

ENERGY INSIDER

PDA Investor News

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PENNECO
YOUR ENERGY EXPLORATION PARTNER

Pennsylvania Unclaimed Property

During 2014, 2015, and 2016, the PDA Partnerships were required to submit to the Pennsylvania Department of Revenue the face value of un-cashed PDA partnership checks. The number of checks involved and the value of the checks was substantial. You may have money on deposit with the Pennsylvania Department of Revenue, which you may claim by visiting: <http://www.patreasury.gov/Unclaimed/Search.html>.

Oil Hedges

Those PDA Partnerships, having August oil production, received \$6,343 from their hedging counterparties. Penneco hedged approximately 90% of its 2017 oil production at an average floor of \$50.00/BBL and an average ceiling of \$59.87/BBL. Any close below \$40.00/BBL would be priced at market plus \$10.00/BBL. This is called a 3-way producer collar. As always, Penneco will monitor the crude oil futures market for hedging opportunities at attractive prices.

Natural Gas & Oil Prices

	August Prod. Month	October Prices
PDA Average Natural Gas Price/MCF (1)	\$ 2.39	
Dominion Transmission (DTI) Appalachian Index	\$ 1.82	\$ 1.16
NYMEX Natural Gas/MCF*	\$ 3.12	\$ 3.12
PDA Average Net Oil Price/ BBL	\$46.93	

(1) Net of third party transportation, compression, line loss, etc.

*As of the 1st of the month

Hedges are currently based on the monthly NYMEX Natural Gas Futures Price and the monthly NYMEX WTI Crude Oil Futures Price

Natural Gas Exports Could Add \$73B to U.S. Economy

Higher natural gas exports from the U.S. in the years to 2040 could add between US \$50 billion and US \$73 billion to the economy and create 220,000-452,000 new jobs, ICF said in a press release from the American Petroleum Institute. The authors of the report, titled Impact of LNG Exports on the U.S. Economy: A Brief Update, note that its purpose was to check whether there is really a cause for worry that raising LNG exports would lead to higher natural gas prices at home as well as other, related negative consequences. The report is a revision of an earlier one compiled in 2013, and the revision suggests the situation in U.S. natural gas has changed for the better. First, there is a greater resource base thanks to tech advances in production. Today, ICF says, the Lower 48 and Canada can produce 1,798 trillion cu ft of gas at US \$5 per mmBtu in 2016 dollars. This compares with 1,250 trillion cu ft for the same price four years ago. Regarding the global natural gas market, the study suggests that the market for U.S. LNG exports has grown substantially since 2013 and now the country can export between 8 and 24 billion daily versus earlier projections of 4-16 billion cu ft daily. The reason the U.S. can export more, besides ample supply, is also lower cost. In 2013, ICF projected that if exports rise, natural gas prices will increase by US \$0.11-0.12 per mmBtu. Now, the market researcher says the price increase will be in the range of US \$0.05-0.06 per mmBtu.

Source: OilPrice.com

Natural Gas Market

The DTI Appalachian Index price for October was \$1.16/MCF. The volume of natural gas in storage, at the beginning of October, was 3,595 billion cubic feet (BCF) which was 153 BCF less than the same time in 2016. Penneco will monitor the gas market for opportunities to hedge future gas production at attractive prices. August PDA gas hedges resulted in a gain of \$91,986 to the PDA Partnerships.

The U.S. RIG COUNT on October 6, 2017 was 935 with 748 drilling for oil and 187 drilling for natural gas. The Pennsylvania gas rig count is 31, down 85, from the high of 116 reached in February of 2012. The total U.S. oil rig count is 748 up by 320 since last year at this time. Source: Baker Hughes

This document is intended solely for existing investors in PDA Partnerships and their legal, business, financial and tax advisors and any distribution or use for any other purpose is unauthorized.

Please call Amy Turowski for any questions you have relative to your cash distribution. If you have changed your address or desire an account change, please email changes to donnam@penneco.com, or fax to Donna Musser at 724-468-8230. Our National toll free number is 1-800-242-1241.



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