LONGREACH ENERGY

Monthly Report

Longreach Energy Holdings LLC

March 2025

FIRM INFORMATION

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1.0 Market and Portfolio Commentary

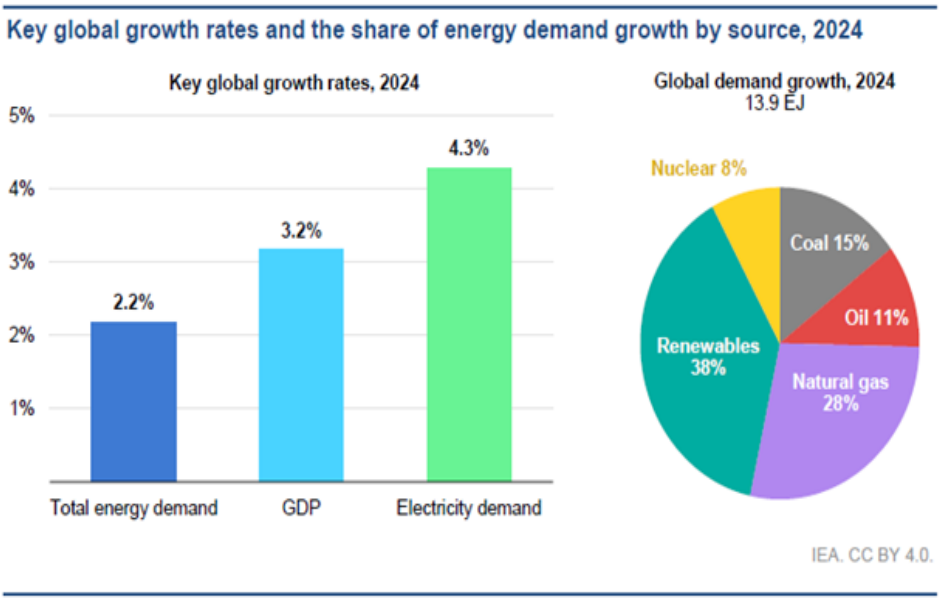
1.1 Macro Industry Commentary

US Henry Hub prompt gas prices rose in March with the market focused on relatively low storage inventories and strong LNG demand. Month-on-month the prompt rose from $3.83/mmbtu at close on 28 February to $4.12/mmbtu at close on 31 March. Calendar 2025 also rose strongly, beginning March at $4.23/mmbtu and ending at $4.56/mmbtu.

Oil prices saw modest gains. The prompt began March at $69.76/bbl and closed the month at $71.48/bbl. Calendar 2025 rose from $67.75/bbl to $69.29/bbl.

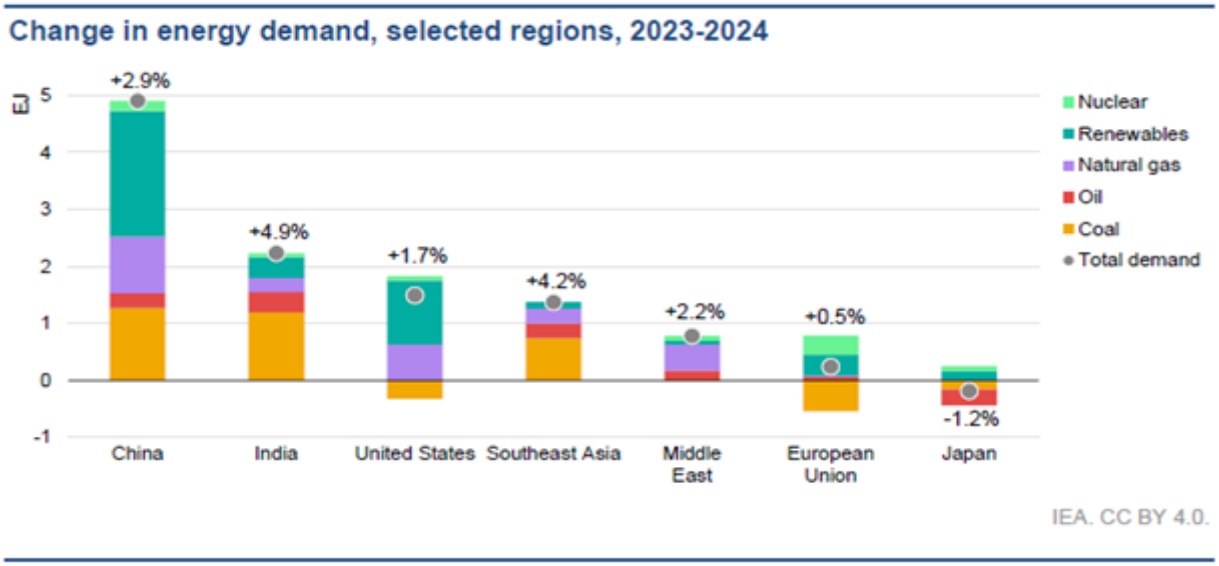
The International Energy Agency (IEA) has published its 2025 Global Energy Review. In 2024 global energy demand grew by 2.2% (Figure 1). This is faster than the average rate over the last decade with demand for all fuels and technologies increasing over the year. The increase was led by the power sector as electricity demand surged by 4.3%, well above the 3.2% growth in global GDP. In percentage terms, renewables accounted for the largest share of growth in global energy supply (38%), followed by natural gas (28%), coal (15%), oil (11%) and nuclear (8%).

Figure 1: Global Energy Growth 2024 (Source: IEA)



Emerging and developing economies accounted for over 80% of global energy demand growth (Figure 2). In China, growth in energy demand slowed to under 3% in 2024, half the rate of 2023 and well below China's recent average annual growth of 4.3%. Nevertheless, China still saw the largest demand growth in absolute terms of any country in 2024, India saw the second-largest rise in energy demand in absolute terms – more than the increase in all advanced economies combined.

Figure 2: Regional Change in Energy Demand, 2023-2024 (Source: IEA)



Natural gas saw the strongest demand growth among fossil fuels. Demand rose by 2.7% or 4 trillion cubic feet (tcf), compared with an annual average of around 2.6 tcf over the past decade. China had the largest absolute growth in gas demand in 2024 of over 7% (1 tcf), with growth also strong in other emerging and developing economies in Asia. Gas demand expanded by around 2% (70 bcf) in the US.

The latest Baker Hughes rig count data follows. In March US total land rigs fell by 5 from 578 to 573. Total oil rigs rose by 3 from 486 to 489, gas rigs fell by 6 to 96. Oil and gas rig totals include 14 offshore and 3 inland water rigs working in March.

