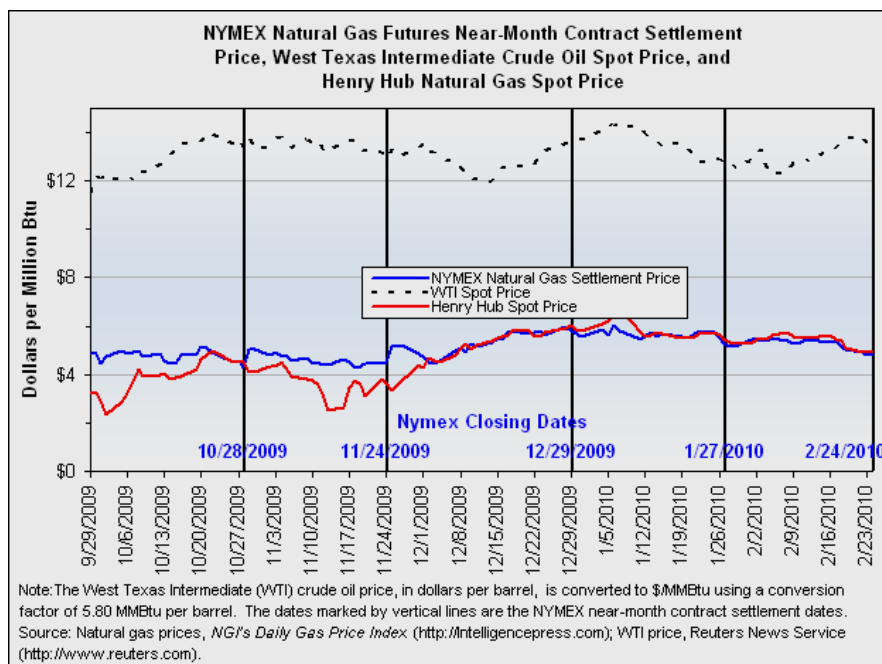


PRICES

At the NYMEX, the price of the near-month contract (March 2010) dropped over the week from \$5.386 per MMBtu to \$4.816 per MMBtu. The price of the near-month contract declined about 11 percent over the report week. The 12-month strip (the average of all contracts from March 2010 to February 2011) also fell during the week, falling 46 cents from \$5.796 per MMBtu to \$5.334 per MMBtu. Contracts included in the 12-month strip all decreased during the report week, with declines ranging between about 40 cents and 57 cents. Since it began its tenure as the near-month contract on January 28 at \$5.138 per MMBtu, the March 2010 futures contract, which expired Wednesday, February 24, dropped about 6 percent.

Natural gas spot prices fell across the board, possibly as a result of relatively warm weather in much of the United States over the weekend, although temperatures dropped somewhat after the weekend. The Henry Hub price closed at \$4.92 per MMBtu on Monday, February 22, falling below \$5 per MMBtu for the first time since December 7, 2009. However, Henry Hub prices remain about 17 percent higher than their year-ago levels. With warmer weather, total U.S. demand for the report week fell 10.1 percent from the previous week, and 1.2 percent from the same week 1 year ago, according to BENTEK Energy.

Despite a massive snowstorm headed toward the Northeast, prices failed to post an overall increase over the week. The snowstorm, which the National Weather Service predicted could drop between 10 and 20 inches of snow on many areas in the Northeast United States, is expected to hit today. Prices rose only moderately from Tuesday to Wednesday, with prices at Transco Zone 6 for delivery into New York City rising 12 cents to \$5.49 per MMBtu. Transco Zone 6 prices began the week at \$6.18 per MMBtu, and over the week, despite the impending snow, decreased by about 11 percent.



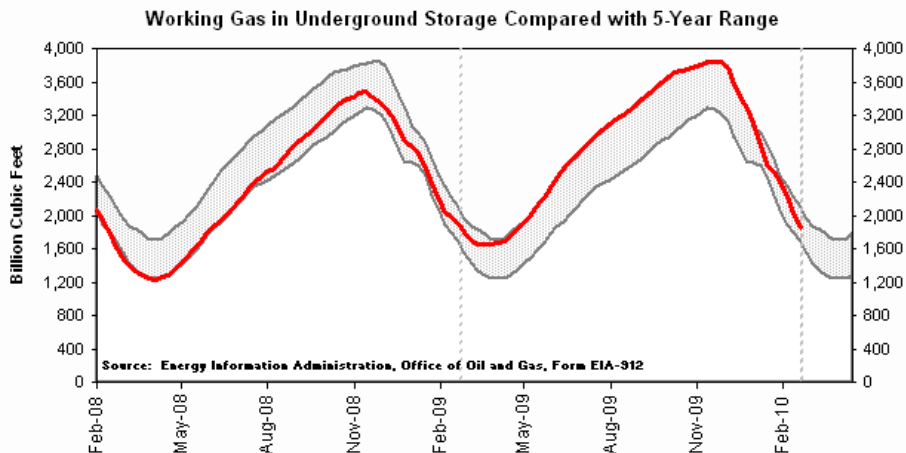
STORAGE

Working gas in storage decreased to 1,853 Bcf as of Friday, February 19, according to EIA's Weekly Natural Gas Storage Report (see Storage Figure). The implied net withdrawal of 172 Bcf was 40 Bcf, or 30 percent, above the 5-year (2005-2009) average withdrawal of 132 Bcf for the same report week, and nearly twice as much as last year's net withdrawal of 90 Bcf. Colder-than-normal temperatures possibly contributed to the above-normal rate of withdrawals during the storage report week ending February 19. Working gas inventories are 56 Bcf below year-ago levels and 13 Bcf above the 5-year average level.

