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National Fuel Gas Company

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CORPORATE SPEAKERS:

Natalie Fischer

National Fuel Gas Company; Director, Investor Relations

David Bauer

National Fuel Gas Company; President and Chief Executive Officer

Timothy Silverstein

National Fuel Gas Company; Treasurer and Chief Financial Officer

Justin Loweth

President, Seneca Resources and National Fuel Midstream

PARTICIPANTS:

Zachary Parham

JP Morgan; Analyst

Margaret Drefke

Goldman Sachs; Analyst

Noah Hungness

Bank of America; Analyst

John Freeman

Raymond James; Analyst

Timothy Winter

Gabelli; Analyst

Geoff Jay

Daniel Energy Partners; Analyst

PRESENTATION:

Operator^ Hello. Welcome to the National Fuel Gas Company Q3 Fiscal 2025 Earnings Conference Call. (Operator Instructions)

I'll now hand over to Natalie Fischer to begin. Please go ahead.

Natalie Fischer^ Thank you, Alex, and good morning. We appreciate you joining us on today's conference call for a discussion of last evening's earnings release. With us on the call from National Fuel Gas Company are Dave Bauer, President and Chief Executive Officer, Tim Silverstein, Treasurer and Chief Financial Officer, and Justin Loweth, President of Seneca Resources and National Fuel Midstream. At the end of today's prepared remarks, we will open the discussion to questions.

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The third quarter fiscal 2025 earnings release and July investor presentation have been posted on our Investor Relations website. We may refer to these materials during today's call.

We would like to remind you that today's teleconference will contain forward-looking statements. While National Fuel's expectations, beliefs and projections are made in good faith and are believed to have a reasonable basis, actual results may differ materially. These statements speak only as of the date on which they are made. And you may refer to last evening's earnings release for a listing of certain specific risk factors.

With that, I'll turn it over to Dave Bauer.

David Bauer^ Thank you, Natalie. Good morning, everyone. National Fuel had an excellent third quarter. We're seeing great execution across the company, and our momentum continues to build.

At Seneca, our Eastern Development Area continues to exceed expectations. Production for the quarter was up 16% from last year. And based on our updated guidance, we expect full year production to be up approximately 8% versus fiscal 2024. We're also seeing ongoing improvements in cash operating costs, furthering our position as a low-cost operator with top-tier breakeven economics.

Looking to fiscal '26, I expect Seneca will deliver further improvements in capital efficiency. We've initiated production guidance of 440 to 455 Bcf, which is a projected increase of 6% at the midpoint. Equally as important, we expect to spend 4% less capital to achieve that growth. We have a great operational team that continues to improve well productivity, most recently with our Gen3 well design, while at the same time driving our D&C cost per foot lower and reducing overall capital expenditures.

It's clear that our E&P assets, which include more than two decades of high-quality inventory, will drive significant value creation in the years ahead. Justin will have more to say on our non-regulated operations later in the call.

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Our outlook on the regulated side of the business is equally exciting. We've recently seen significant growth through ratemaking activity. And looking forward, we expect to deliver mid-single-digit rate base growth over the next several years as we continue to invest in system modernization. On top of that, we've also seen meaningful pipeline expansion opportunities develop in recent months.

On prior calls, I've talked about the need for infrastructure to support the growing demand for energy and about Pennsylvania's suitability for data center development. With over \$90 billion of new investment in Pennsylvania announced two weeks ago, it's clear that this is becoming a reality, and National Fuel is as well positioned as anyone to participate in that growth. To that point, earlier this month, we announced our Shippingport Lateral Project, which is an approximately seven-mile pipeline expansion off of our Line N system in Western Pennsylvania that's designed to deliver a significant portion of the natural gas supply for the Shippingport power station and a new co-located data center.

Speed to market is critical on these types of projects. And thanks to FERC's recent increase in blanket certificate project cost limits, we should be able to build the project on an expedited basis and include more robust facilities that provide incremental capacity. We currently have a precedent agreement in place to provide 205,000 dekatherms per day of capacity starting in the fourth quarter of calendar 2026. And again, this is the largest amount of capacity that we can build in the shortest amount of time.

