

September 8, 2008

Natural Gas Trends

Highlights

- Hurricanes.** The NYMEX October natural gas futures contract price increased 12.7 cents on Friday as Hurricane Ike moved toward the U.S. While Hurricane Gustav did not cause significant damage to natural gas production facilities, parts of central Louisiana are still without electricity and may not have power restored until October 1. Source: Platts, 9/8
- Sherman Extension.** Affiliates of Enterprise Products Partners, L.P. (EPP), a provider of midstream energy services, recently signed agreements with natural gas producers in the Barnett Shale region to use 900 million cubic feet of capacity on the 178-mile Sherman Extension, a natural gas pipeline. The Sherman Extension, which is expected to be completed in the fourth quarter of 2008, will extend from Erath County, Texas to Parker County, Texas with a separate 40-mile lateral supply extension to the Trinity River Basin north of Arlington. Source: www.epplp.com
- Landfill gas-processing acquisition.** Clean Energy Fuels Corporation recently acquired Dallas Clean Energy LLC, owner of the McCommas Bluff landfill gas processing plant – the third largest in the U.S. Source: www.cleanenergyfuels.com
- Colorado regulation rewrite.** In 2007, two pieces of legislation (HB 07-1298 and HB 07-1341) affecting oil and gas regulation in Colorado were signed into law. To implement these laws, the Colorado Oil and Gas Conservation Commission recently approved amendments to 50 rules, following a 2-day series of deliberations. The Commission has scheduled an additional 3-day series of meetings in September to consider regulations that could mitigate the impact of drilling on wildlife and regulations affecting coal bed methane-produced water. Sources: Platts Gas Daily, www.cogcc.state.co.us
- Gas traders convicted of wire fraud.** In late August, two natural gas commodities traders formerly employed by Dynergy were sentenced to prison terms for reporting false data about their trades to price index publishers, including Platts and Intelligence Press. Michelle Valencia, who was convicted on seven counts of wire fraud, received a 57-month prison sentence. Greg Singleton, who was convicted on one count of wire fraud, received a 28-month sentence. Source: Platts, 8/22

Data

- October Natural Gas Futures Contract (September 5) NYMEX at Henry Hub closed at \$7.449.
- October Light, Sweet Crude Oil Futures Contract (September 5) NYMEX at Cushing closed at \$106.23 per Bbl. or approximately \$16.92 per MMBtu.

Cooling Degree Days

Texas had slightly cooler than normal weather, overall, during the week ending September 6, though several areas of the state were warmer than normal. For the cooling season (1/1/08 to present), cumulative cooling degree-days are **6% above normal for Texas** and 6% below normal for the U.S. (Source: NOAA)

Cooling Degree-Days (CDD) Week ending 09/06/08

City or Region	Week Total CDD	Week, CDD +/- from Normal *	Year-to-date Total CDD	YTD, % +/- from Normal *
Amarillo	30	-28	1258	+5
Austin	124	+1	2520	+6
DFW	122	+9	2771	+29
El Paso	77	-15	2041	+4
Houston	124	+10	2628	+15
San Ant.	127	+5	2814	+16
Texas**	104	-4	2279	+6
U.S.**	59	+9	1094	-6

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

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

U.S. Gas Storage Level Increases by 90 Bcf

U.S. working gas in underground storage was 2,847 Bcf for the week ending August 29, an increase of 90 Bcf from the prior week. A year ago, estimated U.S. gas storage was 2,995 Bcf. The prior five-year average for this week was 2,745 Bcf. Working gas in storage in the producing region, which includes Texas, was 793 Bcf, compared to the five-year average of 794 Bcf. (Source: Energy Information Administration)

U. S. Working Gas in Storage (Bcf) Week ending 08/29/08

Region	This Week	Last Week	Change	Current Δ from 5-Year Avg. (%)
East	1,676	1,609	+67	+6.3
West	378	371	+7	+ .8
Producing	793	777	+16	- .1
Lower 48 Total	2,847	2,757	+90	+3.7

U. S. Gas Rig Count at 1586

The U.S. **gas rig** count decreased by 20 this week to 1586 and was up 72 when compared to 1514 gas rigs a year ago. The U.S. **total rig** count decreased by 18 this week to 2013 and was up 199 when compared to 1814 rigs a year ago.

