Month	Settle	6/10/2016	Strip Avg,
Jul-16	2.556	Jul16-Oct16	2.639
Aug-16	2.624	Nov16-Mar17	3.194
Sep-16	2.654	Apr17-Oct17	2.996
Oct-16	2.722	Nov17-Mar18	3.250
Nov-16	2.909		
Dec-16	3.183	Jul16-Jun17	2.954
Jan-17	3.312	Calendar 2017	3.098
Feb-17	3.304	Calendar 2018	3.039
Mar-17	3.262	Calendar 2019	3.023
Apr-17	2.984	Calendar 2020	3.092
May-17	2.955	Calendar 2021	3.232
Jun-17	2.977	Calendar 2022	3.390

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NEXT DAY GAS PRICES:

TETCO M2 (rec)	1.4989	Henry Hub	2.4174	Dom-SP	1.5332

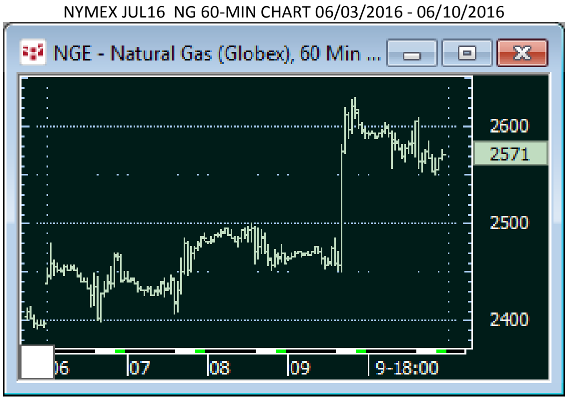
ICE BASIS FUTURES PRICES:

Tetco M2 Basis	6/10/2016	Dominion-South Basis	
Jul-16	-0.8350	Jul-16	-0.8225
Aug-16	-0.8900	Aug-16	-0.8700
Jul16-Oct16	-0.9275	Jul16-Oct16	-0.9075
Nov16-Mar17	-0.7725	Nov16-Mar17	-0.8140
Jul16-Jun17	-0.8438	Jul16-Jun17	-0.8517
Calendar 2017	-0.8250	Calendar 2017	-0.8392
Calendar 2018	-0.6529	Calendar 2018	-0.6665
Calendar 2019	-0.5656	Calendar 2019	-0.5779
Calendar 2020	-0.4904	Calendar 2020	-0.5200
Calendar 2021	-0.4367	Calendar 2021	-0.4860
Calendar 2022	-0.3923	Calendar 2022	-0.4513
Calendar 2023	-0.3571	Calendar 2023	-0.4246

As of Week Ending:	6/3/2016	Build/(Draw)
Current Storage	2,972 Bcf	+65 Bcf
		Surplus/(Deficit)
Last Year Storage	2,312 Bcf	660 Bcf
5-Year Avg. Storage	2,250 Bcf	722 Bcf

Market Commentary: The rally that has unfolded as the month of June has worn on has not run out of steam yet, and actually picked up some major momentum yesterday following what can only be viewed as a supportive development on the storage front. The week began with a slight gap higher on the charts, opening up in the mid 2.40's and remaining in the 2.40's over the first 3 days of the trading week, and when the EIA announced that storage was only up by 65 Bcf for the week, and not the +75 to +80 Bcf consensus that was priced in, we saw the market launch. It was up by a dime almost immediately and we had broken above 2.60 within minutes, which was the first time that level had been hit since last September, and marked a more than $1 rally since the front-month low of 1.611 hit back in early March of this year. It remains to be seen whether this was a one-off even that will be trued up as the data trickles in over the coming weeks, or whether this instead represents a sustained shift that the models have not yet taken into account, and if that is the case then it has much more bullish pricing implications over the medium run. If that is how things end up playing out and the current bull run continues, the risk of choking off price-sensitive demand remains a very real possibility, but If supply surprises to the downside and that becomes the driver of price moving forward (instead of insufficient demand, as has been the case for some time), we may experience a near-term rally at the expense of currently anticipated price strength later on down the road. The current rally still risks becoming a self-defeating development, if it tempers demand and/or encourages a resurgence in drilling activity as supply responds to higher prices. Lenders have become more cautious in the wake of the energy crash of recent years, but the recent run-up in oil prices is likely to attract increased drilling activity on that front as well, and oil production had formerly been one of the primary drivers of domestic natural gas supply growth until oil prices crashed and the values of NGLs along with them. While shale gas has become the primary market driver in recent years, we have only reached the initial stages of the massive shift in the industry toward this extremely capital-intensive, but also extremely efficient, means of producing oil and gas. The first graphic from the EIA plots the makeup of the US natural gas production mix, with the grey shaded area denoting conventional production, the red above that shows NG output from offshore, the pink above that is tight gas, and finally the maroon portion at the top represents NG production coming from shale gas and tight oil plays, and that has become the dominant means of production in recent years, which is a trend that is expected to continue to grow in the coming years. The final graphic, also from the EIA, plots domestic production vs. domestic consumption, and then also shows the shifting patterns of exports vs. imports, and the resulting "net trade" metric. While consumption (plotted in blue) has climbed steadily higher over the past 25 years or so, production (plotted in red) has grown even faster in recent years, and is currently right on the cusp of seeing the US transition from being net importer (via pipeline imports from Canada, and to a lesser extent LNG imports), to becoming a net exporter in the coming years (primarily via LNG, but also via pipeline exports to Mexico).

NYMEX JUL16 NG 60-MIN CHART 06/03/2016 - 06/10/2016



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