

July 27, 2009

Natural Gas Trends

Highlights

EIA SOLICITS COMMENTS ON OIL AND GAS RESERVES REPORTS

Comments due by 9/14/09. The Energy Information Administration (EIA) recently proposed a 3-year extension of, and possible refinement of, reporting practices applicable to operators of natural gas wells, operators of crude oil wells, and operators of natural gas plants. The agency's proposal, which was published in the 7/15/2009 Federal Register (at 34318), can be found in the *What's New* section of the agency's website at: www.eia.doe.gov.

Current practice. EIA collects, evaluates, assembles, analyzes, and disseminates information on energy resource reserves, production, demand, technology, and related economic and statistical information. U.S. government agencies rely on data disseminated by the EIA including, for example, the Department of the Interior's Minerals Management Service, the Internal Revenue Service, the Department of the Treasury, and the Securities and Exchange Commission.

Similarly, the Railroad Commission of Texas' Gas Services Division relies on data collected by the EIA.

Proposed action. After reviewing comments received from interested persons, EIA will likely request a 3-year extension of its practice of collecting data through the *Oil and Gas Reserves System Survey Forms: EIA-23L, EIA-23S, and EIA 64A*. While the EIA is not proposing to change these forms, the agency will consider comments on how to prepare its data requests to the oil and gas industry such that the benefits of collecting the information are maximized.

Focus. In its Federal Register notice, the EIA published a list of questions for commenters to focus upon including, in part:

- What actions would maximize the quality, objectivity, utility, and integrity of the information being collected and disseminated?
- What actions would ease the data collection process, for example, the use of automated data collection techniques?
- For what purposes is the information used?

Source: www.doe.eia.gov

Data

- August Natural Gas Futures Contract (July 24), NYMEX at Henry Hub closed at \$3.695
- August Light, Sweet Crude Oil Futures Contract (July 24), NYMEX at Cushing closed at \$68.05 per Bbl. or approximately \$10.84 per MMBtu

Cooling Degree Days High for Texas, Low for U.S.

From 7/20/09 thru 7/24/09, Texas experienced warmer than normal weather while the U.S. experienced cooler than normal weather. For the cooling season (1/1/09 to 12/31/09), cumulative cooling degree days are 16% above normal for Texas and 1% below normal for the U.S.

Source: www.cpc.ncep.noaa.gov

Cooling Degree Days (CDD) Week ending 7/25/09

City or Region	Week Total CDD	Week CDD +/- from Normal *	Year-to-date Total CDD	YTD, % +/- from Normal *
Amarillo	78	- 16	796	+ 10 %
Austin	158	+ 18	1833	+ 19 %
DFW	134	- 9	1593	+ 20 %
El Paso	143	+ 17	1599	+ 24 %
Houston	143	+ 10	1915	+ 26 %
San Antonio	167	+ 27	2091	+ 31 %
Texas**	132	+ 3	1625	+ 16 %
U.S.**	64	- 11	628	- 1 %

* A minus (-) value is cooler than normal; a plus (+) value is warmer than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which CDDs are calculated.

** State and U.S. degree days are population-weighted by NOAA.

U.S. Gas Storage Injections Approach 3 Tcf

For the week ending 7/17/09, U.S. working gas in storage increased from 2,886 to 2,952 Bcf, 23.8% higher than the 2,384 Bcf in storage a year ago and 18.4% higher than the 5-year average from 2004 to 2008 of 2,494 Bcf. Working gas in storage in the producing region (which includes Texas) increased from 1,032 to 1,043 Bcf.

