



Examining Natural Gas Supply/Demand and Prices 2008-2009

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American Gas Association
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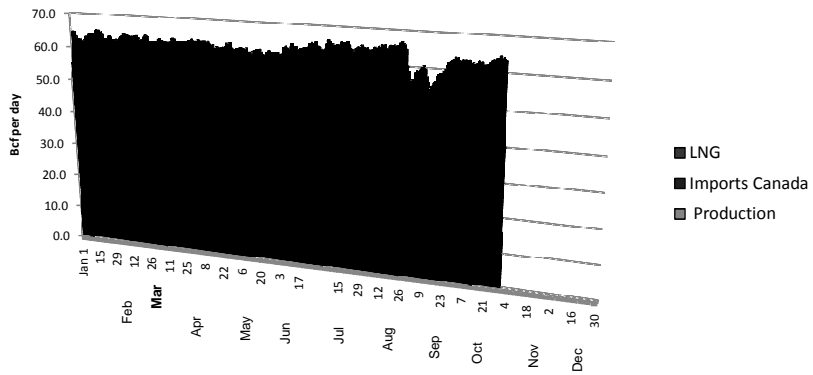


Current Natural Gas Supply Summary

- ◆ Short-term supply picture is good but mixed
 - ✓ growing domestic production
 - ✓ solid storage position
 - ✓ reduced imports from Canada
 - ✓ uneven picture for LNG



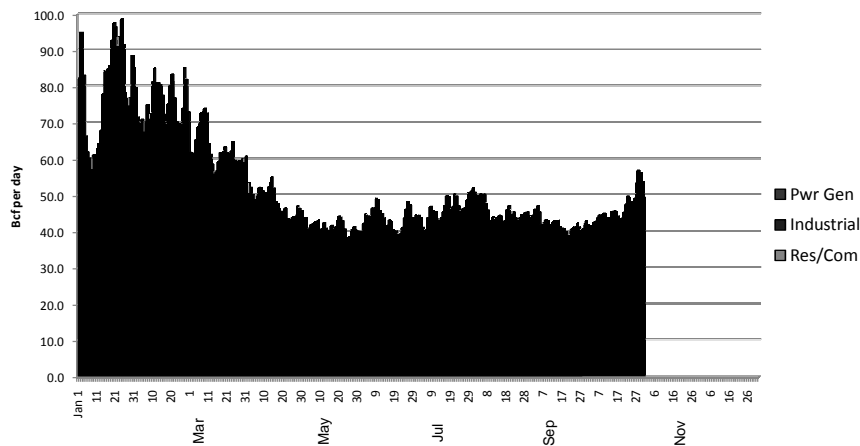
Natural Gas Supply Sources (January 1-October 31, 2008)



Source: Bentek Energy LLC, *Energy Market Fundamentals*, October 31, 2008.



Daily Natural Gas Consumption by Sector January 1-October 31, 2008



Source: Bentek Energy LLC, *Energy Market Fundamentals*, October 31, 2008.

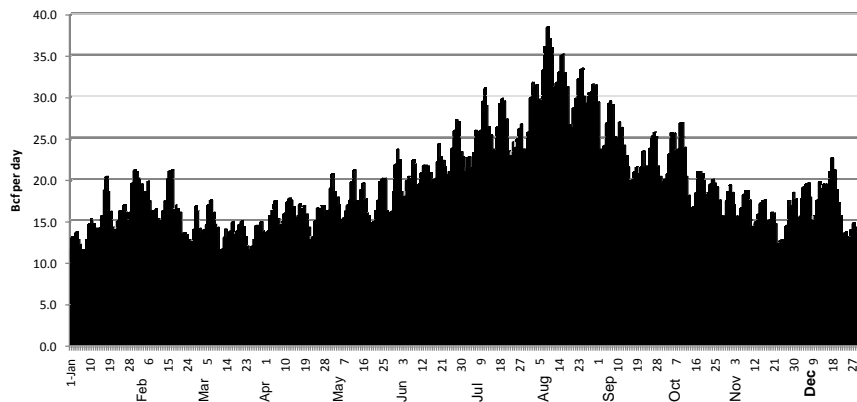


Changes in Sector Demand

U.S. Natural Gas Consumption by Sector	1997	2002	2007
Power Generation	20%	27%	32%
Industrial	41%	35%	31%
Residential	24%	23%	22%
Commercial	15%	15%	15%
Total	100%	100%	100%

