

August 3, 2009

Natural Gas Trends

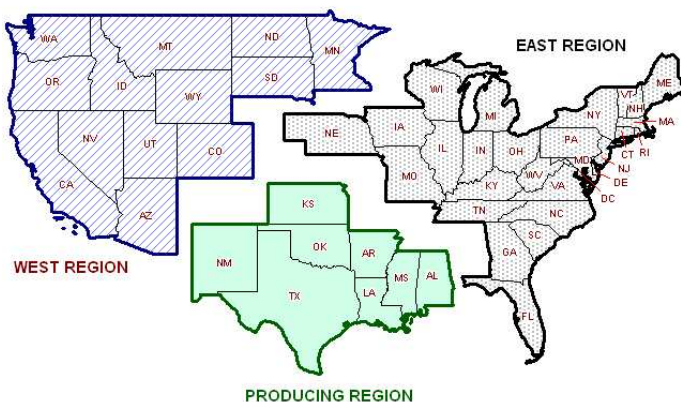
Highlights

GAS STORAGE EXCEEDS 3 TCF THRESHOLD BY EARLIEST DATE ON RECORD

July 24, 2009. The Energy Information Administration (EIA) reported last week that as of 7/24/09 U.S. working gas in storage reached 3,023 Bcf - marking the first time working gas in storage levels surpassed the 3 Tcf threshold as early as the month of July, since the agency began recording such data in 1994. The previous earliest calendar date that working gas in storage surpassed the 3 Tcf threshold was 8/31/07.

The July 24th record for reaching the 3 Tcf threshold beat the previous record by five weeks.

Three regions. EIA collects and disseminates natural gas storage data for three regions, including the East region, the West region, and the Producing region, shown below.



Producing region nets biggest surplus. As of last week, working gas in storage exceeded historical levels by significant margins in each region, with the Producing region contributing the majority of the surplus relative to last year. As of 7/24/09, storage in the East region was 12.4% higher than a year ago, the West region was 27.8% higher than a year ago, and the Producing region was 40.8% higher than a year ago.

Source: www.doe.eia.gov

Data

- September Natural Gas Futures Contract (July 31), NYMEX at Henry Hub closed at \$3.653
- September Light, Sweet Crude Oil Futures Contract (July 31), NYMEX at Cushing closed at \$69.45 per Bbl. or approximately \$11 per MMBtu

Cooling Degree Days Normal for U.S.

From 7/26/09 thru 8/1/09, Texas experienced warmer than normal weather while the U.S. experienced normal weather. For the cooling season (1/1/09 to 12/31/09), cumulative cooling degree days are 5% above normal for Texas and 1% below normal for the U.S. Source: www.cpc.ncep.noaa.gov

Cooling Degree Days (CDD) *Week ending 8/1/09*

City or Region	Week Total CDD	Week CDD +/- from Normal *	Year-to-date Total CDD	YTD, % +/- from Normal *
Amarillo	57	- 34	853	+ 5 %
Austin	167	+ 27	2000	+ 19 %
DFW	123	- 24	1716	+ 16 %
El Paso	160	+ 41	1759	+ 25 %
Houston	160	+ 27	2075	+ 26 %
San Antonio	168	+ 28	2259	+ 31 %
Texas**	135	+ 5	1760	+ 15 %
U.S.**	75	0	703	- 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 at 3,023 Bcf

For the week ending 7/24/09, U.S. working gas in storage increased from 2,952 to 3,023 Bcf, 23.3% higher than the 2,452 Bcf in storage a year ago and 18.8% higher than the 5-year average from 2004 to 2008 of 2,545 Bcf. Working gas in storage in the producing region (which includes Texas) increased this week from 1,043 to 1,059 Bcf.

