

August 31, 2009

Natural Gas Trends

Highlights

COLORADO SCHOOL OF MINES ESTABLISHES UNCONVENTIONAL NATURAL GAS INSTITUTE

Focus: Upstream R&D. The Colorado School of Mines recently announced its establishment of the **Unconventional Natural Gas Institute**. The Institute's focus is on upstream research and development of natural gas from unconventional natural gas resources such as shale, coalbed methane, gas hydrates and tight sands. The Institute will benefit from the School of Mines' specialized expertise in upstream natural gas research, including petroleum engineering, geology, geophysics, petrophysics and chemical engineering as well as strong partnerships with industry and government.

Graduate school applications are up 41% from 2008, including, in part, a 61% increase in applications to Ph.D. programs.

Soaring applications, enrollments. Given the nation's focus on energy issues, the Colorado School of Mines has experienced record-breaking increases in applications and enrollments. For the 2009-2010 academic year, the School enrolled its largest ever freshman class of 885 students and recorded its largest ever increase in graduate student enrollment, up 375 or 18%, to 1,150 graduate students.

- Undergraduate applications were up 9% over 2008.
- Undergraduate transfer students increased by 76%, also a record for the School.

The Colorado School of Mines is a public research university devoted to engineering and applied science. A video describing the school is available at <http://discover.mines.edu>.

Source: <http://www.mines.edu/>

Data

- October Natural Gas Futures Contract (Aug 28), NYMEX at Henry Hub closed at \$3.033
- October Light, Sweet Crude Oil Futures Contract (Aug 28), NYMEX at Cushing closed at \$72.74 per Bbl. or approximately \$11.58 per MMBtu

Cooling Degree Days Still Higher Than Normal

From 8/23/09 thru 8/29/09, Texas and the U.S. experienced significantly warmer than normal weather. For the cooling season (1/1/09 to 12/31/09), cumulative cooling degree days are 14% above normal for Texas and 2% above normal for the U.S.

Cooling Degree Days (CDD) *Week ending 8/29/09*

City or Region	Week Total CDD	Week CDD +/- from Normal *	Year-to-date Total CDD	YTD, % +/- from Normal *
Amarillo	72	+ 4	1192	+ 6 %
Austin	149	+ 16	2628	+ 18 %
Dallas - FW	138	+ 12	2307	+ 14 %
El Paso	111	+ 10	2299	+ 24 %
Houston	140	+ 19	2678	+ 24 %
San Antonio	163	+ 33	2923	+ 28 %
Texas**	131	+ 14	2322	+ 14 %
U.S.**	61	+ 4	989	+ 2 %

* 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.

Source: www.cpc.ncep.noaa.gov

U.S. Gas Storage Injections at 3,258 Bcf

For the week ending 8/21/09, U.S. working gas in storage increased from 3,204 to 3,258 Bcf, compared to 2,742 Bcf in storage a year ago and compared to an average of 2,758 Bcf in storage during the 5-year period from 2004 to 2008. Working gas in storage in the producing region (which includes Texas) increased this week from 1,074 to 1,079 Bcf.

U. S. Working Gas in Storage (Bcf) *Week ending 8/21/09*

Region	This Week	Last Week	Change	Current Δ from 5-Year Average (%)
East	1724	1681	+ 43	+ 9.7 %
West	455	449	+ 6	+ 20.1 %
Producing	1079	1074	+ 5	+ 33.5 %
Lower 48 Total	3258	3204	+ 54	+ 18.1 %

Source: www.eia.doe.gov

Gas Rig Count RISES to 699 this week

The gas rig count for the U.S. was up 4 for the week and down 907 when compared to 12 months ago. The U.S. total rig count was up 14 for the week and down 1,032 when compared to 12 months ago.