5

Power Generation Average Daily Natural Gas Consumption January 1-December 31, 2007

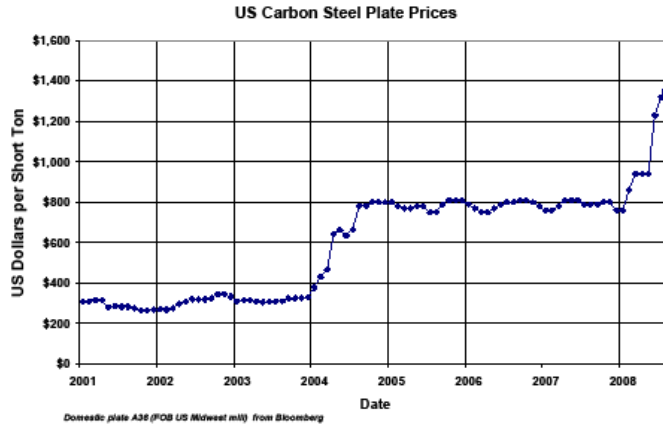


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Source: Bentek Energy LLC, *Energy Market Fundamentals*, December 31, 2007.



U.S. Carbon Steel Plate Prices

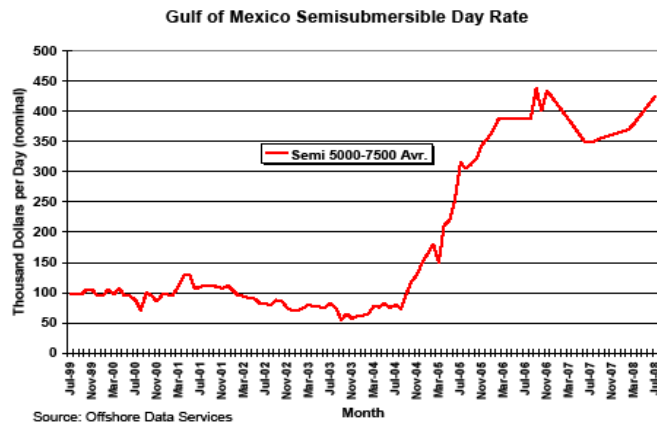


Source: Winter 2008-09 Natural Gas Production Supply Outlook, NGSA, September 26, 2008.

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Gulf of Mexico Semisubmersible Day Rate

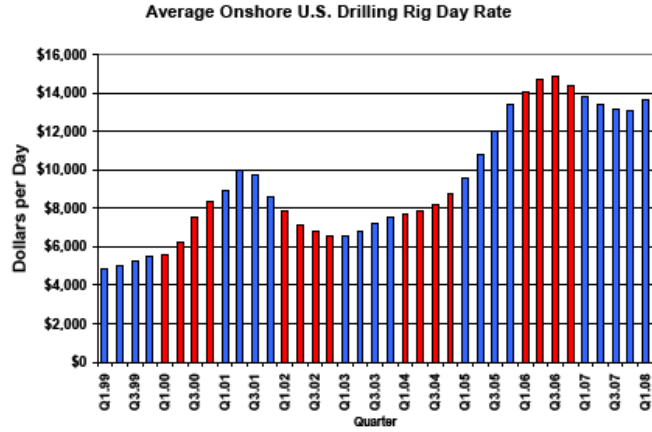


Source: Winter 2008-09 Natural Gas Production Supply Outlook, NGSA, September 26, 2008.

