LONGREACH ENERGY

Monthly Report

December 2024

Longreach Energy Holdings LLC

FIRM INFORMATION

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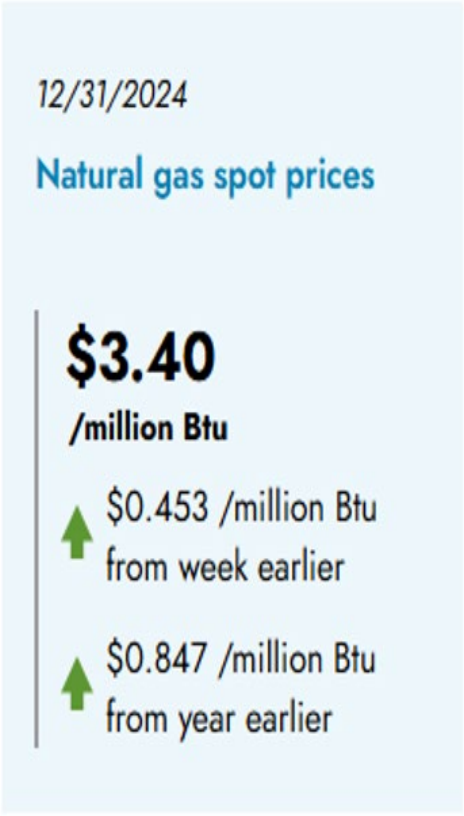
1.0 Market and Portfolio Commentary

1.1 Macro Industry Commentary

US Henry Hub prompt gas prices rose in December with forecasts of continued cold in January increasing natural gas demand for heating. Month on more the prompt rose from $3.36/mmbtu at close on 29 November to $3.63/mmbtu at close on 31 December. Calendar 2025 also rose, beginning December at $3.33/mmbtu and closing at $3.55/mmbtu.

Oil prices rose on expectations that the incoming Trump administration will increase sanctions on both Iranian and Russian oil production. The prompt began December at $68.00/bbl and closed the month at $71.72/bbl. Calendar 2025 increased from $66.76/bbl to 69.69/bbl.

As shown in the table below, the Henry Hub natural gas price at close on 31 Dec 2025 was $0.85/mmbtu (33.2%) higher than 31 Dec 2024 while Brent oil was down $3.92 (5.6%) over the same period.



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The latest Baker Hughes rig count data follows. In December US total land rigs fell by 4 from 572 to 568. Total oil rigs fell by 2 from 482 to 480, gas rigs fell by 2 to 100. Oil and gas rig totals include 14 offshore rigs working in December.

Baker Hughes

NORTH AMERICA Rotary Rig Count

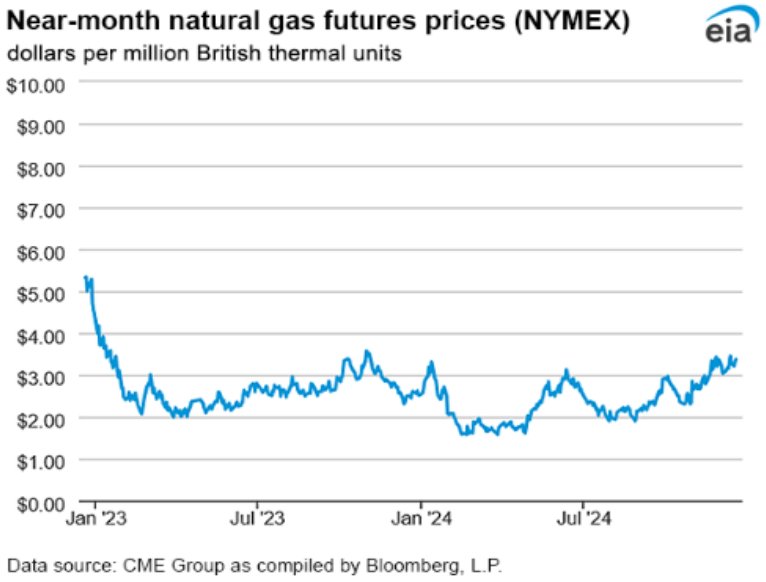
10/01/2025

Location	Week	+/-	Week	+/-	YearAgo
Inland Waters	2	0	2	2	0
Land	568	-5	573	-31	599
Offshore	14	0	14	-6	20
United States Total	**584**	**-5**	**589**	**-35**	**619**
Gulf of Mexico	**12**	**0**	**12**	**-6**	**18**
Canada	**216**	**122**	**94**	**3**	**213**
North America	**800**	**117**	**683**	**-32**	**832**
U.S. Breakout Information	**This Week**	**+/-**	**Last Week**	**+/-**	**Year Ago**
Gas	100	-3	103	-17	117
Oil	480	-2	482	-19	499
Miscellaneous	4	0	4	1	3
Directional	49	0	49	1	48
Horizontal	522	-5	527	-39	561
Vertical	13	0	13	3	10

