

ENERGY INSIDER

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PENNECO

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Pennsylvania Unclaimed Property

During 2014, 2015, 2016, 2017, 2018 and 2019 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 \$16,406 to those PDA Partnerships having May oil production. 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

	May Prod. Month	July Prices
PDA Average Natural Gas Price/MCF (1)	\$1.14	
Dominion Transmission (DTI) Appalachian Index/MCF	\$1.52	\$1.22
NYMEX Natural Gas/MCF*	\$1.88	\$1.57
PDA Average Net Oil Price/ BBL	\$41.59	

(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

Oil Demand to Return to Pre-Pandemic Levels by 2022, Goldman says, but Unlikely to Peak this Decade

In a research note published July 2nd, analysts at the U.S. investment bank estimated global oil demand would decline by 8% in 2020, rebound by 6% in 2021 and “fully recover” to pre-coronavirus levels by 2022. Gasoline was thought to stage the fastest demand recovery among oil products as a result of a pick-up in broader commuting activity, a shift from public to private transportation for commuting, and a higher use of cars to substitute air travel for domestic tourism - particularly in the U.S., Europe and China. Diesel demand was forecast to recover to 2019 levels by 2021, boosted by government-led spending on infrastructure projects. However, Goldman Sachs warned jet fuel demand had been the “biggest loser” from the coronavirus crisis, with consumer confidence on flying set to stay low in the absence of a vaccine and consumer behavior potentially set to change over the long term. Consequently, the U.S. bank does not expect jet fuel demand to return to pre-Covid-19 levels at least before 2023. The forecast comes after oil prices staged a dramatic recovery in the three months through to June, notching their best quarterly performance in 30 years. International benchmark Brent crude futures traded at \$42.75 a barrel on July 2nd, up around 1.7% for the session, while U.S. West Texas Intermediate futures stood at \$40.43, around 1.5% higher. Brent and WTI futures skyrocketed more than 80% and 91%, respectively, during the 2nd quarter but both benchmarks remain in bear market territory, each down more the 1/3 since the start of the year. Crude futures plummeted to record lows in April, with the U.S. WTI contract falling into negative territory for the first time in history as coronavirus lockdown restrictions reached their peak. Read the full article at <https://www.oilandgas360.com/oil-demand-to-return-to-pre-pandemic-levels-by-2022-goldman-says-but-unlikely-to-peak-this-decade/>

Source: [OilandGas360.com](https://www.oilandgas360.com)

Natural Gas Market

The DTI Appalachian Index price for July was \$1.22/MCF. The volume of natural gas in storage, at the end of June, was 3,077 billion cubic feet (BCF) which was 712 BCF more than the same time in 2019. Penneco will monitor the gas market for opportunities to hedge future gas production at attractive prices. May PDA gas hedges resulted in a payment of \$4,667 to our counter parties.

The U.S. RIG COUNT on June 26, 2020, was 263 with 188 drilling for oil and 75 drilling for natural gas. The Pennsylvania gas rig count is 22, down 94, from the high of 116 reached in February of 2012. The total U.S. oil rig count is 188 down by 605 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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