

April 27, 2009

Natural Gas Trends

Highlights

UPDATE: NATURAL GAS MARKET CENTERS

On 4/24/09, the Energy Information Administration (EIA) released a 14-page analysis titled *Natural Gas Market Centers: A 2008 Update*, available at www.eia.doe.gov. The agency's last such analysis was released in 2003.

Market center growth in daily throughput and interconnect capacity. In 2008, there were 24 market centers in the United States, including seven in Texas. Four U.S. market centers increased their daily average throughput from 2003 to 2008 by double or more, including the Perryville Center (up 200%) and Egan (up 100%) Hubs in Louisiana, the Katy Hub (up 150%) in Texas and the Opal Hub (up 100%) in Wyoming. The Perryville and Egan Hubs also had remarkable growth in pipeline interconnect capacity, up 402% and 175%, respectively.

The market center with the most explosive growth in the U.S. from 2003-2008 was the Perryville Center Hub, owned and operated by Houston-based Centerpoint Energy, Inc.

New market centers. Currently, 6 new market centers have been proposed to be placed in service in the next few years, including one in Alabama, one in Pennsylvania, two in Mississippi, and two in Texas. Houston-based ENSTOR Energy, Inc. is Administrator for the two planned Texas market centers, including the Waha (ENSTOR) Hub, which is under construction and the Houston Hub & Transportation center, which has been approved by the Federal Energy Regulatory Commission (FERC) but is not yet under construction.

About market centers. Market centers provide essential transportation services to natural gas shippers. The day-to-day operations of a market center are usually managed by an administrator and a pipeline operator who manages the physical operations of the center at the direction of the administrator. Key services offered by most market centers include the physical coverage of short-term receipt / delivery balancing needs such as parking and loaning services, compression services, and pooling. Many market centers offer access to internet-based natural gas trading platforms and capacity release programs.

Source: www.eia.doe.gov

Data

- May Natural Gas Futures Contract (April 24), NYMEX at Henry Hub closed at \$3.297
- June Light, Sweet Crude Oil Futures Contract (April 24), NYMEX at Cushing closed at \$51.55 per Bbl. or approximately \$8.21 per MMBtu

Heating Degree Days

From 4/19/09 thru 4/25/09, Texas and the U.S. experienced warmer 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 4/25/09*

City or Region	Week Total HDD	Week HDD +/- from Normal *	Year-to-date Total HDD	YTD, % +/- from Normal *
Amarillo	19	-38	3562	- 15 %
Austin	0	-7	1560	- 5 %
DFW	2	-11	1863	- 21 %
El Paso	3	-13	1977	- 22 %
Houston	0	-7	1158	- 24 %
San Antonio	0	-7	1064	- 32 %
Texas**	7	-4	1741	- 12 %
U.S.**	56	-13	4276	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.

U.S. Working Gas in Storage at 1,741 Bcf

For the week ending 4/17, U.S. working gas in storage increased from 1,695 to 1,741 Bcf, as compared to 1,282 Bcf in storage a year ago and 1,419 Bcf for the 5-year average from 2004 to 2008. Working gas in storage in the producing region (which includes Texas) increased from 756 to 779 Bcf, as compared to 506 Bcf in storage a year ago and 556 Bcf for the 5-year average from 2004 to 2008. Source: www.eia.doe.gov

U. S. Working Gas in Storage (Bcf) *Week ending 4/17/09*

Region	This Week	Last Week	Change	Current Δ from 5-Year Average (%)
East	668	651	+ 17	+ 2.6 %
West	294	288	+ 6	+ 38.7 %
Producing	779	756	+ 23	+ 40.1 %
Lower 48 Total	1741	1695	+46	+ 22.7 %

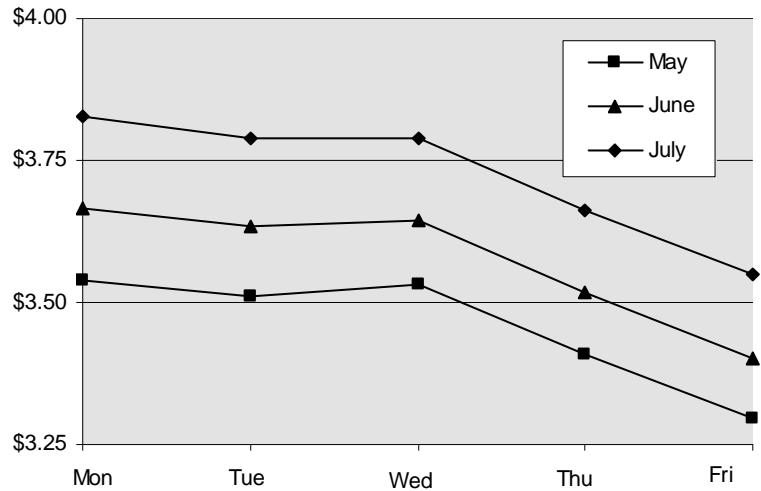
U.S. Gas Rig Count Drops to 742

The U.S. gas rig count was down 18 for the week and down 731 when compared to 12 months ago. The U.S. total rig count was down 20 for the week and down 887 when compared to 12 months ago. Source: Baker Hughes, Inc.

Baker Hughes Rotary Rig Count (4/24/09)

	This Week	+/- Last Week	Year Ago	+/- Year Ago
U.S.	955	-20	1842	-887
Gas	742	-18	1473	-731
Oil	202	-3	360	-158
Texas	378	-6	883	-505
N. Amer.	1020	-29	1930	-910

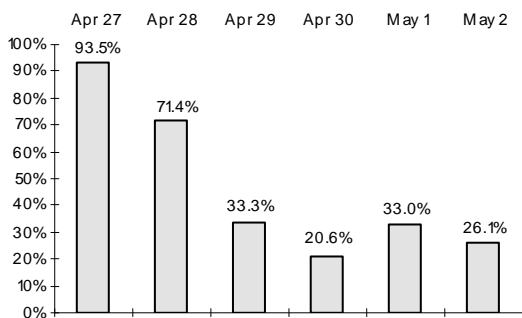
NYMEX Natural Gas Price Movement 4/20/09 - 4/24/09



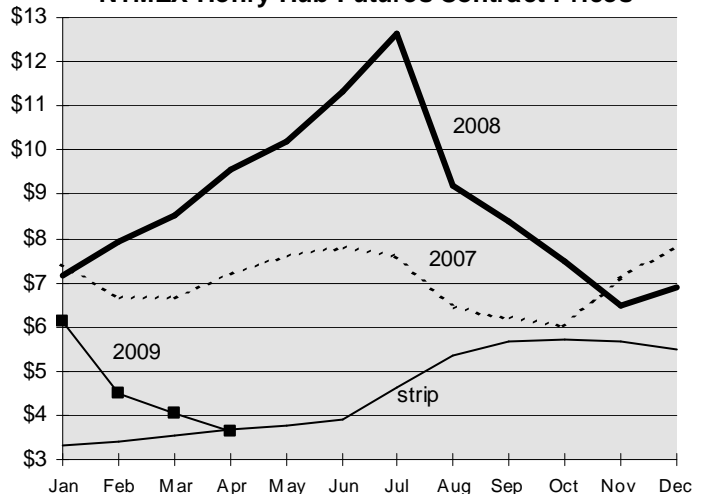
Above Normal Energy Use Expected This Week

Significantly higher than normal energy use is forecasted for the U.S. this week, 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 Henry Hub Futures Contract Prices



Gas Price Summary 4/24/09

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
U.S. (May Futures)				
NYMEX	\$3.297	-\$0.432	-\$6.910	\$4.507