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Onshore Drilling Day Rate

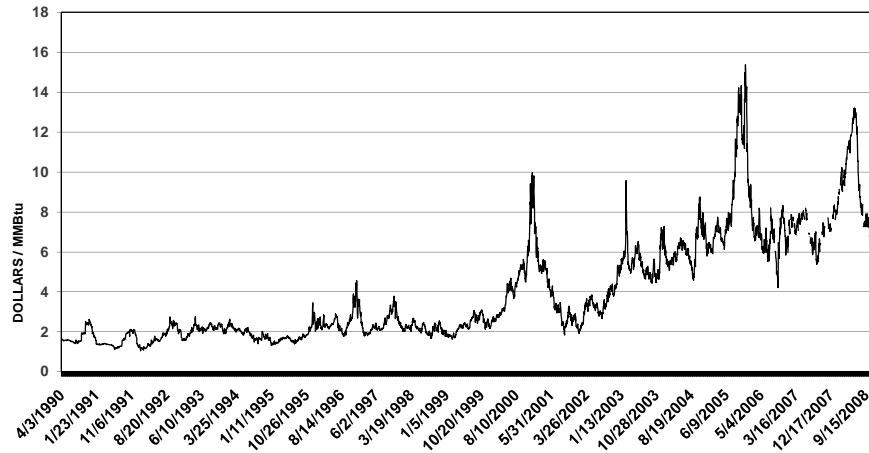


Source: Winter 2008-09 Natural Gas Production Supply Outlook, NGSA, September 26, 2008

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NYMEX Natural Gas Settlement Prices



Source: New York Mercantile Exchange.

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FACTORS INFLUENCING NATURAL GAS MARKET PRICES DURING 2008

- ✓ High Oil Prices
- ✓ Year over Year Storage Deficit
- ✓ Low LNG Imports
- ✓ Sector Consumption Shifts
- ✓ Uneven Energy Policy Initiatives
- ✓ Infrastructure Timing
- ✓ Supply Disruption Potential

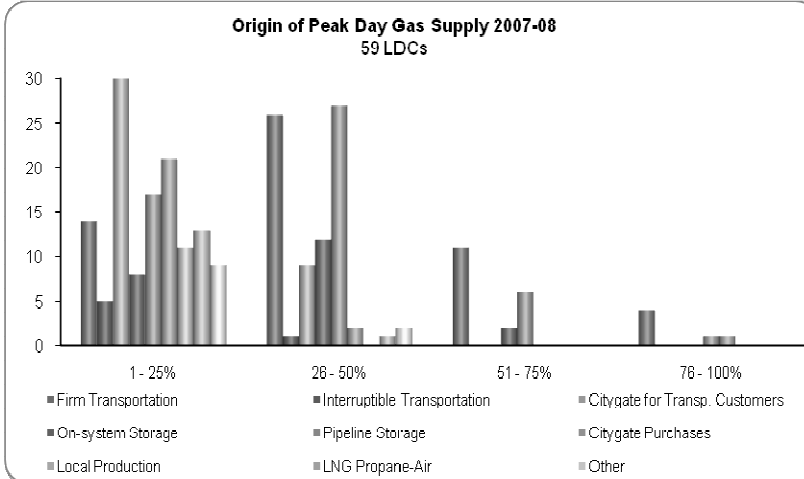


PEAK MONTH NATURAL GAS SUPPLIES January 2008

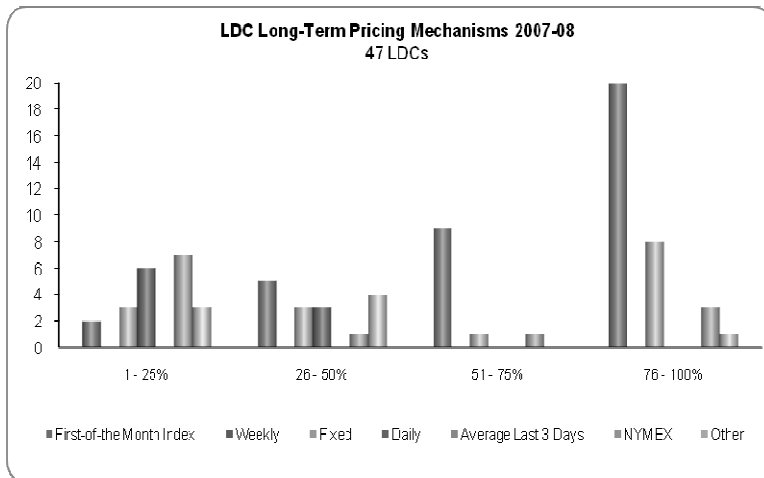
<u>Source</u>	<u>Percent</u>
● Domestic Production	60
● Underground Storage	30
● Net Pipeline Imports	9
● LNG Imports	1
Total Gas Supplies (%)	100