Gas Market

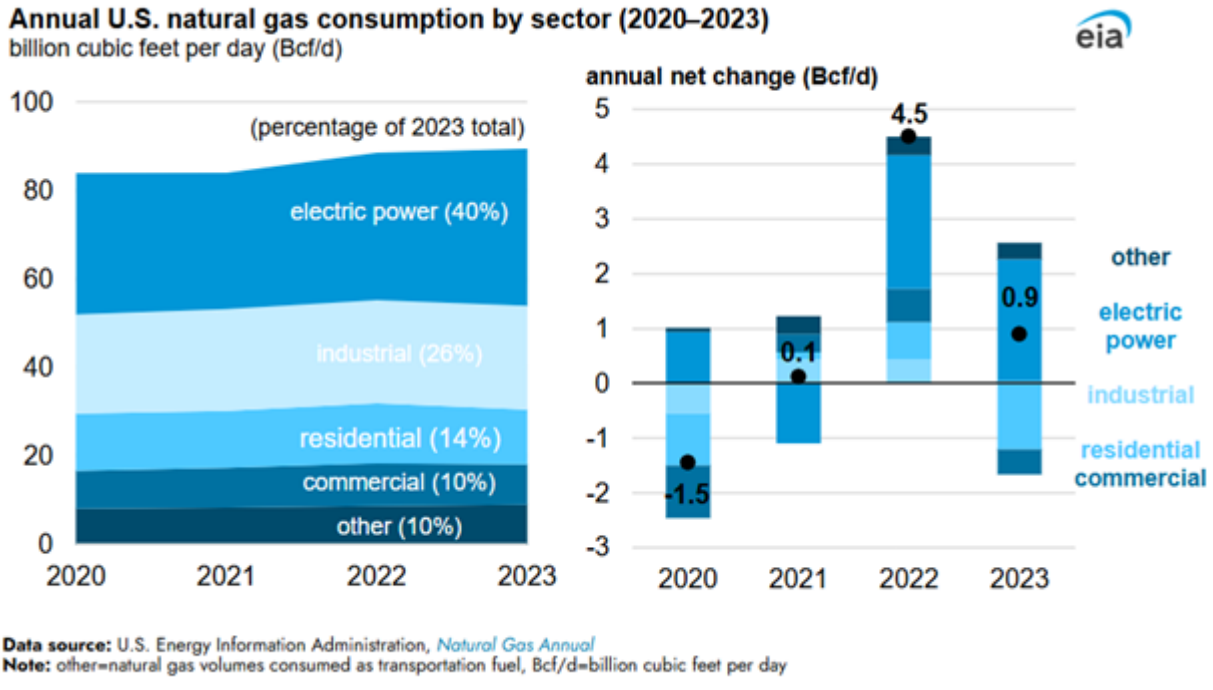
Henry Hub prompt prices traded in the range from $3.00 to $3.50/mmbtu during December (Figure 1).

Figure 1: Near Month Henry Hub Futures (Source: EIA)



US natural gas consumption (excluding demand from exports to Mexico and via LNG) grew by 1% to reach a new annual high of 89.4 bcf/d in 2023 according to the EIA and continued growing in the first nine months of 2024 (Figure 2). The 1% increase in natural gas consumption in 2023 was driven by a 6.7% (2.2bcf/d) increase in consumption in the electric power sector, the largest natural gas consuming sector. US consumption of natural gas for power generation averaged 35.4 bcf/d, 40% of domestic demand.

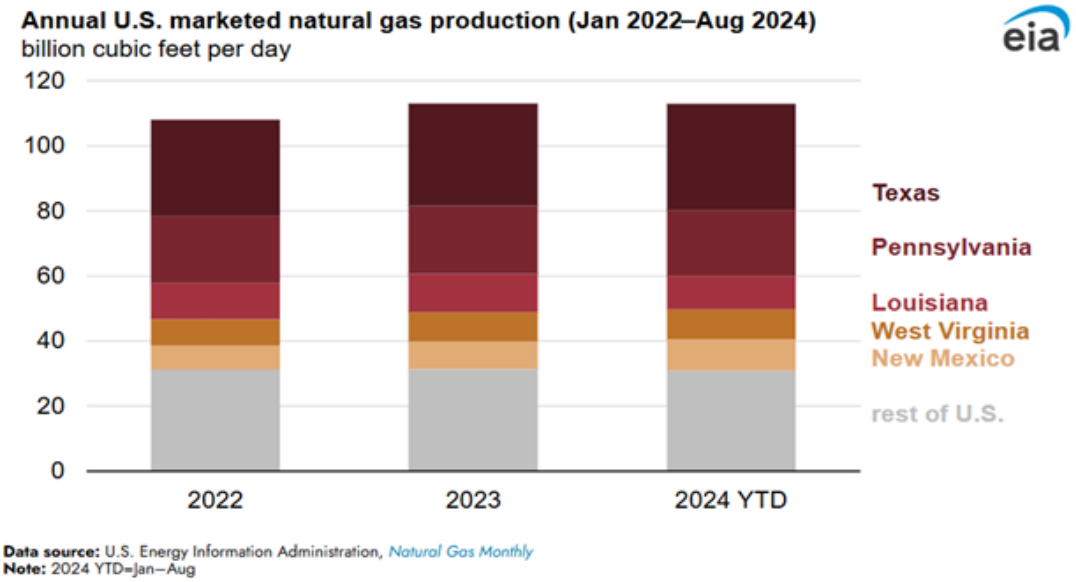
Figure 2: Annual US Natural Gas Consumption by Sector (2020 – 2023) (Source: EIA)



The natural gas consumption trends observed in 2023 largely continued in the first nine months of 2024. US natural gas consumption through September 2024 averaged 89.8 bcf/d according to EIUA monthly data, up 1% from the same period in 2023. The increase was driven by a 4% (1.6 bcf/d) increase in consumption in the electric power sector, which averaged 38.1 bcf/d, or 42% of US natural gas consumed in 2024 through September.

