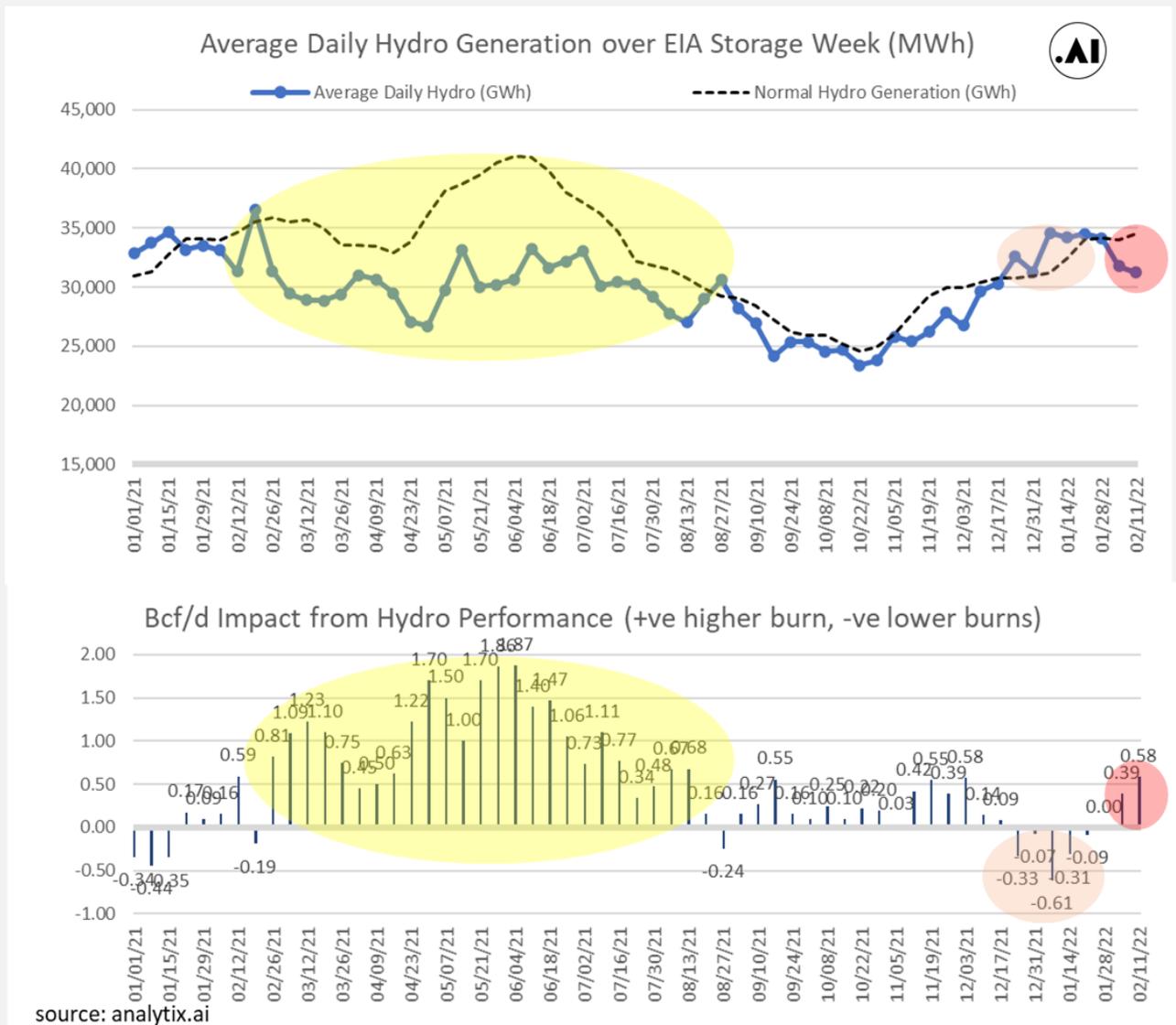


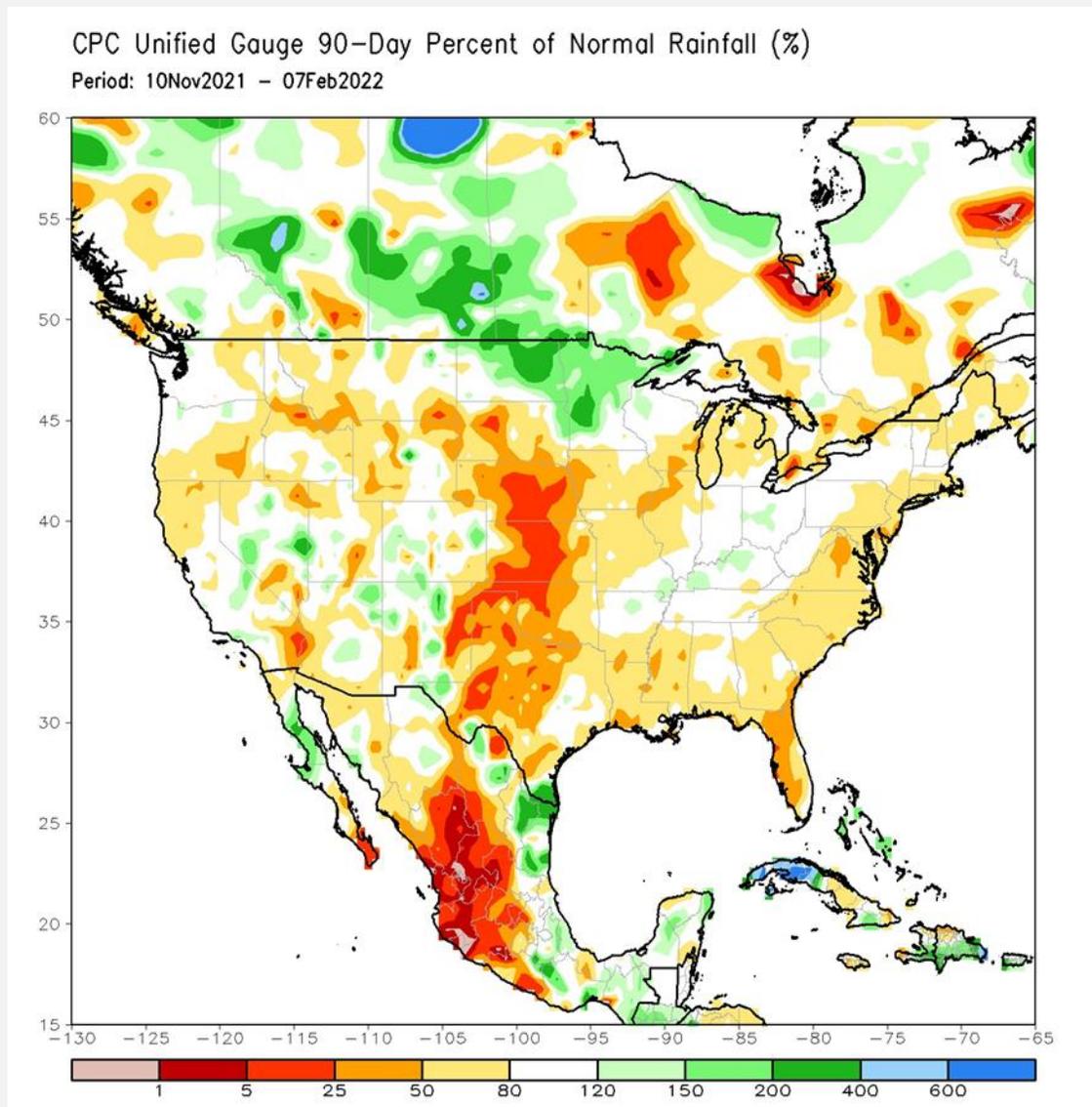
With the weather turning warmer this past week and eliminating the fear of a cool rest of Feb, the market has been in sell-off mode. At this point, most of the folks have written off winter. I can tell you that it feels and looks like early Spring in Calgary. So the conversation now shifts to the summer injections.

