

May 5, 2008

Natural Gas Trends

Highlights

- Energy Transfer Partners, L.P. (NYSE: ETP) last week reported the completion of its Southeast Bossier 42-inch natural gas pipeline project in East Texas. The \$468 million Southeast Bossier Pipeline consists of more than 150 miles of predominately 42-inch pipe, originating near Farrar, Texas and ending near Silsbee, Texas. The pipeline connects the Partnership's East Texas and Cleburne to Carthage pipelines with its Texoma Pipeline, north of Beaumont. This newly constructed pipeline provides producers in the Barnett Shale and Bossier Sand development plays of Central and East Texas up to 900,000 Mcf/d of initial capacity and will bring the Partnership's total transport capacity from these rapidly expanding producing basins to more than 4 Bcf/d. "We are pleased to bring this pipeline into service, as it demonstrates our ongoing commitment to provide critical intrastate transmission capacity and enhances market access to all major hubs in Texas," said Mike Howard – Chief Operations Officer - Midstream Operations. "The Southeast Bossier Pipeline solidifies Energy Transfer's position as the largest transporter of natural gas from the Barnett Shale and the Lower Bossier Sands," added Mr. Howard.
- The Energy Information Administration (EIA) released a study on the effect of the proposed Lieberman-Warner Climate Security Act of 2007 on energy markets, focusing on the impact of the greenhouse gas cap-and-trade program under Title I of S. 2191. According to the report, the projected cost of the bill per U.S. household would increase from the current \$76 per year to \$723 by 2030. Implementing the bill would result in a 70-percent reduction in emissions from the 2005 levels by 2050. According to EIA, if new nuclear, renewable, and fossil plants with carbon capture and sequestration are not developed and deployed in a timeframe consistent with the emissions reduction requirements, covered entities are projected to turn to increased natural gas use to offset reductions in coal generation, resulting in a significantly higher price of \$19 per MMBtu. The bill could also raise electricity costs by 11 to 64 percent by 2030, while the total discounted gross domestic product losses in 2009 through 2030 would range from \$444 billion to \$1.308 trillion under the base case. The enacted legislation also would lead to a rapid build-up in wind and solar energy capacity, which could provide a financial incentive for energy companies to deploy carbon capture and sequestration technologies.

Data

- June Natural Gas Futures Contracts (May 2) NYMEX at Henry Hub closed at \$10.777.
- June Light, Sweet Crude Oil Futures Contracts (May 2) NYMEX at Cushing closed at \$116.32 per Bbl. or approximately \$18.52 per MMBtu.

Cooling-Degree Days

Texas experienced cooler than normal weather for the week ending May 2. For the cooling season (01/01/08 to present), cooling degree-days in **Texas are 25 percent above normal**. Overall, the U.S. experienced cooler than normal weather for the week. (Source: NOAA)

Table 1: Cooling Degree-Days (CDD) Week 05/02/08.

City or Region	Week Total CDD	Week, CDD +/- from Normal *	Year-to-date Total CDD	YTD, % +/- from Normal *
Amarillo	13	+6	27	N/A
Austin	18	-33	243	-5
DFW	29	-4	227	N/A
El Paso	28	-4	127	N/A
Houston	43	-8	342	+27
San Ant.	46	-8	399	+43
Texas**	34	-7	288	+25
U.S.**	11	-1	76	N/A

* A + value = warmer than normal; a - value = cooler than normal.

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

U.S. Gas Storage Level Increases by 86 Bcf

Working gas in underground storage was 1,371 Bcf, an increase of 86 Bcf from the prior week, for the week ending April 25. A year ago, estimated U.S. gas storage was 1,626 Bcf. The prior five-year average for this week is 1,374 Bcf. Working gas in storage in the producing region, which includes Texas, was 531 Bcf, compared to the five-year average of 520 Bcf. In the east region gas storage was 652 Bcf, compared to the five-year average of 636 Bcf. In the west region storage was 188 Bcf, compared to the five-year average of 219 Bcf. (Source: Energy Information Administration.)

Table 2: U. S. Working Gas in Storage (Bcf) Week 04/25/07.