Baker Hughes

NORTH AMERICA Rotary Rig Count

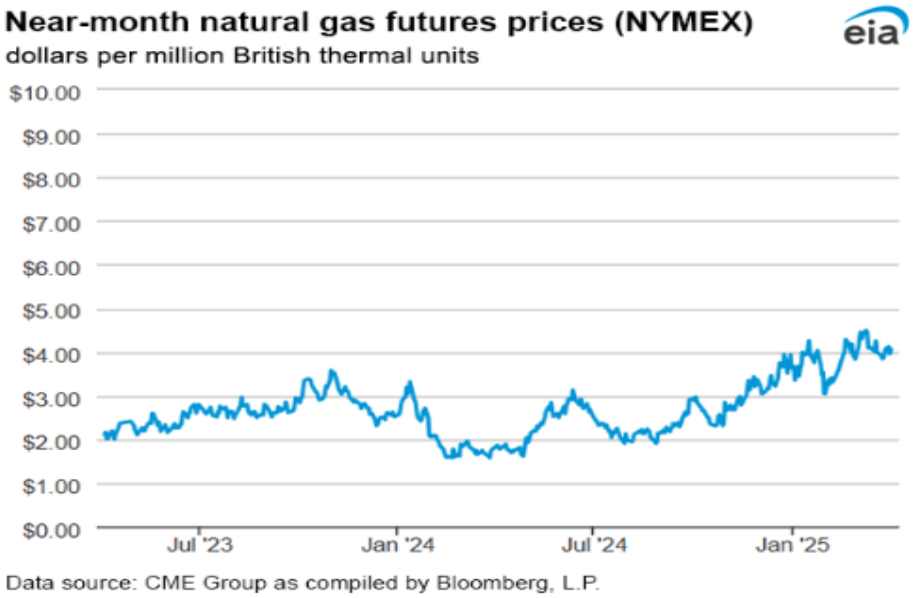
4/04/2025

Location	Week	+/-	Week	+/-	YearAgo
Inland Waters	3	0	3	3	0
Land	573	-2	575	-27	600
Offshore	14	0	14	-6	20
United States Total	**590**	**-2**	**592**	**-30**	**620**
Gulf of Mexico	**12**	**0**	**12**	**-6**	**18**
Canada	**153**	**-10**	**163**	**17**	**136**
North America	**743**	**-12**	**755**	**-13**	**756**
U.S. Breakout Information	**This Week**	**+/-**	**Last Week**	**+/-**	**Year Ago**
Gas	96	-7	103	-14	110
Oil	489	5	484	-19	508
Miscellaneous	5	0	5	3	2
Directional	48	-2	50	-3	51
Horizontal	529	0	529	-28	557
Vertical	13	0	13	1	12

Gas Market

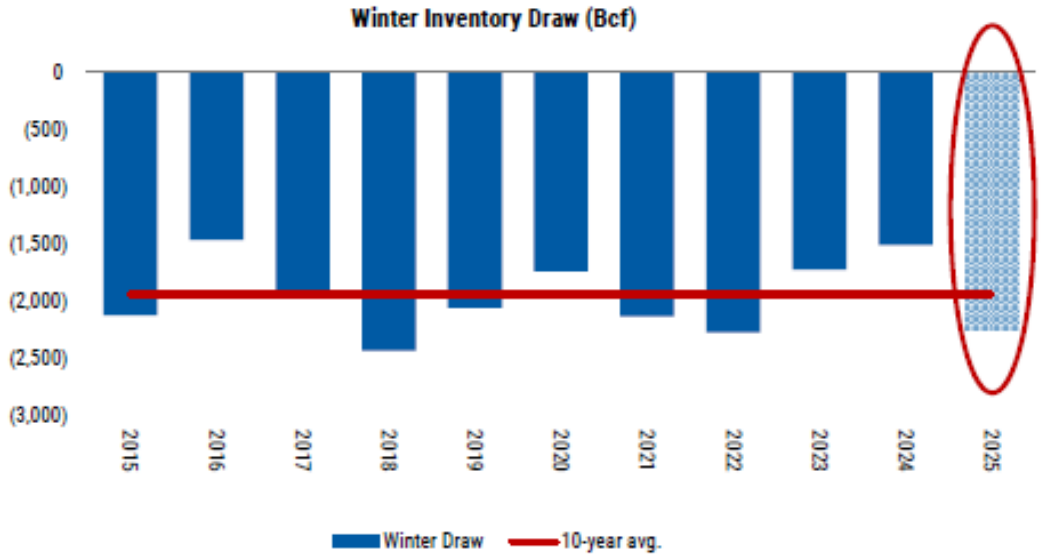
Henry Hub prompt prices remained strong during March with record LNG demand accompanying relatively low gas in storage after a very cold winter to keep prices above $4/mcf (Figure 3).

Figure 3: Near Month Henry Hub Futures (Source: EIA)



Cold weather and rising LNG flows drove ~2.5 tcf of draws during winter 2024-2025, 16% above normal levels (Figure 4).

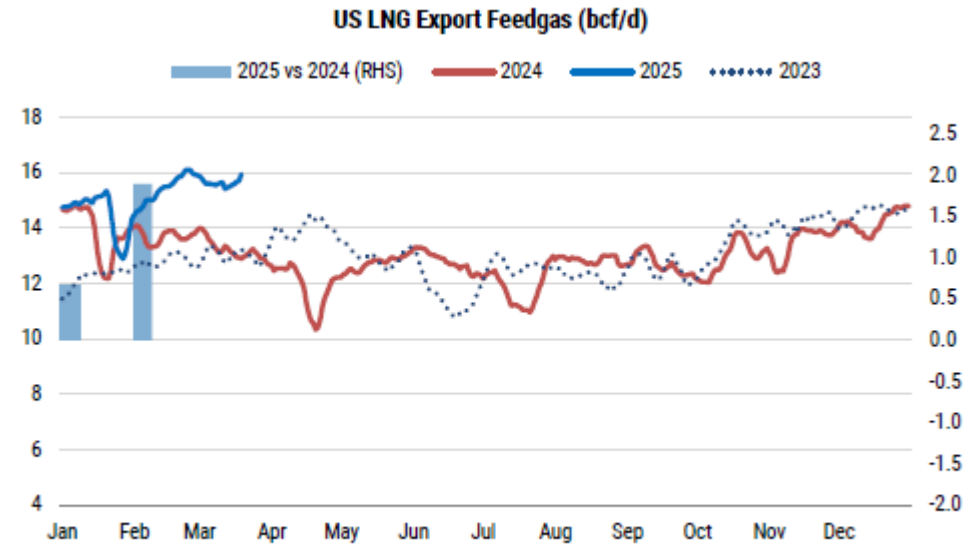
Figure 4: Winter Inventory Draw (Source: Morgan Stanley)



Source: NOAA, EIA, Commodity Weather Group, Morgan Stanley Research estimates

US LNG feedgas demand averaged 15.7 bcf/d in March, the highest monthly level on record driven by new facilities at Plaquemines and Calcasieu Pass (Figure 5).