One of the major contributing factors to tight summer balances last year was the low hydro levels going into the summer. As seen in the chart below, we compare the actual hydro generation level to our expected level (based on past years). The yellow section highlights the low level of hydro last year, which resulted in higher natgas burns.



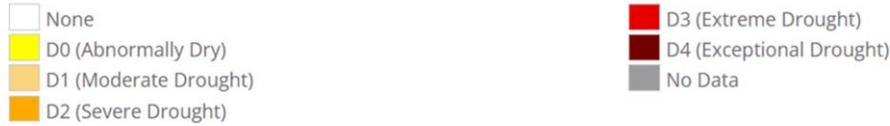
The fear of low hydro for this coming summer was put to the side in late December with the West coast receiving a heavy round of much-needed rain and snow. This led to dramatically stronger reservoir and snowpack levels compared to just 2 weeks earlier and trending in the right direction for the upcoming summer season. This can be seen in the data above with strong hydro gen (orange area) in late-Dec and early Jan. A good data point is the snowpack level in the Sierra Nevada mountain range which sat over 150% in late-Dec.

The situation has once again switched over to drought conditions with those precipitation events not continuing in the new year. Rainfall over the last 90 days has not been robust as seen in the CPC map below for Nov 10th to Feb 7th.

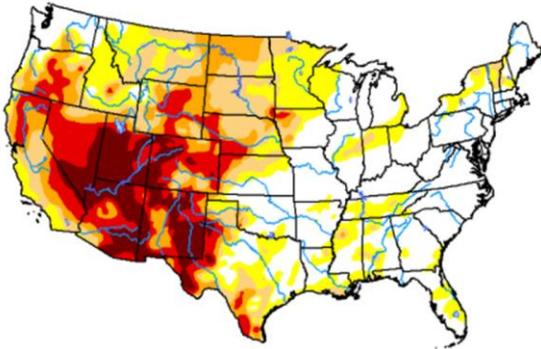


As a result here is how the drought conditions currently look across the US. We are not in an extreme situation like last year, but any rain that does fall will be soaked up by the very dry ground conditions; hence current conditions lead us to believe we will once again experience low hydro output this summer.

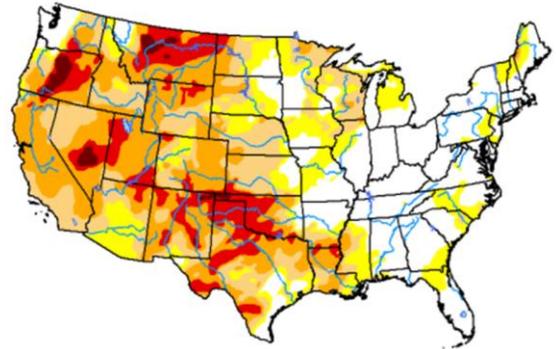
Drought Classification



Feb 9th 2021



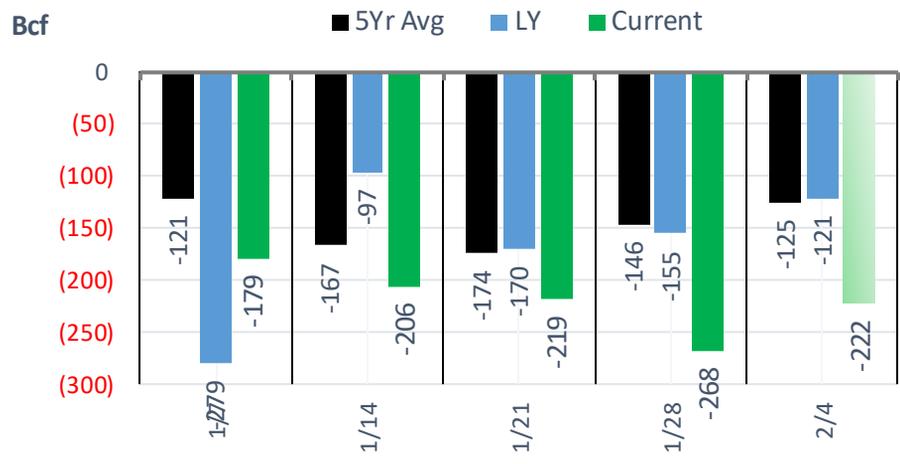
Feb 8th 2022



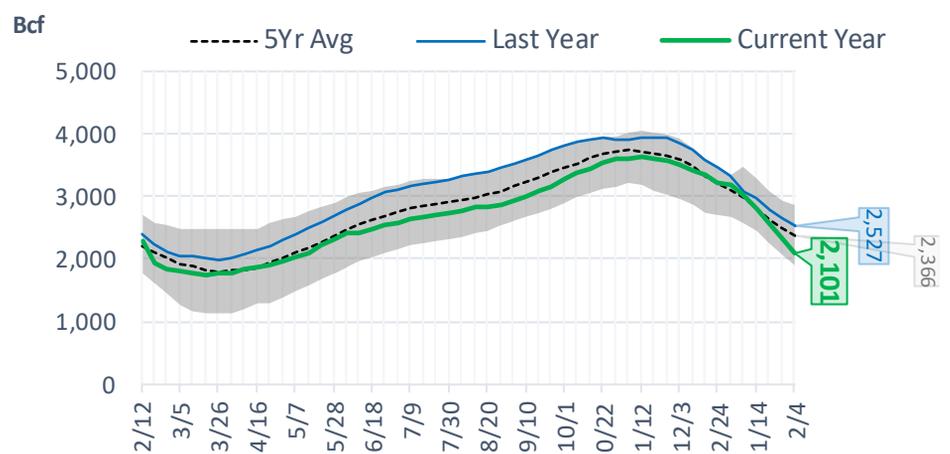
Source: <https://droughtmonitor.unl.edu/>