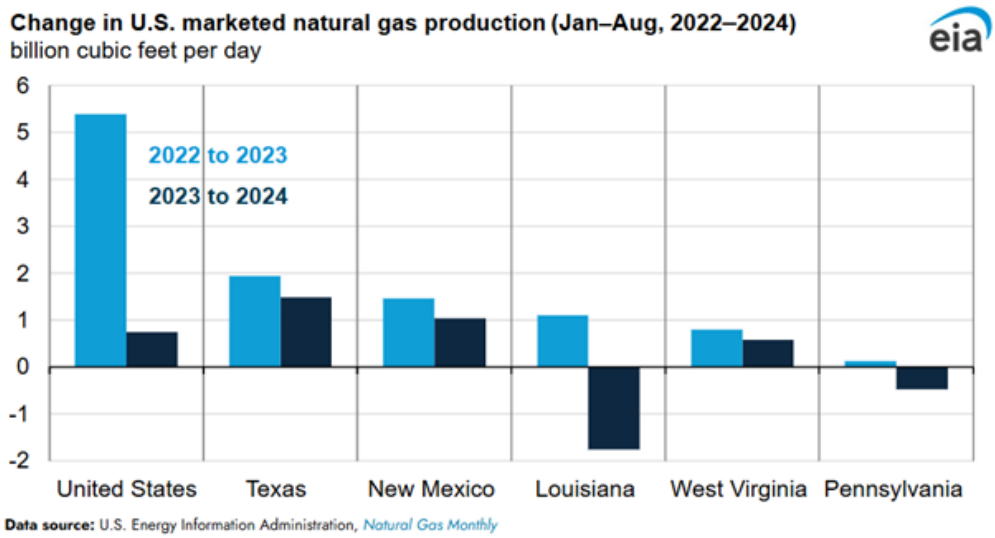
In 2023 the US produced a record 113.1 bcf/d of marketed natural gas production. This includes production of NGL's that are elected by producers to sell into the gas stream rather than as liquids. Dry gas production is about 100 bcf/d. Five states produced more than 70% of the total: Texas (28%), Pennsylvania (18%), Louisiana (10%), West Virginia (8%), and New Mexico (8%) (Figure 3).

Figure 3: Annual US Marketed Natural Gas Production (Jan 2022 – Aug 2024) (Source: EIA)



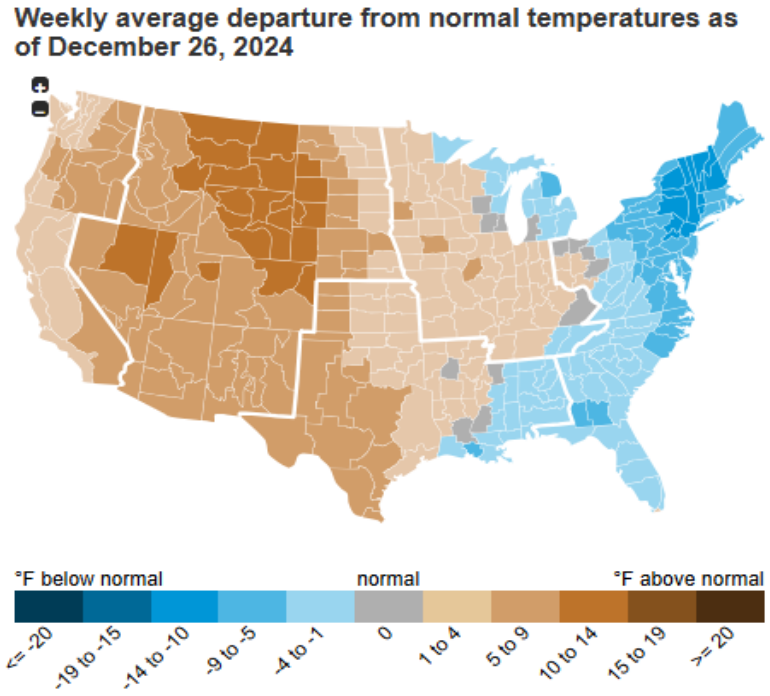
Growth in US marketed natural gas production has slowed in 2024, due mainly to reduced output from shale and tight formations. From January through end August 2024, US production of marketed natural gas averaged 113.0 bcf/d, a 1% increase compared with the same period in 2023 (Figure 4). The Permian region drove the increase in 2024, supported by WTI crude oil that averaged $80/bbl. Production in Texas increased 5% (1.5 bcf/d) and output in New Mexico increased 12% (1.0 bcf/d). Less production in Louisiana, where output decreased 15% (1.8 bcf/d), and Pennsylvania, where output decreased 2% (0.5 bcf/d), offset growth in the Permian region. Producers in the Haynesville and Appalachia regions curtailed production in 2024 faced with record-low Henry Hub prices, which averaged $2.09/mmbtu through August 2024.

