LONGREACH ENERGY

Quarterly Report

Longreach Energy Holdings LLC

June 2025

FIRM INFORMATION

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1.0 Market and Portfolio Commentary

1.1 Macro Industry Commentary

US Henry Hub prompt gas closed June flat at where it opened despite intra-month volatility driven by fears that conflict in the Middle East could disrupt movement of gas and oil through the Strait of Hormuz (Figure 1). The prompt was $3.45/mmbtu at close on 30 May and $3.46/mmbtu at close on 30 June. Calendar 2025 rose a little, beginning June at $3.76/mmbtu and ending at $3.82/mmbtu.

Over the quarter from 31 March to 30 June 2025 and 2026 prices fell while the back end of the forward curve rose as detailed in the table below.

Henry Hub Prices ($/mmbtu)	31/03/2025	30/06/2025	Change (%)
2025	$ 4.56	$ 3.82	-16%
2026	$ 4.43	$ 4.26	-4%
2027	$ 3.86	$ 3.98	3%
2028	$ 3.60	$ 3.82	6%

WTI saw greater volatility than did US natural gas. While fears of conflict escalation had eased by the end of June, oil prices still rose over the month. The prompt began June at $60.79/bbl and closed the month at $65.11/bbl. Calendar 2025 rose from $58.95/bbl to $62.96/bbl.

Over the full quarter oil prices fell, calendar 2025 was down 9% with declines reducing to 3% for 2028 and beyond.

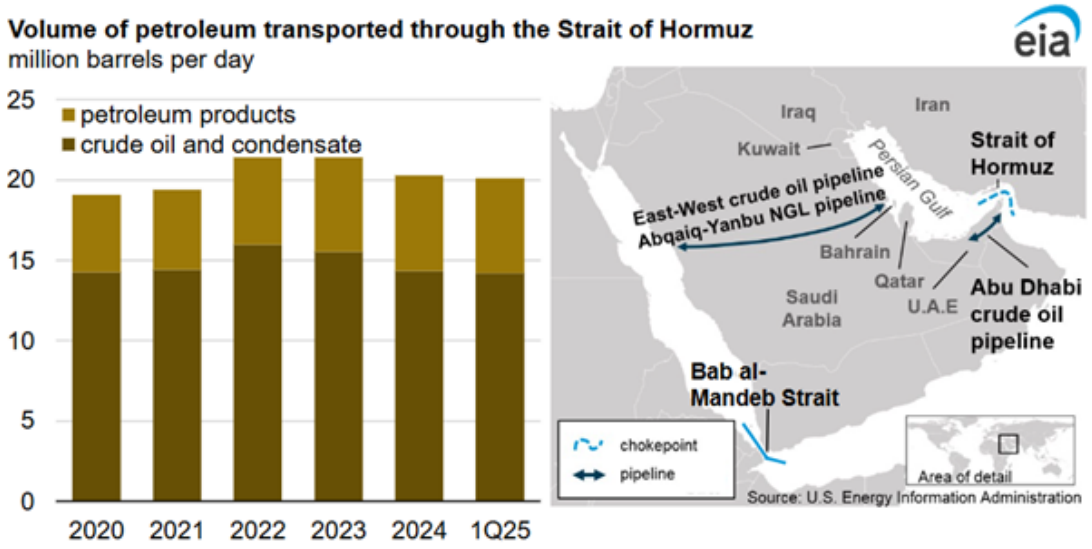
The Strait of Hormuz, located between Oman and Iran, connects the Persian Gulf with the Gulf of Oman and the Arabian Sea. Flows through the Strait of Hormuz in 2024 and the first quarter of 2025 made up more than 25% of global seaborne oil trade and about 20% of global LNG trade, the latter primarily from Qatar.

Figure 1: LNG Import and Export Terminals in the Persian Gulf (Source: EIA)

Data source: U.S. Energy Information Administration, World Bank, and Global Energy Monitor, *Global Gas Infrastructure Tracker*
Note: LNG=liquefied natural gas, FSRU=floating storage regasification unit

Most Middle Eastern oil production uses the Persian Gulf to get to market (Figure 2).

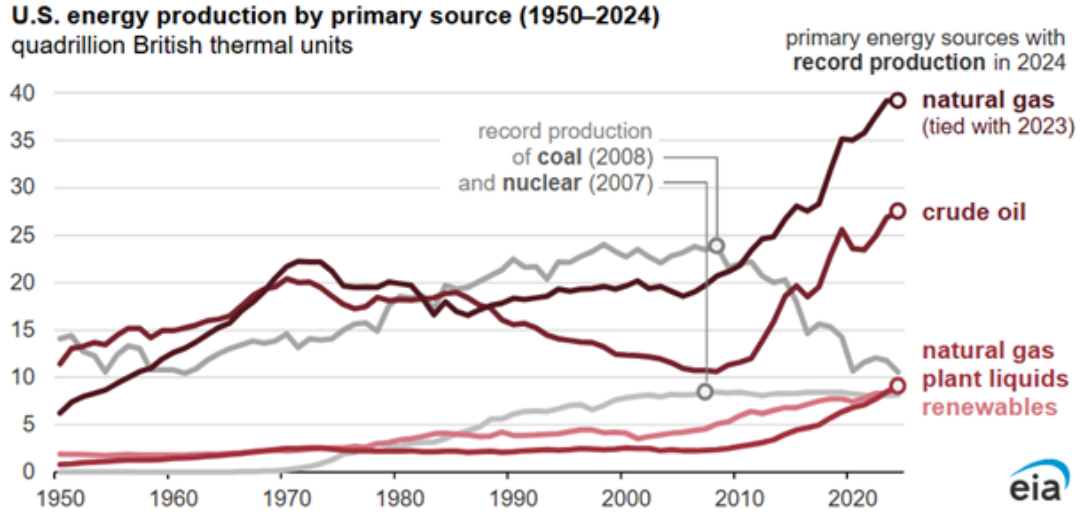
Figure 2: Volume of Oil Transport through the Strait of Hormuz (Source: EIA)



