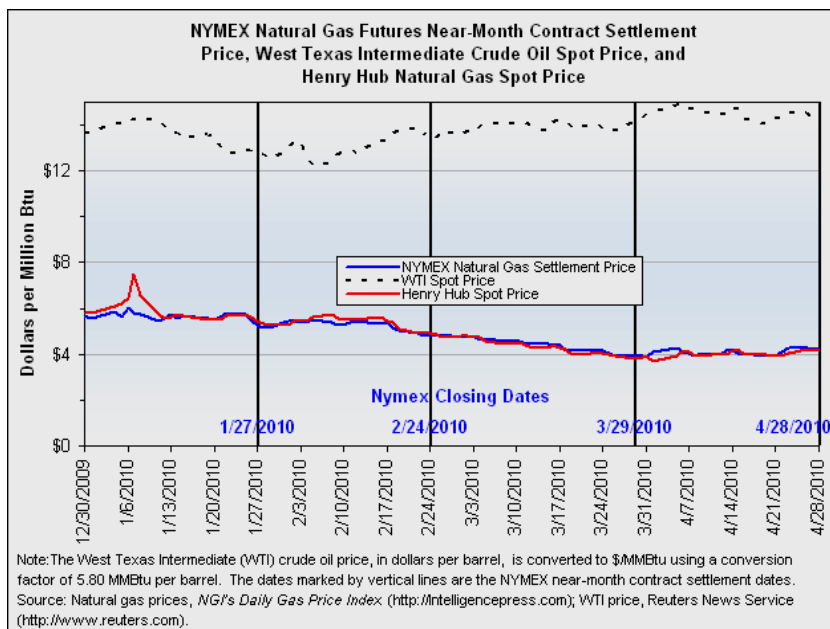


PRICES

At the NYMEX, the price of the May contract increased \$0.316 per MMBtu during the report week to \$4.271. With yesterday, April 28, the final day of trading for the May contract, the contract expired at a price that was \$0.429 per MMBtu, or almost 11 percent higher than the April contract's expiration price. The June 2010 contract ended trading yesterday at \$4.348 per MMBtu, which is about 23 percent higher than the expiration price of \$3.538 per MMBtu for the June 2009 contract. The 12-month strip, which is the average price of natural gas futures contracts over the next year, ended trading yesterday at \$4.995 per MMBtu.

Although temperatures remain moderate in most parts of the country, early-morning frosts and highs in the lower 50s in major population centers in the Northeast this week provided a spurt of space-heating demand. Consumption was 6 percent higher than last year during the comparable week, according to BENTEK Energy, LLC. The residential and commercial sectors accounted for the vast majority of the increase, rising from below 15 Bcf per day last weekend to more than 21 Bcf per day on Tuesday, April 27. Other factors potentially contributing to price gains this week include a decline in the reported number of rigs drilling for natural gas and lessened concerns regarding growth in liquefied natural gas (LNG) imports. These factors provided enough support to at least temporarily reverse a fairly steady decline in natural gas prices since the beginning of the year.

A sharp reduction in imports of natural gas to the United States is also likely easing downward pressure on prices. During the report week, net Canadian imports hovered around 6.5 Bcf per day, about 3.7 percent lower than the prior week, according to BENTEK. Additionally, the pace of deliveries of U.S. LNG imports in recent weeks has decreased considerably in comparison with year-to-date levels. Sendout from U.S. LNG import terminals averaged 2.0 Bcf per day during the first 2 months of 2010, but during this report week averaged just 0.8 Bcf per day. This reduction in LNG imports is occurring at a time when many analysts had expected a greater number of LNG cargoes to be directed to the United States, following production increases in countries such as Russia and Qatar. To the extent LNG cargoes have flexibility in delivery locations, supplies are instead heading to Europe and Asia, where LNG prices remain higher than those that have prevailed in U.S. markets.