Figure 4: Change in US Marketed Natural Gas Production (Jan-Aug, 2022-2024) (Source: EIA)



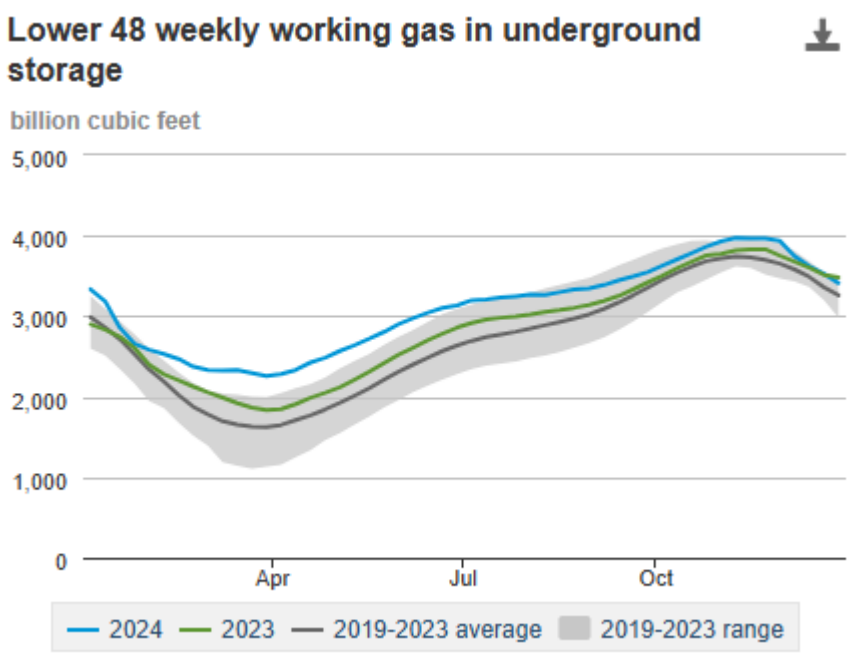
December temperatures were close to 5 year averages in December although there was cold weather in the heavily populated east coast that drove gas demand for heating (Figure 5). The latest forecasts indicate that January will be significantly colder than the ten year average.

Figure 5: Weekly Average Departure from Normal Temperatures as of 26 Dec 2024 (Source: EIA)



Net withdrawals from storage for the week ending 27 December totalled 116 bcf (Figure 6). Strong early winter withdrawals have now taken storage volumes below levels of this time last year. Working natural gas stocks totalled 3,413 bcf, which is 154 bcf (5%) more than the five-year average and 67 bcf (2%) less than last year at this time.

Figure 6: Working Natural Gas in Underground Storage (Source: EIA)

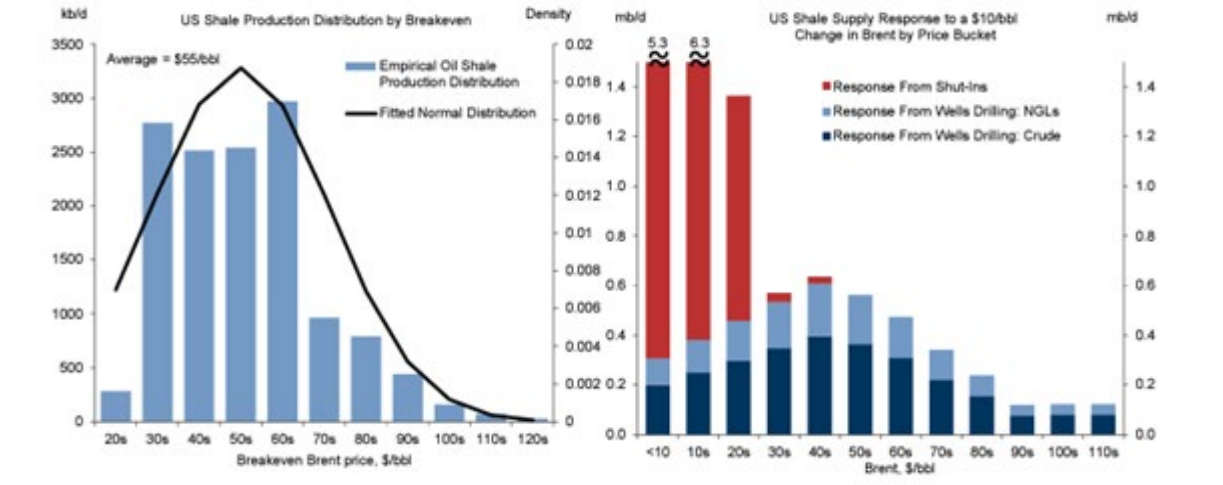


Oil Market

The average breakeven price referenced to the international Brent oil contract is $55/bbl (LHS, Figure 7). US shale oil production responds quickly to price signals, the high concentration of breakevens in the $40 to $50/bbl range means the scale of production losses accelerates rapidly below $60/bbl (RHS, Figure 7).

Figure 7: US Shale Production Distribution by Breakeven and Supply Response to Change in Price (Source: various, via GS)

Exhibit 1: US Shale Is Twice More Responsive to Price Changes When Brent Drops to the $40s-$50s Given the High Concentration of Breakevens in This Range (vs. the $70s-$80s)