Data source: U.S. Energy Information Administration analysis based on Vortexa tanker tracking
Note: 1Q25=first quarter of 2025. figure data

According to the US Energy Information Administration (EIA), in 2024 the US produced a record amount of energy (Figure 3). Total US energy production was more than 103 quadrillion British Thermal Units (quads; 1 quad is 1015Btu; 1 quad/yr is about 33.43 gigawatts). This is a 1% increase from the previous record set in 2023.

Figure 3: US Energy Production by Primary Source (Source: EIA)

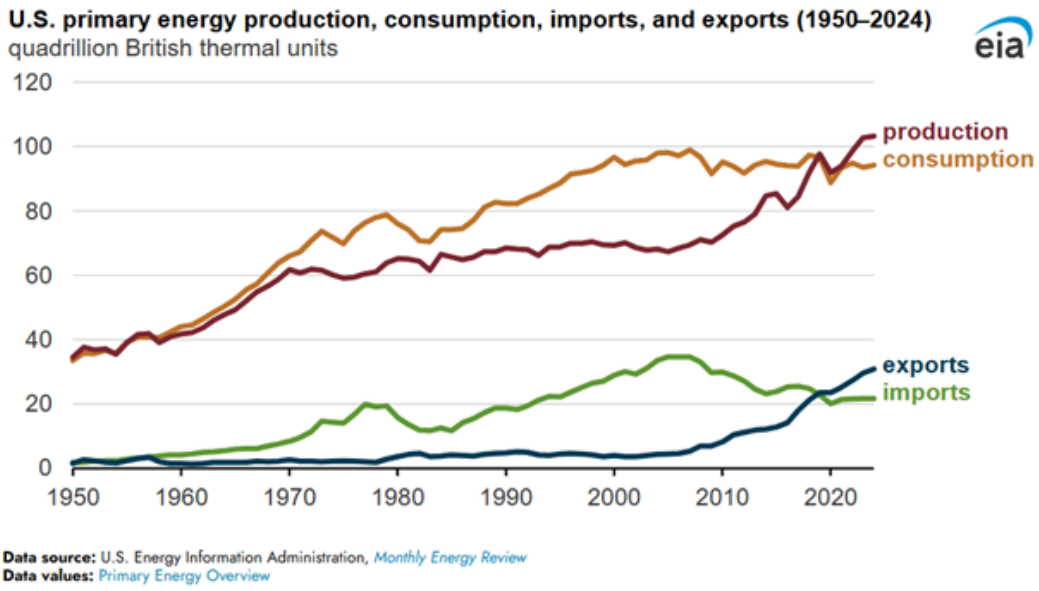


Data source: U.S. Energy Information Administration, *Monthly Energy Review*
Data values: Primary Energy Production by Source

Natural gas accounted for about 38% of US total energy production in 2024 and has been the largest source of US domestic energy production every year since 2011, when it surpassed coal.

The US continued to produce more energy than it consumed in 2024 (Figure 4). This surplus energy production helped energy exports grow to a record high 30.9 quads in 2024, up 4% from 2023.

Figure 4: US Primary Energy Production, Consumption, Imports and Exports (Source: EIA)



The latest Baker Hughes rig count data follows. In June US total land rigs fell by 19 from 543 to 524. Total oil rigs fell by 14 from 439 to 425, gas rigs fell by 5 from 113 to 108. Oil and gas rig totals include 13 offshore and 2 inland water rigs working in June. In response to strengthening gas prices and weaker oil, over the quarter from 1 April to 30 June working gas rigs rose from 96 to 108 while working oil rigs fell from 489 to 425.

