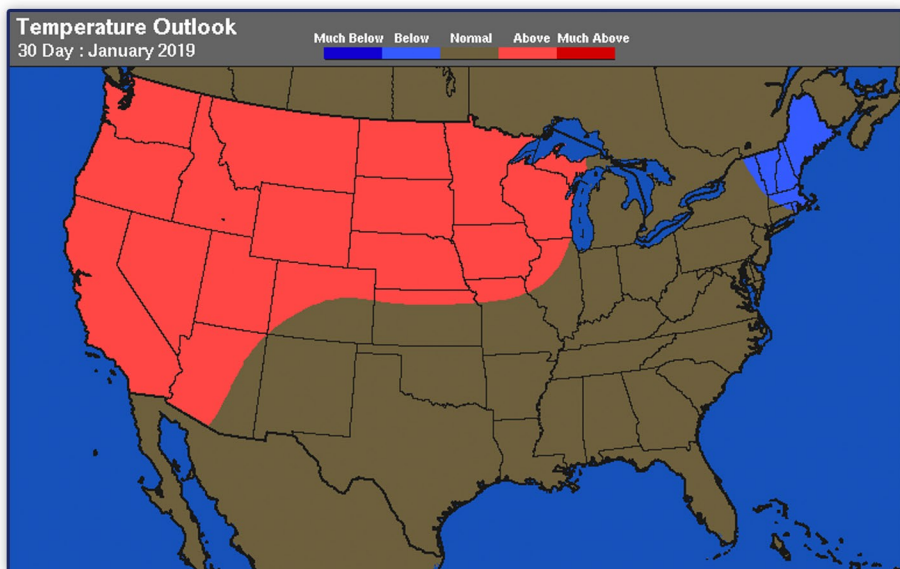


Market Summary

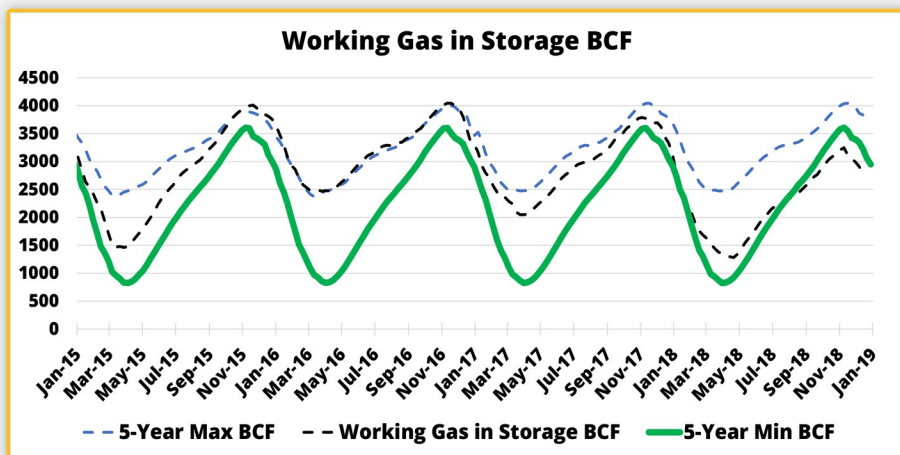
The new year offers weather-driven price volatility and lower-than-normal storage figures. Conditions are moderated by ongoing production records, which are set to make 2019 another big year for natural gas.

Weather



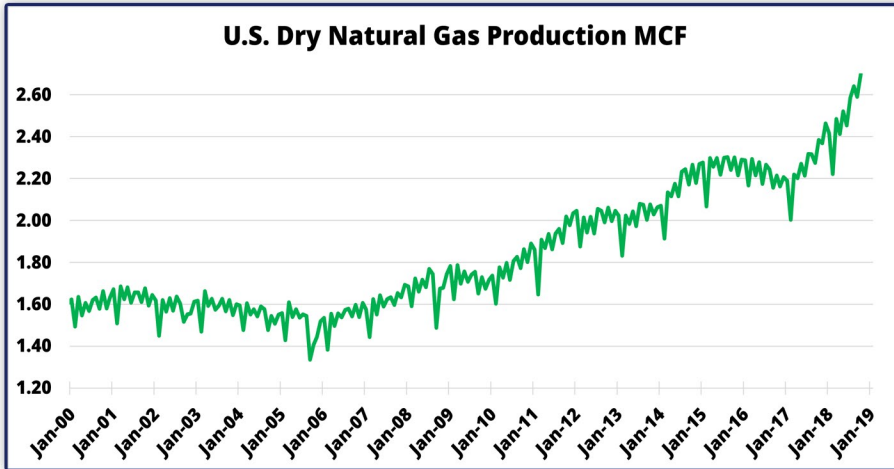
- Weather-driven price fluctuations hit hard in November/December, soaring from \$3.24 in early-November to \$4.84 in mid-November. Volatility averaged 77% in November and then declined 27% from the recent peak to \$3.54 by the end of December.
- A cold pattern coming in late January into February offers a strong push for price volatility with a cold blast.

