

April 9, 2012

Natural Gas Trends**Highlights****AGA ESTIMATES U.S. GAS RESERVES AT 300 TRILLION CUBIC FEET**

For years, the U.S. Energy Information Administration (EIA) published an annual estimate of reserve volumes for oil, natural gas, and natural gas

The natural gas reserves inventory grows when annual additions to reserves exceed annual production.

liquids. Due to budget constraints, the EIA ceased preparing its annual estimate in 2011. Filling the void, the American Gas Association (AGA) published on April 3, 2012 an estimate of 2011 natural gas reserves, available at: www.aga.org

In its *Preliminary Findings Concerning 2011 Natural Gas Reserves*, the AGA estimates that proved U.S. natural gas reserves may be as high as 300 trillion cubic feet (Tcf). AGA bases its estimate on an analysis of the Annual Reports, Forms 10-K, and Forms 20-F, submitted by 30 large reserve holders to the U.S. Securities and Exchange Commission. Among AGA's findings:

- For the 30 large reserve holders analyzed by AGA, company additions to reserves far exceeded production, indicating strong reserves replacement for the nation as a whole.
- Exxon Mobil is now the largest natural gas reserves holder in the U.S. with over 26 Tcf, or about 1.6% of total reserves.
- There have been 13 consecutive years of natural gas reserves growth in the United States, from 1999 through 2011.
- Seven of the top ten reserves holders included in AGA's analysis are large independent producers of oil and gas – only three are normally viewed as integrated multi-national oil and gas majors.

Data

- May Natural Gas Futures Contract (as of April 5), NYMEX at Henry Hub closed at \$2.089 per million British thermal units (MMBtu)
- May Light, Sweet Crude Oil Futures Contract (as of April 5), NYMEX at Cushing closed at \$105.84 per U.S. oil barrel (Bbl.) or approximately \$16.85 per MMBtu

Last week: Texas, U.S. HDD lower than normal

For the week beginning 4/1/12 and ending 4/7/12, heating degree days (HDD) were again lower than normal for Texas and the U.S. For the heating season (7/1/11 to 6/30/12), cumulative heating degree days were 22% below normal for Texas and 18% below normal for the U.S.

Source: www.cpc.ncep.noaa.gov

HEATING DEGREE DAYS (HDD)				
City or Region	Total HDD for week ending 4/7/2012	*Week HDD + / - from normal	Year-to-date total HDD	* YTD % +/- from normal
Amarillo	53	-35	3402	-16%
Austin	0	-17	1458	-10%
DFW	0	-27	1764	-24%
El Paso	17	-19	2247	-10%
Houston	0	-17	951	-37%
SAT	0	-15	1123	-28%
Texas**	3	-25	1529	-22%
U.S.**	79	-22	3380	-18%

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

Last week: U.S. natural gas storage at 2,479 Bcf

For the week ending 3/30/12, U.S. working gas in storage rose from 2,437 to 2,479 Bcf, compared to 1,592 Bcf in storage a year ago and compared to an average of 1,545 Bcf in storage during the 5-year period from 2007 to 2011. Working gas in storage in the producing region (which includes Texas) rose from 1,019 to 1,045 Bcf.

Source: www.eia.doe.gov

U.S. WORKING GAS IN STORAGE				
Region	Week ending 3/30/12	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	1,085	1,074	11	+ 64.4%
West	349	344	5	+ 44.8%
Producing	1,045	1,019	26	+ 62.3%
Lower 48 Total	2,479	2,437	42	+ 60.5%

Lower 48 states, underground storage, units in billion cubic feet (Bcf)

Last week: U.S. gas rig count down 11 to 647

The gas rig count for the U.S. was down 11 when compared to the prior week and down 242 when compared to 12 months ago. The U.S. total rig count was unchanged from the prior week, and up 197 when compared to 12 months ago.