Baker Hughes

NORTH AMERICA Rotary Rig Count

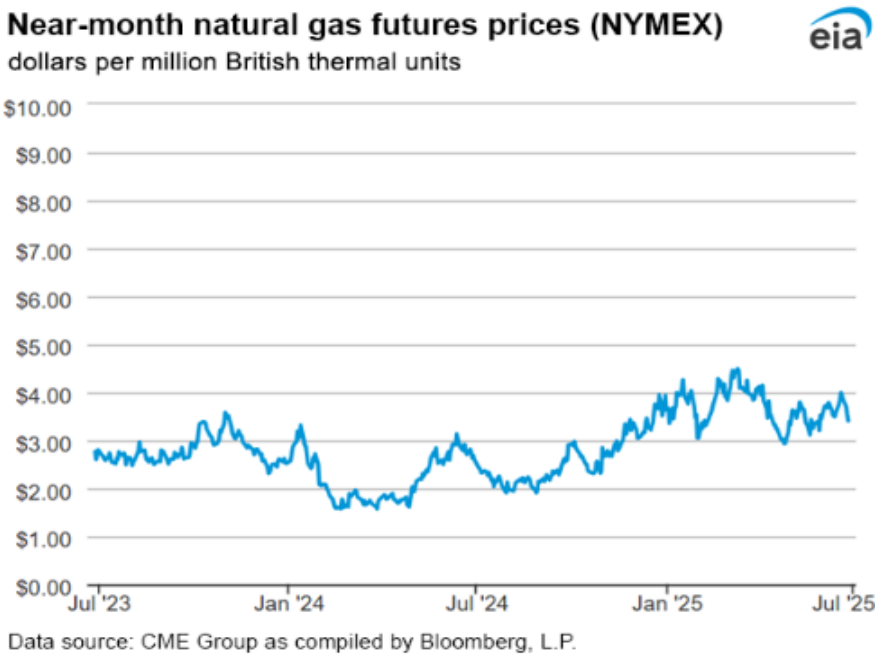
3/07/2025

Location	Week	+/-	Week	+/-	YearAgo
Inland Waters	2	0	2	2	0
Land	524	-9	533	-38	562
Offshore	13	1	12	-10	23
United States Total	**539**	**-8**	**547**	**-46**	**585**
Gulf of Mexico	**10**	**0**	**10**	**-11**	**21**
Canada	**151**	**11**	**140**	**-24**	**175**
North America	**690**	**3**	**687**	**-70**	**760**
U.S. Breakout Information	**This Week**	**+/-**	**Last Week**	**+/-**	**Year Ago**
Gas	108	-1	109	7	101
Oil	425	-7	432	-54	479
Miscellaneous	6	0	6	1	5
Directional	44	6	38	-6	50
Horizontal	480	-16	496	-37	517
Vertical	15	2	13	-3	18

Gas Market

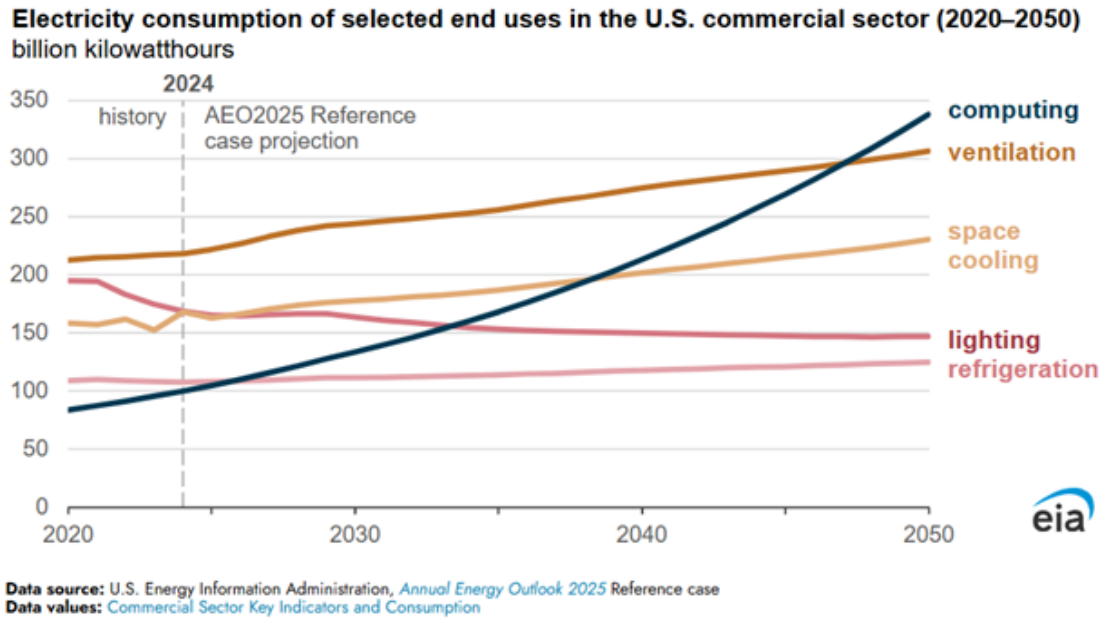
Over the course of June, Henry Hub prompt prices first increased in line with other global energy markets as conflict in the Middle East escalated, then returned to the level that they started the month as fears of supply disruption through the Strait of Hormuz eased (Figure 5). Prompt gas prices remain well up on this time last year.

Figure 5: Near Month Henry Hub Futures (Source: EIA)



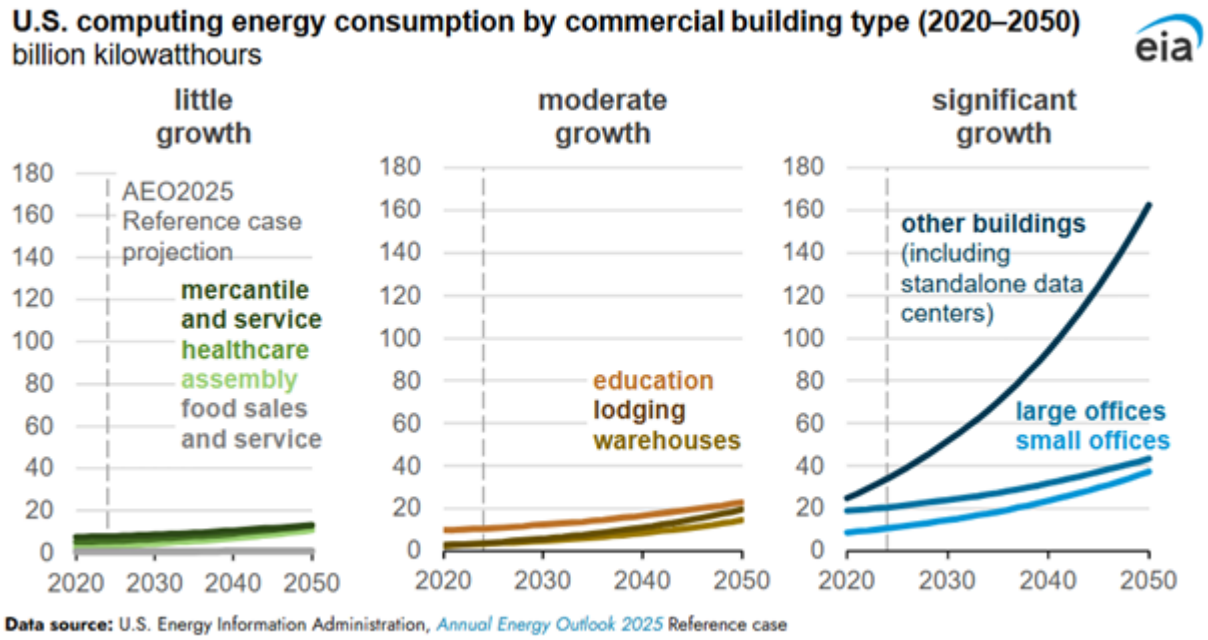
The commercial sector is an important source of US electricity demand. The EIA projects that electricity consumed for commercial computing will increase faster than any other end use in buildings over the next 25 years (Figure 6). Computing accounted for an estimated 8% of commercial sector electricity consumption in 2024 and is forecast to grow to 20% by 2050. By this date more electricity is expected to be consumed by computing than for any other end use in the commercial sector, including lighting, space cooling, and ventilation.