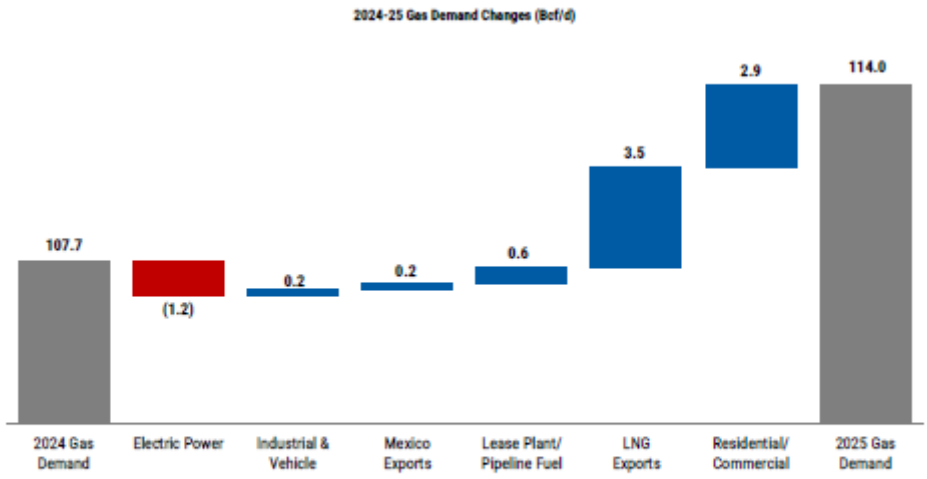
Figure 5: US LNG Export Feedgas (bcf/d) (Source: Morgan Stanley)



Source: S&P Global Commodity Insights, Morgan Stanley Research

Morgan Stanley forecasts that total US gas demand will rise ~6.3 bcf/d in 2025, driven by LNG exports (+3.5bcf/d) and residential/commercial (+2.9 bcf/d due to colder weather), partially offset by decline in electric power (-1.2 bcf/d) (Figure 6).

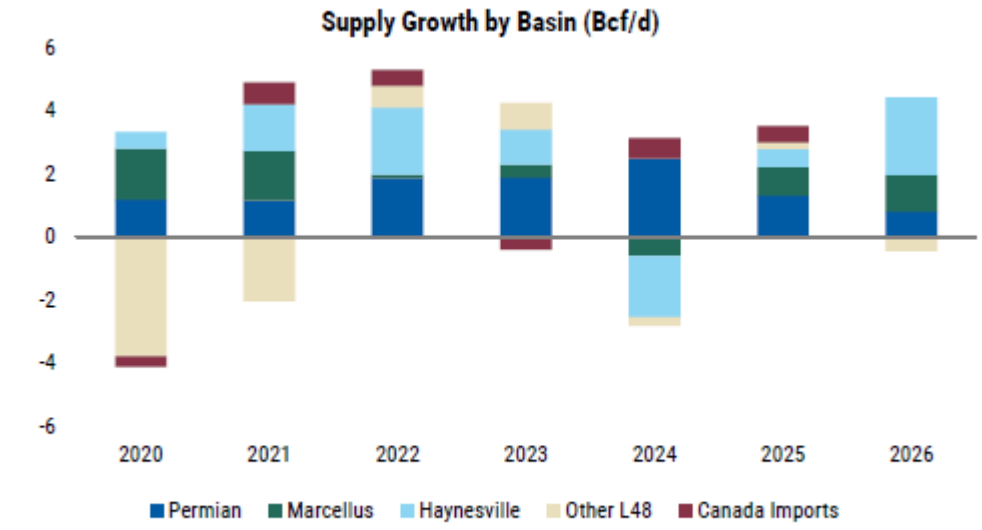
Figure 6: 2024-2025 Gas Demand Changes (bcf/d) (Source: Morgan Stanley)



Source: Morgan Stanley Research estimates

Morgan Stanley forecasts ~3.5 bcf/d of supply growth in 2025, well short of demand. Growth is driven by the Permian, Marcellus and Haynesville plays. Most other supply regions are expected to remain flat YoY (Figure 7).

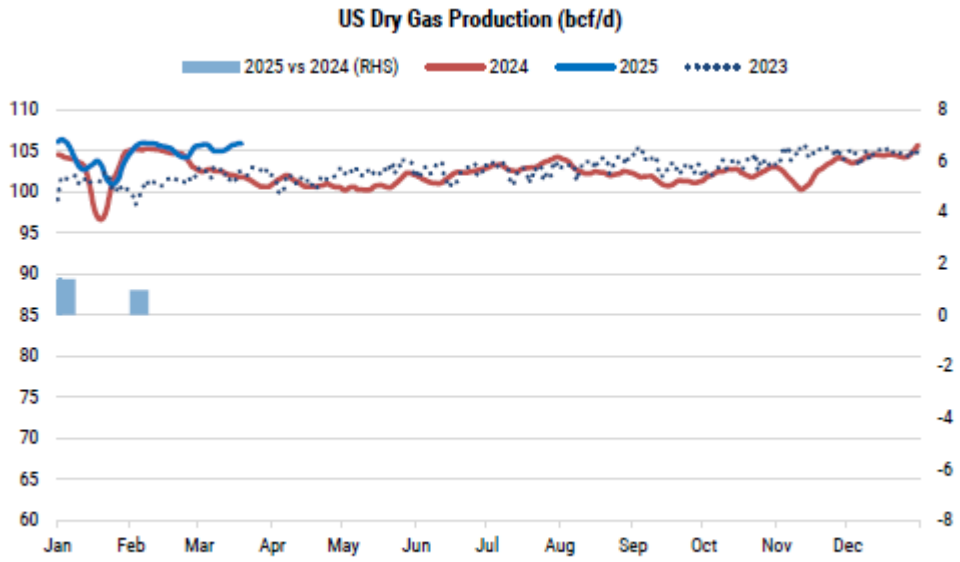
Figure 7: Supply Growth by Basin (Source: Morgan Stanley)



Source: FactSet, Morgan Stanley Research

US dry gas production is currently ~3.8bcf/d higher than the same time last year (Figure 8).