Over time Shippingport plans to bring online over three gigawatts of generation. So there is the very real potential for us to provide significant additional pipeline capacity to the facility in future years.

In May our Tioga Pathway project received FERC approval and remains on track for an early fiscal 2027 in-service date. As a reminder, this 190,000 dekatherm per day project provides an outlet for Seneca's EDA production volumes to more premium pricing markets. Construction for both the Tioga Pathway and Shippingport Lateral Projects is expected to begin in the first half of calendar 2026.

While both expansions are individually modest in size, together, we expect they'll generate north of \$30 million of new revenue annually, which represents about 7% of our current pipeline and storage segment revenues. So in short, between

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modernization and expansion projects, the outlook for our pipeline business is very strong.

Turning to our capital return programs. Based on our strong results for the year and high degree of confidence in our long-term outlook, in June, we raised our dividend for the 55th consecutive year to an annual rate of \$2.14 per share.

With respect to the buyback program, we've made good progress with repurchases, but recently hit pause as we evaluate opportunities to grow the company, which, as I've said on earlier calls, is our top priority. Should those opportunities not come to fruition, I fully expect we'll complete the buyback program in 2026.

Switching to state energy policy, Pennsylvania is clearly embracing economic development. The Energy and Innovation Summit held earlier this month in Pittsburgh was attended by leaders from top energy, technology and financial companies as well as President Trump and several cabinet members. The summit highlighted the tens of billions of dollars of investment in the state committed to by data center developers.

With our unique set of assets, including a deep inventory of high-quality drilling locations and an integrated midstream and downstream business, we're very well positioned to support the infrastructure build-out that is anticipated across the Commonwealth. Hopefully, our Shippingport project is the first of many such projects. While New York hasn't quite taken the same steps as its neighbor, the pendulum there is starting to swing back towards a more pragmatic approach to energy policy.

Last week, the State Energy Planning Board released their draft energy plan, something they're required to do every five years, but have not done since 2015. This draft plan acknowledges that the state will not meet some of its interim targets set in the 2019 Climate Act, and it takes positive steps towards acknowledging the importance of an all-the-above approach to energy.

Instead of being driven solely by aggressive short-term decarbonization targets, the draft plan moves in a direction that will better balance the critical objectives of energy reliability, affordability and emission reductions. While it stops short of embracing new natural gas generation as a way to achieve the state's

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decarbonization goals, it clearly acknowledges the importance of continuing to invest in the natural gas system while leaving open the potential for new investment in natural gas generation.

In closing, it's a great time to be in the natural gas industry. Demand for natural gas is at all-time highs, both domestically and abroad, and production is increasing in lockstep. The notion that wind and solar can power everything in just a few short years is largely in the rearview mirror.

Without question, natural gas is the foundational fuel that will be key to powering our nation's growth for decades to come. National Fuel has some of the best acreage in the lowest cost basin -- lowest cost natural gas basin in the country. We have a pipeline network that's incredibly well located to support rising regional demand and a highly talented workforce that's eager to grow the company. All of this should translate to meaningful opportunities for the company and in turn, value creation for our shareholders.

With that, I'll turn the call over to Tim.

Timothy Silverstein^ Thanks, Dave. And good morning, everyone. We had a great third quarter with adjusted operating results increasing 66% versus last year. The main drivers were higher natural gas prices, lower per unit operating costs at Seneca, and continued growth in production and gathering throughput.

Moving to the outlook for the business. I'll start with fiscal 2025, where we've narrowed our earnings guidance to a range of \$6.80 to \$6.95 per share. While we've reduced our NYMEX forecast from \$3.50 to \$3.25 for the fourth quarter, our other guidance updates highlight the positive momentum we are seeing across the company. Strong well results in the EDA allowed us to move up our production guidance to the high end of our previous range. We are also seeing tailwinds with respect to Seneca's cost structure, where both G&A and LOE are expected to be lower for the year.