Figure 6: Commercial Sector Electricity Consumption (Source: EIA)



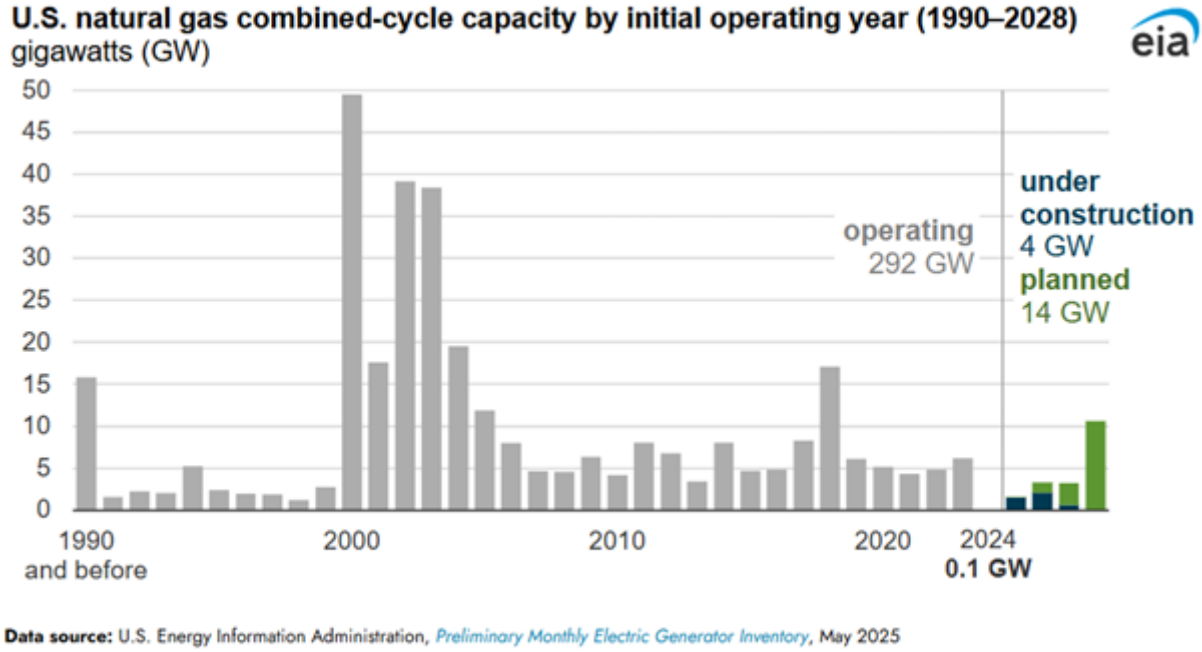
Computing growth in electricity demand is driven by data centres (Figure 7).

Figure 7: US Computing Energy Consumption (Source: EIA)



Developers plan to add 18.7 gigawatts (GW) of combined-cycle natural gas electricity generation capacity to the US grid by 2028, with 4.3 GW already under construction, according to data collected by the EIA (Figure 8).

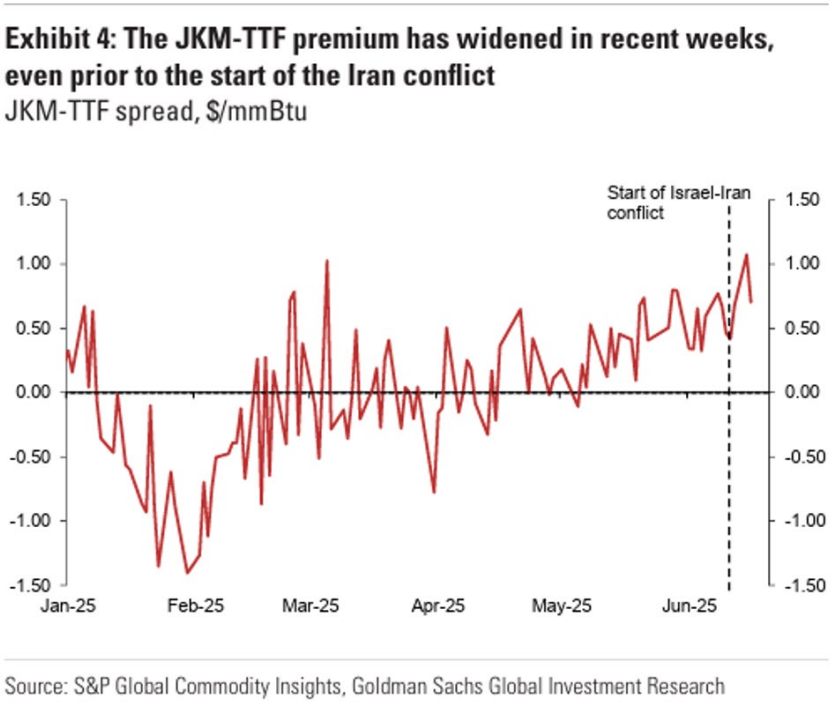
Figure 8: US Natural Gas Combined-Cycle Generation Capacity by Year of Initial Operation (Source: EIA)



