

**HIGHLY CONFIDENTIAL**

January 17, 2008

WEEKLY STORAGE REVIEW

The DOE released the latest weekly natural gas working storage data, reporting a 59 bcf decline from the previous week, which had no revisions. Working storage totaled 2,691 bcf as of Friday, January 11. The details are provided below:

Region	Current Week Stocks (bcf)	Prior Week Stocks (bcf)	Net Change (bcf)	Year Ago Stocks (bcf)
East	1,482	1,511	-29	1,667
West	351	375	-24	365
Producing	858	864	-6	916
Total Lower 48	2,691	2,750	-59	2,949

The modest working storage draw for the week ending January 11 reflected the milder weather in primary gas consuming regions, although they were not quite as mild as the regions that are more dependent upon heating oil. NOAA reported that for the week ending January 12, one day later than the DOE measurement period, on a gas home furnace-weighted basis temperatures were 38.5% milder than normal and 18.7% milder than last year. Taking the latest data into the context of our Base Case natural gas balances, they imply a 105 bcf ratable decline for each seven-day period remaining in January, which may not be too far off the mark. If so, we would still target end-March working storage at some 1.3 tcf, which in turn implies a 315 bcf deficit to end-March 2007, compared to the current storage “underage” of 258 bcf.

With regard to price, at this point we are retaining our March (basis April NYMEX) target of \$7.55 per mmBtu, implying downside risk from current levels of about \$.35 per mmBtu. However, as previously discussed, if we revise up our forecast WTI average for 2008 which will be “finalized” by the end of the month, we would likely also revise up our March target.

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