Looking at fiscal 2026, we've provided preliminary guidance. Given the evolving supply and demand fundamentals, we are showing earnings per share ranges at various NYMEX gas prices. Using a \$4 price, which closely approximates the current strip, we'd expect earnings to be in a range of \$8 to \$8.50 per share.

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At the midpoint, this reflects a 20% increase from fiscal 2025. This anticipated earnings growth is supported by a solid hedge book with nearly two-thirds of our production protected at strong prices through a mix of swaps, collars and fixed price sales. Our collars with an average floor of \$3.50 and an average ceiling of \$4.75 provide the opportunity to capture higher pricing, such that at \$5 NYMEX, we would expect earnings of \$10 per share at the midpoint, an increase of nearly 50% from our estimate this year.

Sticking with the non-regulated businesses, I'll highlight a few other key assumptions. As Dave mentioned, we are guiding to a 6% increase in production at the midpoint of our range. While production is anticipated to grow, it is worth noting that next year, we're expecting a slight decrease in our gathering revenues. Our near-term development program includes a single six-well Tioga Utica pad scheduled to come online late this fiscal year, which will flow through a third-party system.

After this pad, all of our TIL's next year will utilize our own gathering system, which will drive volume growth into 2027. From a unit cost perspective, we anticipate maintaining the lower levels of cash unit costs achieved during the current year, while DD&A is set to increase. The impairments recognized over the past year temporarily lowered our DD&A rate below our long-term F&D costs. Over time DD&A should trend back towards Seneca's F&D costs, which are approximately \$0.70 per Mcf.

Switching to our regulated subsidiaries. At the utility business, we are expecting a 5% to 6% increase in customer margin next year. This is due to the step-up in rates as part of our three-year rate settlement in New York, along with higher revenues from our modernization tracker in Pennsylvania.

In the Pipeline and Storage segment, revenues are expected to remain relatively flat in fiscal 2026. We are evaluating the timing of a rate case in Supply Corporation, the larger of our two FERC-regulated companies. We will look to file at some point in fiscal 2026. But as of today we are not projecting any incremental associated revenue from this rate case until early fiscal 2027.

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On the cost side, outside of general inflationary trends, there are two factors driving the anticipated year-over-year increase. The first relates to utility customer receivables in arrears. In the New York rate settlement, we established an uncollectible tracker and agreed to accelerate write-offs. With this acceleration, we were able to write off a large amount of our arrears, a good portion of which were the result of statewide policies implemented during the pandemic. The uncollectible tracker permits us to defer and recover write-offs that exceed a certain threshold, both this year and next. We've exceeded that threshold this year, and as a result, have reversed a portion of the previously accrued bad debt expense.

The second unique expense item relates to collective bargaining agreements with our unions. Between contract extensions with two of our unions earlier this year and upcoming negotiations in 2026 for the remaining covered employees, we expect to see year-over-year increases as wages true up to current market levels.

Taken together, we expect utility O&M to increase by approximately 5%, which for our spending levels in New York is generally in line with what was included in the second year of our 3-year settlement.

In the Pipeline and Storage segment, costs are projected to be up 4% to 5%. Longer term, regulated O&M increases should trend in the low single-digit range.

From a cash tax perspective, the recently passed federal reconciliation bill provides several tailwinds for us. The reinstatement and permanent extension of 100% bonus depreciation will be a benefit to cash tax expense starting this year. In addition, there were changes made to the calculation of the corporate AMT. Without these changes, our forecast would have had us paying higher cash taxes starting in fiscal 2027. But with the new law, we do not expect any corporate AMT payments for at least the next 5 years.

Switching to capital. Our consolidated spending guidance for fiscal 2025 is unchanged. Given the timing of some projects, there was a modest shift in spending between the Utility and Pipeline segments. But other than that, we are still on track with our prior consolidated guidance level.

