

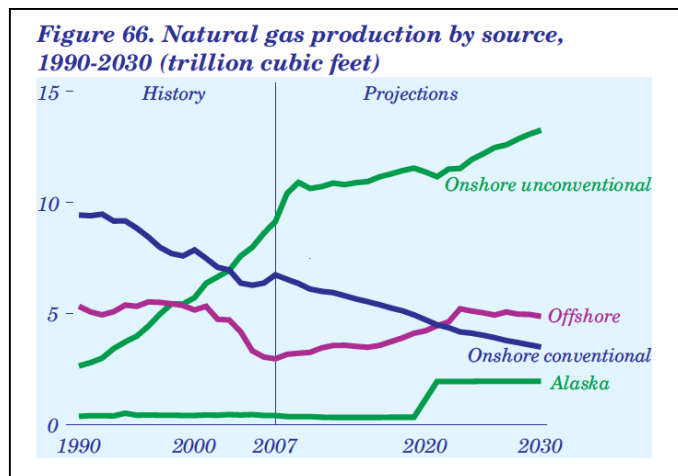
April 13, 2009

Natural Gas Trends

Highlights

EIA: Fastest Growing Gas Source is Shale

The Energy Information Administration (EIA) released its 221-page 2009 Annual Energy Outlook on 3/31/09. The Outlook catalogues EIA's projections through 2030 for the energy industry. The agency projects that unconventional natural gas resources will be the largest contributor to growth in U.S. natural gas production, as rising prices and improvements in drilling technology provide economic incentives necessary for exploitation of more costly natural gas resources. Unconventional gas production is projected to rise from 47% of total U.S. production in 2007 to 56% in 2030, in the quantities shown below.



Natural gas in tight sands formations is projected to be the largest source of unconventional production in 2030, accounting for 30% of total U.S. production, but production from shale formations is the fastest growing source. With an assumed 267 Tcf of undiscovered, technically recoverable natural gas resources, production of natural gas from shale formations is expected to increase from 1.2 Tcf in 2007 to 4.2 Tcf in 2030, or to 18% of total U.S. production.

Source: EIA's 2009 Annual Energy Outlook is available at <http://www.eia.doe.gov/oiaf/aco/index.html>

Data

- May Natural Gas Futures Contract (April 9), NYMEX at Henry Hub closed at \$3.610
- May Light, Sweet Crude Oil Futures Contract (April 9), NYMEX at Cushing closed at \$52.24 per Bbl. or approximately \$8.32 per MMBtu

Heating Degree Days

From 4/5/09 thru 4/11/09, Texas and the U.S. experienced cooler than normal weather. For the heating season (7/1/08 to present), cumulative heating degree days were 12% below normal for Texas and normal for the U.S.

Source: www.cpc.ncep.noaa.gov

Heating Degree Days (HDD) *Week ending 4/11/09*

City or Region	Week Total HDD	Week HDD +/- from Normal *	Year-to-date Total HDD	YTD, % +/- from Normal *
Amarillo	117	+36	3470	- 15 %
Austin	28	+14	1552	- 5 %
DFW	44	+21	1837	- 21 %
El Paso	33	+2	1940	- 22 %
Houston	20	+6	1155	- 23 %
San Antonio	22	+8	1064	- 31 %
Texas**	42	+19	1710	- 12 %
U.S.**	112	+18	4127	0 %

* A plus (+) value is cooler than normal; a minus (-) value is warmer than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which HDDs are calculated.
 ** State and U.S. degree-days are population-weighted by NOAA.

Storage Injection Season Begins at 1,674 Bcf for US

For the week ending 4/3, U.S. working gas in storage increased from 1,654 to 1,674 Bcf, as compared to 1,236 Bcf in storage a year ago and 1,364 Bcf for the 5-year average from 2004 to 2008. Working gas in storage in the producing region (which includes Texas) increased from 731 to 744 Bcf, as compared to 498 Bcf in storage a year ago and 531 Bcf for the 5-year average from 2004 to 2008.

