LEGACY ENERGY
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Energy Market Report

Report Date: December 4, 2015
Report Week: November 25 to December 2, 2015

Questions?
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News Tracker:

-Natural gas prices were mixed over the Report Week of Wednesday, November 25, through Wednesday, December 2.

-The Henry Hub spot price began the Report Week at $2.06 per million British thermal units (MMBtu) and ended the Report Week up, at $2.17.

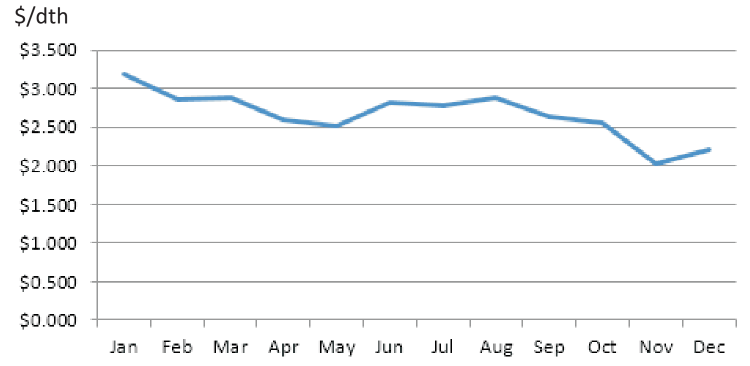
-At the New York Mercantile Exchange (Nymex), the January Nymex natural gas contract price began the Report Week at $2.229/MMBtu and ended the Report Week at $2.165.

-Working natural gas in storage decreased by 53 Bcf, declining to 3,956 Bcf as of Friday, November 27, resulting in the first net storage withdrawal fo the 2015-2016 heating season. The net withdrawal from storage resulted in storage levels 16% above a year ago and 7% above the five-year (2010-14) average for this week. Market expectations, on average, called for a withdrawal of 49 Bcf. Temperatures in the Lower 48 states averaged 44° for the storage report week, 1° warmer than the 30-year normal temperature and 1° warmer than the average temperature during the same week last year. There were 151 population-weighted heating degree days (HDD) during this report week, 18 HDD more than the five-year average and 8 HDD fewer than during the same period last year.

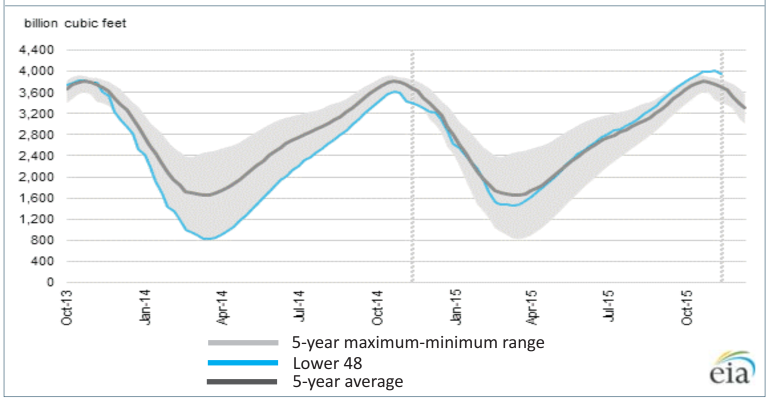
-The total oil and natural gas rig count continues to fall, declining by 13 from the previous week, with 744 units in service for the week ending Friday, November 25, according to data from Baker Hughes Incorporated. The oil rig count fell by 9 units to 555, and the natural gas rig count declined by 4 to 189 units. Although rig efficiency has increased greatly in recent years, rig counts are historically low right now. Based on Baker Hughes information, the oil rig count has not been this low since mid-2010, and this is the lowest reported natural gas rig count tied with early October this year.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, increased by 2.8% to $4.79/MMBtu for the week ending Friday, November 27. The prices of propane, butane, isobutane, and natural gasoline increased by 3.8%, 4.3%, 5.9%, and 1.8%, respectively. The price of ethane decreased slightly this week, falling 0.7%. Excerpted from eia

Monthly NYMEX Natural Gas Settle Price Jan: 2015 - Dec 2015:



Working nat. gas in underground storage as of November 27, 2015:

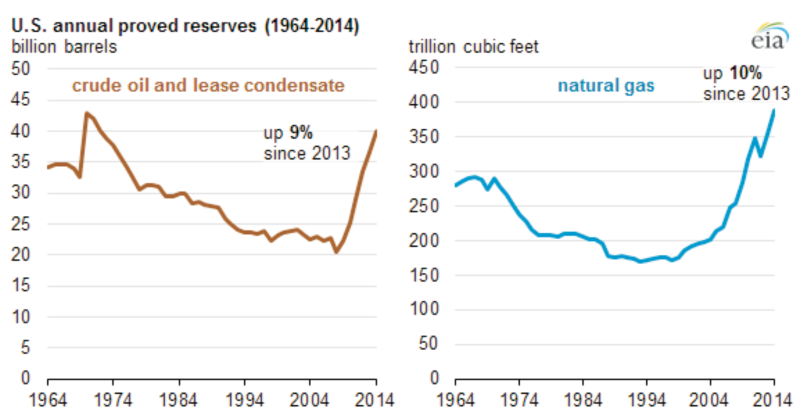


Forward 12-month NYMEX natural gas strip price - Jan16-Dec16:

Process Load-weighted $2.426/dth (w/w +$0.002)
Typical Heat Load-weighted $2.387/dth (w/w +$0.013)

US oil and natural gas reserves both increased in 2014:

U.S. crude oil and lease condensate proved reserves increased by 9% to 39.9 billion barrels (their highest level since 1972), and natural gas proved reserves increased by 10% to 389 trillion cubic feet in 2014 (surpassing last year's record level). Proved reserves are volumes of oil and natural gas that geologic and engineering data demonstrate with reasonable certainty to be recoverable under existing economic and operating conditions. Because they depend on economic factors, proved reserves shrink or grow as commodity prices and extraction costs change. EIA's estimates of proved reserves are based on an annual survey of domestic oil and natural gas well operators. Texas had the largest increase in proved reserves of crude oil and lease condensate, representing 60% of the nation's total net increase in 2014. This increase was driven by development of tight oil plays (e.g., Wolfcamp, Bone Spring) in the Permian Basin and the Eagle Ford Shale play. North Dakota had the second-largest increase, 362 million barrels, which came mostly from the Bakken tight oil play in the Williston Basin. Increased proven natural gas reserves were primarily driven by the nation's shale formations, particularly the Marcellus Shale play (PA and WV), the Eagle Ford Shale play (TX), the Woodford Shale (OK), and the Utica Shale (OH). Natural gas in shale plays now represents slightly more than half the U.S. total natural gas proved reserves.



"Life can only be understood backwards, but it must be lived forwards." -Soren Kierkegaard