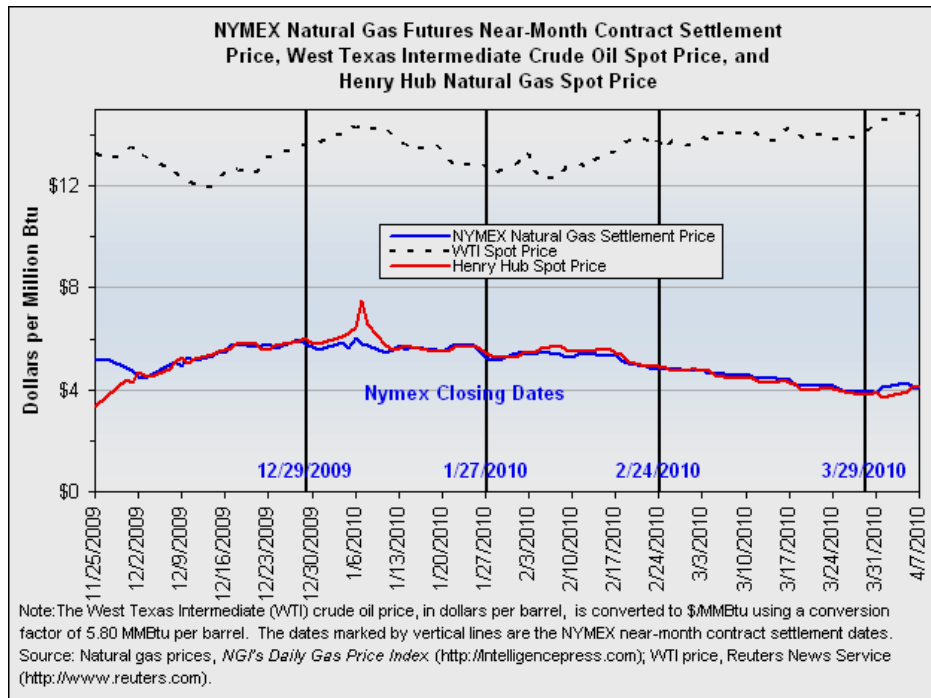


PRICES

At the NYMEX, the prices for natural gas delivery contracts through April 2011 decreased between \$0.03 and \$0.16 per MMBtu, or up to 4 percent, during the report week. On the week, the price of the May contract increased \$0.15 per MMBtu, or about 4 percent. Overall, prices for the 12-month futures strip (May 2010 through April 2011) averaged \$4.76 per MMBtu as of Wednesday, April 7, climbing about \$0.11 per MMBtu, or about 2 percent on the week. Natural gas futures prices in the front months posted gains in trading each successive day between March 31 and April 5. The 12-month strip and the near-month contract peaked on the week at \$5.00 per MMBtu and \$4.28 per MMBtu, respectively, before posting declines in subsequent trading. Natural gas futures prices for delivery during the injection season months averaged \$4.31 per MMBtu, trading at a \$0.23-premium to the Henry Hub spot price. This premium suggests natural gas suppliers have an incentive to replenish inventory levels of natural gas held in storage.

Natural gas consumption in the lower 48 States fell by 14 percent since last week, with declines in all market sectors. Natural gas consumption posted declines on the week in each of the major market sectors, with decreases ranging between 1 to 30 percent, according to BENTEK Energy Services, LLC. The largest weekly declines occurred in the residential/commercial and electric power market sectors, which fell 30 percent and 3 percent, respectively. The declines in these sectors likely resulted from the decrease in space-heating demand associated with moderating and unseasonably warm temperatures. Industrial demand fell about 1 percent on the week. Compared with the same week last year, natural gas consumption in the lower 48 States has fallen about 14 percent, driven by significant declines in the residential/commercial sector, which was down 30 percent from its year-prior level. However, natural gas in the electric power and industrial sectors was 3 percent and 5 percent above year-ago levels, respectively.



