since any shortfall is likely to be short-lived. The big question mark right now is what is the supply side of the equation going to do, and if supply continues to contract the bulls may be validated in their recent positioning, which any extreme heat that results in substantial cooling demand could add fuel to. If, on the other hand, supply has merely blipped lower temporarily, and/or no major widespread heat materializes over the next few weeks, then we could have additional bearish pressure on prices. Utility demand will likely remain price-sensitive barring extremes, and with the market up prospects for production growth begin to surface once again which could help reverse the nascent recovery. The first graphic below comes from the EIA and helps illustrate the effects of increased efficiency and cost deflation across five key shale plays, with the Marcellus in green remaining the low-cost play with a breakeven cost of roughly 5.00/Boe, which works out to under 1.00/MMbtu, versus Midland, TX where they need oil to trade above 40.00. With Tropical Storm Bonnie having formed before the official start to hurricane season, there is now another potential disturbance that is being monitored off the Yucatan Peninsula that could potentially impact energy installations, but as we have noted many times, that is likely to have a greater impact on oil prices than that of natural gas, unless of course we enter a period of shrinking production and the market is suddenly clamoring for every molecule it can get. We're not there yet, but the potential for such a development is no longer as remote as it had seemed just a month or two ago.

NYMEX JUN16/JUL16 NG 120-MIN CHART 05/20/2016 - 06/03/2016



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