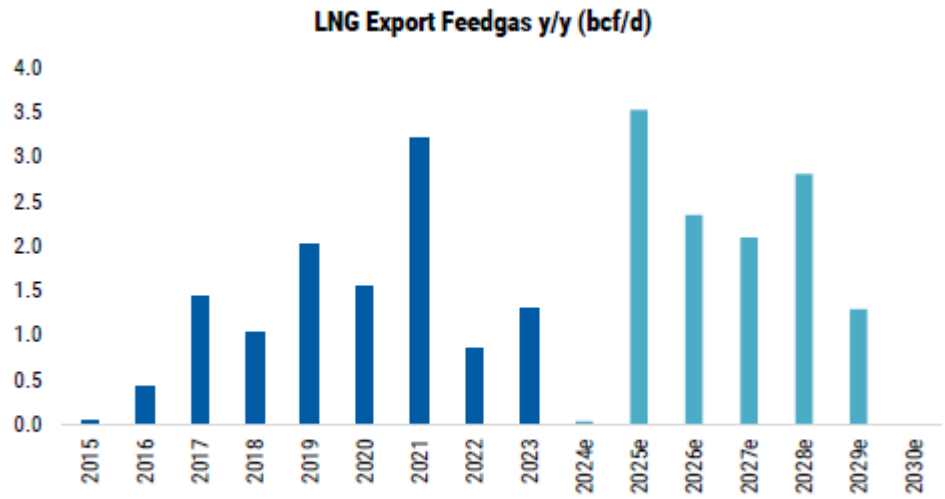
Figure 8: US Dry Gas Production (Source: Morgan Stanley)



Source: S&P Global Commodity Insights, Morgan Stanley Research

After a multi-year period of limited expansion, LNG feedgas demand growth should accelerate in 2025 as the next wave of additional capacity starts to come online (Figure 9).

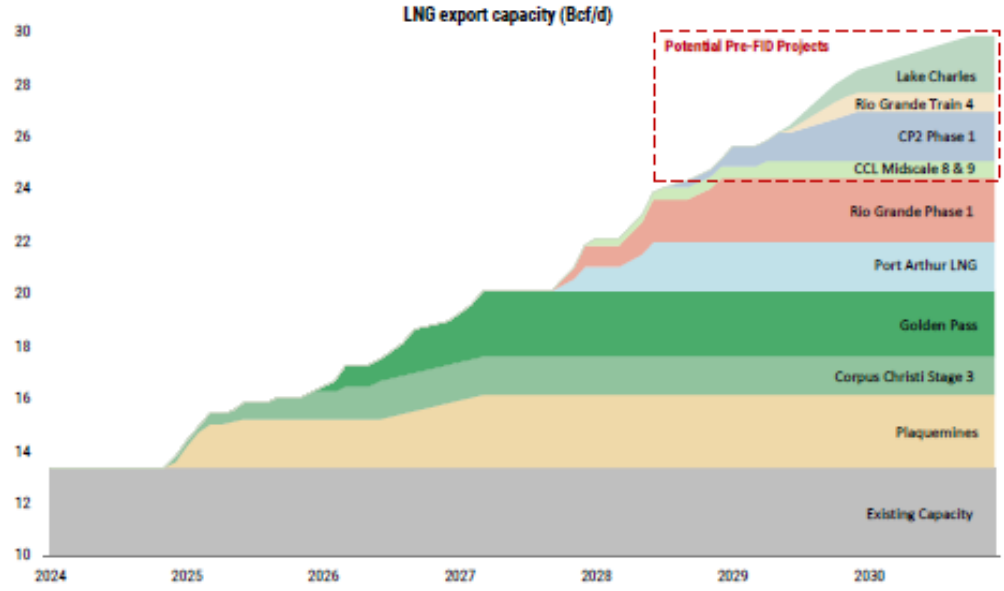
Figure 9: Year on Year Change in LNG Export Feedgas (Source: various, via Morgan Stanley)



Source: EIA, Company Data, S&P Global Commodity Insights, Morgan Stanley Research estimates

US LNG export capacity is set to increase by ~85% over the next five years, adding ~11 bcf/d of domestic consumption. Lifting the LNG permitting pause could support more US Final Investment Decisions (FIDs), potentially adding an additional 4-5 bcf/d of new demand in the late 2020's / early 2030's (Figure 10).

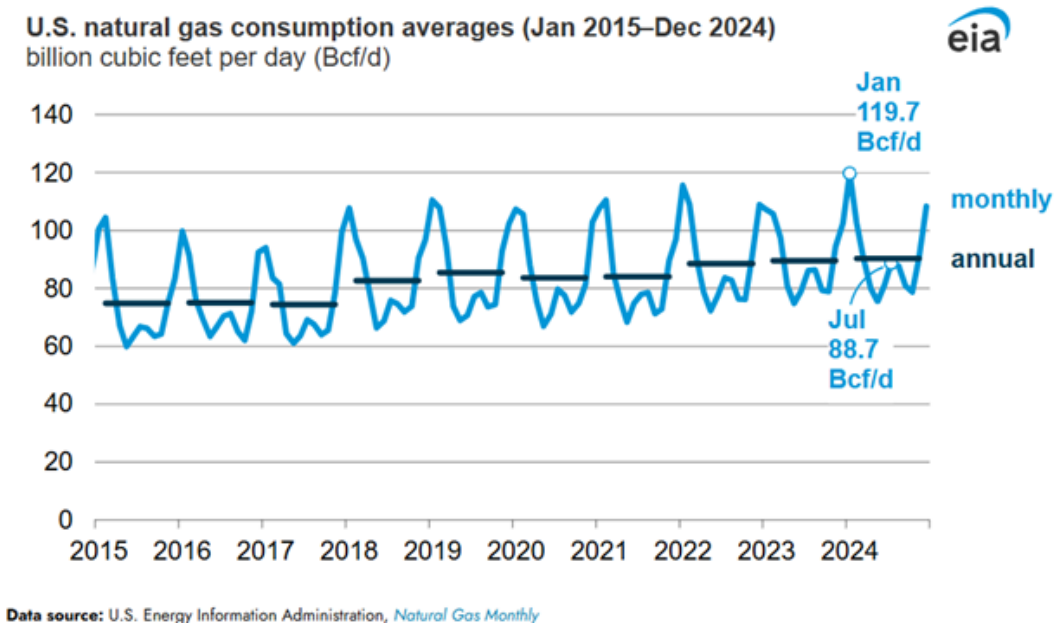
Figure 10: US LNG Export Capacity (Source: Morgan Stanley)



Source: EIA, Company Data, S&P Global Commodity Insights, Morgan Stanley Research estimates