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Looking at fiscal 2026, Dave already highlighted the continued positive trend in capital efficiency across the nonregulated businesses. In the regulated subsidiaries, we are expecting a modest increase in utility spending, which is related to general cost inflation as our activity levels are consistent year-over-year. In the Pipeline and Storage segment, we are projecting an increase of \$100 million at the midpoint. This increase is driven by spending on the Tioga Pathway and Shippingport Lateral projects.

On the rate-making front, as I said earlier, we anticipate filing a rate case next year for Supply Corporation. At the utility, our capital and O&M levels in New York are generally in line with what is embedded in our 3-year settlement, allowing us to achieve our allowed returns. For Pennsylvania, our DSIC mechanism covers the targeted fiscal 2026 modernization spending. But given we are approaching the cap on that mechanism, we are looking to file a rate case next year with new rates effective in early fiscal 2027.

Bringing it all together, next year is expected to be a great one for National Fuel. Earnings are projected to be meaningfully higher, up approximately 20% at current strip pricing. And we have a great hedge book that protects to the downside, while leaving significant opportunity to capture higher prices. The outlook for free cash flow is strong. At \$4 NYMEX, we project to generate between \$350 million and \$400 million, all while investing in significant growth.

And looking further ahead, we remain confident in our ability to deliver mid-single-digit production growth on decreasing capital spending and to grow rate base by an average of 5% to 7% annually through the end of the decade.

In addition, the strength of our investment-grade balance sheet, disciplined approach to capital allocation and consistent returns of cash to shareholders, further support the ability of National Fuel to create meaningful long-term value in the years to come.

With that, I'll turn the call over to Justin.

Justin Loweth^ Thanks, Tim. And good morning, everyone. Last night, we reported another quarter of record production and throughput at Seneca and NFG Midstream, underscoring the quality of our prolific Eastern Development Area

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wells, excellent operational planning and continued strong execution in the field. Production increased 6% from the prior quarter to 112 Bcf, driving gathering throughput to a new quarterly high of 133 Bcf.

As shown on Slide 21 of our latest investor presentation, enhanced Tioga Utica, Tioga Utica well designs are delivering significantly improved results with both estimated ultimate recoveries and cumulative production per 1,000 feet increasing by 20% to 25% with our Gen3 well design. Based on our strong performance year-to-date and expectations for the remainder of the year, we are updating our production, capital and cash operating expense guidance for fiscal '25. For production, we have raised our guidance to a new target range of 420 to 425 Bcf, an 8% increase at the midpoint year-over-year.

In terms of capital, we have tightened guidance by \$5 million on both ends to a new range of \$500 million to \$510 million. We forecast a meaningful step-up in fourth quarter spending as we enter our peak construction season with substantial activity focused on pads, roads and infrastructure projects as well as two rigs running. Regarding expenses, we have revised our LOE guidance to reflect successful cost management initiatives and higher production expectations, lowering the range to \$0.67 to \$0.68 per Mcf, a \$0.01 reduction on both ends. Additionally, we anticipate projected per unit G&A of \$0.18 per Mcf, which represents the low end of our prior guidance range.

Looking ahead to next year, our initial guidance highlights continued progress across key operational and financial metrics. For production, we are establishing a range of 440 to 455 Bcf, representing a 6% increase at the midpoint year-over-year. We plan to drill and turn in line approximately 25 to 27 wells with a steady cadence for most of the year before a modest decline in the fourth quarter.

With respect to capital, we forecast to spend \$470 million to \$500 million next year, a \$20 million or 4% reduction relative to the midpoint of our fiscal 2025 range. Our development plan includes a one- to two-rig program with capital expenditures expected to decline in the second half of the year based on planned activity levels. Going forward, we anticipate continued gains in capital efficiency as our long-term development program remains on track to deliver mid-single-digit production growth alongside further reductions in capital spending. Comparing fiscal 2023, when we began our transition to an EDA-focused development strategy to our fiscal

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2026 guidance, we project 20% production growth against an 18% overall capital reduction.