EIA Storage Report

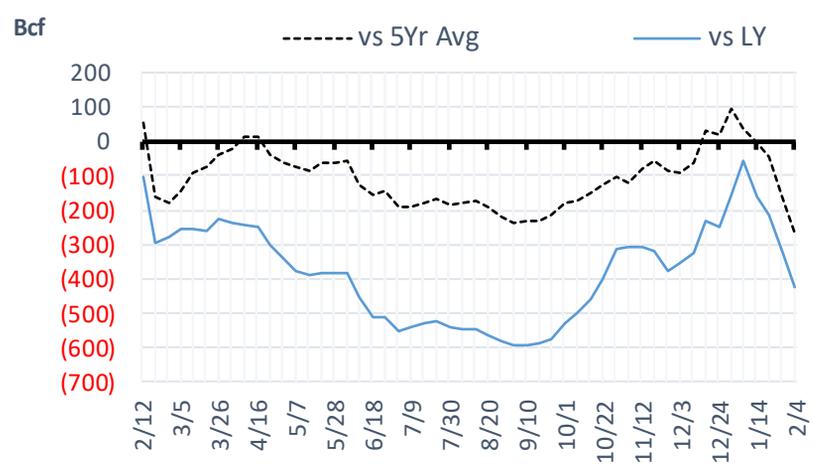
Total Lower 48 YoY Weekly Change



Total Lower 48 Storage Levels



Total Lower 48 LY Surplus/Deficit

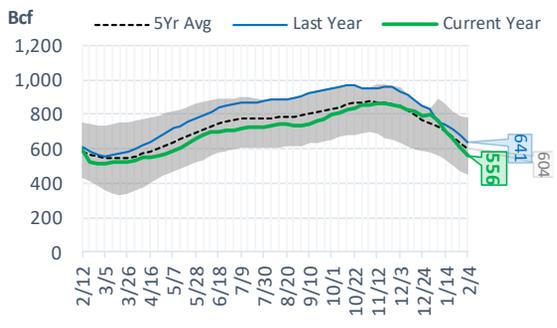


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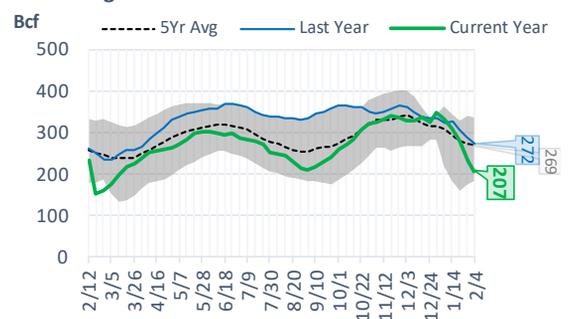
Natural Gas Storage Stats - Last 5 Weeks

Week Ending	Current 4-Feb	Week - 1 28-Jan	Week - 2 21-Jan	Week - 3 14-Jan	Week - 4 7-Jan	Week - 5 31-Dec
Total Lower 48 Storage Level	2101	2323	2591	2810	3016	3195
Weekly Change	-222	-268	-219	-206	-179	-31
vs LY	-426	-325	-212	-163	-54	-154
vs 5Yr Avg	-265	-168	-46	-1	+38	+96
S. Central Salt Storage Level	207	231	279	308	330	347
Weekly Change	-24	-48	-29	-22	-17	+21
vs LY	-65	-55	-27	-18	+9	+14
vs 5Yr Avg	-62	-41	-1	+15	+22	+32
S. Central NonSalt Storage Level	556	606	658	711	759	796
Weekly Change	-50	-52	-53	-48	-37	+6
vs LY	-85	-65	-51	-31	-2	-37
vs 5Yr Avg	-48	-23	-4	+12	+27	+47
Midwest Storage Level	552	616	701	770	835	893
Weekly Change	-64	-85	-69	-65	-58	-25
vs LY	-151	-119	-75	-55	-26	-37
vs 5Yr Avg	-74	-54	-17	-3	+6	+20
East Storage Level	485	541	609	669	730	767
Weekly Change	-56	-68	-60	-61	-37	-10
vs LY	-92	-68	-46	-33	+3	-4
vs 5Yr Avg	-40	-21	+4	+16	+33	+39
Mountain Storage Level	121	133	143	151	159	172
Weekly Change	-12	-10	-8	-8	-13	-8
vs LY	-8	-5	-2	-3	-3	-25
vs 5Yr Avg	-11	-7	-5	-5	-6	-6
Pacific Storage Level	181	196	201	201	204	219
Weekly Change	-15	-5	0	-3	-15	-16
vs LY	-23	-14	-12	-23	-34	-64
vs 5Yr Avg	-28	-22	-24	-35	-44	-37