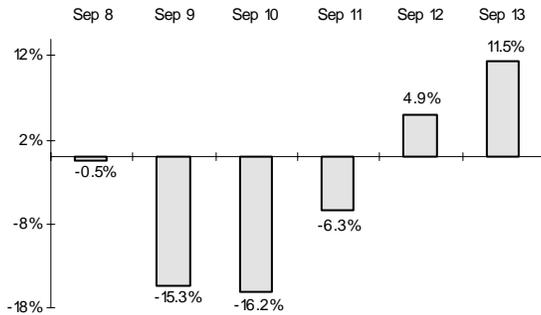
Baker Hughes Rotary Rig Count (09/05/08)

	This Week	+/- Last Week	Year Ago	+/- Year Ago
U.S.	2013	-18	1814	+199
Gas	1586	-20	1514	+72
Oil	416	0	294	+122
Texas	938	-20	855	+83
North America	2431	-36	2149	+282

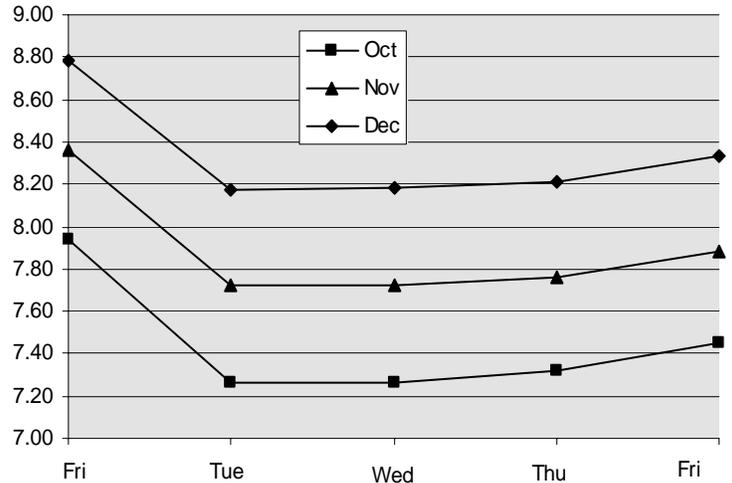
Dominion Energy Use Forecast

For the U.S., below normal energy use is forecasted through Thursday and above normal energy use is forecasted beginning Friday, according to the Dominion Energy Index. The index forecasts total U.S. residential energy usage, a component of which is natural gas.

U.S. Energy Use Forecast

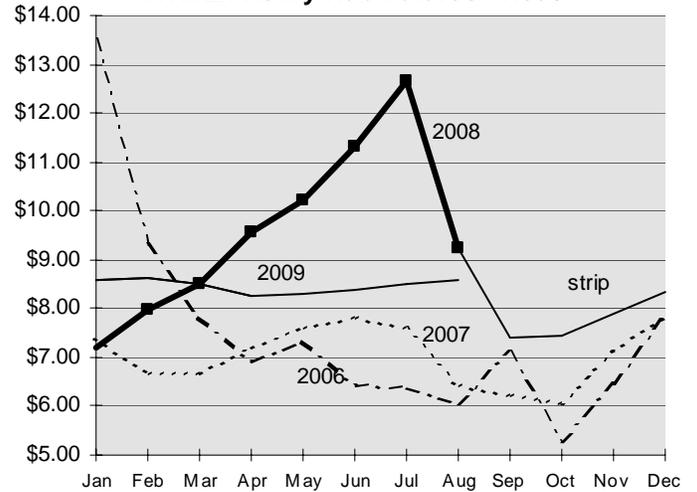


NYMEX Natural Gas Price Movement 8/29 - 9/5



Note: The NYMEX was closed on Labor Day, 9/1/08

NYMEX Henry Hub Futures Prices



Gas Price Summary 9/5/08

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
U.S. October Futures)				
NYMEX	\$7.449	-\$0.494	\$1.243	\$8.236