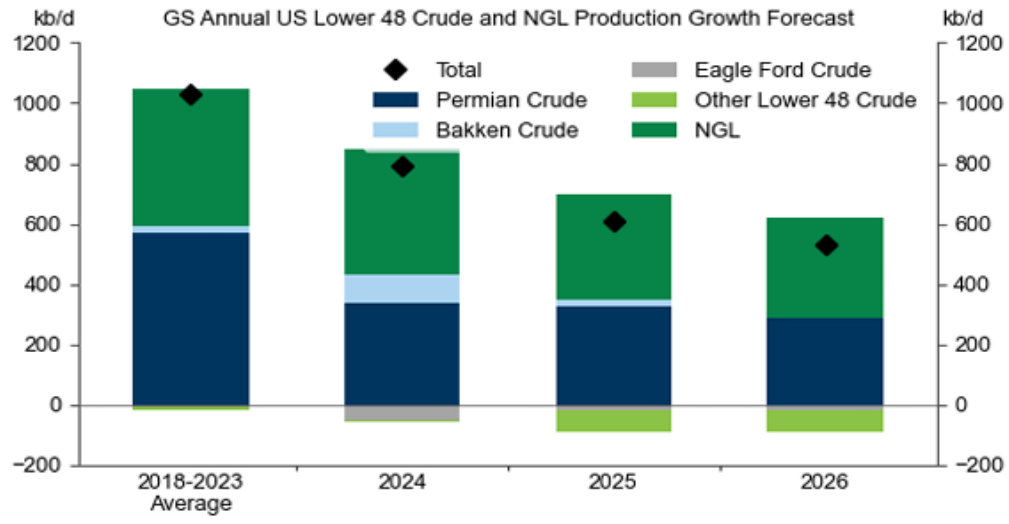


Source: Woodmac, Goldman Sachs Global Investment Research

With oil prices comfortably above most producers' breakeven, US oil production growth is on track to account for nearly all of the non-OPEC supply growth in 2024 (Figure 8).

Figure 8: GS Annual US Lower 48 Crude and NGL Production Growth Forecast (Source: GS)

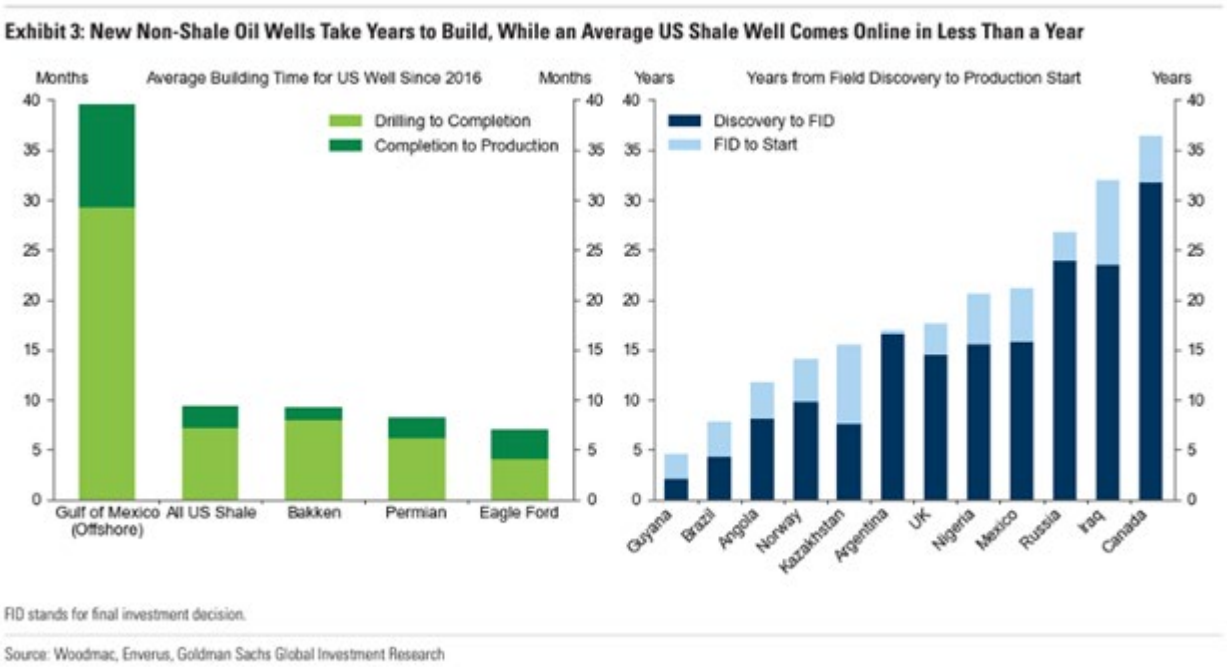
Exhibit 2: We Expect Permian Crude and NGLs to Drive US Shale Production Growth Over the Next Two Years



