

**HIGHLY CONFIDENTIAL**

January 4, 2008

WEEKLY STORAGE REVIEW

The DOE released the latest weekly natural gas working storage data, reporting an 87 bcf decline from the previous week, which had no revisions. Working storage totaled 2,921 bcf as of Friday, December 28. The details are provided below:

Region	Current Week Stocks (bcf)	Prior Week Stocks (bcf)	Net Change (bcf)	Year Ago Stocks (bcf)
East	1,604	1,657	-53	1,745
West	395	413	-18	393
Producing	922	938	-16	943
Total Lower 48	2,921	3,008	-87	3,081

The latest net working storage draw, more modest than preceding weeks, largely reflects the fact that on a NOAA, home gas-furnace weighted basis, the week ending December 29 was 8.8% milder than normal, though a full 19.5% colder than last year at this time. Embracing the latest stats into the context of our Base Case natural gas balances, at this point we see no need to revise our end-March working storage target of about 1.46 tcf. However, we are in the process of updating our balances toward publishing our regular monthly report which will be in your hands next week with revisions, if any, to be discussed in detail.

With regard to price, at this point we are also retaining our March (basis April NYMEX) target of \$7.55 per mmBtu. Although recently the April contract had been trading well above our target in response to colder weather and \$100.00 per barrel WTI, as we issue this report the contract is trading at a premium to our target of only some \$.05 per mmBtu. For 2008 as a whole, we also do not anticipate any material revision to our long-standing forecast prompt NYMEX/Henry Hub average of \$7.50 per mmBtu, once again assuming normal first quarter weather and no outright recession this year.

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