Although electricity generators fuelled by natural gas have provided more electricity in the US than any other source since 2016, hardly any new natural gas capacity came online last year. New natural gas powered electricity generation will provide additional gas demand.

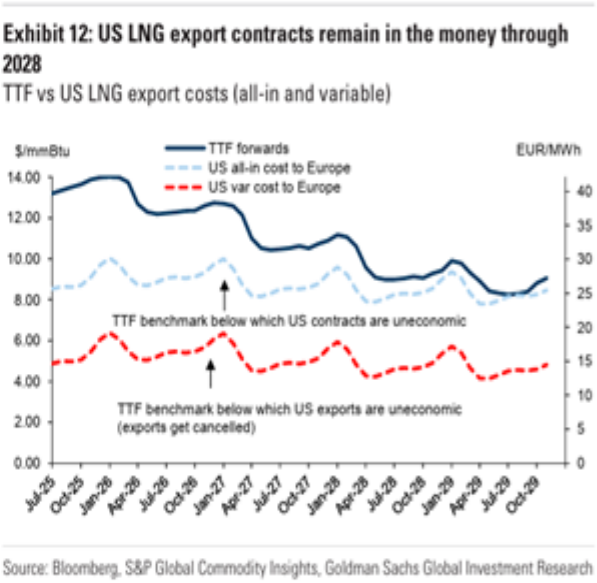
The price benchmark for LNG sold into Asia is the Japan-Korea Marker (JKM). The Title Transfer Facility (TTF) is the benchmark for LNG sold into Europe. The spread between JKM and TTF shows relative demand between these two largest global LNG markets. JKM has increased relative to TTF in recent weeks, the move pre-dating the Iran conflict following strong early summer demand in key Asian markets (Figure 9).

Figure 9: JKM – TTF Spread (Source: GS)



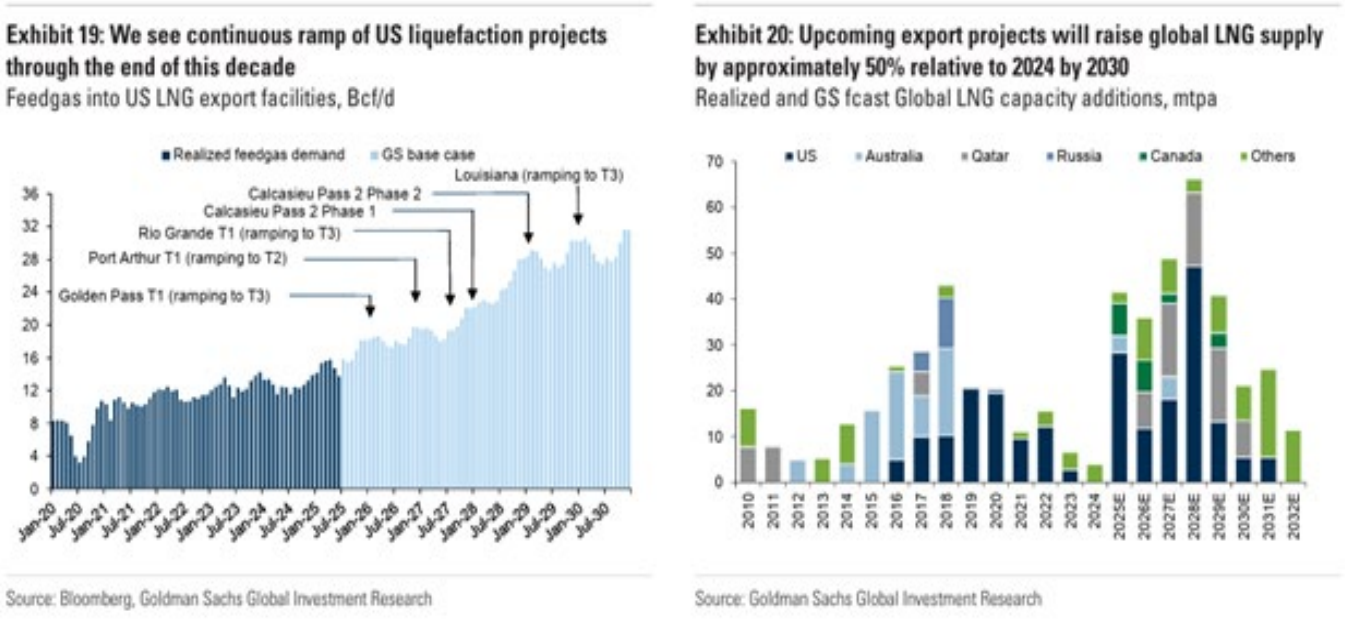
Goldman expects that strong Asian demand will keep JKM higher than TTF until the end of 2027 (LHS Figure 10). Current TTF and JKM forward prices have US LNG exports in the money through 2028 (RHS Figure 10). This provides incentive for US LNG exporters to maximise their purchases of US natural gas production to process for export.

