

Month	Settle	9/30/2016	Strip Avg,
Nov-16	2.906	Nov16-Mar17	3.162
Dec-16	3.132	Apr17-Oct17	3.006
Jan-17	3.268	Nov17-Mar18	3.209
Feb-17	3.275	Apr18-Oct18	2.766
Mar-17	3.230		
Apr-17	3.000	Nov16-Oct17	3.071
May-17	2.964	Calendar 2017	3.092
Jun-17	2.994	Calendar 2018	2.914
Jul-17	3.022	Calendar 2019	2.815
Aug-17	3.026	Calendar 2020	2.840
Sep-17	3.010	Calendar 2021	2.943
Oct-17	3.028	Calendar 2022	3.099

**NEXT DAY GAS PRICES:**

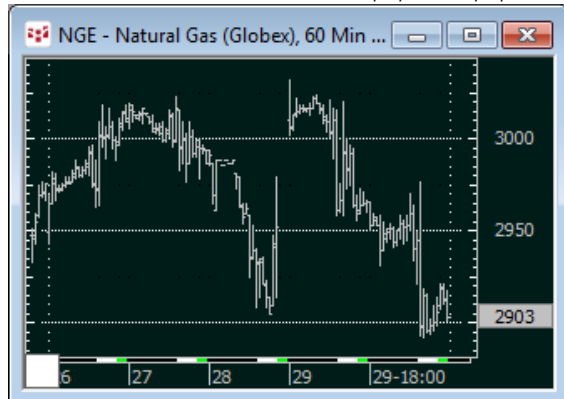
TETCO M2 (rec)	0.2873	Henry Hub	2.8389	Dom-SP	0.2915
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**ICE BASIS FUTURES PRICES:**

Tetco M2 Basis	9/30/2016	Dominion-South Basis	
Nov-16	-1.7650	Nov-16	-1.7900
Dec-16	-1.3825	Dec-16	-1.4475
Nov16-Mar17	-1.2560	Nov16-Mar17	-1.3310
Apr17-Oct17	-1.2639	Apr17-Oct17	-1.2525
Nov16-Oct17	-1.2606	Nov16-Oct17	-1.2852
Calendar 2017	-1.1733	Calendar 2017	-1.2013
Calendar 2018	-0.8654	Calendar 2018	-0.8825
Calendar 2019	-0.7279	Calendar 2019	-0.7373

**Market Commentary:** The shoulder season is upon us and with it a lightening up of demand that is typical during such periods, which tend to lack the temperature extremes generally associated with spikes in demand. This year the price weakness we normally experience as demand wanes is not being felt across the entire market, but seems to be confined to the new producing region of the Northeast, which has been the main engine of growth in recent years to such an extent that natural gas production has grossly overwhelmed the available infrastructure for that gas to move through. The result has been a decimation in prices the likes of which we have not seen in this country since the Rockies Express (REX) pipeline came online back almost a decade ago and helped local Rocky Mountain producers move their constrained supply out of that area. Rockies prices below 1.00 were the norm for a limited period until that outlet became available, but that was when prices across the rest of the country remained near the 7.00 mark, and when local Northeast production still commanded a positive basis differential to the Henry Hub. For the current weekend Henry Hub prices dropped slightly to 2.84, while the local DomSouth and Tetco M2 hubs came in below 30 cents, with a low print of a dime for one DomSouth deal this weekend. Local basis prices have been moving steadily lower all summer, with some of that decline attributed to Nymex strength, but in recent days the Nymex has begun to turn lower and basis has not taken its cue but has instead continued to drift lower itself, thereby further eroding forward hedge possibilities for Northeast producers. Above normal temperature anomalies have persisted all summer long and are slated to continue into

NYMEX NG 60-MIN CONTINUATION CHART 09/23/2016 - 09/30/2016



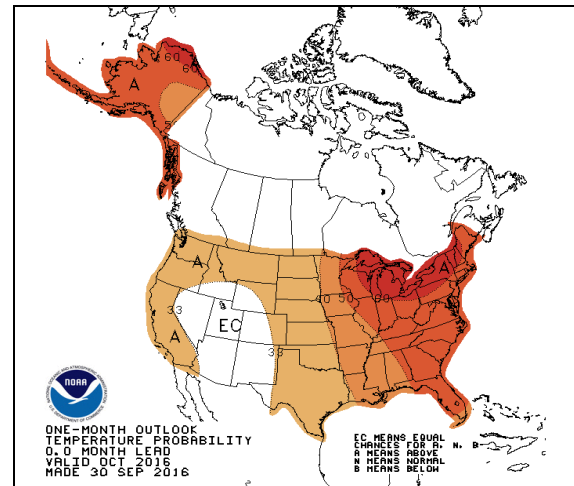
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As of Week Ending:	9/23/2016	Build/(Draw)
Current Storage	3,600 Bcf	+49 Bcf
		Surplus/(Deficit)
Last Year Storage	3,510 Bcf	90 Bcf
5-Year Avg. Storage	3,380 Bcf	220 Bcf

October, which may begin to transition from a bullish catalyst to a potentially more bearish one, as prospects for early onset heating demand are reduced, as illustrated by the 1-month outlook from NOAA for October below. The final graphic concerns our latest tropical disturbance, Hurricane Matthew, which is still just north of South America and the ABC islands, but is already a Category 3 hurricane and is expected to still be a Cat 2 hurricane after passing over the mountainous regions of Eastern Cuba Tuesday morning, and is slated to continue north from there, with potential impacts for Florida and the Southeast, and potentially for greater swaths of the Eastern Seaboard depending on how the track shifts in the coming days. This is not a production threat, but may end up having adverse impacts on demand, and may therefore be viewed in a bearish light depending on how things play out next week.



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