

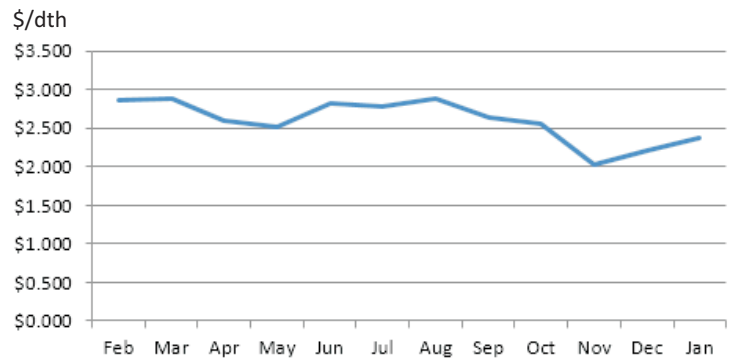


News Tracker:

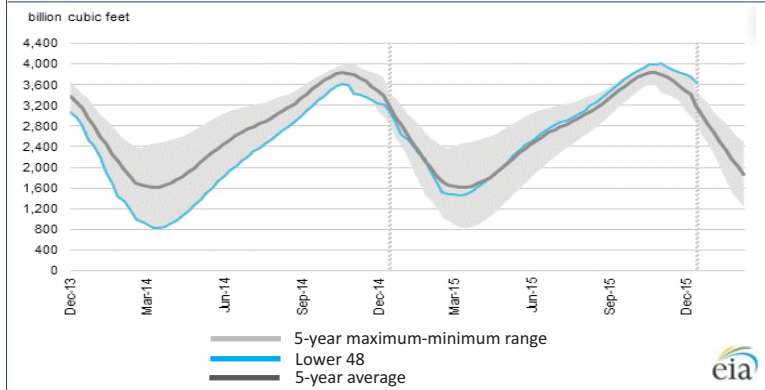
- Natural gas price movements were mixed across the country for the Report Week (Wednesday, December 30, through Wednesday, January 6), with warmer temperatures in the West and seasonably cold temperatures in the East. The Henry Hub spot price began the Report Week at \$2.27/MMBtu and ended at \$2.35/MMBtu.
- At the New York Mercantile Exchange (Nymex), the February Nymex natural gas futures price began the Report Week \$2.214/MMBtu and finished at \$2.267/MMBtu.
- Market demand for natural gas from storage for the week ending January 1 totaled 117 Bcf. This contributed to a decline in the storage level to 3,643 Bcf, which was 17% above a year ago and 15% greater than the five-year (201115) average for this week. Market expectations, on average, called for a withdrawal of 97 Bcf for this week. Because of a storage operator's reclassification of 4 Bcf from base gas to working gas, the actual inventory decline was 113 Bcf. Temperatures in the Lower 48 states averaged 42° for the storage report week, 8° warmer than the 30year normal temperature and 6° warmer than the average temperature during the same week last year.
- The total oil and natural gas rig count fell by 2 units this week, with 698 units in service for the week ending Thursday, December 31, according to data from Baker Hughes Incorporated. The oil rig count accounted for the entire decline, decreasing by 2 units to 536, and the natural gas rig count maintained 162 active units. The oil and natural gas rig count has not been this low since September 1999.
- The natural gas plant liquids composite price at Mont Belvieu, Texas, increased by 6% to \$4.21/MMBtu for the week ending Friday, January 1. Natural gas liquids spot prices increased across the board: ethane increased by 14%, propane rose by 7.0%, butane and isobutane each increased by 5%, and natural gasoline rose by 2%.
- U.S. consumption of natural gas increased by 17% compared to the previous report week, led by an increase in the residential/commercial sector. Residential/commercial consumption increased by 33%, as colder temperatures increased the heating load. Consumption in other sectors increased as well; consumption for power generation increased by 3%, and industrial consumption increased by 5%. Exports to Mexico grew by 8%, exceeding 3 Bcf/d during most of the report week.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Feb 2015 - Jan 2016:



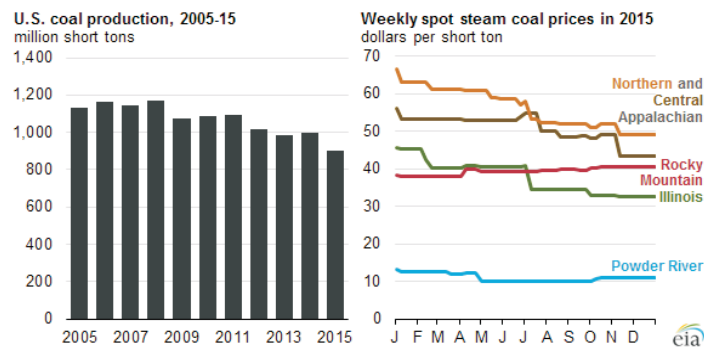
Working nat. gas in underground storage as of January 1, 2016



Forward 12-month NYMEX natural gas strip price - Feb16-Jan17:

Process Load-weighted \$2.579/dth
 Typical Heat Load-weighted \$2.573/dth

Coal production and prices decline in 2015:



Since reaching a high point in 2008, coal production in the United States has continued to decline. U.S. coal production in 2015 is expected to be about 900 million short tons (MMst), 10% lower than in 2014 and the lowest level since 1986. In the United States, almost all coal is used to generate electricity. Recently, coal's share of electricity generation has fallen as its market share of natural gas and renewables increased. The average daily natural gas spot price at the Henry Hub, a key natural gas benchmark, fell from \$4.38 per million British thermal units (MMBtu) in 2014 to \$2.61/MMBtu in 2015, resulting in greater natural gas-fired electricity generation. In April 2015, natural gas-fired electricity generation surpassed that of coal-fired generation on a monthly basis for the first time in history, and it did so again in each of the months from July through at least October, the latest monthly data available. U.S. coal exports also declined in 2015, especially to major coal export destinations such as Europe and China. When

complete 2015 data are available, exports to Europe are expected to decline by 50%. The final tally for coal exports to China are expected to show a 70% drop. With the exception of the Rocky Mountain region, steam coal prices in major basins experienced double-digit percentage declines in 2015. Central Appalachian coal continued to be economically challenged compared with natural gas for electricity generation, and average steam coal spot prices dropped by another 22% in 2015, following a decline of 13% the year before. Coal prices in the Powder River, Illinois, and North Appalachian basins, which had remained largely unchanged during 2014, decreased 18%, 26%, and 29%, respectively, in 2015.

“However beautiful the strategy, you should occasionally look at the results.” -Winston Churchill