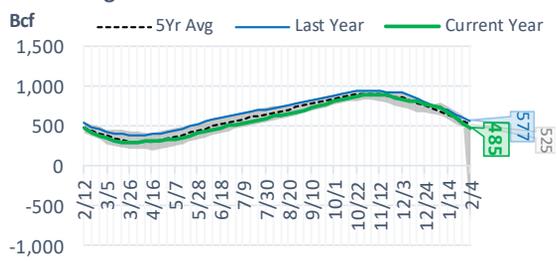
NonSalt Storage Levels



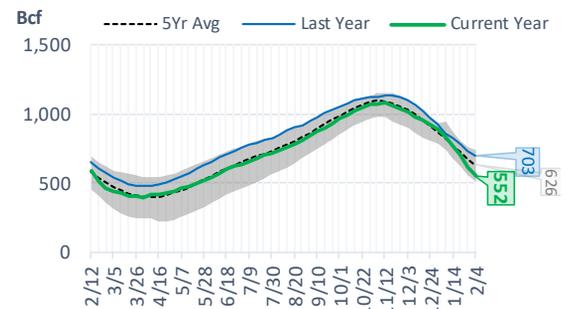
Salt Storage Levels



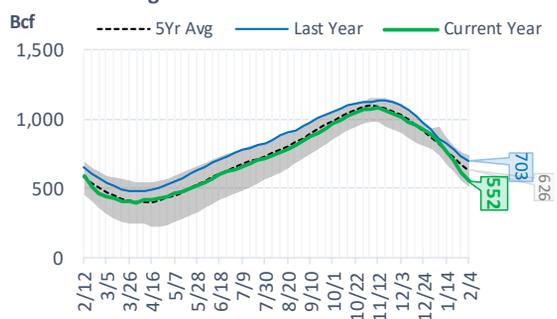
East Storage Levels



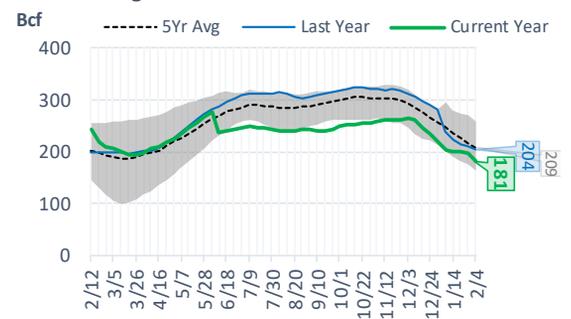
Midwest Storage Levels



Midwest Storage Levels



Pacific Storage Levels



EIA Storage Week Balances

	7-Jan	14-Jan	21-Jan	28-Jan	4-Feb	11-Feb	WoW	vs. 4W
Lower 48 Dry Production	95.0	95.0	94.7	94.5	94.6	92.3	▼ -2.2	▼ -2.4
Canadian Imports	5.7	6.5	7.0	7.1	7.1	7.1	▲ 0.0	▲ 0.2
L48 Power	29.8	30.4	30.3	32.1	29.8	29.4	▼ -0.4	▼ -1.2
L48 Residential & Commercial	42.9	46.3	47.1	52.8	48.2	45.1	▼ -3.1	▼ -3.4
L48 Industrial	27.3	26.8	28.0	27.6	28.4	27.9	▼ -0.5	▲ 0.2
L48 Lease and Plant Fuel	5.2	5.2	5.2	5.2	5.2	5.0	▼ -0.1	▼ -0.1
L48 Pipeline Distribution	3.5	3.7	3.8	4.1	3.7	3.5	▼ -0.2	▼ -0.3
L48 Regional Gas Consumption	108.7	112.4	114.3	121.8	115.3	111.0	▼ -4.3	▼ -4.9
Net LNG Exports	11.9	12.3	12.9	12.5	12.1	12.4	▲ 0.3	▼ -0.1
Total Mexican Exports	5.9	6.3	6.4	6.5	6.4	6.2	▼ -0.2	▼ -0.2
Implied Daily Storage Activity	-25.9	-29.5	-32.0	-39.1	-32.2	-30.1	2.0	
EIA Reported Daily Storage Activity	-25.6	-29.4	-31.3	-38.3	-31.7			
Daily Model Error	-0.3	-0.1	-0.7	-0.8	-0.5			

Monthly Balances

	2Yr Ago Feb-20	LY Feb-21	Oct-21	Nov-21	Dec-21	Jan-22	MTD Feb-22	MoM	vs. LY
Lower 48 Dry Production	94.2	84.3	94.3	95.6	96.9	94.9	92.3	▼ -2.6	▲ 8.0
Canadian Imports	5.3	6.4	5.4	5.3	4.8	6.7	7.2	▲ 0.4	▲ 0.8
L48 Power	30.2	27.6	30.5	29.1	28.4	30.8	29.3	▼ -1.4	▲ 1.7
L48 Residential & Commercial	40.6	48.1	12.4	27.1	32.6	48.3	44.9	▼ -3.4	▼ -3.1
L48 Industrial	25.1	21.1	21.1	24.3	25.1	27.7	28.0	▲ 0.4	▲ 7.0
L48 Lease and Plant Fuel	5.1	4.6	5.2	5.2	5.3	5.2	5.0	▼ -0.1	▲ 0.4
L48 Pipeline Distribution	3.5	3.6	2.4	2.9	3.0	3.8	3.5	▼ -0.3	▼ -0.1
L48 Regional Gas Consumption	104.5	104.9	71.6	88.7	94.4	115.8	110.8	▼ -4.9	▲ 5.9
Net LNG Exports	8.5	8.4	10.6	11.4	12.1	12.4	12.4	▼ 0.0	▲ 3.9
Total Mexican Exports	5.2	5.7	6.6	6.1	6.1	6.3	6.2	▼ -0.1	▲ 0.5
Implied Daily Storage Activity	-18.7	-28.4	10.9	-5.3	-11.0	-32.9	-30.0		
EIA Reported Daily Storage Activity									
Daily Model Error									