Figure 10: JKM-TTF Forward and US LNG Export Costs (Source: various, via GS)



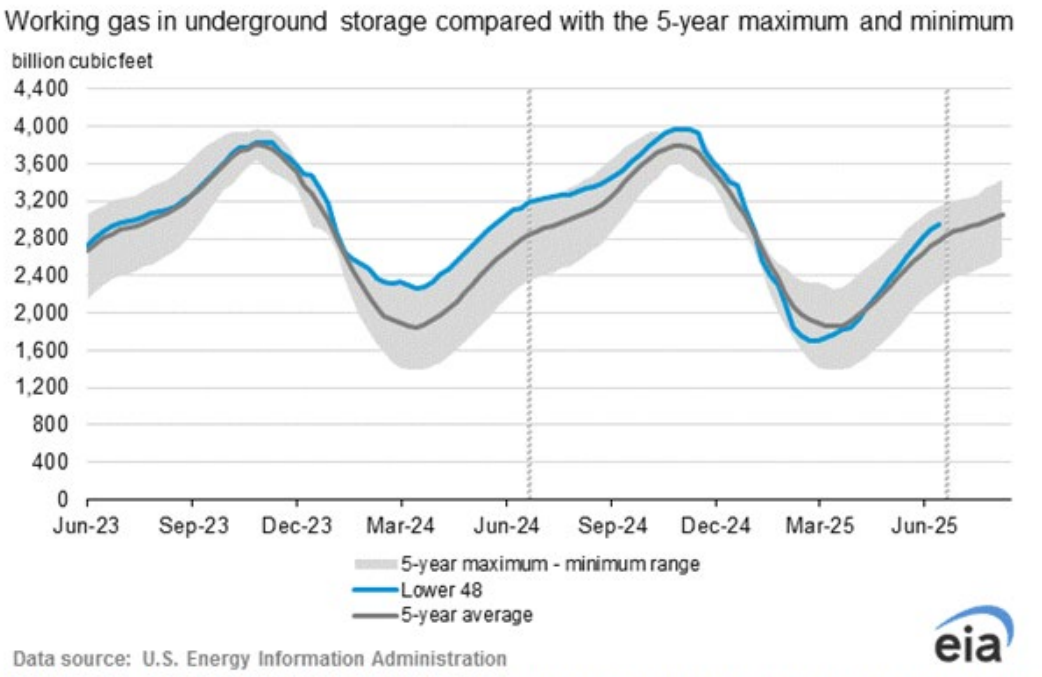
Goldman expects a continuous build-up of US liquefaction projects through the end of the decade (LHS Figure 11). By 2030 global LNG supply will be approximately 50% larger than in 2024 (RHS Figure 11).

Figure 11: US and Global LNG Supply (Source: various, via GS)



Working gas in storage was 2,953 bcf as of Friday 27 June, according to EIA estimates (Figure 12). This represents a net increase of 55 bcf from the previous week. Stocks were 176 bcf less than last year at this time and 173 bcf above the five-year average of 2,780 bcf. At 2,953 bcf, total working gas is within the five-year historical range.

Figure 12: US Working Natural Gas in Underground Storage (Source: EIA)



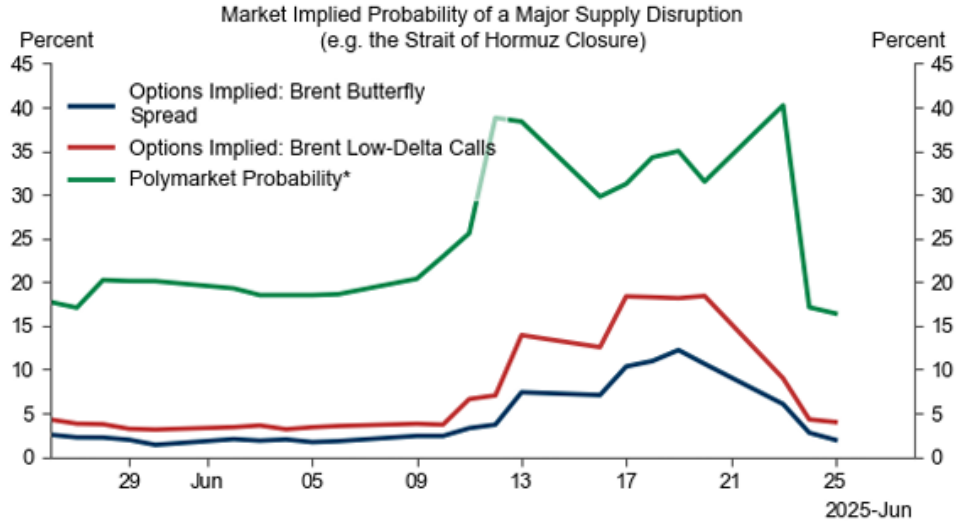
Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2020 through 2024. The dashed vertical lines indicate current and year-ago weekly periods.

Oil Market

Oil market options pricing and Polymarket probability show the fears that drove spike in oil prices, and their subsequent decline, during June (Figure 13).

