

Month	Settle	12/23/2016	Strip Avg,
Jan-17	3.662	Jan17-Mar17	3.657
Feb-17	3.678	Apr17-Oct17	3.479
Mar-17	3.632	Nov17-Mar18	3.605
Apr-17	3.497	Apr18-Oct18	2.899
May-17	3.457		
Jun-17	3.475	Calendar 2017	3.539
Jul-17	3.498	Calendar 2018	3.101
Aug-17	3.486	Calendar 2019	2.844
Sep-17	3.462	Calendar 2020	2.850
Oct-17	3.479	Calendar 2021	2.877
Nov-17	3.517	Calendar 2022	2.900
Dec-17	3.621	Calendar 2023	2.985

NEXT DAY GAS PRICES:

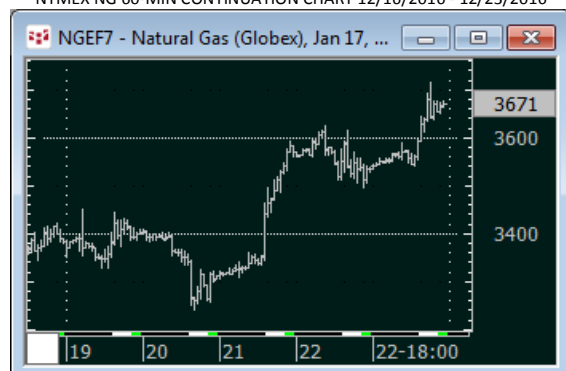
TETCO M2 (rec)	2.9603	Henry Hub	3.5882	Dom-SP	2.9681
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ICE BASIS FUTURES PRICES:

Tetco M2 Basis	12/23/2016	Dominion-South Basis	
Jan-17	-0.5675	Jan-17	-0.6750
Feb-17	-0.6050	Feb-17	-0.6800
Jan17-Mar17	-0.6792	Jan17-Mar17	-0.7467
Apr17-Oct17	-1.4739	Apr17-Oct17	-1.4543
Nov17-Mar18	-1.0295	Nov17-Mar18	-1.0785
Calendar 2017	-1.2210	Calendar 2017	-1.2288
Calendar 2018	-0.9319	Calendar 2018	-0.9500
Calendar 2019	-0.7352	Calendar 2019	-0.7375
Calendar 2020	-0.6900	Calendar 2020	-0.6960
Calendar 2021	-0.5825	Calendar 2021	-0.6319
Calendar 2022	-0.5308	Calendar 2022	-0.5896
Calendar 2023	-0.4860	Calendar 2023	-0.5546

Market Commentary: As bearish as market conditions had been at the outset of 2016, and as bleak as the outlook was at that time, it would have been hard to imagine that we'd finish up 12 months later with such a stark contrast in sentiment and the future outlook. Persistent production growth had long since overwhelmed prevailing demand volumes, and without any outlet for the new incremental production growth, and with weather disappointing on a grand scale to kick off the season last December, the market plummeted and never looked back, even when demand finally did emerge when it got cold during parts of the first quarter of the year. Record winter carryout into spring and lackluster shoulder demand were not met with continued selling but instead would go on to mark a turning point for the market, which found more solid footing into the early part of summer and instead began to transition into a more bullish position. Fears that record-low prices would be required to maintain demand levels sufficient to work off the storage glut proved unfounded, as utilities kept the market well bid throughout the summer even as prices ratcheted higher. As the summer waned and we moved into the fall shoulder season, the rally continued, trading up above 3.00 for prompt Nymex the first time in more than 20 months back in September, and then trading up as high as the mid-3.30's in October as sentiment continued to shift

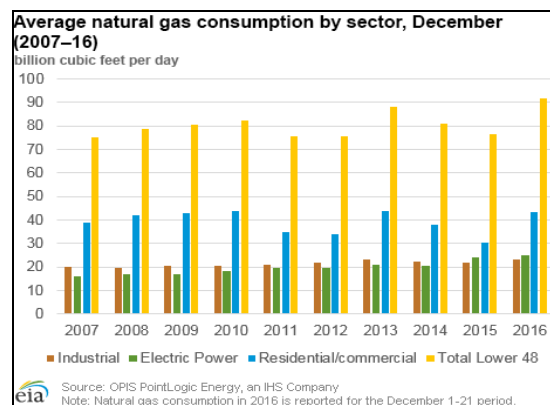
NYMEX NG 60-MIN CONTINUATION CHART 12/16/2016 - 12/23/2016



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As of Week Ending:	12/16/2016	Build/(Draw)
Current Storage	3,597 Bcf	(209) Bcf
		Surplus/(Deficit)
Last Year Storage	3,823 Bcf	(226) Bcf
5-Year Avg. Storage	3,519 Bcf	78 Bcf

toward a more bullish outlook. The mild air that shoulder periods are notorious for stuck around longer than the bulls could take it, however, and we tumbled into late October and early November as fears for a repeat of last winter's extreme mildness began to take hold. What mid-October and early-November were lacking in terms of weather and demand were handily made up for by the second half of November and these first three weeks of December though, with the market staging a sharp reversal from the 2.50's in mid-Oct up to a high above 3.77 two weeks ago. Things pulled back from there as the weather outlook moderated, dropping as low as 3.25 this past Tuesday, but a colder long-range forecast in the past few days and an extremely bullish storage report yesterday, helped us regain the 3.70 level briefly today before pulling back a few cents to round out the week. Yesterday's weekly storage report came in at -209 Bcf, which is the largest withdrawal for the reference week since 1994, and handily outpaced the mere 33 Bcf draw from 2015 and the 5-year average of just -101 Bcf for the week. The below graphic from the EIA helps provide a visual of natural gas demand for the month of December going back a decade, and overall demand (in yellow) has hit a new record high for December this year, and we have seen growth in all categories over last year's more mild final month of the year (industrial in orange, power generation in green, and residential/commercial in blue). Santa Claus has been good to market bulls this year, and this month in particular, but those bulls will likely need the continued cooperation of Old Man Winter over the next few months as well if the market is going to be able to deliver for the bulls once again in 2017, which should make some skeptical of the bull market's sustainability.



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