

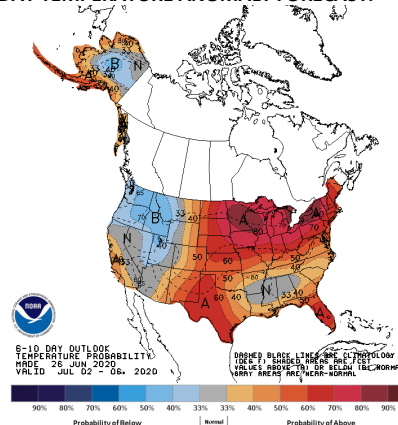


NATURAL GAS MARKET UPDATE

June 26, 2020

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NOAA 6 TO 10 DAY TEMPERATURE ANOMALY FORECAST:



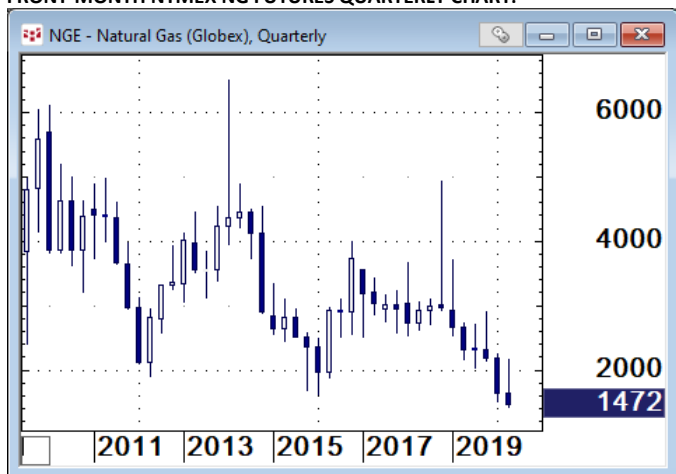
NYMEX HENRY HUB SETTLEMENT PRICES:

| 6/26/20 | Settle | Season | Year | Year | Year |
|---------|--------|-------------|-------|--------|-------|
| Jul20 | 1.495 | Jul20-Oct20 | 1.592 | Cal 21 | 2.579 |
| Aug20 | 1.544 | Nov20-Mar21 | 2.626 | Cal 22 | 2.419 |
| Sep20 | 1.605 | Apr21-Oct21 | 2.484 | Cal 23 | 2.369 |
| Oct20 | 1.725 | Nov21-Mar22 | 2.696 | Cal 24 | 2.386 |
| Nov20 | 2.162 | Apr22-Oct22 | 2.277 | Cal 25 | 2.397 |
| Dec20 | 2.676 | Nov22-Mar23 | 2.536 | Cal 26 | 2.426 |
| Jan21 | 2.816 | Apr23-Oct23 | 2.250 | Cal 27 | 2.440 |
| Feb21 | 2.787 | Nov23-Mar24 | 2.544 | Cal 28 | 2.496 |
| Mar21 | 2.688 | Apr24-Oct24 | 2.272 | Cal 29 | 2.594 |

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

| Month | Price | Season | Price |
|--------|--------|----------------------|--------|
| Jul-20 | 1.1650 | Jul20-Oct20 | 1.1673 |
| Aug-20 | 1.2140 | Nov20-Mar21 | 2.2323 |
| Sep-20 | 1.1150 | Apr21-Oct21 | 1.9822 |
| Oct-20 | 1.1750 | Nov21-Mar22 | 2.3062 |
| Nov-20 | 1.7120 | Apr22-Oct22 | 1.8114 |
| Dec-20 | 2.3210 | Nov22-Mar23 | 2.1539 |
| Jan-21 | 2.4260 | Jul20-Jun21 (1-year) | 1.8239 |
| Feb-21 | 2.4070 | Calendar 2021 | 2.1182 |
| Mar-21 | 2.2955 | Calendar 2022 | 1.9888 |
| Apr-21 | 2.0910 | Calendar 2023 | 1.9340 |
| May-21 | 1.9765 | Calendar 2024 | 1.9199 |
| Jun-21 | 1.9885 | Calendar 2025 | 1.8999 |

FRONT-MONTH NYMEX NG FUTURES QUARTERLY CHART:



CQG Inc. © 2020 NGE,Q | 06/26/2020 17:10:19, CQG 20.12.8071

DAILY CASH MARKET PRICES (for GD26):

| | |
|---------------------------------|-------|
| Columbia Gas Transmission (TCO) | 1.320 |
| Dominion South Point | 1.275 |
| Henry Hub | 1.490 |
| Leidy Line receipts (Transco) | 1.290 |
| Tetco M3 | 1.380 |
| Transco Station 85 (Zone 4) | 1.485 |
| Transco Zone 5 South | 1.530 |
| Waha | 1.355 |

WORKING NATURAL GAS IN STORAGE, LOWER 48 STATES:

| As of Week Ending: | 6/19/2020 | Build/(Draw) |
|--|-------------|-------------------|
| Current Storage | 3,012 Bcf | +120 Bcf |
| | | Surplus/(Deficit) |
| Last Year Storage | 2,273 Bcf | 739 Bcf |
| 5-Year Average | 2,546 Bcf | 466 Bcf |
| ICE Traded Markets: | ICE Settle: | |
| Weekly Storage Inventory Number (07/02/2020) | | +70 Bcf |
| End of Natural Gas Storage Swap (11/12/2020) | | 3,980 Bcf |

Market Commentary: This week the NG market went from terrible to worse yet, with fresh 25-year lows touched today and the July contract touching its all-time low price of 1.432 in its final hour of life (which was also the new 25-year continuation low), before jumping 13 cents into the settle, but coming back down and finishing halfway between those two extremes. Today's final 30 minutes was more active than most recent monthly settles in terms of volatility, but the final print is hardly much to get excited about, and our settle comes just below the prior 25-year low of 1.519 (from late March) that was taken out yesterday morning following a particularly bearish storage report. The EIA reported that storage facilities injected 120 Bcf for the week, which was roughly 10 Bcf above consensus and above even the most bearish injection forecasts, and prices took a plunge as would be expected. Summer is here and demand figures should begin to reflect that, but with LNG cargo cancellations having already piled up due to the two month lag time Cheniere requires, the next few months may be difficult for natural gas producers. The cancellation of LNG exports creates a flood of unneeded domestic supply that has forced the market's hand, even as European markets have themselves experienced some recovery from their own lows touched about a month ago between \$1.10 and \$1.20 per MMBtu. A hot summer would help, but even that may not be enough to turn things around in the near term, with projections from some analysts for storage to exceed design capacity of just under 4.3 Tcf on the current trajectory, but the market will likely stave off that possibility by discounting the price to a level that prevents it from happening, and today's move down got that process underway. The collapse in WTI prices into negative territory was driven by a similar phenomenon in that its catalyst was the rapid filling of oil storage in Cushing, OK, but those tanks never actually completely filled up, and within one month's time crude oil prices had broken back above \$40/bbl. "The best cure for low prices is low prices," as the saying goes, and perhaps that will ring true for natural gas in the short to medium run, as major market tops tend to be correlated with an extremely high degree of bullish consensus and major market bottoms tend to have a similarly extreme prevalence of bearish consensus (like we have right now) among market participants. That said, relying on the idea that low prices would cure low prices in NG over the past 10 years would have been a fool's errand, as the quarterly price chart in today's report illustrates.

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