Figure 13: Market Implied Probability of a Major Supply Disruption (Source: GS)

Option Markets Are Now Pricing Less Than 4% Probability of a Major Supply Disruption This Year



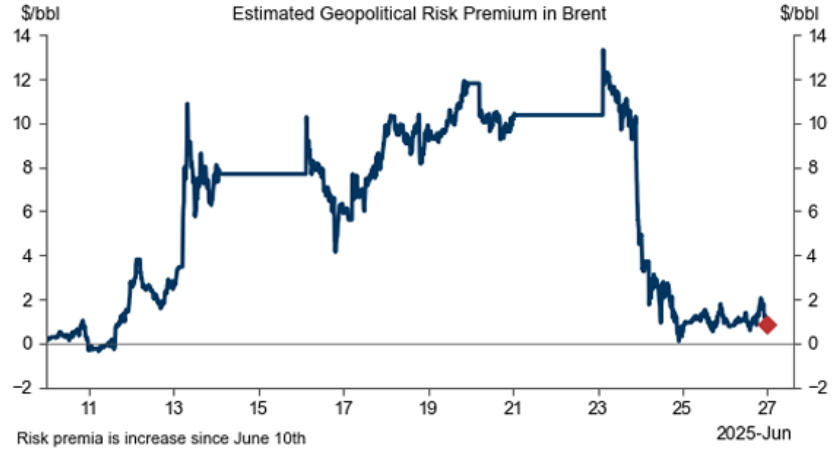
*We consider the Polymarket bet "Will Iran close the Strait of Hormuz in 2025?", which will resolve to "Yes" if Iran halts or severely restricts international maritime traffic through the Strait of Hormuz by December 31, 2025 as verified by official governmental information and a consensus of credible reporting. For the butterfly approach, we consider probability of December 2025 expiration prices exceeding $90/bbl. For the delta-approach, we consider deltas of December 2025 call options with strike price at $90/bbl.

Source: Polymarket, ICE, Goldman Sachs Global Investment Research

Brent oil peaked at $74/bbl in June though retreated to the high $60's after a muted Iran response to the US missile strike on Iranian nuclear facilities. The estimated geopolitical risk premium in the spot market fell to below $1/bbl after its peak near $15/bbl on the Sunday following the US attacks (Figure 14).

Figure 14: Estimated Geopolitical Risk Premium in Brent (Source: various, via GS)

Exhibit 1: The Estimated Geopolitical Risk Premium in Brent Spot Prices Has Fallen From a Peak Near $15 to Below $1

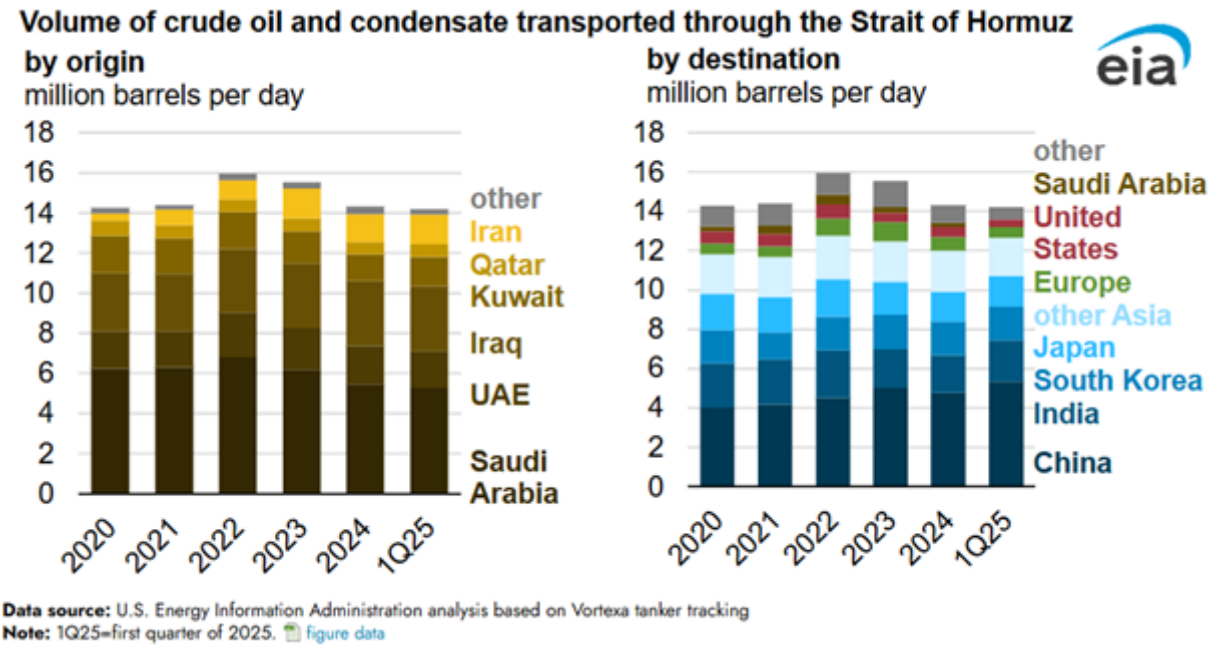


We define the risk premium as the increase in the oil price since it closed at $66.9/bbl on June 10. On June 11, President Trump said he was less confident about reaching a nuclear deal with Iran.

Source: ICE, Goldman Sachs Global Investment Research

China is the largest end destination for crude oil transported through the Strait of Hormuz and the largest buyer of Iranian oil production. The damage that would be done to China and other Asian economies from disruption to this flow, and the importance of Chinese support for Iran, is no doubt a significant factor in Iran's measured response to the conflict (Figure 15).