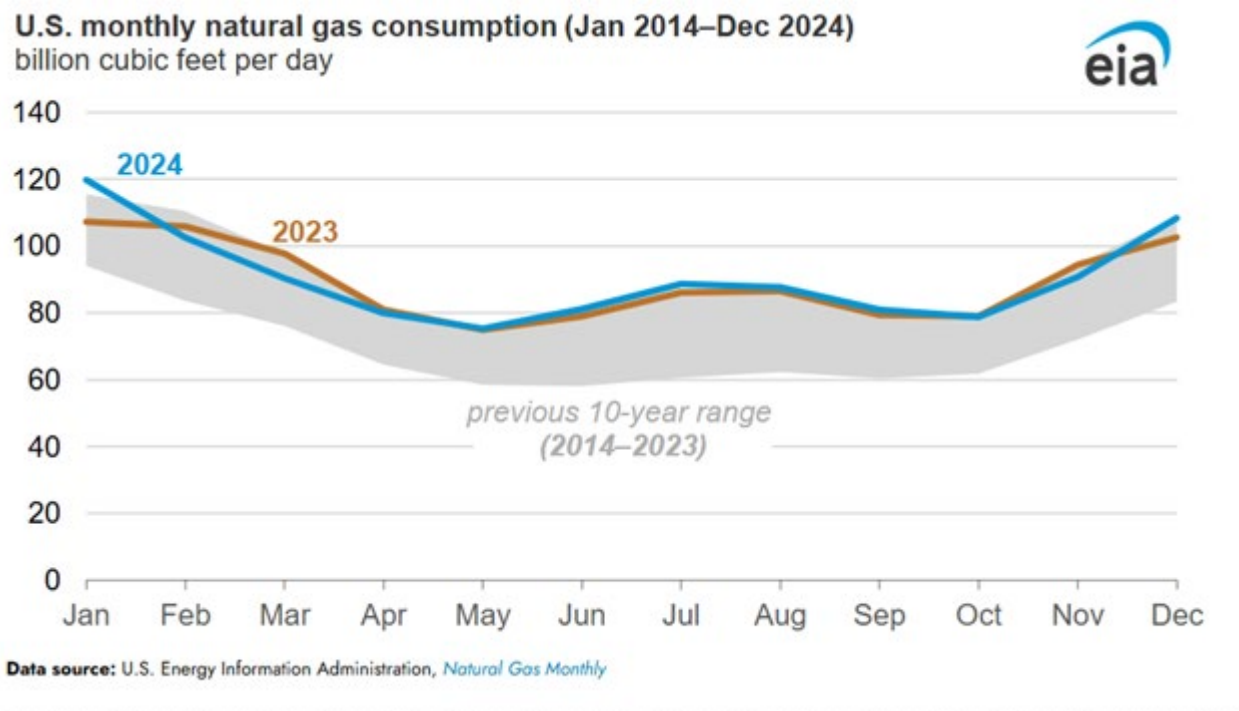
In 2024, US natural gas consumption averaged a record 90.3 bcf/d and set new winter and summer monthly records in January and July, according to the US Energy Information Administration (EIA, Figure 11). Overall, US consumption last year increased 1% (0.9 bcf/d) from 2023.

Figure 11: US Natural Gas Consumption Averages (Source: EIA)



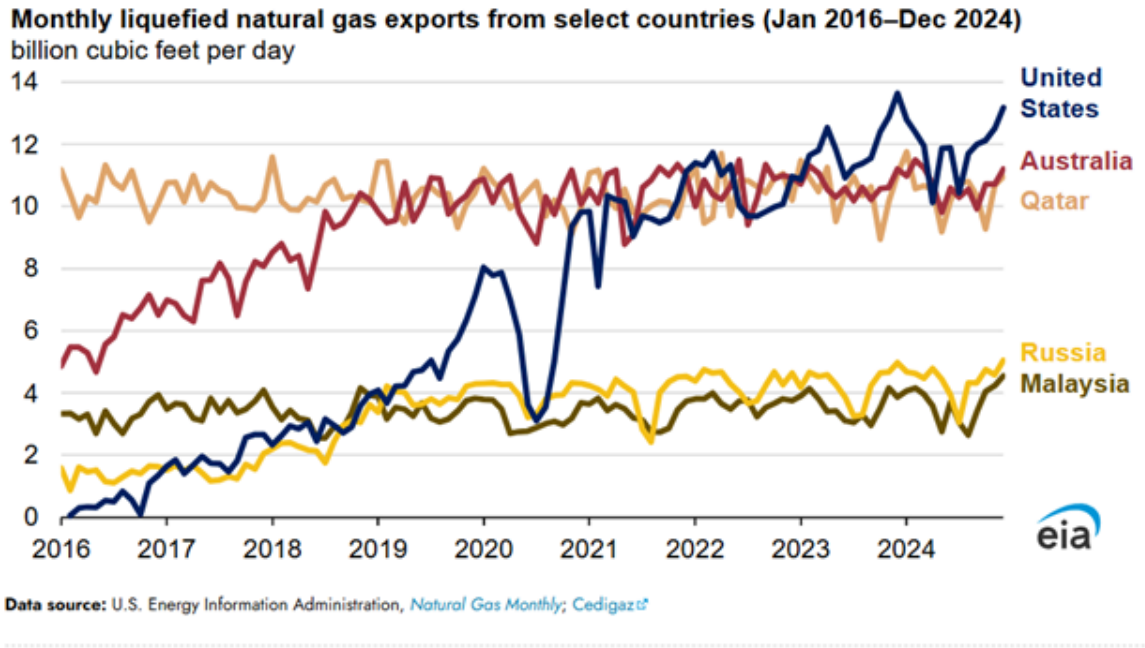
Weather drives US natural gas consumption patterns. Natural gas consumption in the US has both winter and summer peaks. In winter, the most natural gas is consumed in January and February, when demand for space heating in the residential and commercial sectors peak. In the summer, electricity generation increases in July and August to meet air-conditioning demand. Much of this electricity is produced from natural gas (Figure 12).