Source: Bloomberg, analytix.ai

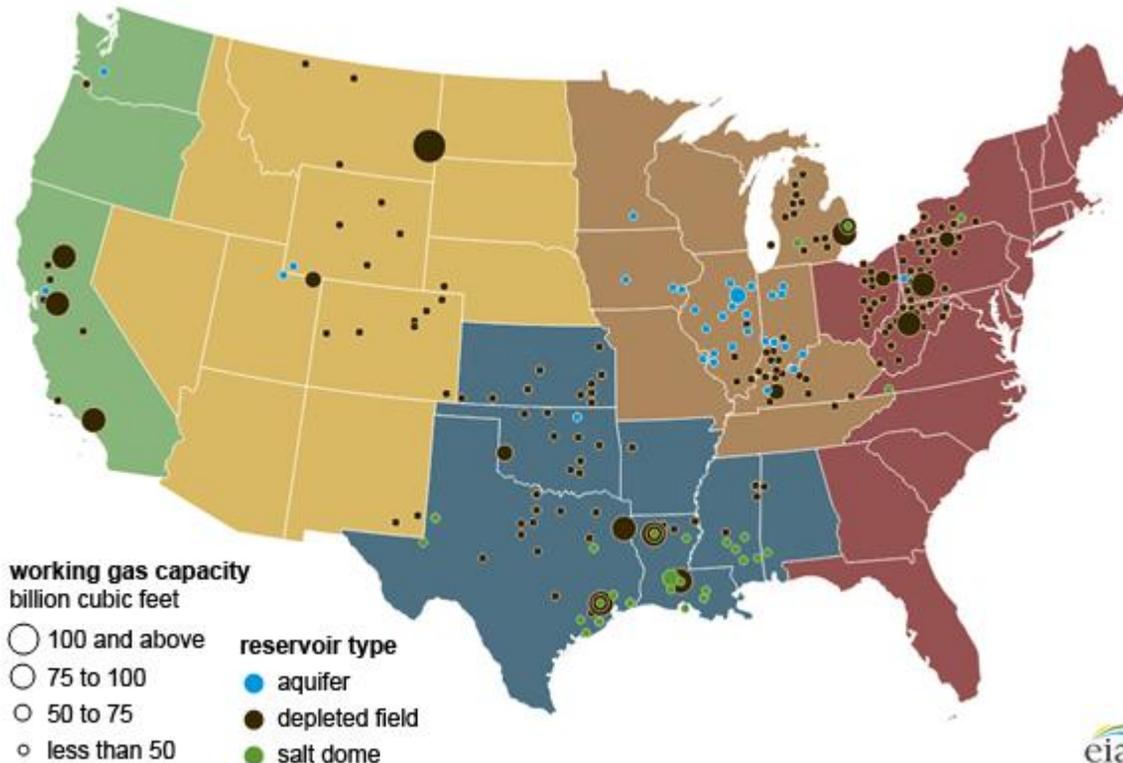
Regional S/D Models Storage Projection

Week Ending 11-Feb

	Daily Raw Storage	Daily Adjustment Factor	Daily Average Storage Activity (Adjusted) *	Weekly Adjusted Storage Activity
L48	-30.2	0.8	-29.4	-206
East	-8.8	2.3	-6.5	-45
Midwest	-8.6	-0.2	-8.9	-62
Mountain	2.2	-3.3	-1.1	-7
South Central	-14.8	2.6	-12.2	-85
Pacific	-0.2	-0.6	-0.8	-6

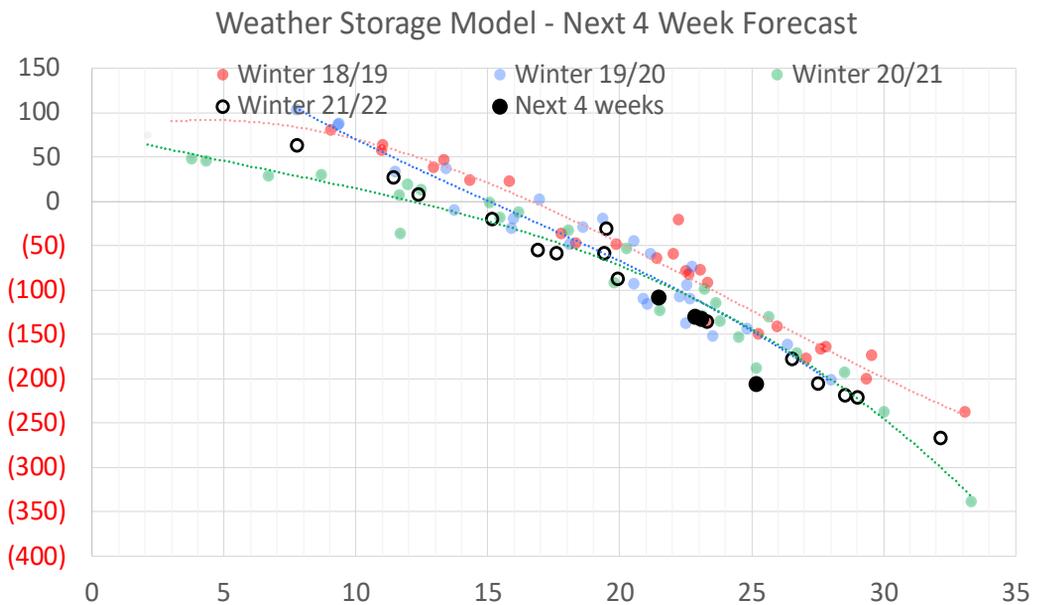
*Adjustment Factor is calculated based on historical regional deltas

U.S. underground natural gas storage facilities by type (July 2015)



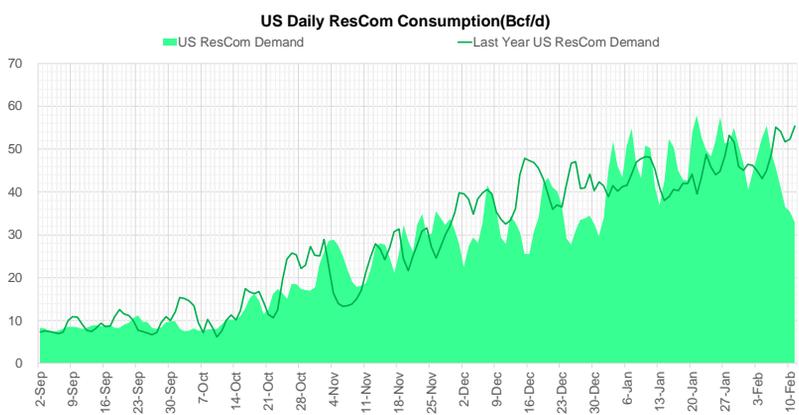
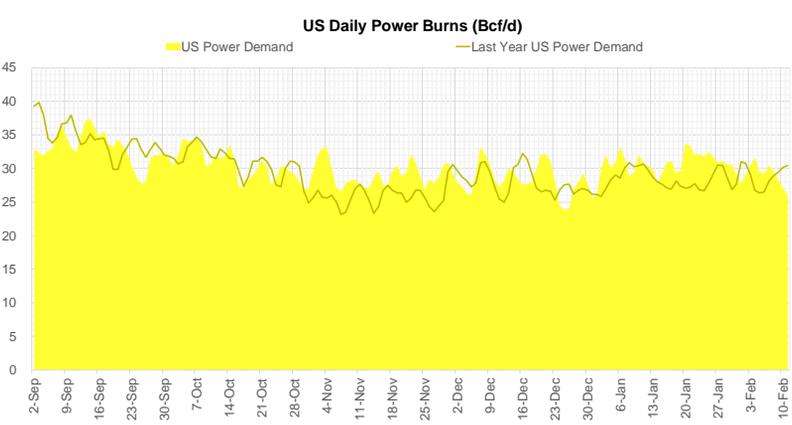
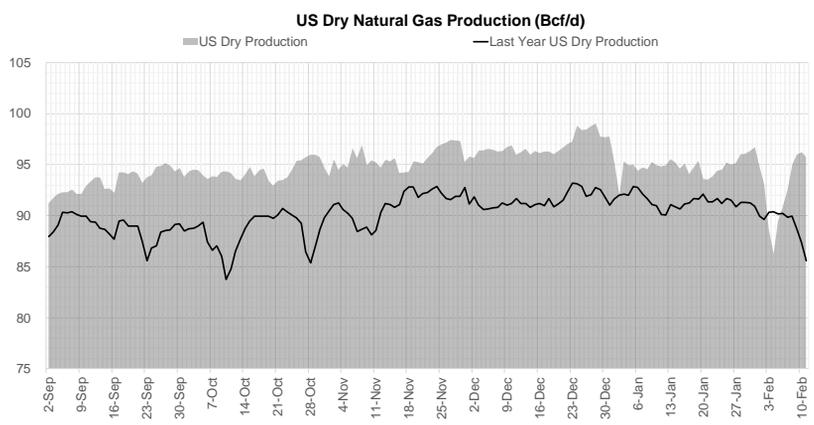
Weather Model Storage Projection