U. S. Working Gas in Storage (Bcf) *Week ending 7/24/09*

Region	This Week	Last Week	Change	Current Δ from 5-Year Average (%)
East	1523	1467	+ 56	+ 9.5 %
West	441	442	- 1	+ 22.2 %
Producing	1059	1043	+ 16	+ 33.4 %
Lower 48 Total	3023	2952	+ 71	+ 18.8 %

Source: www.eia.doe.gov

Gas Rig Count RISES to 677 this week

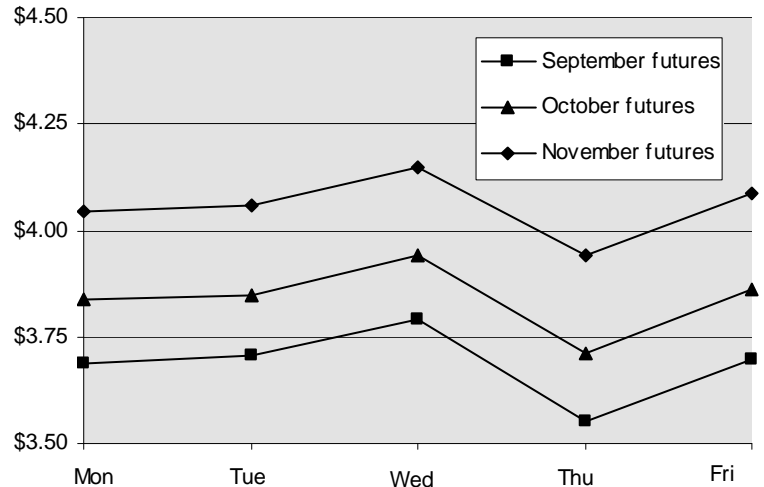
The gas rig count for the U.S. was up 2 for the week and down 873 when compared to 12 months ago. The U.S. total rig count was up 5 for the week and down 954 when compared to 12 months ago. **Of 948 rigs that make up the U.S. total, 71.4% are gas rigs and 27.5% are oil rigs.**

Baker Hughes Rotary Rig Count (7/31/09)

	This Week	+/- Last Week	Year Ago	+/- Year Ago
U.S. total	948	+ 5	1951	- 954
Gas	677	+ 2	1550	- 873
Oil	261	+ 4	392	- 131
Texas	347	+ 2	920	- 573
N. Amer.	1148	+ 25	2402	- 1254

Source: Baker Hughes, Inc.

NYMEX Natural Gas Price Movement 7/27/09 - 7/31/09

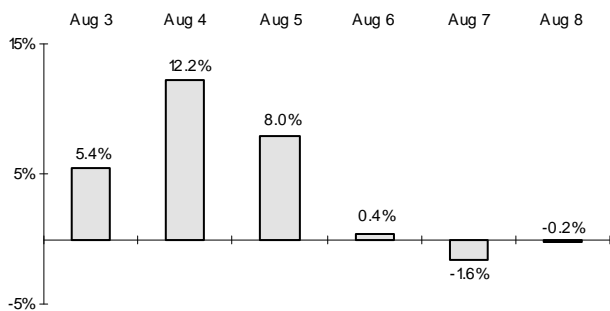


U.S. Energy Use Forecast For This Week

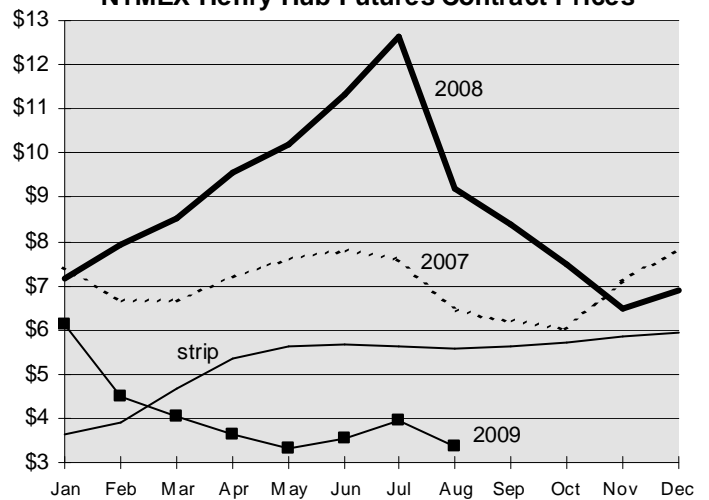
U.S. energy use is forecasted to be above normal through Thursday and below normal for the remainder of the week, according to the Dominion Energy Index, as shown below. The index forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index

U.S. Energy Use Forecast



NYMEX Henry Hub Futures Contract Prices



Gas Price Summary 7/31/09

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
U.S. (August futures)				
NYMEX	\$3.653	-\$0.042	-\$4.741	\$5.269

Natural Gas Trends will not be published on 8/10/09. Publication will resume on Monday, 8/17/09.