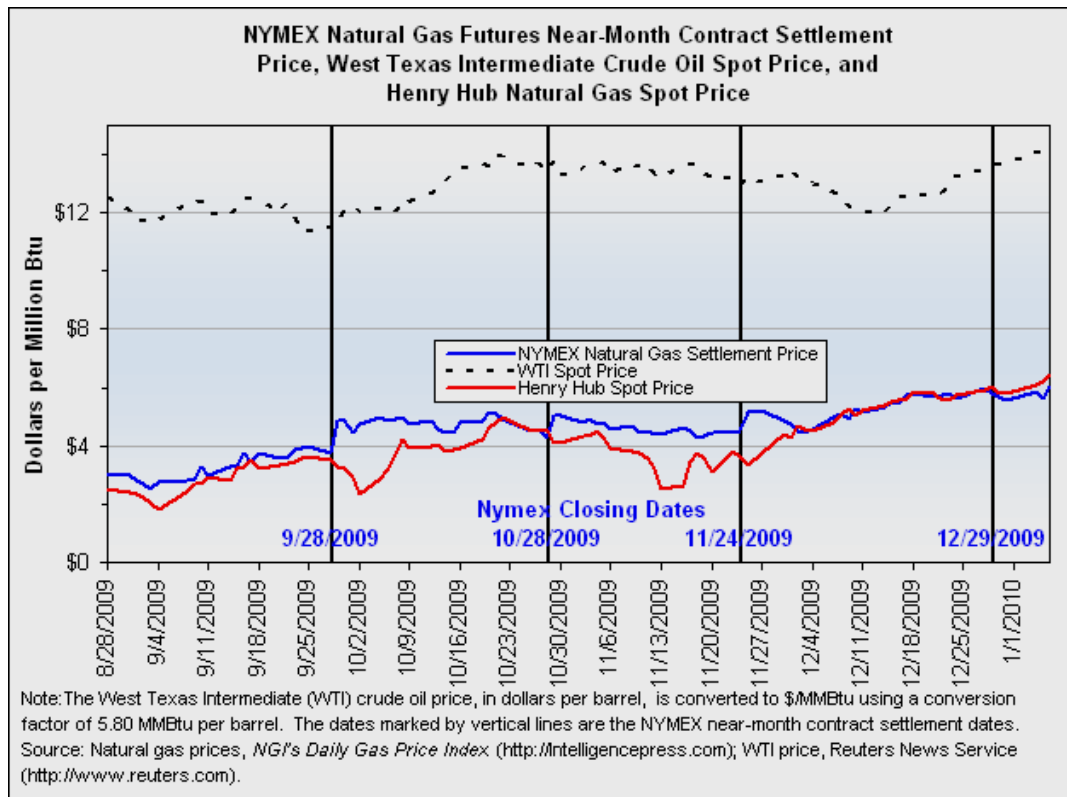


PRICES

At the NYMEX, the prices for natural gas delivery contracts through January 2011 increased by roughly 20 cents per MMBtu, or about 3 percent, during the report week. On the week, the price of the February contract increased 30 cents per MMBtu, or about 5 percent, posting the largest gain on the 12-month (February 2010 through January 2011) futures strip. The other remaining 11 contracts on the 12-month strip rose between 13 and 26 cents per MMBtu, or about 2 to 4 percent. Overall, prices for the 12-month futures strip averaged \$6.19 per MMBtu as of Wednesday, January 6. Prices for delivery for the remainder of 2009-2010 heating season (February 2010 through March 2010) averaged \$5.98 per MMBtu. The January 2010 contract expired in trading on December 29, 2009 at \$6.01 per MMBtu, climbing \$2.39 per MMBtu, or 66 percent, during its tenure as the near-month contract. Since becoming the near-month contract on December 30, the February 2010 contract has traded at a discount to the Henry Hub spot price, suggesting that producers have incentives to withdraw natural gas from storage to meet current demand for natural gas.

Since last Wednesday, December 30, natural gas spot prices increased in all markets east of the Rockies. Frigid temperatures throughout most of the lower 48 States and rising crude oil prices appear to have contributed to rising natural gas prices. Price increases since last Wednesday ranged between \$0.06 and \$7.89 per MMBtu. In general, prices increased by less than \$1 per MMBtu at most market locations on the week. However, significant price run-ups in select regions of the lower 48 States characterized the week. The largest price increases were generally concentrated in the heavy natural gas heating demand areas of the Northeast and Midcontinent.



