

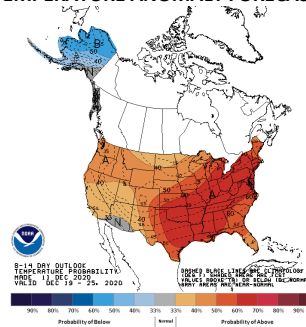


NATURAL GAS MARKET UPDATE

December 11, 2020

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NOAA 8 TO 14 DAY TEMPERATURE ANOMALY FORECAST:



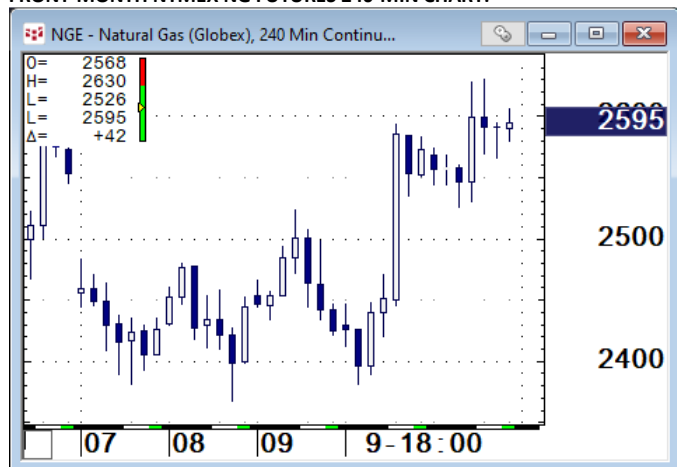
NYMEX HENRY HUB SETTLEMENT PRICES:

| 12/11/20 | Settle | Season | | Year | |
|----------|--------|-------------|-------|--------|-------|
| Jan-21 | 2.591 | Jan21-Mar21 | 2.597 | Cal 21 | 2.695 |
| Feb-21 | 2.603 | Apr21-Oct21 | 2.686 | Cal 22 | 2.611 |
| Mar-21 | 2.597 | Nov21-Mar22 | 2.914 | Cal 23 | 2.494 |
| Apr-21 | 2.596 | Apr22-Oct22 | 2.455 | Cal 24 | 2.538 |
| May-21 | 2.612 | Nov22-Mar23 | 2.718 | Cal 25 | 2.563 |
| Jun-21 | 2.658 | Apr23-Oct23 | 2.342 | Cal 26 | 2.561 |
| Jul-21 | 2.716 | Nov23-Mar24 | 2.724 | Cal 27 | 2.582 |
| Aug-21 | 2.740 | Apr24-Oct24 | 2.391 | Cal 28 | 2.612 |
| Sep-21 | 2.731 | Nov24-Mar25 | 2.769 | Cal 29 | 2.668 |

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

| | | | |
|--------|--------|---------------|--------|
| Jan-21 | 1.9085 | Jan21-Mar21 | 1.9387 |
| Feb-21 | 1.9555 | Apr21-Oct21 | 1.9866 |
| Mar-21 | 1.9520 | Nov21-Mar22 | 2.3480 |
| Apr-21 | 1.9960 | Apr22-Oct22 | 1.8358 |
| May-21 | 1.9420 | Nov22-Mar23 | 2.1992 |
| Jun-21 | 1.9955 | Apr23-Oct23 | 1.7278 |
| Jul-21 | 2.0735 | Nov23-Mar24 | 2.2232 |
| Aug-21 | 2.0725 | Calendar 2021 | 2.0161 |
| Sep-21 | 1.9060 | Calendar 2022 | 2.0269 |
| Oct-21 | 1.9210 | Calendar 2023 | 1.9231 |
| Nov-21 | 2.1210 | Calendar 2024 | 1.9894 |
| Dec-21 | 2.3500 | Calendar 2025 | 2.0301 |

FRONT-MONTH NYMEX NG FUTURES 240-MIN CHART:



CQG Inc. © 2020

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DAILY CASH MARKET PRICES (for GD11):

| | |
|---------------------------------|-------|
| Columbia Gas Transmission (TCO) | 2.060 |
| Dominion South Point | 1.780 |
| Henry Hub | 2.435 |
| Tetco M2 (receipts) | 1.795 |
| Tetco M3 | 1.925 |
| Transco Station 85 (Zone 4) | 2.365 |
| Transco Zone 5 South | 2.415 |
| Waha | 2.230 |

WORKING NATURAL GAS IN STORAGE, LOWER 48 STATES:

| | | |
|--|-------------|-------------------|
| As of Week Ending: | 12/4/2020 | Build/(Draw) |
| Current Storage | 3,848 Bcf | (91) Bcf |
| | | Surplus/(Deficit) |
| Last Year Storage | 3,539 Bcf | 309 Bcf |
| 5-Year Average | 3,588 Bcf | 260 Bcf |
| ICE Traded Markets: | ICE Settle: | |
| Weekly Storage Inventory Number (12/17/2020) | (127) Bcf | |
| End of Natural Gas Draw Swap (04/08/2021) | 1,575 Bcf | |

Market Commentary: Natural gas is finishing the week better than where it began, even with Tuesday seeing Jan trade down to a new contract low of 2.368, which was the lowest the Jan21 contract ever traded since being listed in 2012, and that weekly low also represented the lowest front-month prices had been since the end of September when the Oct Nymex contract rolled off the board. Sunday's Globex open came in a few cents sub-2.50 and we traded on down from there, touching the weekly low on Tuesday afternoon, and we didn't get back above 2.50 until early Wednesday AM briefly before pulling back. When the -91 Bcf withdrawal hit the wires yesterday prices rallied hard, with expectations clustered on either side of -80 Bcf. Jan Nymex was into the upper 2.50's within a matter of a few minutes and the rally held, with dips into the low-to-mid-2.50's having been scooped up, and today we saw a weekly high print of 2.630 before paring gains slightly. Given the 8 to 14 day weather map above, winter weather is on strike and has been refusing to show up so far this year, and it appears that trend is set to continue through the Christmas holiday. The tightness that had underpinned the October rally in anticipation of even tighter balances this winter has largely abated, and expectations for the storage trough this spring continue to ramp higher and have gained another 75 Bcf in the EOD storage swap (End of Draw) this week up to 1,575 Bcf which is still shy of the 5-year average of roughly 1.7 Tcf, but only slightly so, and is up almost 350 Bcf from late September. Oil prices have also been on the rise, which is not great news for natural gas producers since the higher oil prices get the greater the likelihood that oil drilling activity increases and draws out more associated gas volumes from oil plays (like the Permian), with domestic WTI prices trading up to almost \$48 yesterday and Brent topped \$51, both of which are the highest those markets have been since early March (in WTI's case it was almost \$90 off of the April low of -\$40/bbl., while Brent only bottomed out at +\$16). Market conditions for natural gas are nowhere near as favorable as they were six weeks ago, but it is still only December 11th and the coldest part of the heating season is not yet upon us. The start has been an extreme let-down, but the tide could still turn and create supportive conditions if the cold shows up in the next few weeks to a month. Beyond there the price implications tend to be less pronounced if we have had a mild season to-date, as there is just not enough time left to make a major impact on balances. Production has dipped slightly from the November highs, with the past week's dry-gas production averaging 89.8 Bcf/day, which is about 5.5 Bcf lower than what we were producing this time last year and is a slight positive, but cold air would be the big positive were it to take hold aggressively.

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