This multi-year trend of continuous significant capital efficiency improvements is unique among peers and complemented by our multi-decade inventory of core development locations. A recent independent analysis by Enverus rank Seneca's inventory at the top of the Appalachian peer group with nearly 20 years of drilling locations at breakeven NYMEX prices below \$2.50 per MMBtu. This third-party analysis is consistent with our internal assessments and a testament to our competitive position in the industry.

Turning to the natural gas market we maintain a constructive outlook for prices, supported by strong supply and demand fundamentals. While U.S. gas production has increased over the past 12 months, much of that growth appears to be driven by the drawdown of DUC inventories and deferred TIL's accumulated during the period of lower prices experienced in 2024. Despite this added supply, storage levels have remained near the five-year average, highlighting resilient structural demand. LNG exports and gas-fired power generation have reached record highs with U.S. LNG demand recently exceeding 16 Bcf per day and power sector gas burn hitting record seasonal peaks.

Against this backdrop, we are well positioned through our marketing and hedging strategy, which offers price stability while maintaining upside exposure. Over 85% of our expected volumes through the end of fiscal 2026 are backed by our marketing portfolio of firm transportation and firm sales, ensuring both financial resilience and positive leverage to potentially higher prices.

Pivoting to NFG Midstream, we continue to gather increasing volumes through our system. To support our EDA development, we are installing additional gathering pipelines, expanding existing stations and building centralized facilities in multiple locations to enable future growth.

We are also continuing to advance the engineering designs for our 2026 projects to accommodate Seneca's increasing well productivity and deliverability. We've moved from designing infrastructure based on individual well rates of 18 to 20 million per day to now 25 to 30 million per day.

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Additionally, not only are the individual well rates higher, but the wells are sustaining at those choke-restricted rates for long periods of time, in some instances, for well over one year, highlighting the prolific nature and deliverability of our Tioga Utica inventory.

With respect to third-party volumes, we're actively working with the Tioga County producer to gather new production as part of a recently signed interconnect agreement and continue to advance discussions with other third-party producers to leverage and fully utilize our significant gathering infrastructure and associated facilities. We see opportunity to further grow this business over time.

In closing, our strong results reflect the strength of our team and the quality of our assets, both of which continue to exceed expectations. Our focus on development planning, operational excellence, combined with an integrated business model and a deep inventory of high-quality drilling locations is driving greater capital efficiency and growing free cash flow.

Over the past 5 years, we have transformed the nonregulated business of National Fuel through our acquisition of Shell's upstream and midstream business, divestiture of our California division and transition to an EDA-focused development strategy. In fiscal 2026, we expect to build on that momentum and reinforce a long-term trajectory of sustained operational and financial growth.

With that, I'll ask the operator to open the line for questions.

QUESTIONS:

Operator^ Our first question for today comes from Zach Parham of JP Morgan.

Zachary Parham^ First, I just wanted to ask on the buyback, which you paused this quarter. Can you talk about the drivers of that? The stock has moved significantly higher. It's now pretty close to all-time highs. But you also mentioned preserving balance sheet flexibility for optionality for growth projects. Can you just talk about the moving pieces on the decision to pause that buyback program?

David Bauer^ Yes. Yes, it's entirely driven by our capital allocation priorities. Our philosophy on capital return hasn't changed where we have our dividend that's

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funded largely by the regulated businesses and then a buyback program that is largely funded by the free cash flows of the non-regulated businesses.

When you look at our capital allocation priorities, as we've said consistently, is first, get our balance sheet in good shape, which is -- we've done. Then second, grow the company. Then -- but absent growth opportunities, we have excess free cash flow, give the cash back to shareholders. Of late, we've been looking at different opportunities. And as you said, want to keep balance sheet flexibility.

Zachary Parham^ Then, Tim, maybe a follow-up on cash taxes. Can you just quantify that impact of cash taxes in 2026 and beyond? I think previously you talked about mid- to high teens cash taxes. Where does that move with the passage of the tax bill?