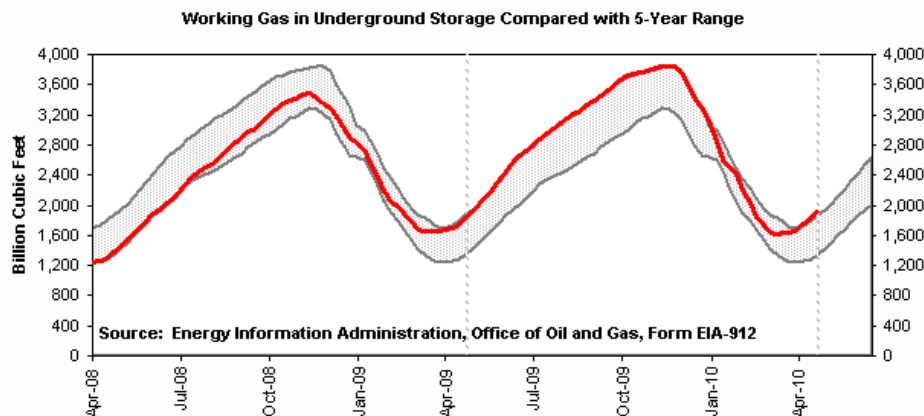
STORAGE

Working natural gas in storage increased to 1,912 Bcf as of Friday, April 23, according to EIA's Weekly Natural Gas Storage Report (see Storage Figure). At 1,912 Bcf, working gas stocks reached a record level for this time of year. Additionally, the current status of inventories is only the second time in the 17-year history of the Weekly Natural Gas Storage Report that working gas stocks have exceeded 1,900 Bcf during the month of April. The implied net injection was 83 Bcf, compared with last year's net injection of 77 Bcf and the 5-year (2005-2009) average of 66 Bcf for the report week. Moderating temperatures in most regions of the lower 48 States likely contributed to the larger-than-normal net injections into storage. Working gas inventories were 101 Bcf above year-ago levels and 303 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 74 Bcf, or about 9 percent, below last year's level. The year-on-year storage deficit in this region has declined for 4 consecutive weeks.

Temperatures were generally warmer than normal in most Census Divisions in the lower 48 States during the week ended April 22. Based on the National Weather Service's degree-day data, temperatures in the lower 48 States during the week ending April 22 were, on average, about 0.4 degrees warmer than normal but 0.7 degrees cooler than last year. Temperatures were warmest in the West South Central, South Atlantic, and the East South Central Census Divisions, where the average temperatures were 64.0, 60.0, and 58.9 degrees, respectively. Elsewhere in the lower 48 States, average temperatures ranged between 48 and 55 degrees. In contrast to the rest of the lower 48 States, the West South Central, East South Central, South Atlantic, and Pacific Census Divisions reported slightly cooler-than-normal temperatures.

	Current Stocks 04/23/10	One-Week Prior Stocks 04/16/10	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	867	829	38	721	20.2
West Region	318	304	14	244	30.3
Producing Region	727	696	31	644	12.9
Total Lower 48	1,912	1,829	83	1,609	18.8

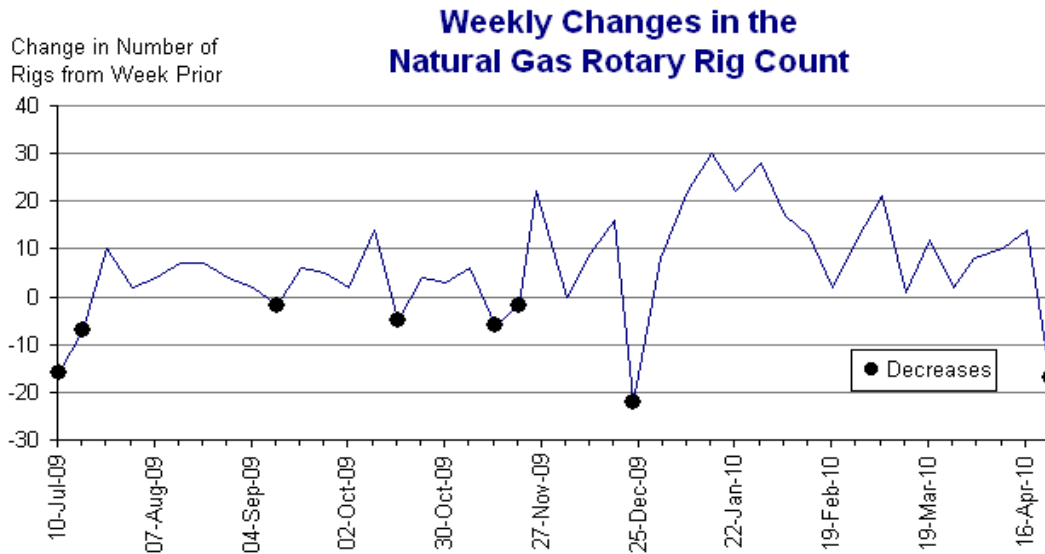
Source: Energy Information Administration: Form EIA-912, "Weekly Underground Natural Gas Storage Report," and the Historical Weekly Storage Estimates Database. Row and column sums may not equal totals due to independent rounding.



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 Registers First Weekly Decrease in 2010. As of April 23, 2010, the natural gas rotary rig count totaled 956, a decrease of 17 from the previous week, according to Baker Hughes Incorporated. The natural gas rig count has been generally increasing since July 10, 2009. The rig count as of April 23 represents the first weekly decrease since December 23, 2009, and the second-largest week-over-week decline since July 10, 2009 (see figure below). Generally lower natural gas prices in recent weeks may have contributed to the substantial week-over-week decline in the number of natural gas rigs. Notably, the oil rig count as of April 23 totaled 514, an increase of 8 from the week prior, according to Baker Hughes. Furthermore, the combined, oil-and-gas rig vertical rig count decreased by 8 to 497 since the previous week, while the horizontal rig count decreased by 1 to 753. This relatively larger decrease in the vertical rig count suggests the development of unconventional shale gas plays remains stable. On a State level, Texas and Louisiana recorded the largest weekly declines in their combined, oil-and-gas rig counts of 4 and 7, respectively.



NATURAL GAS TRANSPORTATION UPDATE



Normal Pipeline Conditions Exist.