Figure 12: US Monthly Natural Gas Consumption (Jan 2014 – Dec 2024) (Source: EIA)



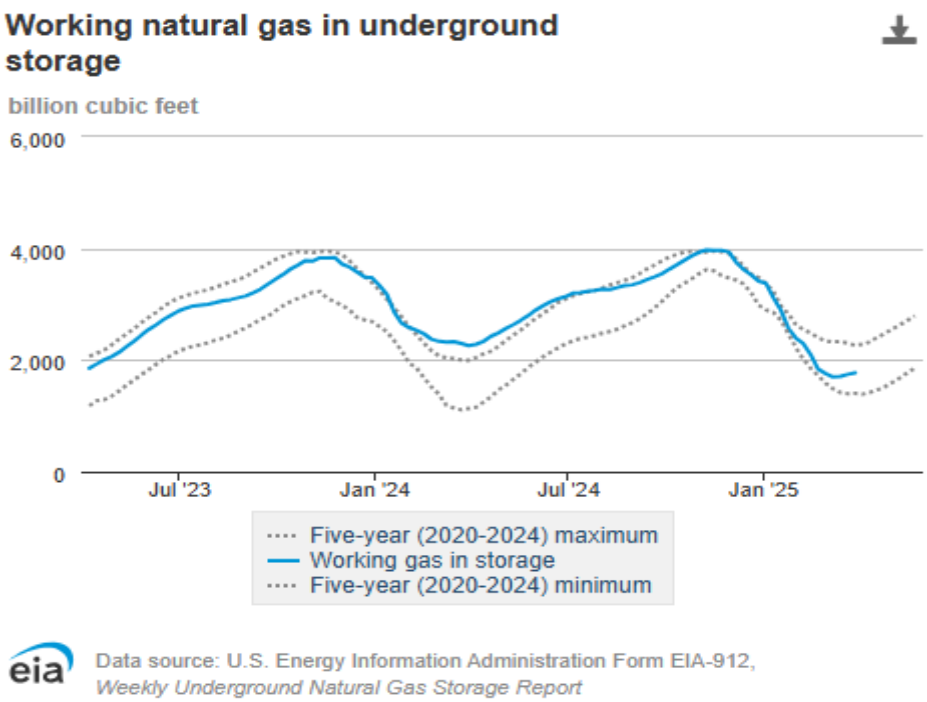
The US exported 11.9 bcf/d of LNG in 2024, remaining the world's largest LNG exporter (Figure 13). US LNG exports remained essentially flat from 2023 to 2024 because of several unplanned outages at existing LNG facilities, lower natural gas consumption in Europe, and very limited new LNG export capacity additions since 2022. In December 2024, Plaquemines LNG Phase 1 shipped its first export cargo, becoming the eighth US LNG export facility in service.

Figure 13: Monthly LNG Exports by Country (Source: EIA)



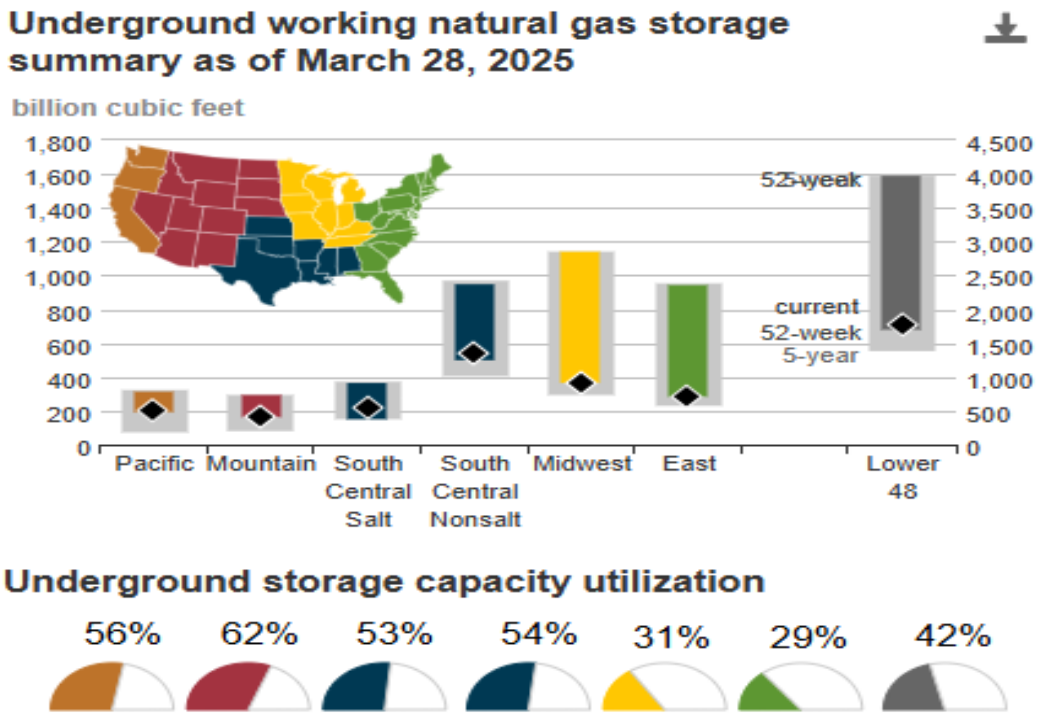
The week that ended on 28 March saw the start of the injection season with a 29 bcf addition to storage. This compares to the five-year (2020-2024) average net withdrawals of 13 bcf and last year's net withdrawals of 37 bcf during the same week. Working natural gas stocks totalled 1,773 bcf, which is 80 bcf (4%) lower than the five-year average and 491 bcf (22%) lower than last year at the same time (Figure 14).

Figure 14: Working Gas in Underground Storage (Source: EIA)



As of 28 March. underground working natural gas storage is at the low end of the 5-year range in the largest storage regions (South Central salt and non-salt, Midwest and East) (Figure 15).

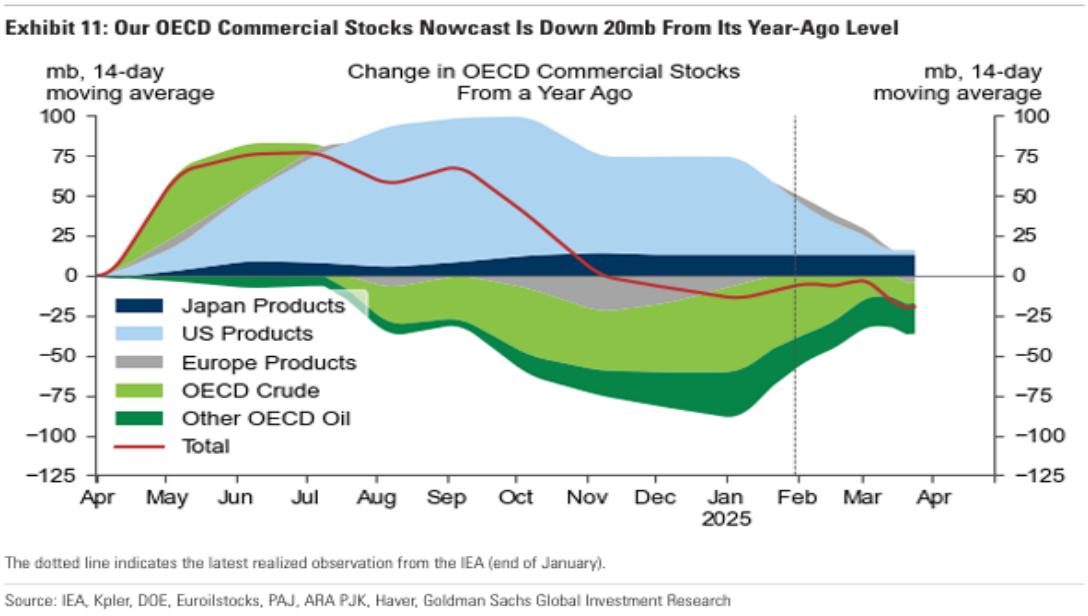
Figure 15: Henry Hub 2025 Prices (Source: EIA)



