

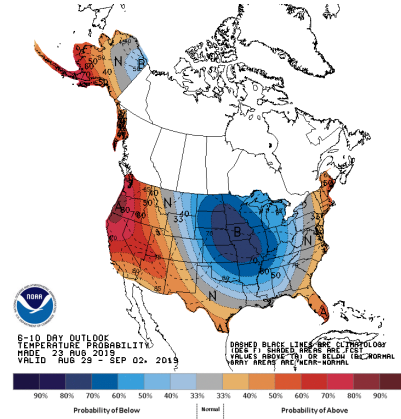


NATURAL GAS MARKET UPDATE

August 23, 2019

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NOAA 6 TO 10 DAY TEMPERATURE ANOMALY FORECAST:



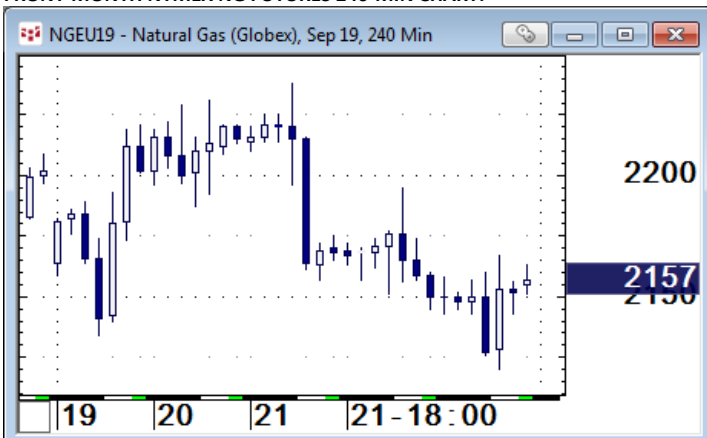
NYMEX HENRY HUB SETTLEMENT PRICES:

| 8/23/19 | Settle | Season | | Year | |
|---------|--------|-------------|-------|--------|-------|
| Sep19 | 2.152 | Sep19-Oct19 | 2.154 | Cal 20 | 2.367 |
| Oct19 | 2.156 | Nov19-Mar20 | 2.403 | Cal 21 | 2.417 |
| Nov19 | 2.212 | Apr20-Oct20 | 2.292 | Cal 22 | 2.463 |
| Dec19 | 2.395 | Nov20-Mar21 | 2.558 | Cal 23 | 2.558 |
| Jan20 | 2.508 | Apr21-Oct21 | 2.311 | Cal 24 | 2.640 |
| Feb20 | 2.484 | Nov21-Mar22 | 2.592 | Cal 25 | 2.740 |
| Mar20 | 2.414 | Apr22-Oct22 | 2.358 | Cal 26 | 2.854 |
| Apr20 | 2.245 | Nov22-Mar23 | 2.645 | Cal 27 | 2.993 |
| May20 | 2.235 | Apr23-Oct23 | 2.462 | Cal 28 | 3.113 |

DOMINION-SOUTH FIXED-PRICE MARKETS (NYMEX/HENRY+ ICE DOM-SOUTH BASIS):

| Month | Price | Season | Price |
|--------|--------|----------------------|--------|
| Sep-19 | 1.5620 | Sep19-Oct19 | 1.5590 |
| Oct-19 | 1.5560 | Nov19-Mar20 | 2.0781 |
| Nov-19 | 1.7845 | Apr20-Oct20 | 1.8665 |
| Dec-19 | 2.0650 | Nov20-Mar21 | 2.1840 |
| Jan-20 | 2.2205 | Apr21-Oct21 | 1.8241 |
| Feb-20 | 2.2015 | Nov21-Mar22 | 2.1952 |
| Mar-20 | 2.1190 | Sep19-Aug20 (1-Year) | 1.9218 |
| Apr-20 | 1.9475 | Calendar 2020 | 1.9798 |
| May-20 | 1.8775 | Calendar 2021 | 1.9745 |
| Jun-20 | 1.8875 | Calendar 2022 | 1.9770 |
| Jul-20 | 1.9205 | Calendar 2023 | 2.0297 |
| Aug-20 | 1.9195 | Calendar 2024 | 2.1043 |

FRONT-MONTH NYMEX NG FUTURES 240-MIN CHART:



CQG Inc. © 2019 NGEU19,240 | 08/23/2019 17:21:13, CQG 20.7.8026 Alpha

DAILY CASH MARKET PRICES (for GD23):

| | |
|---------------------------------|-------|
| Columbia Gas Transmission (TCO) | 1.915 |
| Dominion South Point | 1.635 |
| Henry Hub | 2.220 |
| Sumas | 1.780 |
| Socal, citygate | 2.325 |
| Tetco M3 | 1.650 |
| Transco Zone 5 South | 2.220 |
| Waha | 1.090 |

WORKING NATURAL GAS IN STORAGE, LOWER 48 STATES:

| As of Week Ending: | 8/16/2019 | Build/(Draw) |
|--|-----------|-------------------|
| Current Storage | 2,797 Bcf | +59 Bcf |
| | | Surplus/(Deficit) |
| Last Year Storage | 2,428 Bcf | 369 Bcf |
| 5-Year Average | 2,900 Bcf | (103) Bcf |
| ICE Traded Markets: | | ICE Settle: |
| Weekly Storage Inventory Number (08/29/2019) | | +58 Bcf |
| End of Injection Season Storage (11/14/2019) | | 3,770 Bcf |

Market Commentary: Volatility has left the building in natural gas, with another trading range of less than a nickel for both today and yesterday, and a weekly range of less than 12 cents. The week began with a lower open and gap down of a few cents, with prices chopping in the teens overnight into Monday morning, before the bulls regained control and pushed prices back above 2.20. Things consolidated around that level most of Tuesday and into Weds AM when sellers seized control and knocked us back into the mid-teens once more. The weekly storage report came out yesterday at 10:30 AM and came in below consensus once again, with the EIA reporting a +59 Bcf injection for the week, which did yield a quick spike, but it didn't hold and prices fell back almost as quickly as they rallied. This morning sellers appeared confident as they hit bids all the way down to a weekly low print of 2.120, but from there we rallied back into the mid-teens fairly quickly, and have remained in that area since. Dry-gas production has touched a new high above 91 Bcf/day this week, which back in Feb of 2018 was a milestone that was not expected to be reached until the second half of 2021, and just two months ago it had been pushed up but was still not expected until the early part of 2020, but with producers proving to be too successful at their own game, we have hit that record-high sooner than anticipated, and such momentum cannot be reversed at the drop of a hat. Current output is up 10% from what we were producing this time last year and is up roughly 4 Bcf/day just in the past 6 months. Power burns have mostly remained above 40 Bcf/day lately, but have not been quite as high as last month's heat wave when we saw several days above 44 Bcf/day. The ongoing trade dispute with China, which hit back at US tariffs by imposing duties of their own on \$75 billion worth of US goods today, is not good news for NG given that China is expected to be the primary demand market for LNG going forward and the US is set to become a top exporter. While LNG is not on the new list of additional goods being assessed tariffs on, China did raise the duty on US LNG to 25% back in June (from 10%), though the country has not imported any US LNG cargoes since February of this year. While South Korea has been the top destination for US LNG thus far, China has been the 4th most popular destination, behind Mexico and Japan respectively. This latest news on trade tensions with China has hurt the prospects for LNG export proposals that have not received their Final Investment Decisions (FIDs) yet, with shares of Tellurian falling by more than 18% today in response.

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