Source: Goldman Sachs Global Investment Research

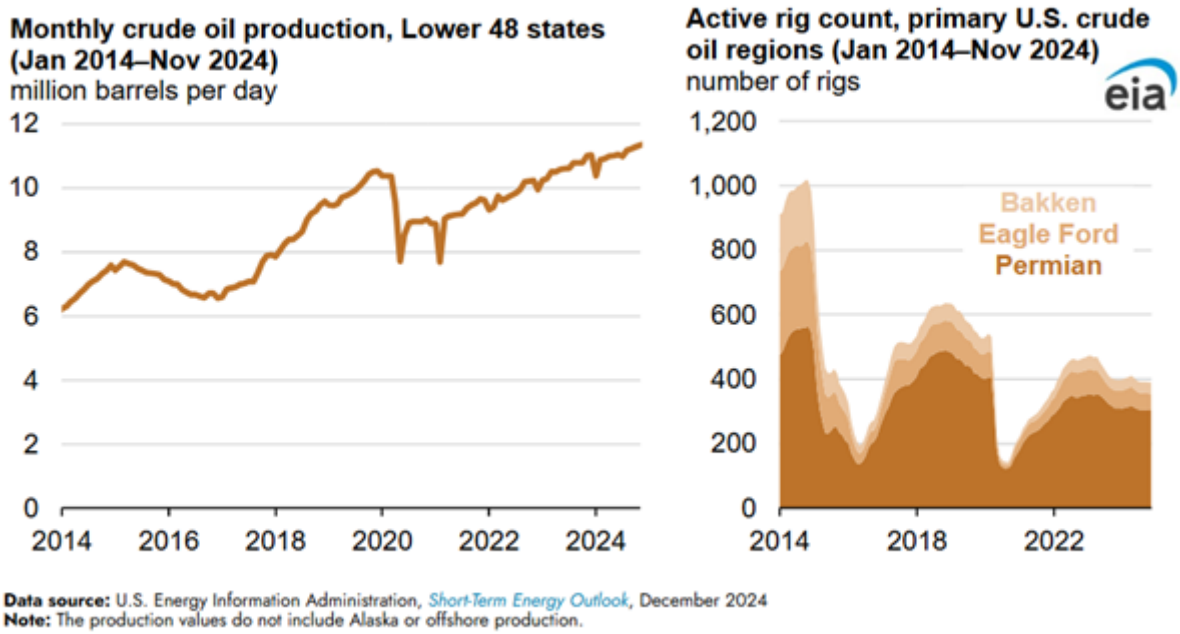
US shale oil wells have very short development time relative to traditional international and offshore fields (Figure 9). This allows US producers to rapidly respond to changing price environments.

Figure 9: Average Building Time for US Wells and International Field Development Time (Source: various, via GS)



Crude oil production in the US Lower 48 (L48) states, excluding Alaska and offshore production, reached a record 11.3 mmbbl/d in November 2024 according to EIA estimates (LHS Figure 10). Crude oil production in the L48 states increased 3% year over year despite fewer active rigs in most major producing regions, demonstrating gains in operational efficiency (RHS Figure 10).

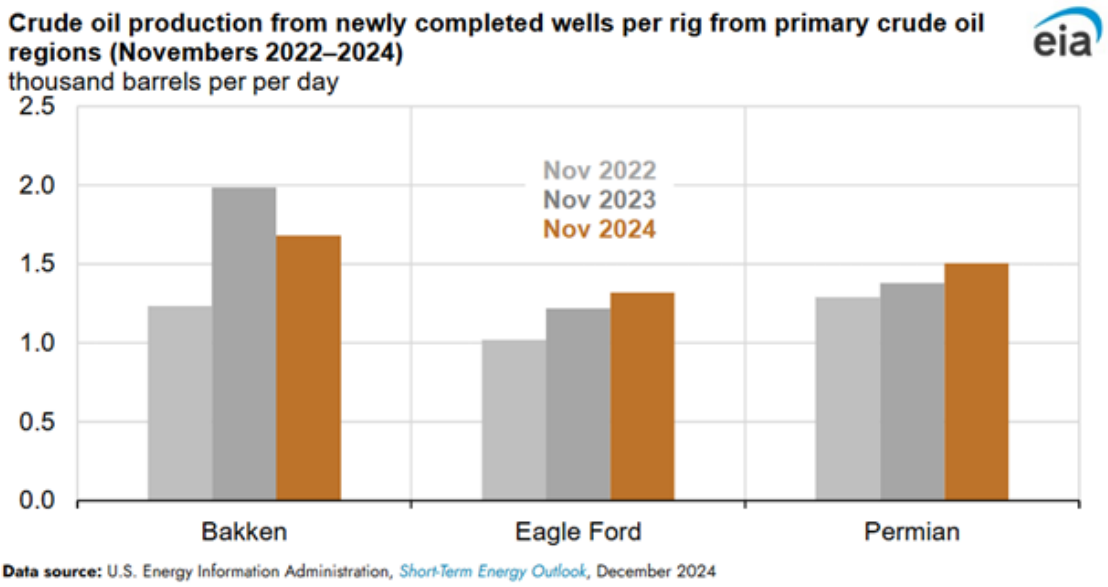
Figure 10: US L48 Crude Production and Active Oil Rig Count (Source: EIA)



Oil and natural gas companies are increasingly leveraging technological advances, including artificial intelligence, electronic hydraulic fracturing technologies, and automated drilling processes, to optimise operations while operating fewer rigs. This shift toward digital solutions has improved drilling and completion techniques and reduced rig downtime, and it provides advanced analytics to help target future operations.