Oil Market

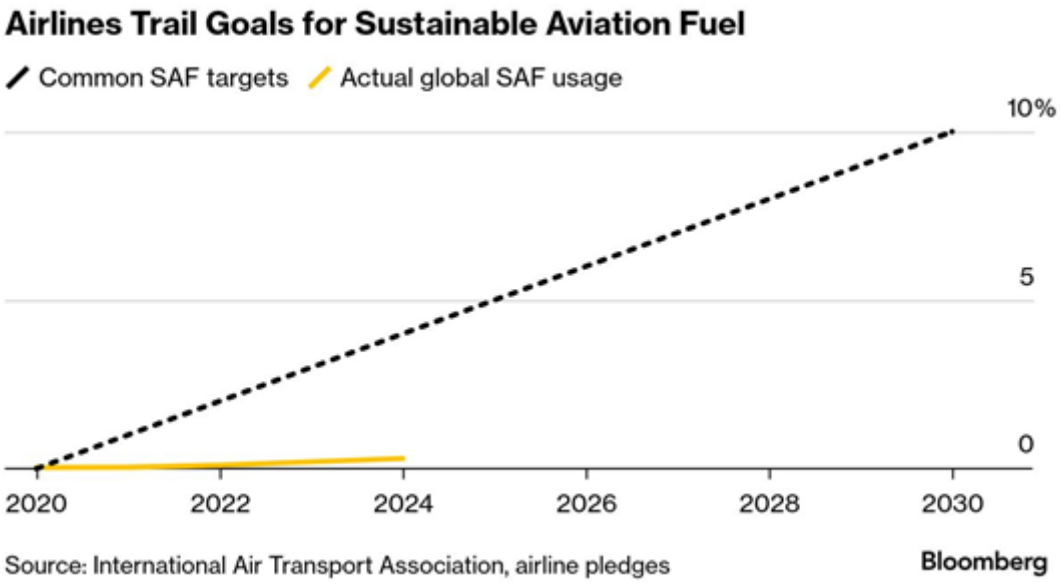
Downgrades to US GDP growth forecasts and the decision of OPEC+ group of countries (OPEC plus Russia) to proceed with flexible production increases have put pressure on oil prices. These forces were meaningfully amplified in April.
OECD commercial stocks have declined 20 mmbbl from this time last year (Figure 16) however trade dislocation and likely resulting global economic decline will be the primary driver for oil prices in the immediate future.

Figure 16: 12 Month Change in OECD Commercial Oil Stocks (Source: Various, via GS)



Transport will require oil for a very long time. One example, airlines are using far less sustainable jet fuel than expected, in 2024 sustainable jet fuel accounted for about 0.3% of total jet consumption (Figure 17). The path to promised 10% share for Sustainable Aviation Fuel (SAF) looks impossible to reach.

Figure 17: SAF Targets and Usage (Source: various, via Bloomberg)



Jet fuel demand has grown strongly since 2023 although forecasts for growth in summer travel this year are likely to be revised with fallout from US initiated international trade war (Figure 18).

Figure 18: Global and China Jet Fuel Demand (Source: various, via GS)

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Monthly Report

Gas and Oil Prices 1 April 2025

Historical WTI CMA Calendar Strips

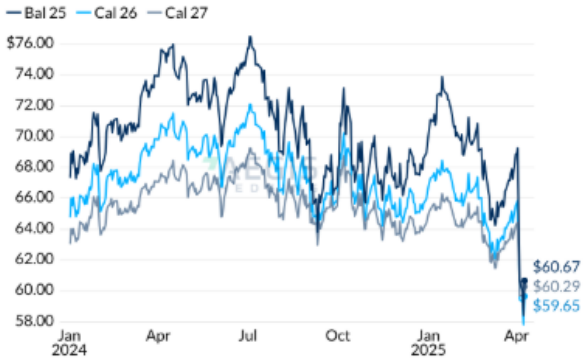

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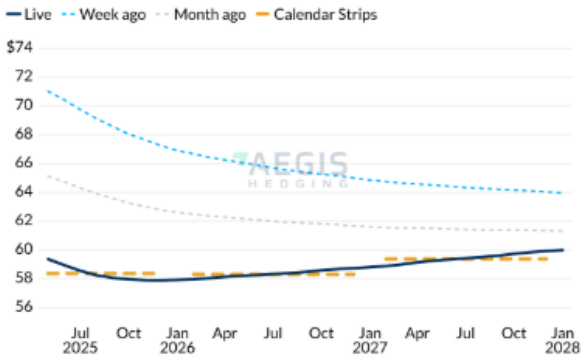
Chart: As of previous day settle

WTI CMA Calendar Strips



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Crude Oil Swap Pricing

	Bal 25	Cal 26
NYMEX WTI	$58.91	$58.46
LLS	$62.12	$62.12
Mars	$59.70	$59.13
Dubai	$62.95	$61.92
WCS-WTI	-$12.53	-$13.94
ICE Brent	$62.34	$62.19
Dated Brent	$62.94	$62.32
West TX Sour (WTS)	$58.90	$58.21

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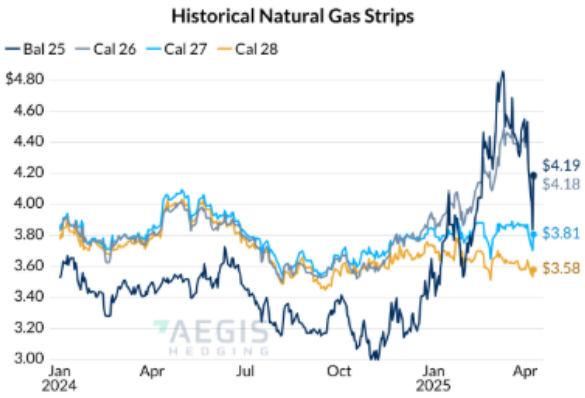
Historical Natural Gas Strips