Storage



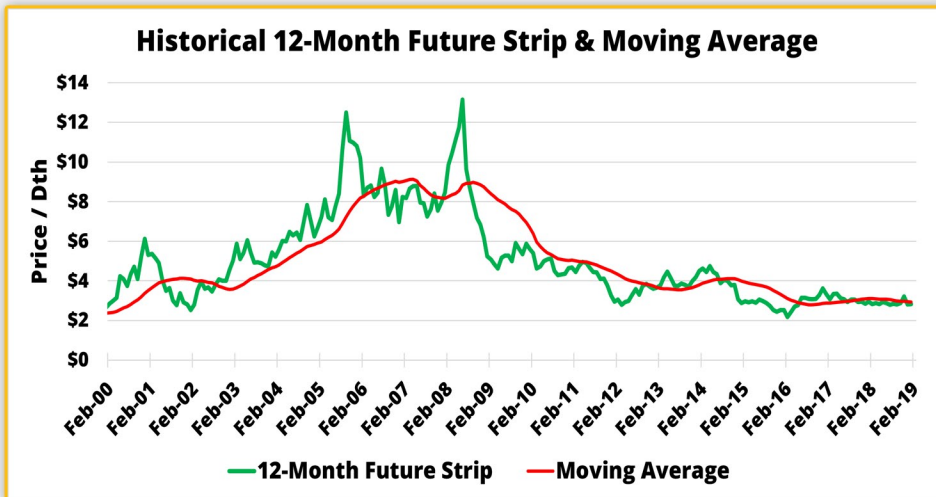
- The average rate of net withdrawals from storage is 22% lower than the five-year average so far in the withdrawal season (November through March). If the rate of withdrawals from storage matched the five-year average of 16.8 Bcf/d for the remainder of the withdrawal season, total inventories would be 1,172 Bcf on March 31, which is 464 Bcf lower than the five-year average of 1,636 Bcf for that time of year.
- Working gas stocks totaled 2,614 Bcf, which is 464 Bcf lower than the five-year average and 204 Bcf lower than last year at this time.

Production



- Pennsylvania production is on track to hit 6 TCF in 2018, setting another production record.
- North Dakota oil production and natural gas flaring reached highs in October. In fact, gas flared grew to 20% - the highest the state has seen since August 2015.

Pricing



Bidweek

Month	12-Month Strip	NYMEX
Oct. '18	\$2.898	\$3.020
Nov. '18	\$2.953	\$3.190
Dec. '18	\$3.240	\$4.714
Jan. '19	\$2.806	\$3.642

Wholesale Prices per Mmbtu

Noteworthy

- LNG now comprises 4% of total U.S. gas needs as exports have surpassed 5 Bcf/d for the first time ever. The three current LNG export facilities (LA, MD, TX) are set to double output by the end of 2019.
- The largest continuous oil and gas resource potential ever assessed in Texas and New Mexico could provide for the entire U.S. for 7 years.
- PG&E is looking to sell natural gas division to cover wildfire payouts.
- Wind, natural gas, and solar will lead new electricity capacity in the U.S. this year. Meanwhile, coal-fired generation is accounting for more than half of scheduled capacity retirements.
- PG&E is accused of falsifying safety documents for natural gas pipelines for years following a conviction and multimillion dollar fine for a pipeline explosion that killed 8.
- Poland signed a 20-year deal with San Diego-based energy company to receive LNG and lessen dependence on Russian energy.