

ENERGY INSIDER

PDA Investor News

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PENNECO
YOUR ENERGY EXPLORATION PARTNER

Pennsylvania Unclaimed Property

During 2014, 2015, 2016, 2017 and 2018 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: <https://www.patreasury.gov/Unclaimed-property/>

Oil Hedges

There were hedge payments to our counter parties in the amount of \$27,242 from those PDA Partnerships having September oil production. Penneco has hedged approximately 50% of its oil production for the second half of 2018 at an average price of \$54.31/bbl and 36% of its 2019 oil production with a 3-way collar of \$65/\$72/\$80.50. Below \$65 we receive market plus \$7, between \$65 and \$72 we receive \$72, between \$72 and \$80.50 we receive market and above \$80.50 we receive \$80.50. As always, Penneco will monitor the crude oil futures market for hedging opportunities at attractive prices.

Natural Gas & Oil Prices

	September Prod. Month	November Prices
PDA Average Natural Gas Price/MCF (1)	\$ 2.36	
Dominion Transmission (DTI) Appalachian Index/MCF	\$ 2.60	\$ 2.91
NYMEX Natural Gas/MCF*	\$ 3.04	\$ 3.34
PDA Average Net Oil Price/ BBL	\$56.44	

(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

U.S. Could Become Single Largest Oil, Gas Producer: IEA

The United States will be the biggest contributor to global oil production growth in the period to 2040, accounting for 75% of the total, the International Energy Agency said in its latest World Energy Outlook, adding, however, that this would require a lot more investments than what is currently being made in production expansion. "Without such a pick-up in investment, U.S. shale production, which has already been expanding at record pace, would have to add more than 10 million barrels a day from today to 2025, the equivalent of adding another Russia to global supply in seven years - which would be a historically unprecedented feat," the report said. The production expansion itself will be motivated by growth in consumption, driven by petrochemicals and fuel demand from the trucking and aviation industries, the IEA said. The new investments, the authority explained, would have to go into new conventional production. In fact, approvals of conventional field development need to double if the U.S. is to boost its production as much as the IEA forecasts it could. The authority also acknowledged the dramatic effect that the shale revolution has had and continues to have on the global oil industry, leading to shifts in policies and strategies from other producers. "The shale revolution continues to shake up oil and gas supply, enabling the U.S. to pull away from the rest of the field as the world's largest oil and gas producer," it said. "By 2025, nearly every fifth barrel of oil and every fourth cubic meter of gas in the world will come from the U.S." This means by 2025 U.S. shale oil production should rise more than twofold to 9.2 million bpd. This rise will be short-lived, as already noted by other forecasts for the oil industry, with production plateauing in the mid-2020s and afterwards beginning to decline in the 2030s, the IEA also said in its World Energy Outlook.

Source: OilPrice.com

Natural Gas Market

The DTI Appalachian Index price for November was \$2.91/MCF. The volume of natural gas in storage, at the beginning of November, was 3,208 billion cubic feet (BCF) which was 580 BCF less than the same time in 2017. Penneco will monitor the gas market for opportunities to hedge future gas production at attractive prices. September PDA gas hedges resulted in a payment of \$11,271 to our counter parties.

The U.S. RIGCOUNT on November 2, 2018, was 1,067 with 874 drilling for oil and 193 drilling for natural gas. The Pennsylvania gas rig count is 43, down 73, from the high of 116 reached in February of 2012. The total U.S. oil rig count is 874 up by 145 since last year at this time. Source: BakerHughes

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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