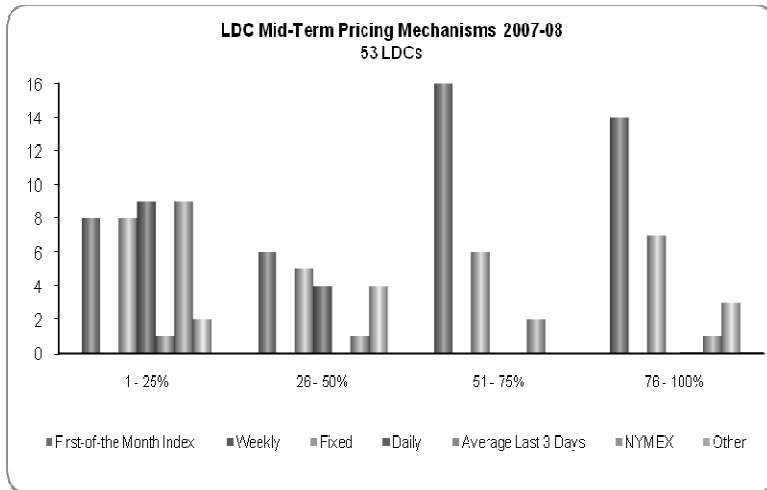
2007-08 Winter Heating Season



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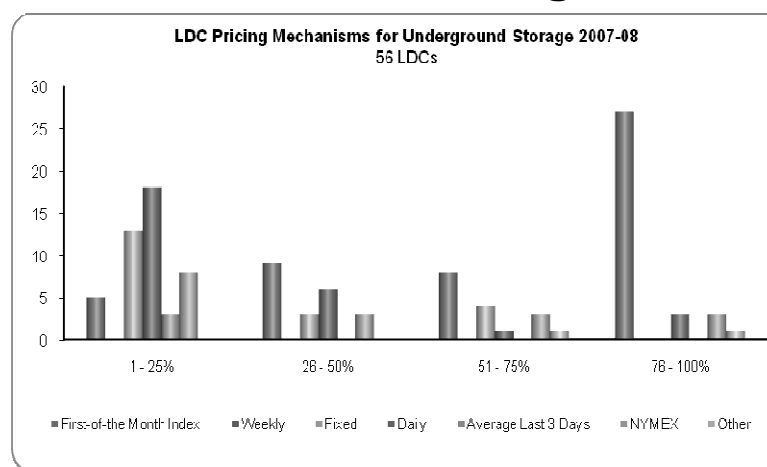


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Source: American Gas Association



2007-08 Winter Heating Season

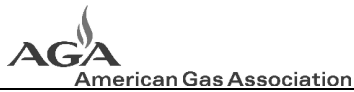
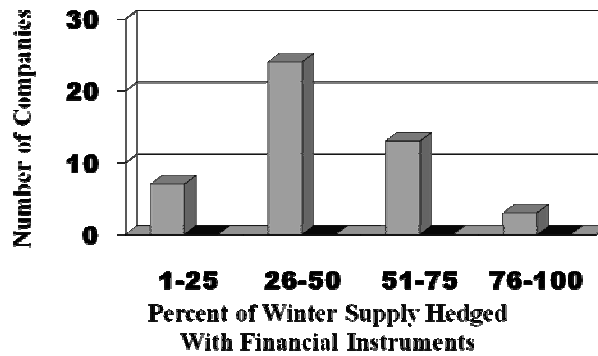


American Gas Association

Source: American Gas Association



**85 % of Companies Sampled Used Financial Tools
to Hedge Gas Supply During the 2007-2008 WHS
Compared to 88 % One Year Ago**



Source: American Gas Association



THANK YOU!

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