



Monthly Guidance

Calendar Month: June 2020

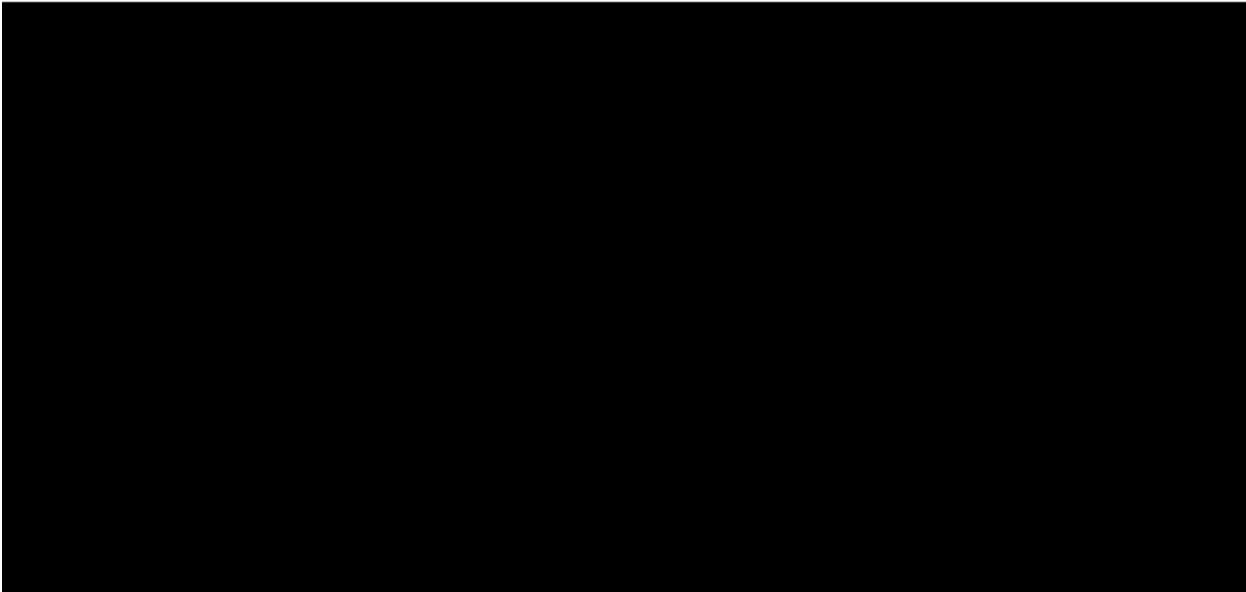
Date of Recommendation:

June 5, 2020

Volume to Add This Season*

	<i>Start %</i>	<i>Start (Dth)</i>	<i>End Target %</i>	<i>End Target (Dth)</i>
<i>Year 1</i>	<i>29%</i>	<i>10,110,000</i>	<i>50%</i>	<i>17,246,663</i>
<i>Year 2</i>	<i>16%</i>	<i>5,592,000</i>	<i>30%</i>	<i>10,497,557</i>
<i>Year 3</i>	<i>0%</i>	<i>0</i>	<i>10%</i>	<i>3,548,490</i>

*End of season target as approved by GSOC on 4/27/20. Following the April 1 rollover, the current hedge season ends on March 31, 2021. Year 1 is from 11/1/2020 to 10/31/2021, Year 2 is from 11/1/2021 to 10/31/2022, Year 3 is from 11/1/2022 to 10/31/2023. Percentages given are percent hedge over forecasted volume; this percentage may change as actual usage differs from forecasted usage.



Price Expectations and Basin Guidance:

Front month NYMEX natural gas prices have a bearish tilt going into June as cancelled US LNG cargoes reduce domestic demand and offset recent production decreases. However, a recent recovery in oil prices has reduced expectation of further, short-term associated gas production shut-ins and will begin to ease contango farther out on the forward curve. Continued market oversupply and a growing storage surplus are expected to provide favorable opportunities for Year 1 hedging later in the season. However, reduced drilling and long-term production declines still have bullish implications for Years 2 and 3. G&A recommends concentrating purchases (50-75%) at AECO where possible in first in second years, given current oversized premiums at Rockies and Sumas. Expectation are for basis winter premiums to weaken as delivery approaches.

Volume Justification:

Gelber recommends delaying some purchases in the coming winter (Year 1) until later in the season, when favorable opportunities are expected. Years 2 and 3 remain relatively attractive due to backwardation beyond Year 1, and G&A recommends continuing to hedge at ratable levels.

Date Justification: Price weakness is likely to persist early to mid-month and provide favorable hedging opportunities. Seasonal trends and rising summer temperatures may pressure prices higher as the month goes on.

Instrument Justification: Gelber recommends hedging with fixed-price physicals due to current flexibility over financial transactions at Northwest Basins.