

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 from our counter parties in the amount of \$7,118 to those PDA Partnerships having August oil production. For 2019 Penneco has hedged 42% of its 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. Penneco has also hedged 42% of its 2019 oil production with a 2-way collar of \$50/bbl for a floor and \$60.20/bbl for a ceiling. For 2020, Penneco has hedged 42% of its oil production with a 3-way collar of \$40/\$50/\$65. A monthly closing price below \$40 we receive the market price plus \$10, between \$40 and \$50 we receive \$50, between \$50 and \$65 we receive the market price and above \$65 we receive \$65. 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)	\$ 1.91	
Dominion Transmission (DTI) Appalachian Index/MCF	\$1.89	\$ 1.42
NYMEX Natural Gas/MCF*	\$ 2.25	\$ 2.55
PDA Average Net Oil Price/ BBL	\$54.03	

(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. Natural Gas Reserves Continue to Soar

“Watching our estimates for the Marcellus rise from 2 trillion, to 84 trillion, to 97 trillion in under 20 years demonstrates the effects American ingenuity and new technology can have,” USGS director Jim Reilly, October 3, 2019. Ever since the U.S. shale revolution took flight in 2008, it’s been a consistent theme: not just rising natural gas production but also rising proven natural gas reserves. In fact, over the past decade, the U.S. Department of Energy reports that our proven gas reserves have ballooned nearly 85% to almost 450 trillion cubic feet (Tcf). It’s all turned the previous pre-shale notion that reserves were dwindling and production was in permanent decline on its head. Not even the industry itself ever envisioned how fast our natural gas business would be transformed, thanks to shale. ExxonMobil CEO Lee Raymond infamously stated in 2005: “Gas production has peaked in North America.” Not quite good sir: led by shale, North American output is up 50% since then to past 105 Bcf/d, or some 30% of the global total. What’s even more amazing is that this boom in gas production and reserves has happened under a low-price environment, which typically work to hamper both. In other words, we have even more natural gas than advertised.

Read full article at:

<https://www.forbes.com/sites/judeclemente/2019/10/06/u-s-natural-gas-reserves-continue-to-soar/#220066441b13>

Source: Forbes.com

Natural Gas Market

The DTI Appalachian Index price for October was \$1.42/MCF. The volume of natural gas in storage, at the beginning of October, was 3,415 billion cubic feet (BCF) which was 472 BCF more than the same time in 2018. Penneco will monitor the gas market for opportunities to hedge future gas production at attractive prices. August PDA gas hedges resulted in a payment of \$30,235 from our counter parties.

The U.S. RIG COUNT on October 4, 2019, was 854 with 710 drilling for oil and 144 drilling for natural gas. The Pennsylvania gas rig count is 36, down 80, from the high of 116 reached in February of 2012. The total U.S. oil rig count is 710 down by 151 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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