Timothy Silverstein^ Yes. So Zach, what ultimately will happen is, as I alluded to, we were expecting to be a corporate AMT payer starting around 2027. So the impact will be bigger as you move out in time. Call it, 400, 500 basis points of cash tax rate. In the near term, it's probably, say in the 200 to 300 basis point area. So I think as we look out to this year, we're in the high single digits from a cash tax perspective. Next year, we'll be in the low to mid-single-digit cash tax rate, ultimately, depending on where prices go, that can cause it to move around a little bit.

Operator^ Our next question comes from Greta Drefke of Goldman Sachs.

Margaret Drefke^ My first is just on the change in operations in fiscal '26 versus fiscal '25 and the ramp-up of the Tioga Pathway and Shippingport projects. I appreciate the details you provided of both in the slides. Just focusing in on the Tioga Pathway project, though, to the extent you're able to, can you talk about the cadence of spending for the project in fiscal '26, some key next steps and maybe the most impactful modernization pieces?

David Bauer^ Well we'll kick off construction in the spring and then with free clearings and other prep type work. Then the bulk of the spending will be in the summer on the contractors and installing the lines. In terms of modernization, there is an element of modernization to that project, and it's part of our ongoing roughly, call it, \$75 to \$100 million a year type program.

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Margaret Drefke^ Great. Appreciate the detail. Then I just wanted to follow up maybe more broadly on industry trends. There's been a lot of moving pieces in the outlook for D&C costs across the industry. Can you speak a bit about your current sense of the balancing of potential service cost deflation, especially as oil rigs continue to come off and potentially higher input costs such as steel from tariff impacts?

Justin Loweth^ Yes. Sure, happy to, Greta. So I'll start with the service cost inflation, for example, on steel. We had expectations going back when some of the tariffs talk really began and got moving that we would see prices move up, in part due to lower overall activity levels and in part due to the mills just keeping up with demand and things lessening in terms of the impact. We're really not seeing a lot of inflationary pressure on the steel side of things. We think where we are is where we'll be as we look out over the coming months.

I'd also just note, as a company, we're quite insulated from most of that, certainly over the near and intermediate term. More broadly across the industry, I think that there's probably more tailwinds than headwinds when you think about overall service costs. I'm not expecting any material increases really across the board. I'm not expecting big material decreases either. But if I had to gauge the overall direction, I'd say slightly down to neutral is how we think about the world broadly across the services.

Operator^ Our next question comes from Noah Hungness of Bank of America.

Noah Hungness^ For my first question here, I was hoping to ask, how are you thinking about signing up for a supply agreement if we see new egress coming out of Northeast Pennsylvania? I mean given that you're the only company in the area that is growing production, has really deep inventory along with an IG credit rating, just how does that position you in the event that this new egress -- some of these projects go?

Justin Loweth^ Noah, look, I mean we're excited about those opportunities, and we've got lots of active dialogue. Your thesis and philosophy there on our company is exactly right. We've got the perfect trifecta when you think about all the things you need to be successful in being a supplier to a future data center and power infrastructure. So we're actively engaged in that dialogue.

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As you mentioned, we've got a really deep inventory of, frankly, some of the best inventory across the basin, across the country. It is broadly across national fuel, we've just got all the pieces to find ways to participate in that. So we're going to continue what we've done, which is move very methodically, have a lot of dialogue and then probably talk about things when they're done as opposed to when they're being speculated or potentially looked at.

So stay tuned, and we'll continue working it. And hopefully, we'll see some development over in our core upstream production areas, whereas this first wave has been more on the western side of the state, which has also been great for our company.

Noah Hungness^ That's great color. Then for my second question, I'm sure as you guys know we're very constructive on the Tioga Utica as well. I see you reiterated your productivity estimates for the Gen3 design, but it does look like the two most recent pads are trending above that type curve. Should we think that there is upside risk to the current productivity estimates?