On a regional basis, working gas stocks in the West remain significantly above historical levels, while the East and Producing regions are below the 5-year average. At 311 Bcf, working gas in storage in the West region is 22 percent above the 5-year average of 255. However, the East and Producing regions were 2 and 3 percent, respectively, below the 5-year average. Working gas stocks began the heating season with levels well above the 5-year average, with end-of-October 2009 levels totaling 3,807 Bcf, about 425 Bcf above the 5-year average. This surplus relative to the 5-year average has likely persisted in the West region, because of generally warmer-than-normal weather during the current heating season in the Pacific and Mountain Census Divisions. Conversely, temperatures east of the Mountain Census Division have generally been colder than normal. Since January 1, 2010, the surplus over the 5-year average in the lower 48 States has fallen from 311 Bcf to 13 Bcf, as of February 19, while the surplus over the 5-year average in the West region has remained at 56 Bcf.

	Current Stocks 02/19/10	One-Week Prior Stocks 02/12/10	Implied Net Change from Last Week	Estimated Prior 5-Year (2005-2009) Average	Percent Difference from 5 Year Average
All Volumes in Bcf					
East Region	935	1,030	-95	958	-2.4
West Region	311	322	-11	255	22.0
Producing Region	607	673	-66	627	-3.2
Total Lower 48	1,853	2,025	-172	1,840	0.7

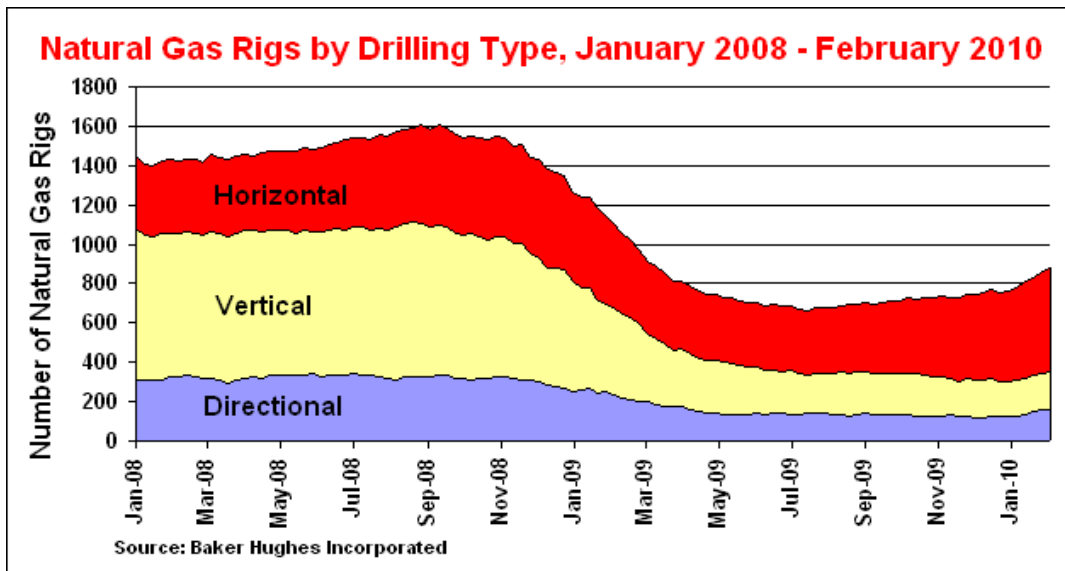
Source: Energy Information Administration: Form EIA-912, "Weekly Underground Natural Gas Storage Report," and the Historical Weekly Storage Estimates Database. Row and column sums may not equal totals due to independent rounding.



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

Natural Gas Rig Count Continues To Recover. As of Friday, February 19, the natural gas rotary rig count rose to 893, an increase of 2 from the previous week, according to Baker Hughes Incorporated data. This marks the eighth consecutive week that the natural gas rig count has risen, and is now at its highest level since March 6, 2009. The natural gas horizontal rig count totaled 524 as of February 5, the highest level in the past two years for which data are available. The increase in horizontal rigs could be indicative of changes in drilling technology, as well as the increasing influence of natural gas production from shale formations. Conversely, the natural gas vertical rig count was at 198 on February 5, having largely dropped off from levels above 700 two years ago. According to data Baker Hughes released on February 5, 2010, total active rigs in key natural gas basins have been increasing over the past year, after dropping off from highs in late summer of 2008. However, rig counts in the Louisiana-Mississippi Salt Basins (Haynesville Shale) and Appalachian areas are currently at highs of 138 and 116, respectively, over the 2 years for which data are available.



NATURAL GAS TRANSPORTATION UPDATE



Normal Pipeline Conditions Exist.