Next report and beyond		
Week Ending	GWDDs	Week Storage Projection
11-Feb	25	-206
18-Feb	23	-129
25-Feb	21	-108
04-Mar	23	-132



Note: this is not our official end of season forecast. This chart signifies where storage levels end with 10-year normal weather and current market tightness relative to last year

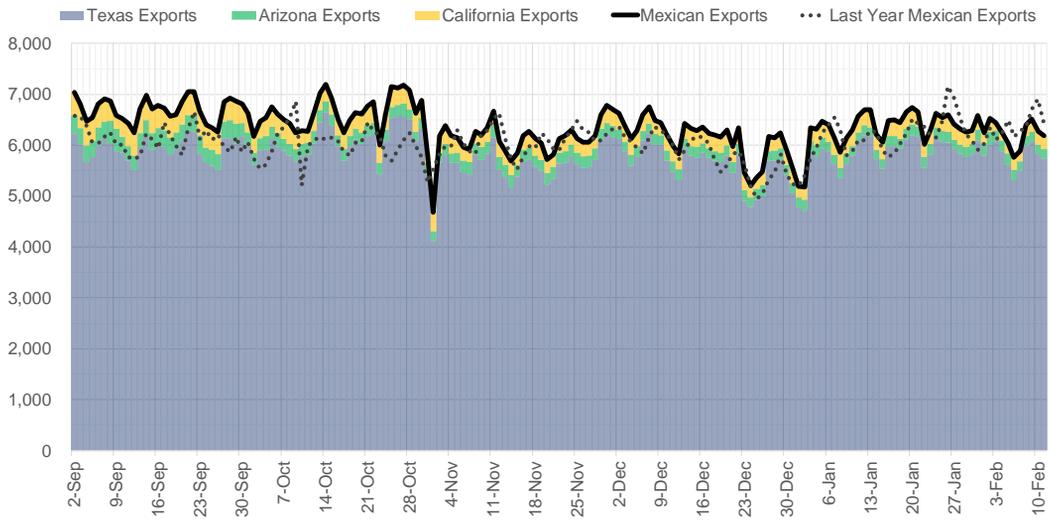
Supply – Demand Trends



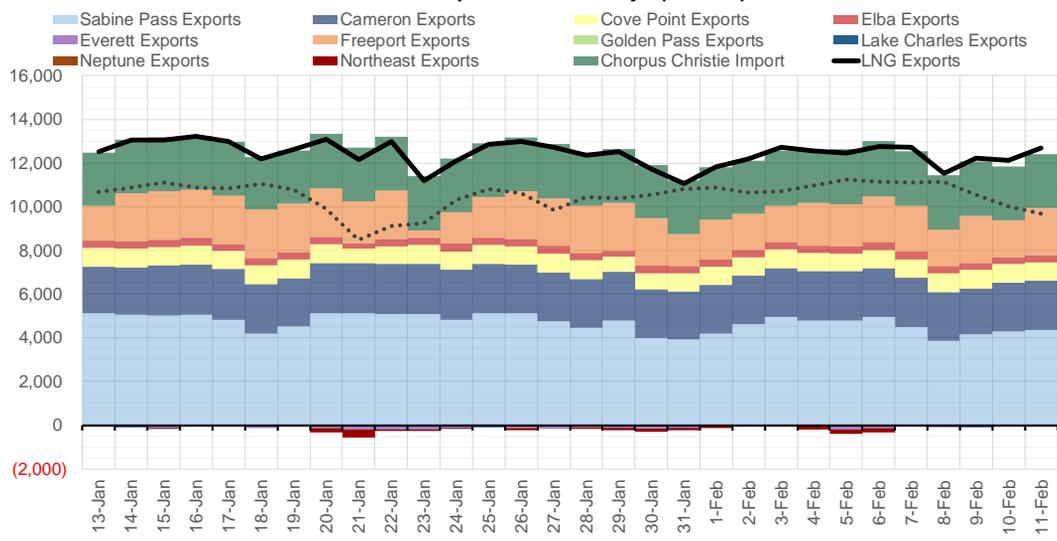
Source: Bloomberg

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Mexican Exports (MMcf/d)



Net LNG Exports - Last 30 days (MMcf/d)



Source: Bloomberg

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Nat Gas Options Volume and Open Interest CME, ICE and Nasdaq Combined