Source: www.eia.doe.gov

U. S. Working Gas in Storage (Bcf) *Week ending 4/3/09*

Region	This Week	Last Week	Change	Current Δ from 5-Year Average (%)
East	647	641	+ 6	+ 2.9 %
West	283	282	+ 1	+ 39.4 %
Producing	744	731	+ 13	+ 40.1 %
Lower 48 Total	1674	1654	+ 20	+ 22.7 %

U.S. Gas Rig Count Drops to 790

The U.S. gas rig count was down 18 for the week and down 661 when compared to 12 months ago. The U.S. total rig count was down 38 for the week and down 810 when compared to 12 months ago. Source: Baker Hughes, Inc.

Baker Hughes Rotary Rig Count (4/9/09)

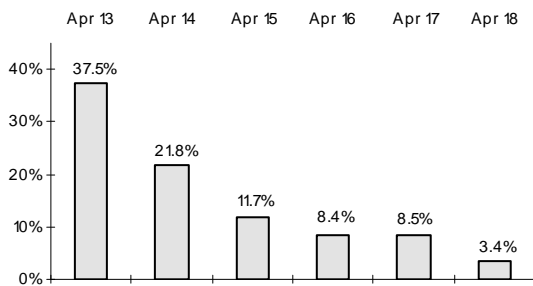
	This Week	+/- Last Week	Year Ago	+/- Year Ago
U.S.	1005	-38	1815	-810
Gas	790	-18	1451	-661
Oil	204	-20	355	-151
Texas	394	-22	879	-485
N. Amer.	1088	-30	1927	-839

Declining U.S. Energy Use Expected This Week

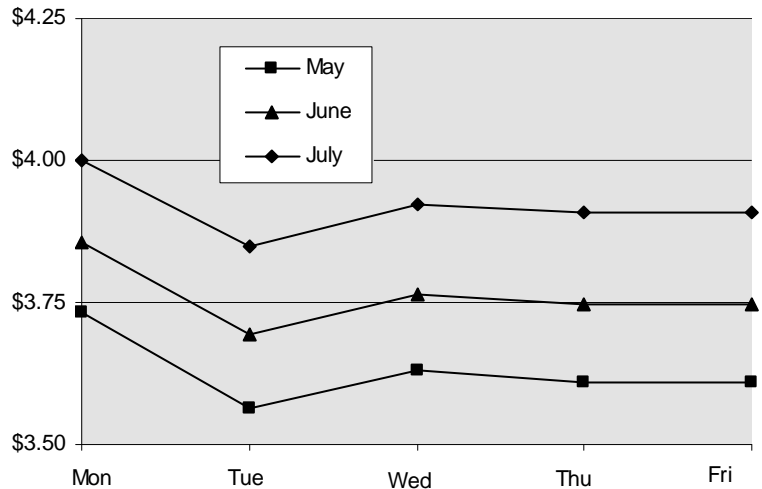
Higher than normal energy use is forecasted for the U.S. this week, with energy use gradually declining through 4/18, according to the Dominion Energy Index, as shown below. The index forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index

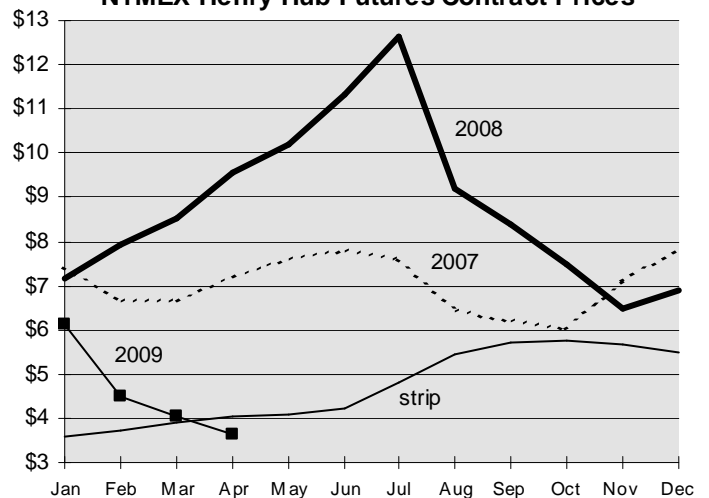
U.S. Energy Use Forecast



NYMEX Natural Gas Price Movement 4/6/09 - 4/10/09



NYMEX Henry Hub Futures Contract Prices



Gas Price Summary 4/9/09

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
U.S. (May Futures)				
NYMEX	\$3.610	-\$0.191	-\$6.597	\$4.712