	This Week	Last Week	Change	Current Δ from 5-Year Avg. (%)
East Region	652	598	+54	+2.5
West Region	188	181	+7	-14.2
Producing Region	531	506	+25	+2.1
Lower 48 Total	1371	1285	+86	-0.2

U. S. Gas Rig Count at 1473

The U.S. gas rig count was level this week at 1473 up from 1462 gas rigs a year ago. The U.S. total rig count decreased by 3 to 1839 up from 1747 rigs a year ago.

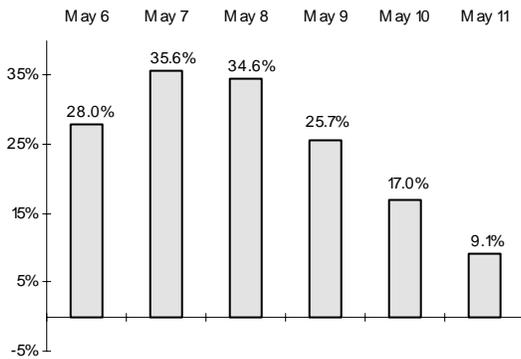
Baker Hughes Rotary Rig Count (05/02/08)

	This Week	+/- Last Week	Year Ago	+/- Year Ago
U.S.	1839	-3	1747	+92
Gas	1473	0	1462	+11
Oil	357	-3	282	+75
Texas	882	-1	831	+51
North America	1934	+4	1836	+98

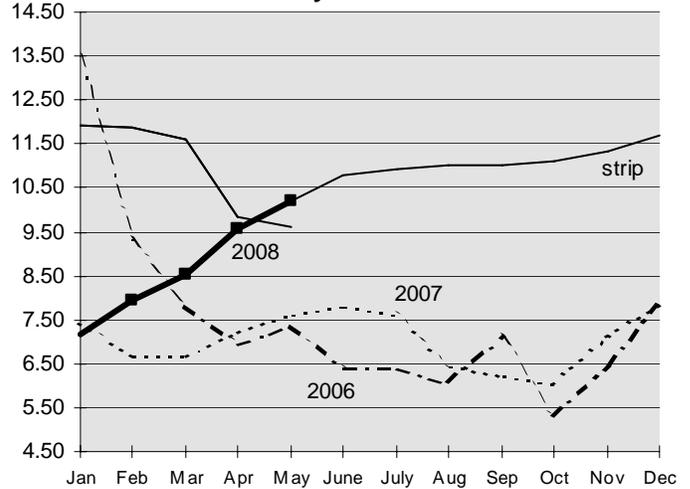
Dominion Energy Use Forecast

Above normal energy use throughout the week is forecast for the U.S., according to the Dominion Energy Index. The energy index forecasts total U.S. residential energy usage, a component of which is natural gas.

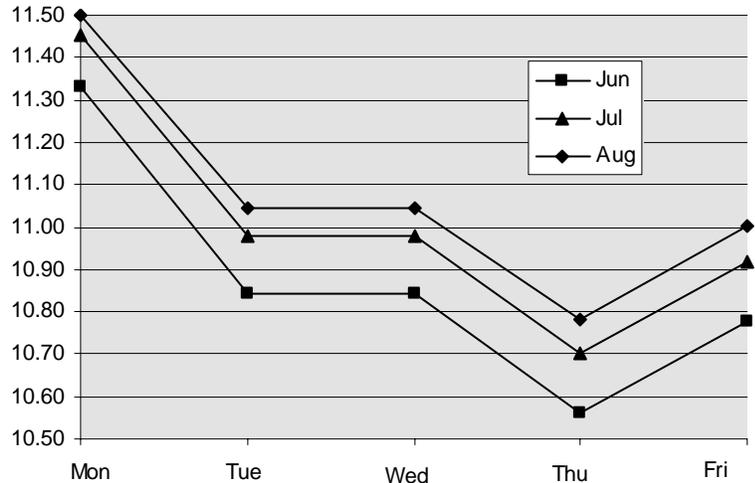
U.S. Energy Use Forecast



NYMEX Henry Hub Futures Prices



NYMEX NG Price Movement 4/28 - 5/2



Gas Price Summary

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
U.S (June Futures)				
NYMEX	\$10.777	-\$0.324	\$2.964	\$11.056

5/2/2008