

April 11, 2011

Natural Gas Trends**Highlights****EIA RELEASES RESULTS OF STUDY ON
WORLD SHALE GAS RESOURCES**

On April 5, 2011 the U.S. Energy Information Administration (EIA) released results of a study of 48 shale gas basins in 32 countries. EIA commissioned Advanced Resources International, Inc. (ARI) to conduct the study titled *World Shale Gas Resources: An Initial Assessment of 14 Regions Outside the United States*.

The authors of EIA's study compared their international assessment of shale gas resources to the only other publicly-available work addressing the overall size of shale gas resources, a 1997 study by H.H. Rogner titled *An Assessment of World Hydrocarbon Resources*. A comparison of the two studies indicates there has been a 57% increase in 'in-place' shale gas resources from 16,112 trillion cubic feet (Tcf) in the Rogner study to 25,300 Tcf in the EIA/ARI study, shown below.

CONTINENT	ROGNER	EIA/ARI
North America	3,842	7,140
South America	2,117	4,569
Europe	549	2,587
Africa	1,548	3,962
Asia	3,528	5,661
Other	2,215	n/a
Total	16,112	25,300

All quantities in trillion cubic feet (Tcf)

Importantly, the two studies were not identical in scope. And, the EIA/ARI study did not assess Russia, the Middle East, and certain other areas where information was not attainable. A copy of the 365-page EIA/ARI study can be downloaded from:

<http://www.eia.gov/analysis/studies/worldshalegas/>

Data

- May Natural Gas Futures Contract (as of Apr 8), NYMEX at Henry Hub closed at \$4.041 per million British Thermal Units (MMBtu)
- May Light, Sweet Crude Oil Futures Contract (as of Apr 8), NYMEX at Cushing closed at \$112.79 per U.S. oil barrel (Bbl.) or approximately \$17.96 per MMBtu

Last week: Texas, U.S. warmer than normal

For the week beginning 4/3/11 and ending 4/9/11, heating degree days were lower than normal for Texas and the U.S. For the heating season (7/1/10 to 6/30/11), cumulative heating degree days are 7% below normal for Texas and 1% above normal for the U.S.

Source: www.cpc.ncep.noaa.gov

HEATING DEGREE DAYS (HDD)

City or Region	Total HDD for week ending 4/9/11	* Week HDD +/- from Normal	Year-to-date total HDD	* YTD % +/- from Normal
Amarillo	28	- 57	3584	- 11 %
Austin	12	- 3	1765	+ 9 %
Dallas – FW	15	- 10	2073	- 10 %
El Paso	4	- 29	2046	- 17 %
Houston	10	- 5	1311	- 12 %
San Antonio	7	- 7	1351	- 13 %
Texas**	14	- 11	1821	- 7 %
U.S.**	90	- 7	4132	+ 1 %

* A minus (-) value is warmer than normal; a plus (+) value is cooler 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.

Last week: U.S. Gas Storage Drops to 1,579 Bcf

For the week ending 4/1/11, U.S. working gas in storage decreased from 1,624 to 1,579 Bcf, compared to 1,665 Bcf in storage a year ago and compared to an average of 1,569 Bcf in storage during the 5-year period from 2006 to 2010. Working gas in storage in the producing region (which includes Texas) increased from 740 to 742 Bcf.

Source: www.eia.doe.gov

U.S. WORKING GAS IN STORAGE

Region	Week ending 4/1/11	Prior Week	One-week Change	Current Δ from 5-YR Avg (%)
East	616	668	- 52	- 12.4 %
West	221	216	+ 5	- 9.4 %
Producing	742	740	+ 2	+ 19.1 %
Lower 48 Total	1579	1624	- 45	+ 0.6 %

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

Last week: Gas Rig Count down 2 to 889

The gas rig count for the U.S. was down 2 last week when compared to the prior week, and down 70 when compared to 12 months ago. The U.S. total rig count was up 6 last week when compared to the prior week, and up 306 when compared to 12 months ago.

Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT

	As of 4/1/11	+/- Prior Week	Year Ago	+/- Year Ago
U.S. total	1782	+ 6	1476	+ 306
Gas	889	- 2	959	- 70
Oil	886	+ 9	505	+ 381
Texas	791	+ 21	628	+ 163
N. Amer.	1973	- 88	1602	+ 371

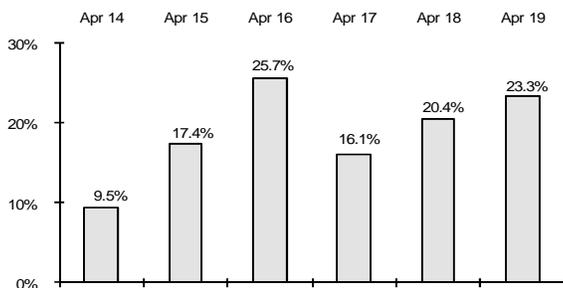
Numbers are excerpted and not meant to be totaled

This week: U.S. Energy Use Higher Than Norm

This week, U.S. energy use is forecasted to be higher than normal, 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

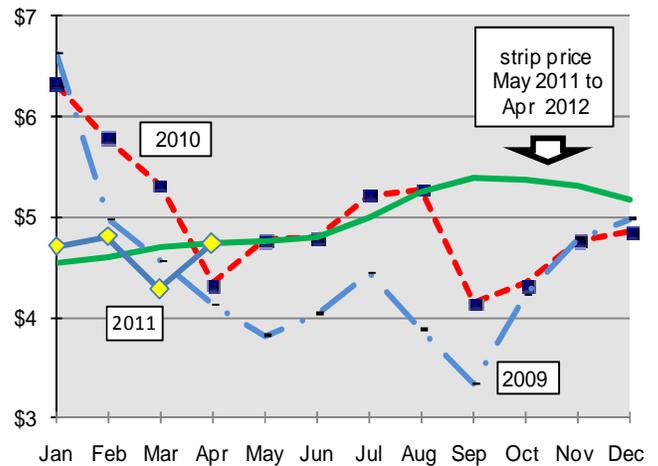
U.S. ENERGY USE FORECAST



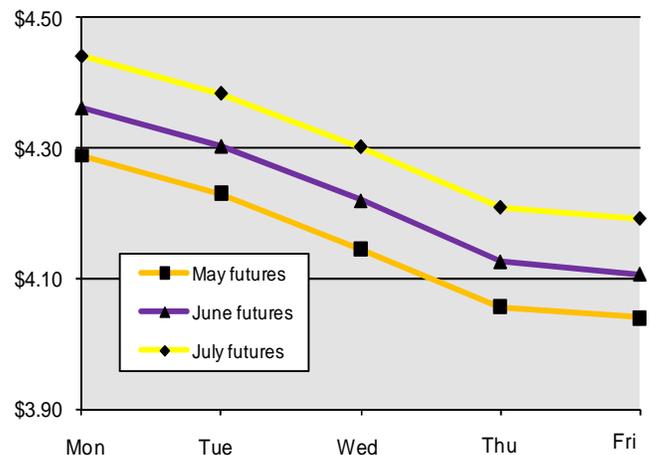
NATURAL GAS PRICE SUMMARY AS OF 4/8/11

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US May futures				
NYMEX	\$4.041	-\$0.321	-\$0.230	\$4.471

NYMEX HENRY HUB FUTURES PRICES



NYMEX NATURAL GAS PRICE MOVEMENT 4/4/11 - 4/8/11



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