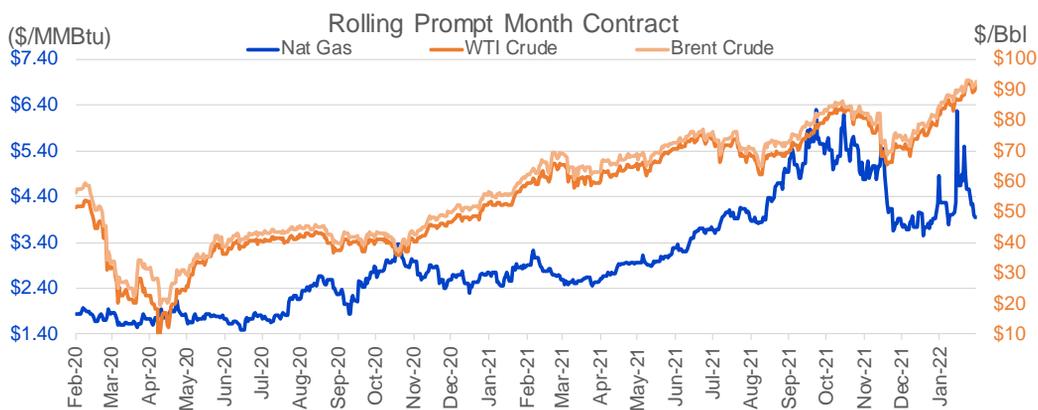
CONTRACT MONTH	CONTRACT YEAR	PUT/CALL	STRIKE	CUMULATIVE VOL	CONTRACT MONTH	CONTRACT YEAR	PUT/CALL	STRIKE	CUMULATIVE OI
3	2022	C	4.00	6813	3	2022	P	3.00	42422
4	2022	P	3.50	6497	3	2022	C	10.00	41961
4	2022	C	5.00	6002	3	2022	P	4.00	40021
5	2022	P	3.50	5508	3	2022	C	5.00	33073
6	2022	P	3.50	5440	3	2022	P	3.50	31565
6	2022	C	5.00	4825	3	2022	C	6.00	28379
3	2022	P	3.00	4664	3	2022	P	3.75	27188
4	2022	P	3.25	4603	3	2022	C	8.00	26101
3	2022	C	4.25	4555	10	2022	C	6.00	25427
5	2022	C	4.50	4352	4	2022	P	3.00	24301
5	2022	C	5.00	4302	3	2022	P	2.50	24084
3	2022	P	3.20	4200	3	2022	C	4.00	22901
7	2022	P	3.25	4191	3	2022	P	4.50	22824
4	2022	P	3.75	4114	4	2022	C	5.00	22197
4	2022	C	4.50	4093	3	2022	C	4.50	21903
3	2022	P	3.50	3835	5	2022	P	3.00	21330
3	2022	C	4.50	3803	10	2022	C	5.00	21243
6	2022	C	4.50	3556	3	2022	C	7.00	20795
8	2022	P	3.25	3545	3	2022	P	3.90	20595
3	2022	P	3.75	3362	6	2022	C	6.00	20225
9	2022	P	3.50	3273	5	2022	P	2.50	20027
6	2022	P	3.75	3253	3	2022	P	3.25	19724
4	2022	P	3.85	3252	5	2022	C	5.00	18819
8	2022	P	3.50	3184	6	2022	C	5.00	18408
4	2022	C	6.00	3097	4	2022	C	3.00	17511
5	2022	P	3.85	3003	4	2022	P	2.50	17143
6	2022	P	3.85	3000	6	2022	P	3.00	17065
8	2022	P	3.75	2998	4	2022	P	3.50	16755
7	2022	P	3.50	2932	5	2022	P	2.75	16699
7	2022	P	4.00	2900	12	2022	C	5.00	15999
4	2022	C	5.50	2879	4	2022	P	4.00	15956
10	2022	P	3.50	2815	3	2022	C	5.50	15667
9	2022	P	4.00	2800	10	2022	P	3.00	15502
5	2022	P	3.25	2762	4	2022	C	6.00	15489
6	2022	P	3.25	2716	4	2022	C	4.50	15458
8	2022	P	4.00	2700	3	2022	P	5.00	15413
10	2022	C	5.00	2663	3	2022	P	2.00	14981
9	2022	P	3.25	2625	5	2022	C	6.00	14864
10	2022	P	3.25	2624	9	2022	C	6.00	14318
1	2023	C	5.00	2604	5	2022	P	3.50	14184
5	2022	P	3.75	2529	10	2022	P	2.00	13921
7	2022	P	3.75	2400	3	2022	P	2.25	13916
9	2022	P	3.75	2400	5	2022	C	3.00	13733
10	2022	P	3.75	2400	3	2022	C	5.75	13718
4	2022	P	3.00	2365	4	2022	C	4.00	13717
3	2022	C	5.50	2209	3	2022	P	2.75	13591
4	2022	P	4.00	2209	6	2022	C	3.00	13438
3	2022	P	3.60	2112	7	2022	P	3.00	13375
1	2023	C	4.00	2000	3	2022	C	3.50	13281
					3	2022	C	3	13270

