

Month	Settle	8/19/2016	Strip Avg,
Sep-16	2.584	Sep16-Nov16	2.661
Oct-16	2.619	Nov16-Mar17	3.047
Nov-16	2.781	Apr17-Oct17	2.931
Dec-16	3.022	Nov17-Mar18	3.170
Jan-17	3.154		
Feb-17	3.157	Sep16-Aug17	2.921
Mar-17	3.123	Calendar 2017	3.012
Apr-17	2.904	Calendar 2018	2.946
May-17	2.884	Calendar 2019	2.950
Jun-17	2.916	Calendar 2020	3.036
Jul-17	2.949	Calendar 2021	3.176
Aug-17	2.959	Calendar 2022	3.360

NEXT DAY GAS PRICES:

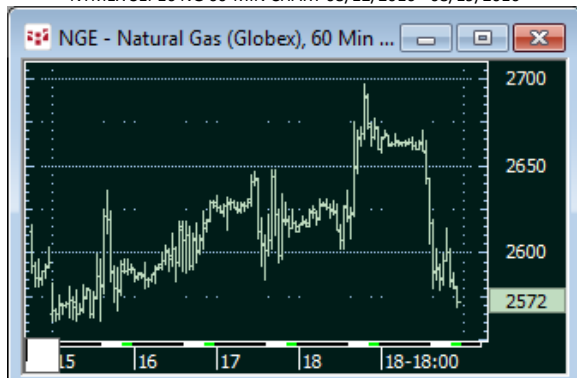
TETCO M2 (rec)	1.1648	Henry Hub	2.6405	Dom-SP	1.1998
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ICE BASIS FUTURES PRICES:

Tetco M2 Basis	8/19/2016	Dominion-South Basis	
Sep-16	-1.4400	Sep-16	-1.4100
Oct-16	-1.4025	Oct-16	-1.3800
Sep16-Nov16	-1.3650	Sep16-Nov16	-1.3567
Nov16-Mar17	-1.0730	Nov16-Mar17	-1.1370
Sep16-Aug17	-1.1535	Sep16-Aug17	-1.1690
Calendar 2017	-1.0642	Calendar 2017	-1.0838
Calendar 2018	-0.7677	Calendar 2018	-0.7727
Calendar 2019	-0.6402	Calendar 2019	-0.6481
Calendar 2020	-0.5515	Calendar 2020	-0.5898
Calendar 2021	-0.4804	Calendar 2021	-0.5298
Calendar 2022	-0.4506	Calendar 2022	-0.5096
Calendar 2023	-0.3988	Calendar 2023	-0.4673

Market Commentary: After a lackluster finish to last week's trading, this week not surprisingly started out lower with a slight gap down of a penny or two from where things finished up on Friday. The lower open did not in fact portend a steep decline, with prices only touching the mid-2.50's before buyers emerged, and we saw an attempt at a rally on Monday, which ran out of steam very quickly, and arguably before it even got a chance to truly get started. Things remained quiet ahead of yesterday morning's weekly natural gas storage report from the EIA, with the smaller than expected injection providing the spark needed to incite a rally, but prices only managed to gain about a dime from the 2.60 low before running out of steam. Sellers showed up with determination again this morning, hitting the bids early and often as the day unfolded, and we are back to the same level we kicked things off on this past Sunday. The storage situation has continued to underscore the tightening S&D balance in the marketplace, with cheap gas helping to stoke utility demand for power generation, and that big jump in demand is helping to eat away at the supply glut, as evidenced by the drastic reduction in the surpluses to both last year's storage levels and also the trailing 5-year average, with both metrics having dropped by hundreds of Bcf since this spring, with the surplus to last year having dropped by

NYMEX SEP16 NG 60-MIN CHART 08/12/2016 - 08/19/2016

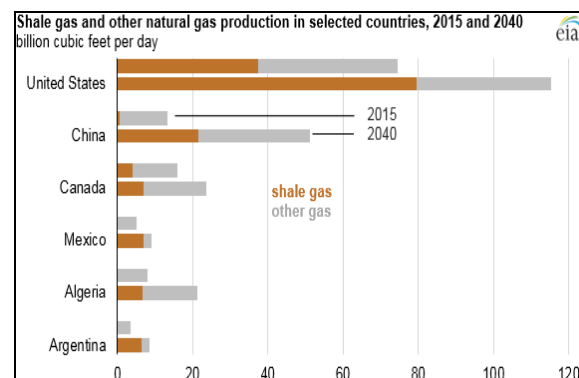
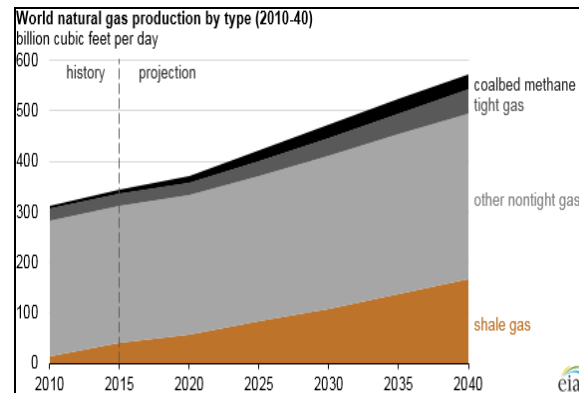


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As of Week Ending:	8/12/2016	Build/(Draw)
Current Storage	3,339 Bcf	+22 Bcf
		Surplus/(Deficit)
Last Year Storage	3,012 Bcf	327 Bcf
5-Year Avg. Storage	2,934 Bcf	405 Bcf

nearly 700 Bcf so far this injection season to-date. It is well known at this point that recent growth in natural gas output in North America has been driven by shale technology innovations, with half of current US natural gas production attributed to shale. The EIA projects that this share could grow to 70% of domestic US production coming from shale by 2040, and around the world shale production may contribute 30% of global natural gas production by 2040 if their analysis holds true. The final graphic below shows the current share of the top 6 shale producing nations' production profiles attributed to shale (in 2015), versus where that is projected to be by 2040. The United States is in the top spot, while China is slated to jump from a tiny share last year to more than a third by 2040, and there is significant growth expected from several of the other major contenders around the world as well.



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