Justin Loweth^ Yes. So no, I think what we'll do is we'll continue to assess those curves. We did want to be more transparent in part because of all the questions we've had. So we wanted to include some more data in our investor materials and make sure we're really highlighting just how great these wells are. In time and you can see it, those last two pads have been excellent. We're continuing to tweak and modify and methodically evaluate completion design. And as I've alluded to previously there might be a Gen beyond Gen3. We've already started testing various variables on that.

So look, the rock we have is awesome. We're finding ways to get more gas out of it, both in terms of ultimate recoveries and near-term deliverability. And I think we'll continue to move forward on that and credit to our broader subsurface team on really thinking through this and how we can be methodical and driving the best returns.

So yes, leading-edge wells are a bit better than our type curve, and we'll look to continue that performance. When we think it makes sense to make adjustments, if

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that happens, we'll certainly do so. But we're -- we continue to be extremely encouraged with what we're seeing in the resource.

Operator^ Our next question comes from John Freeman of Raymond James.

John Freeman^ Both the Constitution and Northeast Supply Enhancement pipelines get more attention as Williams looks to try and revitalize those projects. I believe if you all had to pick, I believe NESE is the bigger benefit to you all. But if you could maybe elaborate on that -- the gives and takes of those projects just as it relates to you all's exposure?

Justin Loweth^ So NESE, the Northeast Supply Enhancement project, that would be a great project to see that get completed. I mean beyond even just ourselves, both these projects are really needed in New York and in New England broadly. NESE does have some pretty meaningful, we think positive implications if it moves forward regarding some of our existing firm transportation and how that would likely significantly benefit just given it would create even incremental demand. That could not only free up the benefits we have on our existing FT, but also create an opportunity to have more firm sales or other FT projects that connect into it in time. So NESE is a great one.

On Constitution, that's interesting as well. That's a part of the basin that's had a lot of gas. There's certainly some challenges there that need to be worked through, but a lot of really good discussion and positive momentum and seemingly from both the shippers and the developer, a lot of encouraging news coming out of them in terms of what they're seeing in the possibility. So that would also benefit us. It would probably move more gas off -- would move more gas out of Bradford, Susquehanna and in doing so, probably take in-basin pricing up, particularly on Tennessee 300 line Zone 4 and likely also some on Eastern, which would benefit our portfolio as well and create more pathways for additional growth. So both projects would be great. We're hugely supportive of all new infrastructure development and hopeful those start to move forward.

John Freeman^ Then I guess just following up on what you mentioned earlier, Justin, where you're continuing to look at this evolution of whether you want to call it Gen3+ or Gen 4. I guess I'm trying to think about in your -- in the '26 guidance, is

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there any additional well productivity gains that are baked into that guidance? Or does it reflect just current -- where you currently sit on well productivity?

Justin Loweth^ Yes. It's a good question, John. I mean the short answer is the results, and as I mentioned, they've continued to exceed our expectations. So I think there's a couple of dynamics at play here that are really interesting to tease out. One is the deliverability and the rates at which we restrict the wells. We generally are going to rate restrict these wells at around 25 million a day at times 30 million a day and we'll hold them flat. I think where we're seeing the biggest opportunity for continued positive bias upward is the time in which these wells hold flat. And so the pressure drawdown we've seen even at those very high per well rates has been low.

So we've been able to successfully hold these wells at flat levels for now at times in excess of a year. So the productivity bias is more how long that flat period can last - - and I think we've got a lot of great engineering work going on, on this, and we're working through exactly what we think that's going to look like, both for the current wells and future wells.

And so what I'm really getting at is the day one production and the day 90 production is probably about the same because we're going to deliver a lot of gas. And frankly, the day 180 production is about the same. It's really a question of what do we look like at day 270 and 365 and 1.5 years in, how long are these wells holding at flat rates and consistently doing so. That can create some further opportunity. We baked some of that in. But quite frankly, the jury is a bit out. So we're not -- we haven't maybe gone all the way.