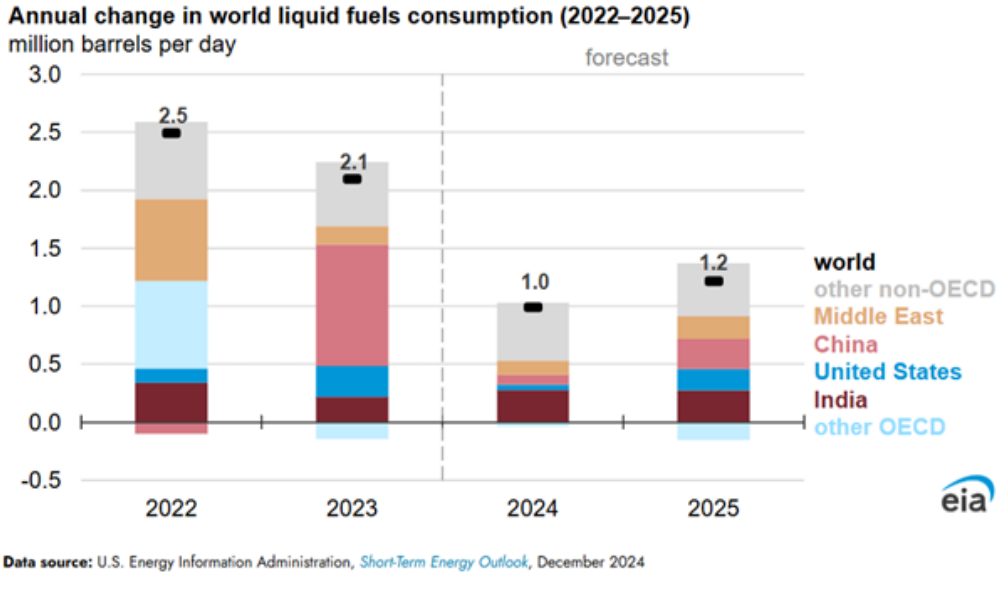
These technological solutions have allowed producers to increase production rates for rigs as they drill new wells. Improved performance is particularly evident in the Permian, where there has been a 9% year-over-year increase in November's crude oil productivity per active rig (Figure 11).

Figure 11: Crude Oil Productivity from New Wells Per Rig (Nov's 2022-2024) (Source: EIA)



India has emerged as the leading source of growth in global oil consumption in 2024 and 2025, overtaking China in 2024, according to data compiled by the EIA (Figure 11). China's oil consumption grew by more than India's in almost every year from 1998 through 2023, with China's oil consumption regularly growing more than any other country during those years. Although India's growth in volume exceeds China's in the EIA forecast, China still consumes significantly more oil. Total consumption of liquid fuels in India was 5.3 mmbbl/d in 2023, while China consumed more than triple that amount at 16.4 mmbbl/d.

Figure 12: Annual Change in World Liquids Consumption (2022-2025) (Source: EIA)



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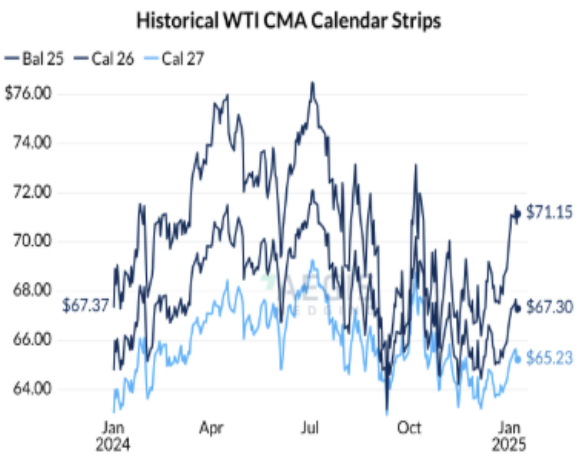
Gas and Oil Prices 2 January 2024



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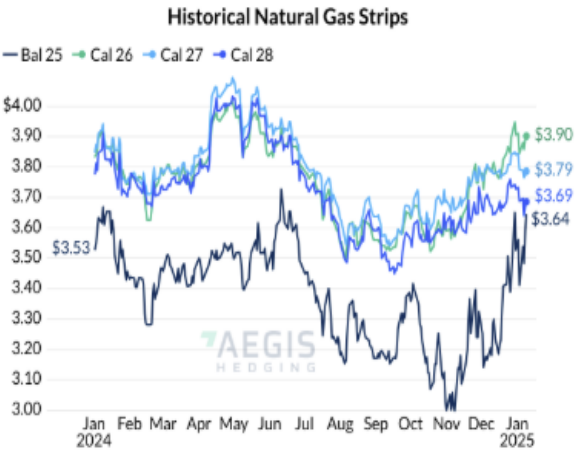

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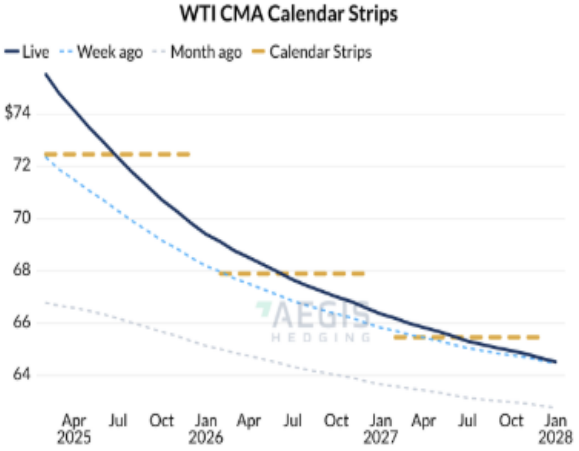

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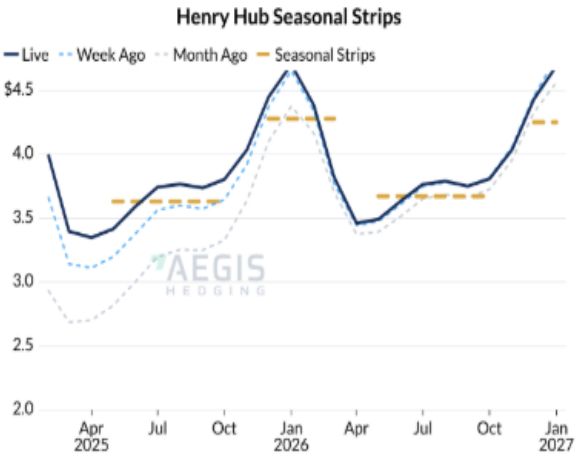