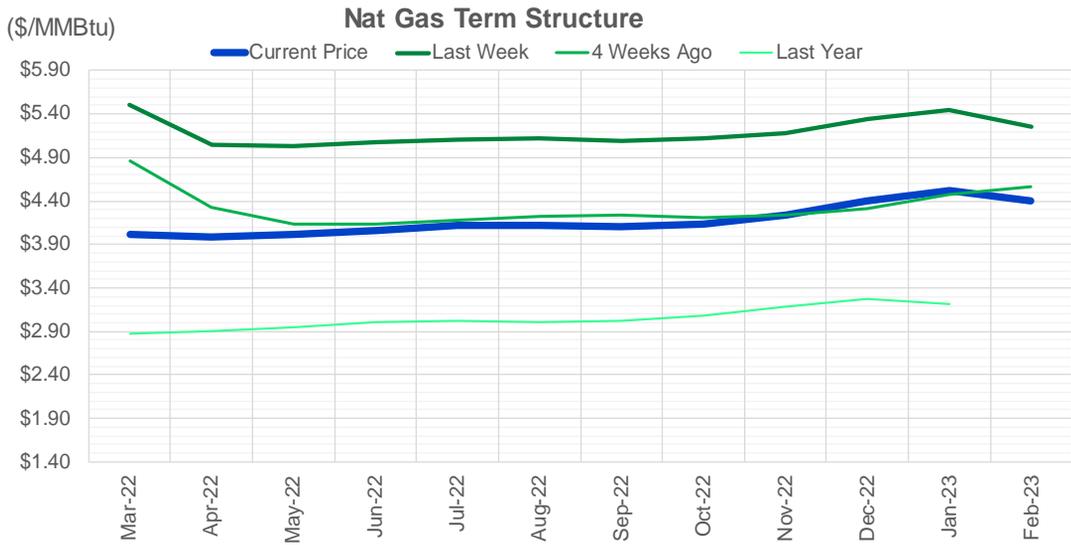
Source: CME, Nasdaq, ICE

Nat Gas Futures Open Interest CME, ICE and Nasdaq Combined

CME Henry Hub Futures (10,000 MMBtu)				ICE Henry Hub Futures Contract Equivalent (10,000 MM			
	Current	Prior	Daily Change		Current	Prior	Daily Change
MAR 22	109516	143057	-33541	MAR 22	85957	90758	-4801
APR 22	107309	101872	5437	APR 22	84380	83264	1116
MAY 22	171150	157295	13855	MAY 22	78925	78402	523
JUN 22	68094	68283	-189	JUN 22	71375	71173	202
JUL 22	75302	73864	1438	JUL 22	65989	65669	320
AUG 22	42552	41880	672	AUG 22	60137	60142	-5
SEP 22	60028	59166	862	SEP 22	60592	61140	-548
OCT 22	74082	73212	870	OCT 22	68541	68626	-85
NOV 22	40627	39142	1485	NOV 22	54933	55024	-91
DEC 22	40419	40199	220	DEC 22	63889	63762	128
JAN 23	54577	56664	-2087	JAN 23	54744	54532	212
FEB 23	20621	20841	-220	FEB 23	44238	44080	158
MAR 23	39314	38257	1057	MAR 23	46185	46333	-148
APR 23	31986	31534	452	APR 23	47300	47248	53
MAY 23	20858	20654	204	MAY 23	40531	40412	119
JUN 23	12745	12849	-104	JUN 23	37438	37446	-8
JUL 23	10078	10698	-620	JUL 23	37357	37294	63
AUG 23	7183	7086	97	AUG 23	37010	36930	80
SEP 23	10561	10434	127	SEP 23	36383	36353	30
OCT 23	18770	18013	757	OCT 23	40595	40587	8
NOV 23	9763	9699	64	NOV 23	40065	39945	121
DEC 23	13254	13257	-3	DEC 23	34290	34158	132
JAN 24	12552	12034	518	JAN 24	26782	26829	-47
FEB 24	3304	3263	41	FEB 24	19012	18943	70
MAR 24	12417	12415	2	MAR 24	24820	24753	67
APR 24	6456	6451	5	APR 24	18373	18268	105
MAY 24	2329	2329	0	MAY 24	18102	18049	54
JUN 24	1043	1043	0	JUN 24	18008	17941	67
JUL 24	634	634	0	JUL 24	18642	18589	54
AUG 24	766	766	0	AUG 24	18405	18390	15

Source: CME, ICE





	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
Current Price	\$4.009	\$3.980	\$4.009	\$4.058	\$4.113	\$4.125	\$4.109	\$4.133	\$4.231	\$4.406	\$4.516	\$4.395
Last Week	\$5.501	\$5.044	\$5.038	\$5.069	\$5.112	\$5.115	\$5.093	\$5.113	\$5.186	\$5.340	\$5.440	\$5.255
vs. Last Week	-\$1.492	-\$1.064	-\$1.029	-\$1.011	-\$0.999	-\$0.990	-\$0.984	-\$0.980	-\$0.955	-\$0.934	-\$0.924	-\$0.860
4 Weeks Ago	\$4.857	\$4.327	\$4.134	\$4.132	\$4.176	\$4.229	\$4.236	\$4.214	\$4.236	\$4.314	\$4.480	\$4.570
vs. 4 Weeks Ago	-\$0.848	-\$0.347	-\$0.125	-\$0.074	-\$0.063	-\$0.104	-\$0.127	-\$0.081	-\$0.005	\$0.092	\$0.036	-\$0.175
Last Year	\$2.911	\$2.879	\$2.910	\$2.954	\$3.003	\$3.018	\$3.005	\$3.021	\$3.076	\$3.186	\$3.271	\$3.208
vs. Last Year	\$1.098	\$1.101	\$1.099	\$1.104	\$1.110	\$1.107	\$1.104	\$1.112	\$1.155	\$1.220	\$1.245	\$1.187

	Units	Current Price	vs. Last Week	vs. 4 Weeks Ago	vs. Last Year
NatGas Jul21/Oct21	\$/MMBtu	2.224	▲ 0.000	▲ 0.000	▲ 2.205
NatGas Oct21/Nov21	\$/MMBtu	0.361	▲ 0.000	▲ 0.000	▲ 0.303
NatGas Oct21/Jan22	\$/MMBtu	-1.817	▲ 0.000	▲ 0.000	▼ -2.076
NatGas Apr22/Oct22	\$/MMBtu	0.165	▲ 0.069	▲ 0.017	▲ 0.156
WTI Crude	\$/Bbl	89.88	▼ -0.390	▲ 7.760	▲ 31.640
Brent Crude	\$/Bbl	91.41	▲ 0.300	▲ 6.940	▲ 30.270
Fuel Oil, NY Harbour 1%	\$/Bbl	97.18	▲ 0.000	▲ 0.000	▲ 0.000
Heating Oil	cents/Gallon	282.72	▼ -1.230	▲ 21.870	▲ 108.260
Propane, Mt. Bel	cents/Gallon	1.25	▼ -0.033	▲ 0.101	▲ 0.394
Ethane, Mt. Bel	cents/Gallon	0.38	▼ -0.043	▲ 0.009	▲ 0.104
Coal, PRB	\$/MTon	12.30	▲ 0.000	▲ 0.000	▲ 0.000
Coal, PRB	\$/MMBtu	0.70			

Source: CME, Bloomberg

Baker Hughes Rig Counts

Rotary Rig Count						Baker Hughes 
2/11/2022						
U.S. Breakout Information	This Week	+/-	Last Week	+/-	Year Ago	
Oil	516	19	497	210	306	
Gas	118	2	116	28	90	
Miscellaneous	1	1	0	0	1	
Directional	33	-1	34	15	18	
Horizontal	574	19	555	218	356	
Vertical	28	4	24	5	23	
Canada Breakout	This Week	+/-	Last Week	+/-	Year Ago	
Oil	137	1	136	36	101	
Gas	82	0	82	7	75	
Major Basin Variances	This Week	+/-	Last Week	+/-	Year Ago	
Ardmore Woodford	1	1	0	1	0	
Arkoma Woodford	2	1	1	2	0	
Barnett	3	1	2	2	1	
Cana Woodford	25	0	25	16	9	
DJ-Niobrara	12	0	12	5	7	
Eagle Ford	54	4	50	25	29	
Granite Wash	5	0	5	5	0	
Haynesville	54	0	54	8	46	
Marcellus	35	2	33	5	30	
Mississippian	1	0	1	1	0	
Permian	301	7	294	98	203	
Utica	12	0	12	5	7	
Williston	34	3	31	21	13	