Baker Hughes Rotary Rig Count (8/28/09)

	This Week	+/- Last Week	Year Ago	+/- Year Ago
U.S. total	999	+ 14	2031	- 1032
Gas	699	+ 4	1606	- 907
Oil	286	+ 6	416	- 130
Texas	376	+ 4	958	- 582
N. Amer.	1183	+ 34	2467	- 1284

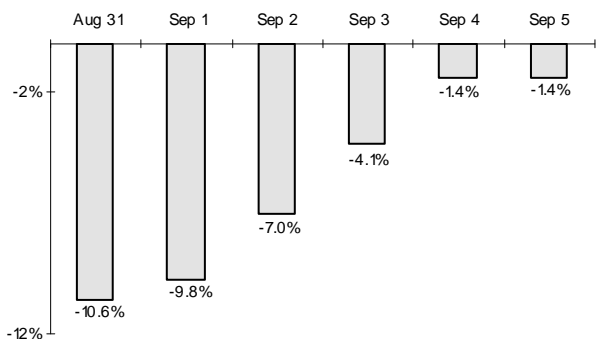
Source: Baker Hughes, Inc.

U.S. Energy Use Forecast For This Week

U.S. energy use is forecasted to be significantly below normal 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.

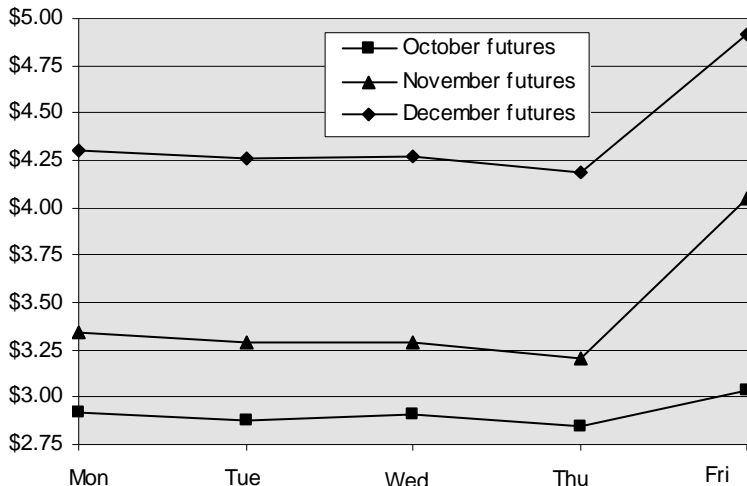
Source: Dominion Energy Index

U.S. Energy Use Forecast

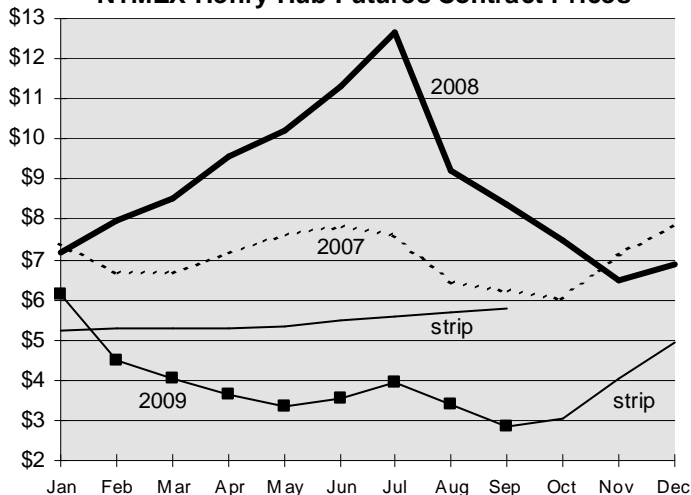


On Thursday, 8/27/09, the NYMEX gas futures contract for September settled at \$2.843.

NYMEX Natural Gas Price Movement 8/24/09 - 8/28/09



NYMEX Henry Hub Futures Contract Prices



Gas Price Summary 8/28/09

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
U.S. October futures				
NYMEX	\$3.033	\$0.229	-\$4.439	\$5.077

Natural Gas Trends will not be published on Labor Day, September 7, 2009.