Source: Baker Hughes

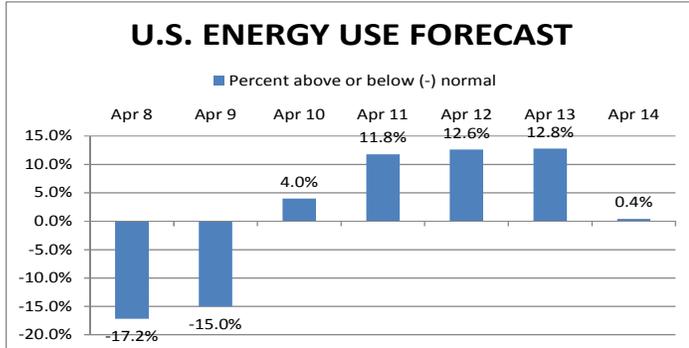
BAKER HUGHES ROTARY RIG COUNT				
	As of 4/5/12	+/- prior week	Year ago	+/- year ago
Texas	923	+1	791	132
U.S. gas	647	-11	889	-242
U.S. oil	1329	+11	886	443
U.S. total	1979	0	1782	197
Canada	187	-69	191	-4

Numbers are excerpted and not meant to be totaled

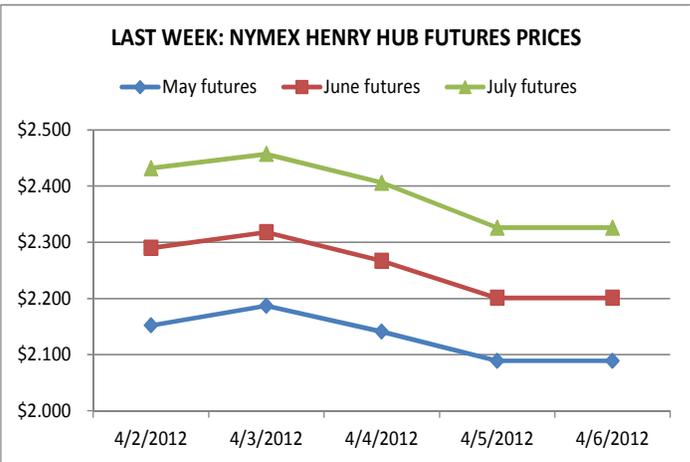
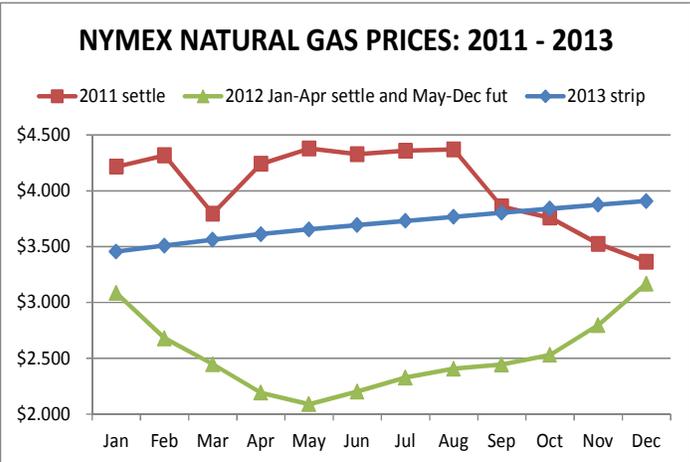
This week: U.S. energy mostly higher than norm

U.S. energy use is forecasted to be higher than normal this week, with the exception of lower than normal energy use on Wednesday, according to the Dominion Energy Index, as shown below. Dominion forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index



Strip prices. Natural gas strip prices for 2013, shown below in blue, are the average of daily settlement prices for the next twelve months of natural gas futures contracts.



NATURAL GAS PRICE SUMMARY AS OF 3/30/2012

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US May futures				
NYMEX	\$2.089	-\$0.037	-\$2.288	\$2.770

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