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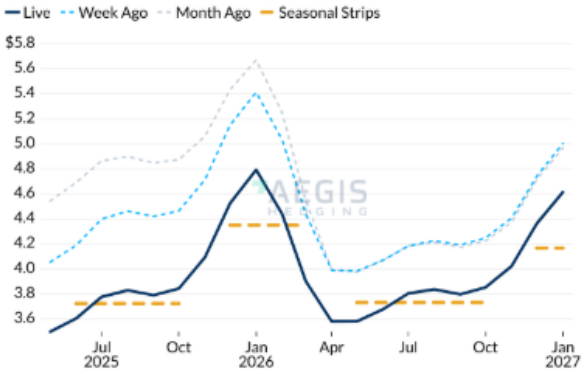
Henry Hub Seasonal Strips



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Natural Gas Basis Swap Pricing

	prompt	Bal' Summer 25	Winter 25/26	Summer 26	Winter 26/27
Henry Hub Fixed	$3.816	$4.045	$4.634	$3.922	$4.341
Panhandle East	-$0.758	$-0.708	$-0.151	$-0.655	$-0.118
Eastern Gas South	-$0.845	$-1.023	$-0.863	$-1.071	$-0.883
Waha	-$2.450	$-1.999	$-1.733	$-1.959	$-0.906
TETCO M3	-$0.758	$-0.879	$0.856	$-0.928	$1.059
Houston Ship Channel	-$0.430	$-0.380	$-0.313	$-0.345	$-0.256
Columbia Gulf Mainline	-$0.318	$-0.340	$-0.217	$-0.300	$-0.217

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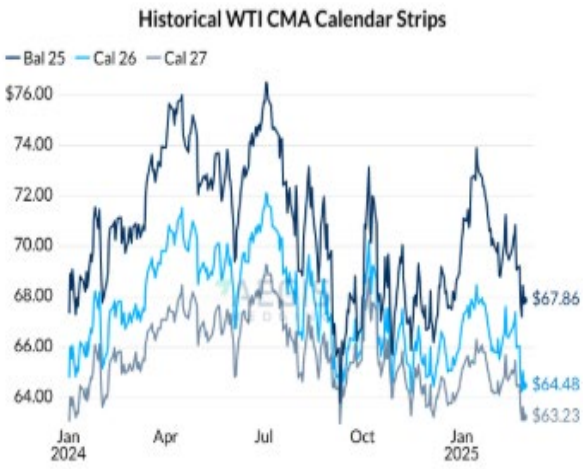
Gas and Oil Prices 3 March 2025



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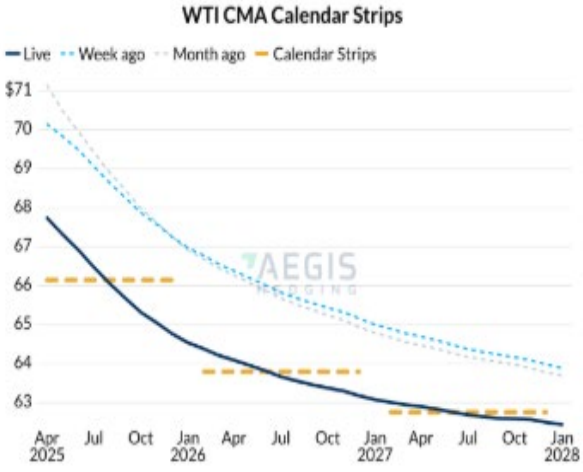

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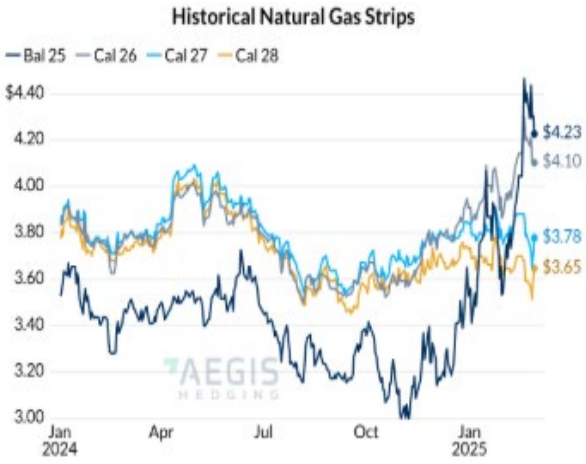
Crude Oil Swap Pricing

	Bal 25	Cal 26
NYMEX WTI	$66.31	$63.78
LLS	$69.54	$66.85
Mars	$67.96	$65.25
Dubai	$69.75	$67.11
WCS-WTI	-$13.44	-$13.76
ICE Brent	$69.60	$67.49
Dated Brent	$70.30	$67.72
West TX Sour (WTS)	$66.67	$63.75



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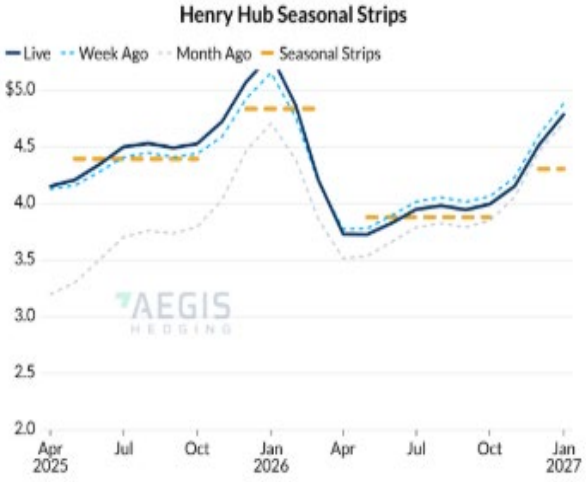

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Natural Gas Basis Swap Pricing

	prompt	Winter 25/26	Summer 25	Winter 26/27	Summer 26
Henry Hub Fixed	$3.834	$4.630	$4.104	4	3.825
Panhandle East	-$0.563	$-0.077	$-0.678	-0	-0.640
Eastern Gas South	-$0.410	$-0.797	$-0.915	-1	-1.078
Waha	-$3.028	$-2.294	$-3.099	-1	-2.985
TETCO M3	-$0.220	$0.951	$-0.764	1	-0.915
Houston Ship Channel	-$0.748	$-0.352	$-0.538	-0	-0.429

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