

Market Commentary

Recap: WTI gained for the fifth straight session, but fell from session highs, as investors placed bets that the omicron variant of coronavirus would have only limited impact on economic growth. Oil futures were up by almost 2% after the U.K. said that it would not impose any further restrictions on consumer mobility in England as COVID infections rise, though it was reviewing the impact of the disease on hospitals. Volume remained subdued due to the Christmas/New Year Holidays, lending to greater volatility. February WTI finished up 41 cents, or 0.5%, settling at \$75.98 a barrel. Brent for February delivery settled at \$78.94 a barrel, up 34 cents, or 0.4%. Petroleum products also ended higher, with January heating oil up 1.79 cents, or 0.8%, to end the session at \$2.3714 a gallon, while January RBOB tacked on 1.32 cents, or 0.6%, to settle at \$2.2471 a gallon. January contracts expire on Friday.

Market Outlook: Coming into the New Year, traders will be focused on the meeting between OPEC and its allies, which is scheduled for January 4. OPEC+ will assess its plans to boost daily oil production among its members to 400,000 barrel per day starting February or adjust its output to factor the spread of COVID. February WTI breached \$76.37, the 38% retracement provided by the August low of \$61.74 and the October high of \$85.41, but failed to hold above it. As the week progresses, we would look for oil futures to come under a bit of pressure, with WTI holding above the 200-day moving average, which is currently set at \$69.77 and \$76.37.

Fundamental News: Iran and Russia sounded upbeat about talks on salvaging the 2015 Iran nuclear deal on Tuesday, with Tehran saying an accord was possible if other parties showed "good faith" and a Russian negotiator reporting "indisputable progress". Iran's Foreign Minister, Hossein Amirabdollahian, said "the Vienna talks are headed in a good direction... We believe that if other parties continue the round of talks which just started with good faith, reaching a good agreement for all parties is possible." He added that "if they show seriousness, in addition to the good faith, arriving at a deal soon and in the near future is conceivable." The Russian envoy to the Iran nuclear talks in Vienna said on Tuesday that the working group was making "indisputable progress." Russian envoy, Mikhail Ulyanov, said "sanctions lifting is being actively discussed in informal settings." Ulyanov is attending the 8th round of the Vienna Talks, which are about reviving the Joint Comprehensive Plan of Action by bringing the United States back into the deal through sanctions lifting, and Iran through full implementation of its nuclear commitments.

European negotiators said parties to the 2015 Iran nuclear deal have weeks, not months, to salvage the deal, adding that some technical progress had been made in the last round of talks to accommodate Iranian requests. However, negotiators from the so-called E3 parties to the deal, Britain, France and Germany, also said they were not setting artificial deadlines for the negotiations.

Pemex's Chief Executive Officer, Octavio Romero, said the company's crude exports should fall to 435,000 bpd in 2022 as the country refines more and more of its oil domestically.

Colonial Pipeline Co is allocating space for 2022 Cycle 2 shipments on Line 1, its main gasoline line, from Houston, Texas to Greensboro, North Carolina.

Pennsylvania's Department of Environmental Protection has cleared the way for Sunoco Pipeline LP to reroute part of its Mariner East natural gas liquids system near Marsh Creek Lake State Park in Chester County, PA.

Early Market Call - as of 8:25 AM EDT

WTI - Feb \$75.81, down 16 cents
 RBOB - Jan \$2.2445, down 26 points
 HO - Jan \$2.3698, down 16 points

