

# **Longreach Energy Investments LLC**

## **December 2018 Report**

### **Market and Portfolio Commentary**

#### **1.1 Macro Industry Commentary**

##### **General Market Commentary**

##### **Gas Market**

Winter gas futures prices fell from recent peaks with slightly warmer weather and presumably, some impact from general market nervousness. Beyond March 2019 Henry Hub futures prices have been stable.

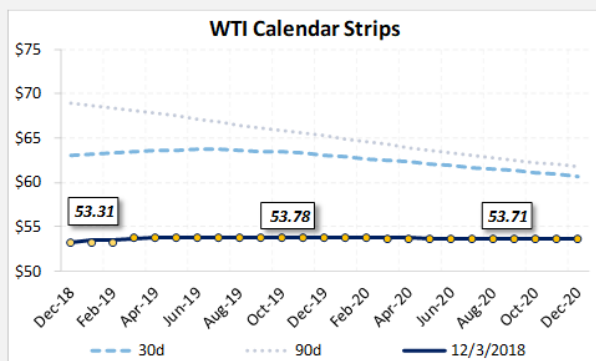
##### **Oil Market**

WTI oil prices declined over the course of the month and as at 2 January were under \$50/bbl until calendar 2022.

We are now starting to see oil and gas lending banks reduce price decks and debt availability as a result of recent price moves. This, together with lower vendor price expectations, should positively impact deal-flow into 1H2019.

Oil revenues for prospective new deals are being assessed at \$45/bbl and \$50/bbl flat. For modelling purposes long term gas price assumption remains \$2.75/mcf.

## Gas and Oil Prices 3 December 2018

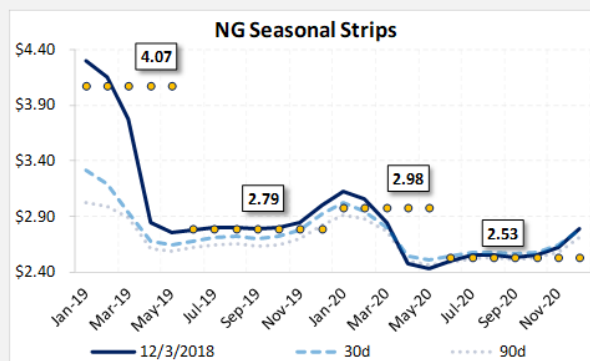


## Swap Pricing

		Bal 18	Cal 19	Cal 20	Cal 21
NYMEX WTI Crude	\$	53.31	\$ 53.78	\$ 53.71	\$ 53.45
ICE Brent Crude	\$	61.81	\$ 62.08	\$ 61.86	\$ 61.74
Louisiana Light Sweet	\$	59.87	\$ 59.01	\$ 57.88	\$ 56.85
TM Midland Differential	\$	(5.44)	\$ (6.09)	\$ (0.10)	\$ 0.60
NYMEX Natural Gas			\$ 3.13	\$ 2.68	\$ 2.65

Source: Bloomberg LP

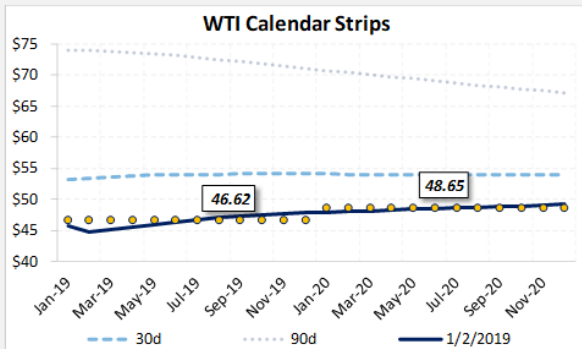
Note: Midland diff changed to TM computation Oct 1. All prices indicative only.



## Natural Gas Basis

Location		Today	Winter '18/'19	Summer '19
MichCon	\$	(0.13)	\$ 0.07	\$ (0.15)
TETCO M3	\$	(0.32)	\$ 2.37	\$ (0.42)
CIG	\$	(0.37)	\$ (0.44)	\$ (0.80)
Dominion S	\$	(0.42)	\$ (0.41)	\$ (0.56)
Waha	\$	(3.61)	\$ (2.79)	\$ (1.72)

## Gas and Oil Prices 2 January 2019

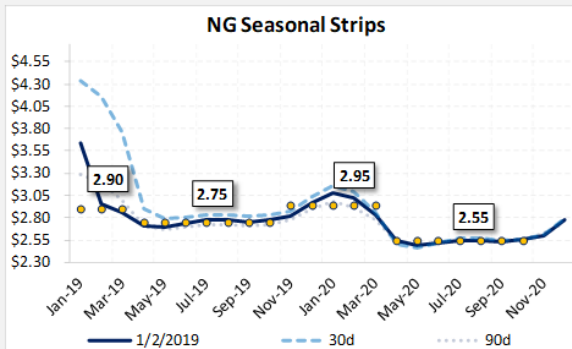


## Swap Pricing

		Bal 18	Cal 19	Cal 20	Cal 21
NYMEX WTI Crude	\$	45.81	\$ 46.62	\$ 48.65	\$ 49.81
ICE Brent Crude	\$	53.80	\$ 54.15	\$ 55.46	\$ 56.63
Louisiana Light Sweet	\$	52.11	\$ 51.22	\$ 52.35	\$ 53.03
TM Midland Differential	\$	(4.10)	\$ (0.08)	\$ 0.60	
NYMEX Natural Gas			\$ 2.80	\$ 2.68	\$ 2.61

Source: Bloomberg LP

Note: Midland diff changed to TM computation Oct 1. All prices indicative only.



## Natural Gas Basis

Location		Spot	Winter '18/'19	Summer '19	Winter '19/'20
Henry Hub Fixed	\$	3.19	\$ 2.89	\$ 2.72	\$ 2.93
CIG	\$	(0.13)	\$ (0.60)	\$ (0.81)	\$ (0.66)
MichCon	\$	(0.14)	\$ (0.15)	\$ (0.25)	\$ (0.18)
TETCO M3	\$	(0.16)	\$ 1.33	\$ (0.39)	\$ 1.15
Dominion S	\$	(0.38)	\$ (0.35)	\$ (0.51)	\$ (0.45)
NGPL	\$	(0.56)	\$ (0.70)	\$ (0.68)	\$ (0.51)
Waha	\$	(1.04)	\$ (1.80)	\$ (1.60)	\$ (0.91)

All prices as of close yesterday

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