Source: www.eia.doe.gov

U. S. Working Gas in Storage (Bcf) Week ending 7/17/09

Region	This Week	Last Week	Change	Current Δ from 5-Year Average (%)
East	1467	1411	+ 56	+ 9.1 %
West	442	443	- 1	+ 23.5 %
Producing	1043	1032	+ 11	+ 31.9 %
Lower 48 Total	2952	2886	+ 66	+ 18.4 %

Gas Rig Count RISES to 675 this week

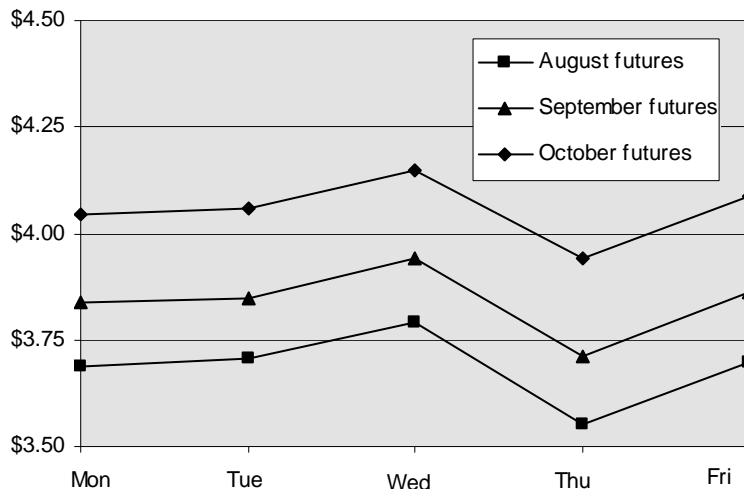
The gas rig count for the U.S. was up 10 for the week and down 880 when compared to 12 months ago. The U.S. total rig count was up 23 for the week and down 1014 when compared to 12 months ago.

Source: Baker Hughes, Inc.

Baker Hughes Rotary Rig Count (7/24/09)

	This Week	+/- Last Week	Year Ago	+/- Year Ago
U.S. total	943	+ 23	1957	- 1014
Gas	675	+ 10	1555	-880
Oil	257	+ 13	393	- 136
Texas	345	+ 3	926	- 581
N. Amer.	1123	+ 51	2392	-1269

NYMEX Natural Gas Price Movement 7/20/09 - 7/24/09

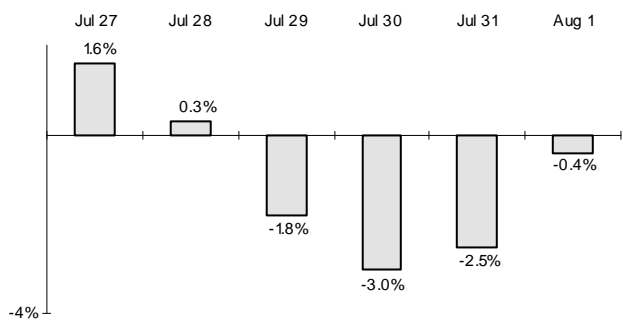


U.S. Energy Use Forecast For This Week

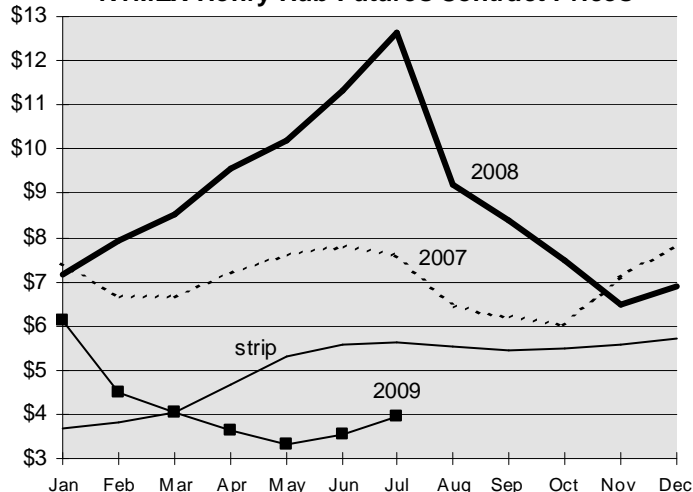
U.S. energy use is forecasted to be above normal on Monday and Tuesday and below normal for the remainder of the week, according to the Dominion Energy Index, as shown below. The index forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index

U.S. Energy Use Forecast



NYMEX Henry Hub Futures Contract Prices



Gas Price Summary 7/24/09

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
U.S. (August futures)				
NYMEX	\$3.695	\$0.026	-\$5.522	\$5.046