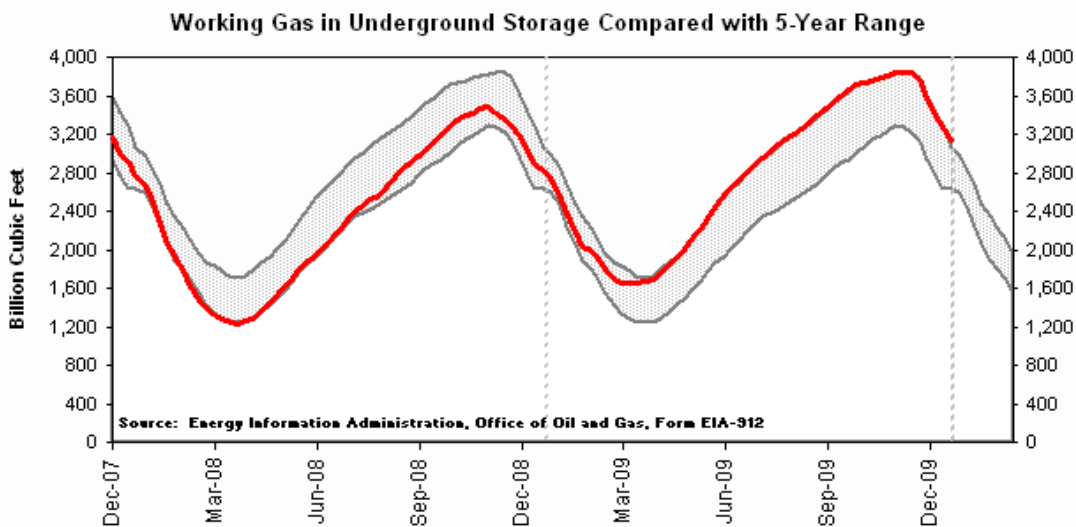
STORAGE

Working gas in storage decreased to 3,123 Bcf as of Friday, January 1, according to EIA's Weekly Natural Gas Storage Report (see Storage Figure). The implied net withdrawal was 153 Bcf, compared with last year's net withdrawal of 61 Bcf for the report week. Colder-than-normal temperatures likely contributed to the above-normal rate of withdrawals during the report week. Working gas inventories are 286 Bcf higher than year-ago levels and 316 Bcf above the 5-year average level (2005-2009). Working gas in storage continues to exceed historical levels by significant margins for this time of year in each of the three storage regions.

Temperatures were generally colder than normal in most Census Divisions in the lower 48 States during the week ended December 31, 2009. Based on the National Weather Service's degree-day data, temperatures in the lower 48 States during the week were, on average, about 1 degree colder than normal and 8 degrees colder than last year's levels. Temperatures were warmest in the Pacific Census Division, where the average temperature was 46 degrees. Elsewhere in the lower 48 States, average temperatures ranged between 19 and 40 degrees. In contrast to the rest of the lower 48 States, the Middle Atlantic and East North Central Census Divisions reported warmer-than-normal temperatures.

All Volumes in Bcf	Current Stocks 01/01/10	One-Week Prior Stocks 12/25/09	Implied Net Change from Last Week	Estimated Prior 5-Year Average (2005-2009)	Percent Difference from 5 Year Average
East Region	1,686	1,779	-93	1,574	7.1
West Region	434	453	-19	378	14.8
Producing Region	1,003	1,044	-41	856	17.2
Total Lower 48	3,123	3,276	-153	2,807	11.3

Source: Energy Information Administration: Form EIA-912, "Weekly Underground Natural Gas Storage Report," and the Historical Weekly Storage Estimates Database. Row and column sums may not equal totals due to independent rounding.



Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2003 through 2007. Source: Form EIA-912, "Weekly Underground Natural Gas Storage Report." The dashed vertical lines indicate current and year-ago weekly periods.

OTHER MARKET TRENDS

Lower Prices Hurt Oil and Natural Gas Revenues in 2008. EIA released Performance Profiles of Major Energy Producers 2008 on December 24, 2009, which included results from reports of financial and operating data from 27 U.S.-based major energy companies. Net income of oil and natural gas producers submitting information to EIA fell to a 5-year low in 2008, dropping from \$127 billion in 2007 to \$87 billion in 2008. According to the report, declines in both oil and natural gas prices over 2008 slowed revenue growth, while operating costs increased sharply. Both upstream and downstream profits fell in 2008. Worldwide production of natural gas increased, according to the report, while worldwide reserve additions fell. When reporting reserves, companies must use year-end prices. The decline in prices over 2008 likely led to the decrease in reserve additions, according to the report. The companies included in the report represent 41 percent of U.S. crude oil production, and 43 percent of U.S. natural gas production in 2008.

<http://www.eia.doe.gov/emeu/perfpro/index.html>

NATURAL GAS TRANSPORTATION UPDATE



Normal Pipeline Conditions Exist.