Figure 15: Origin and Destination of Crude Oil Transported through Strait of Hormuz (Source: EIA)



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Gas and Oil Prices 1 July 2025

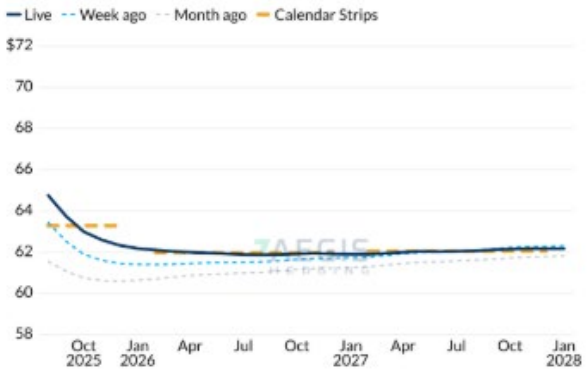
Historical WTI CMA Calendar Strips

Updated - 2025-07-04 08:50
Chart: As of previous day settle

Historical Natural Gas Strips

Updated - 2025-07-04 08:50
Chart: As of previous day settle

WTI CMA Calendar Strips



Updated - 2025-07-04 18:45

Henry Hub Seasonal Strips

Updated - 2025-07-04 18:45

Crude Oil Swap Pricing

	2025	2026	2027
NYMEX WTI	$63.84	$62.05	62
LLS	$66.59	$65.30	65
Mars	$64.43	$62.22	63
Dubai	$66.72	$65.11	65
WCS-WTI	-$12.71	-$13.48	-14
ICE Brent	$66.66	$65.55	66
Dated Brent	$67.60	$65.66	66
West TX Sour (WTS)	$63.57	$61.65	62

Updated - 2025-07-04 12:45

Natural Gas Basis Swap Pricing

	prompt	Bal' Summer 25	Winter 25/26	Summer 26	Winter 26/27
Henry Hub Fixed	$3.409	$3.457	$4.330	$3.983	$4.526
Panhandle East	-$0.533	$-0.585	$-0.098	$-0.618	$-0.115
Eastern Gas South	-$0.863	$-1.123	$-0.792	$-1.154	$-0.916
Waha	-$1.440	$-1.868	$-1.783	$-2.005	$-0.843
TETCO M3	-$0.685	$-0.979	$1.068	$-0.989	$1.057
Houston Ship Channel	-$0.385	$-0.414	$-0.299	$-0.364	$-0.213
Columbia Gulf Mainline	-$0.315	$-0.313	$-0.169	$-0.283	$-0.220

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Gas and Oil Prices 2 June 2025

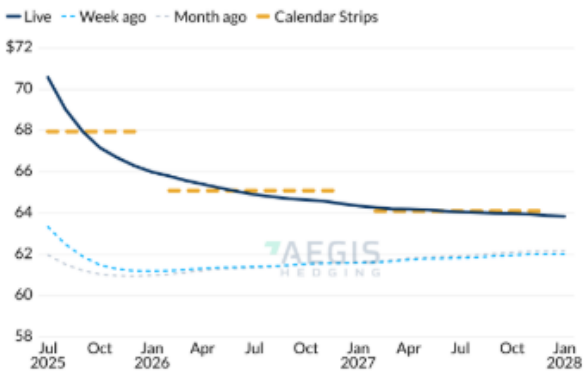
Historical WTI CMA Calendar Strips

Updated - 2025-06-16 08:00
Chart: As of previous day settle

Historical Natural Gas Strips

Updated - 2025-06-16 08:00

WTI CMA Calendar Strips



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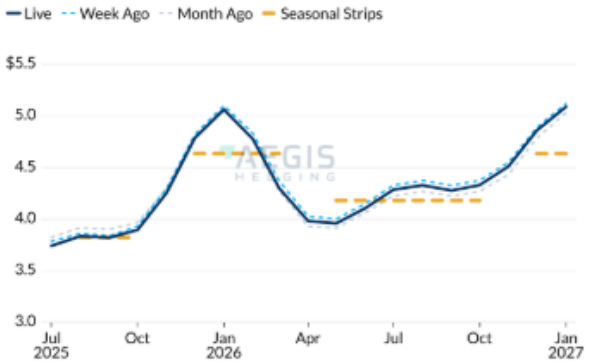
Henry Hub Seasonal Strips



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Crude Oil Swap Pricing

	2025	2026	2027
NYMEX WTI	$67.34	$64.18	64
LLS	$69.62	$67.68	67
Mars	$68.11	$64.50	64
Dubai	$69.50	$67.23	67
WCS-WTI	-$11.88	-$13.35	-14
ICE Brent	$70.13	$67.74	67
Dated Brent	$71.09	$67.94	68
West TX Sour (WTS)	$67.17	$63.83	63

Updated - 2025-06-16 12:45

Natural Gas Liquids

	Month 1	2025	2026
MBV x-TET C2	$0.230	$0.251	$0.290
MBV x-TET C3	$0.798	$0.803	$0.742

Natural Gas Basis Swap Pricing

	prompt	Bal' Summer 25	Winter 25/26	Summer 26	Winter 26/27
Henry Hub Fixed	$3.581	$3.673	$4.531	$4.130	$4.612
Panhandle East	-$0.693	$-0.745	$-0.141	$-0.660	$-0.125
Eastern Gas South	-$1.153	$-1.443	$-0.955	$-1.257	$-0.992
Waha	-$1.710	$-1.969	$-2.028	$-2.260	$-0.985
TETCO M3	-$0.920	$-1.266	$1.055	$-1.079	$1.011
Houston Ship Channel	-$0.400	$-0.441	$-0.328	$-0.394	$-0.226
Columbia Gulf Mainline	-$0.363	$-0.384	$-0.206	$-0.308	$-0.235
NGPL TXOK	-$0.438	$-0.514	$-0.374	$-0.403	$-0.297
SOCAL	-$0.210	$-0.285	$0.876	$0.092	$1.190
AECO	-$2.510	$-2.385	$-1.834	$-1.750	$-1.699
Chicago City-Gates	-$0.488	$-0.577	$0.168	$-0.463	$0.182

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