Operator^ Our next question comes from Timothy Winter of Gabelli.

Timothy Winter^ Good morning and congrats on another strong quarter. Dave, I'm trying to better understand the growth opportunities you guys are considering. Can you just talk a little bit more about what the potential for regulated pipeline investment is? Shippingport in Tioga are great, but are relatively small. Are there more material opportunities of, that are out there? And how do you weigh that as against other regulated investments like some of the LDCs that could be for sale? I know one in Ohio is for sale. Then also that against the potential for behind-the-

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meter gas plants in the hotbed of Pennsylvania. If you could just talk a little bit about your thinking --

David Bauer^ Yes. There's a lot in that question. I guess the way I would summarize it is that we look at a lot of things. Our top priority would be growing organically, right? I mean to be able to spend \$1 on rate base is the most cost-effective way to grow. And so Shippingport and Tioga Pathways are certainly great projects. We call those the singles and doubles type projects that over time add up to a lot of growth for the company.

I do think there will be opportunities beyond those two projects. You look on a map that where existing coal-fired plants that have been retired are located. They're not far from our system, both in Pennsylvania and in New York. So I think there's going to be the real opportunity for that.

I think if we -- if the government got serious about permitting reform, the potential for larger-scale projects out of the basin are certainly there, right? I mean you look at the demand that's forecasted for natural gas, we're going to need to get that production from somewhere. And Appalachian is the lowest cost natural gas basin and be able to get more pipes out of there, I think in long run, a good thing. But I think we're going to need permitting reform before you see a lot of really big projects get built.

Timothy Winter^ Okay. And just to emphasize, we agree organically is the best way to grow, and it's great to see utility that's getting free cash flow from the other businesses to grow rate base. But separately, given the increased sentiment for gas, the spotlight on Pennsylvania's energy hotbed, does it make any sense or have you considered, say floating like a 15% piece of Seneca to the market to use as to help fund a regulated acquisition? Just talk a little bit about if that makes any sense.

David Bauer^ Who knows? I mean we look at -- when we approach financing the business, we look at all different options. I wouldn't want to comment on one specific circumstance like that.

Operator^ (Operator Instructions) Our next question comes from Geoff Jay of Daniel Energy Partners.

National Fuel Gas Company

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Geoff Jay^ I guess looking at the capital efficiency, I'm just kind of curious, obviously well productivity is playing a role and service costs are likely playing a role. I'm just wondering if you can help me frame the efficiencies you've seen year-to-date on both the drilling and completion side and how big a factor that's been.

Justin Loweth^ Yes, Geoff. Look, definitely, we have seen improvements in our overall costs in terms of D&C per foot over the last 12 months. And -- what I would tell you is, I mean I think a lot of that -- we haven't seen a lot of service cost deflation over that 12-month period.

So that's largely just been driven by enhanced operational efficiencies. I think the other thing I would note just generally and potentially uniquely to our company and our development is that we're still pretty early days in terms of the number of these Tioga Utica wells we've drilled. And so there's still opportunity for us to get better and better. And that evolution continues. We are very much focused on continuous improvement, and we'll have that mindset and culture within our business, looking to drive, continue to drive those dollar per foot cost down lower and lower, irrespective of changes in the overall service cost environment.

So I'd say we're still -- we still see opportunity to get better that's just going to be driven by really, really good planning and work, particularly in our D&C teams to find ways to do more with less.

Operator^ At this time we currently have no further questions. So I'll hand back to Natalie Fischer for any further remarks.

Natalie Fischer^ Thank you, Alex, and we'd like to thank everyone for taking the time to be with us today. A replay of this call will be available this afternoon on both our website and by telephone and will run through the close of business on Thursday, August 7.

Please feel free to reach out if you have any follow-up questions. Otherwise, we look forward to speaking with you again next quarter. Thank you and have a nice day.

Operator^ Thank you all for joining today's call. You may now disconnect your lines.