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Crude Oil Swap Pricing

	Bal 25	Cal 26
NYMEX WTI	$72.77	$67.90
LLS	$74.99	$70.00
Mars	$72.61	$67.58
Dubai	$75.79	$71.60
WCS-WTI	-$14.69	-$14.53
ICE Brent	$76.08	$71.71
Dated Brent	$73.01	$71.90
West TX Sour (WTS)	$72.26	$67.22

Natural Gas Basis Swap Pricing

	prompt	Winter 24/25	Summer 25	Summer 26	Winter 25/26
Henry Hub Fixed	$3.701	$3.470	$3.534	3.655	$4.232
Panhandle East	$0.460	$0.030	$-0.556	-0.509	$0.079
Eastern Gas South	-$0.468	$-0.419	$-0.829	-0.980	$-0.845
Waha	-$0.770	$-1.424	$-2.065	-2.079	$-1.481
TETCO M3	$1.480	$0.664	$-0.679	-0.823	$0.811
Houston Ship Channel	$0.025	$-0.171	$-0.385	-0.361	$-0.205

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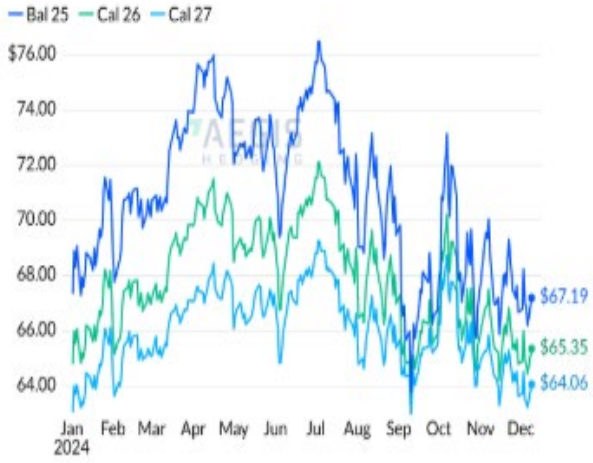
Historical WTI CMA Calendar Strips



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Historical Natural Gas Strips

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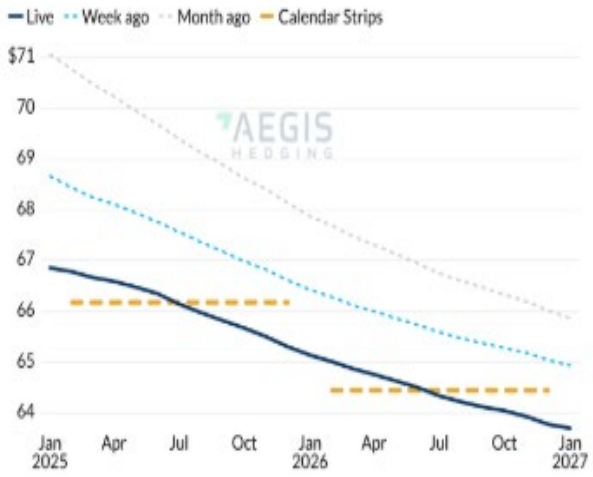
WTI CMA Calendar Strips



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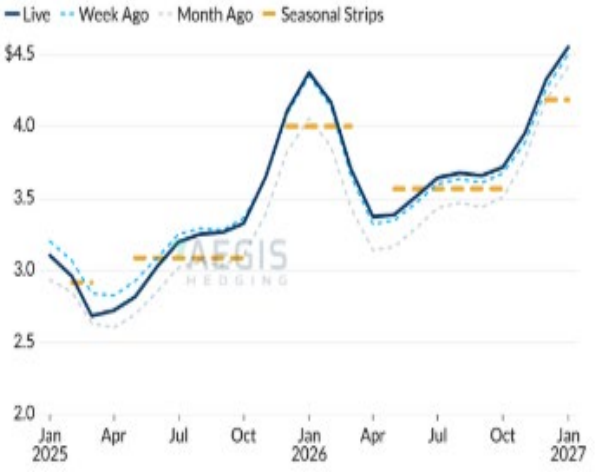
Henry Hub Seasonal Strips



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Crude Oil Swap Pricing

	Bal 25	Cal 26
NYMEX WTI	$67.27	$65.31
LLS	$69.68	$67.97
Mars	$66.33	$64.38
Dubai	$70.20	$68.47
WCS-WTI	-$13.77	-$14.97
ICE Brent	$70.92	$69.32
Dated Brent	$70.94	$69.23
West TX Sour (WTS)	$66.56	$64.56

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Natural Gas Basis Swap Pricing

	prompt	Winter 24/25	Summer 25	Summer 26	Winter 25/26
Henry Hub Fixed	$3.129	$3.110	$3.151	3.523	$3.950
Panhandle East	$0.263	$0.248	$-0.485	-0.498	$0.107
Eastern Gas South	-$0.460	$-0.484	$-0.804	-0.951	$-0.762
Waha	-$1.150	$-1.034	$-1.734	-1.731	$-1.473
TETCO M3	$0.470	$0.777	$-0.657	-0.791	$0.612
Houston Ship Channel	-$0.200	$-0.223	$-0.415	-0.474	$-0.334
Columbia Gulf Mainline	-$0.115	$-0.138	$-0.235	-0.250	$-0.163

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