All NYMEX | Prior Settlements

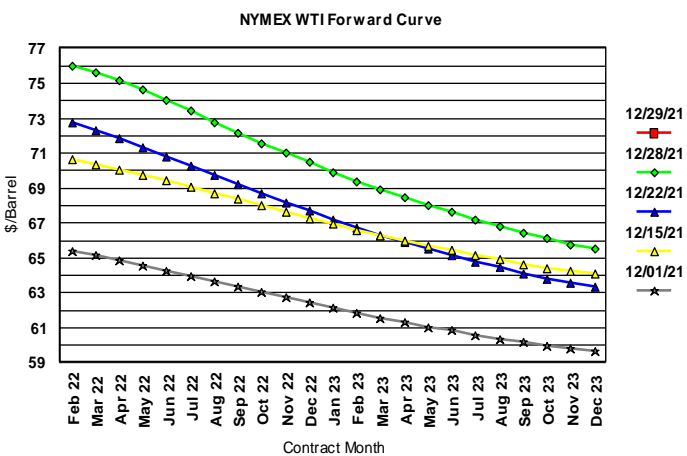
| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Dec-21 | 2.3714 | 0.0179 | 0.1136 |
| Jan-22 | 2.361 | 0.0161 | 0.1096 |
| Feb-22 | 2.3421 | 0.0162 | 0.1093 |
| Mar-22 | 2.3188 | 0.0169 | 0.1099 |
| Apr-22 | 2.3015 | 0.0173 | 0.11 |
| May-22 | 2.2891 | 0.0165 | 0.1093 |
| Jun-22 | 2.2822 | 0.0152 | 0.107 |
| Jul-22 | 2.277 | 0.0142 | 0.1044 |
| Aug-22 | 2.2746 | 0.0132 | 0.102 |
| Sep-22 | 2.2726 | 0.0124 | 0.0999 |
| Oct-22 | 2.2703 | 0.0117 | 0.0982 |
| Nov-22 | 2.2668 | 0.0107 | 0.0957 |
| Dec-22 | 2.2627 | 0.0099 | 0.0935 |
| Jan-23 | 2.2541 | 0.0093 | 0.0906 |
| Feb-23 | 2.2412 | 0.0084 | 0.0875 |
| Mar-23 | 2.2242 | 0.0079 | 0.0852 |
| Apr-23 | 2.2116 | 0.0071 | 0.0826 |

| Settlements | | | |
|---------------|------------------------------------|-----------|-----------|
| | | Close | Change |
| Crude - WTI | Feb Brent- WTI Spread \$2.96 | \$75.9800 | \$0.4100 |
| Crude - Brent | | \$78.9400 | \$0.3400 |
| Natural Gas | | \$4.0550 | -\$0.0050 |
| Gasoline | | \$2.2471 | \$0.0132 |

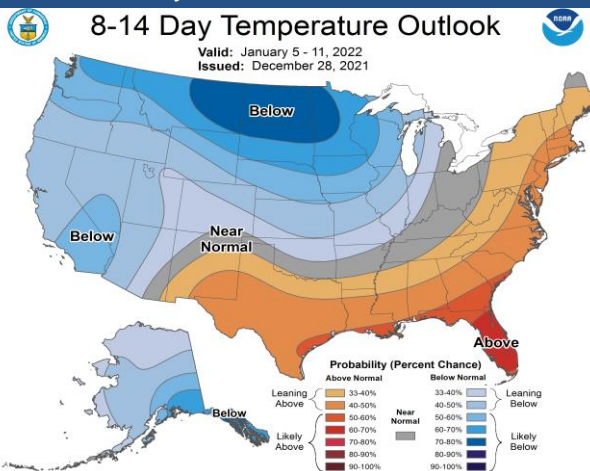
API Report for the Week Ending December 24, 2021

| | Actual | Mkt Expectations |
|---------------------------|--------------------------|--------------------------|
| Crude Oil Stocks(exl SPR) | Down 3.1 million barrels | Down 3.1 million barrels |
| Cushing, OK Crude Stocks | Up 1.6 million barrels | |
| Gasoline Stocks | Down 319,000 barrels | Up 500,000 barrels |
| Distillate Stocks | Down 716,000 barrels | Up 200,000 barrels |
| Refinery Runs | | Unchanged at 89.6% |

WTI Forward Curve



8-14 Day Weather Forecast



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