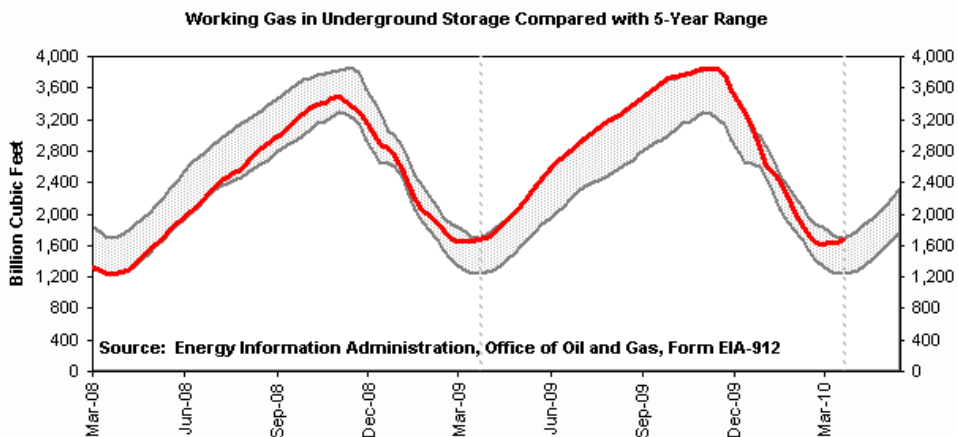
STORAGE

Working natural gas in storage increased to 1,669 Bcf as of Friday, April 2, according to EIA's Weekly Natural Gas Storage Report (see Storage Figure). The implied net injection was 31 Bcf, compared with last year's net injection of 17 Bcf and the 5-year (2005-2009) average of 11 Bcf for the report week. Warming temperatures in most regions of the lower 48 States likely contributed to the larger-than-normal net injections into storage. Working gas inventories were 2 Bcf below year-ago levels and 180 Bcf above the 5-year average level. Working gas in storage exceeded the 5-year average for this time of year in each of the three storage regions. However, working gas stocks in the Producing region are 115 Bcf, or about 16 percent, below last year's level. Since peaking on March 5 at 145 Bcf, the year-on-year storage deficit in the Producing region has declined during each successive week.

Temperatures were generally warmer than normal in most Census Divisions in the lower 48 States during the week ended April 1. Based on the National Weather Service's degree-day data, temperatures in the lower 48 States during the week ending April 1 were, on average, about 1.6 degrees warmer than normal and 2.1 degrees warmer than last year. Temperatures were warmest in the West South Central, South Atlantic, East South Central, and the Pacific Census Divisions, where the average temperatures were 60.3, 54.7, 53.3, and 53.3 degrees, respectively. Elsewhere in the lower 48 States, average temperatures ranged between 42 and 50 degrees. In contrast to the rest of the lower 48 States, the West South Central, East South Central, and Pacific Census Divisions reported slightly cooler-than-normal temperatures.

	Current Stocks 04/02/10	One-Week Prior Stocks 03/26/10	Implied Net Change from Last Week	Estimated Prior 5-Year Average (2005-2009)	Percent Difference from 5 Year Average
All Volumes in Bcf					
East Region	750	753	-3	663	13.1
West Region	292	289	3	227	28.6
Producing Region	627	596	31	599	4.7
Total Lower 48	1,669	1,638	31	1,489	12.1

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

Colorado State University Forecasters Predict Above-Average Hurricane Season. In a report released on April 7, Colorado State University researchers predicted that hurricane activity in 2010 would be greater than normal based on the premise that El Niño conditions will dissipate by the summer and above-average sea surface temperatures will prevail. The researchers predicted that 15 named storms would form in the Atlantic basin between June 1 and November 30. Of this total, eight are expected to develop into hurricanes and four of the eight will develop into major hurricanes with sustained winds of 111 miles per hours or greater. This forecast compares with the long-term average of 9.6 named storms per hurricane season, 5.9 hurricanes, and 2.3 major hurricanes. The forecast also includes a 44% chance that a major hurricane will make landfall on the Gulf Coast from the Florida Panhandle west to Brownsville, Texas (the long-term average is only 30%) and a 69% chance that at least one major hurricane will make landfall on the U.S. coastline in 2010. More information is available here: <http://www.news.colostate.edu/Release/5129>.

EIA Projects Spot Price Decreases in the April *Short-Term Energy Outlook*. EIA released its latest *Short-Term Energy Outlook* (STEO) on April 6, which includes the Short-Term Energy and Summer Fuels Outlook slideshow. According to the STEO, the Henry Hub natural gas spot price is expected to average \$4.44 per MMBtu this year. Though considerably less than the average price of \$5.17 per MMBtu projected for 2010 in last month's STEO, this projection is \$0.49 per MMBtu more than the 2009 average. Total natural gas consumption is expected to increase by 1.9 percent to average 63.8 Bcf per day in 2010. During the first quarter of 2010, cold weather contributed to year-over-year increases in natural gas consumption in the electric power sector. In addition, industrial consumption increased as economic conditions improved. The STEO predicts total natural gas consumption will decline by 0.6 percent in 2011, as the predicted return of near-normal weather will likely reduce residential and commercial consumption. Conversely, the STEO predicts industrial consumption will increase by 1.7 percent in 2011, likely as a result of continued economic growth. U.S. marketed production is expected to increase by roughly 1 percent to 60.9 Bcf per day in 2010 and decrease by 0.7 Bcf per day or 1.2 percent in 2011. These estimates reflect the latest January 2010 production estimate from the Form EIA-914 survey and the continuing increase in the number of working natural gas rigs over the last month.

NATURAL GAS TRANSPORTATION UPDATE



Normal Pipeline Conditions Exist.