



HORNSBY & COMPANY, INC.

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Energy Risk  
Management Services

**HIGHLY CONFIDENTIAL**

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**WEEKLY STORAGE REVIEW**

The DOE released the latest weekly natural gas working storage data, reporting a 27 bcf increase from the previous week, which had no revisions. Working storage totaled 1,261 bcf as of Friday, April 11. The details are provided below:

<b>Region</b>	<b>Current Week Stocks (bcf)</b>	<b>Prior Week Stocks (bcf)</b>	<b>Net Change (bcf)</b>	<b>Year Ago Stocks (bcf)</b>
East	582	563	19	675
West	176	173	3	246
Producing	503	498	5	638
Total Lower 48	1,261	1,234	27	1,559

Embracing the latest storage data into the context of our Base Case natural gas balances, the build was consistent with our expectation of end-second quarter working storage totaling a shade in excess of 2.13 tcf, implying an end-June deficit to last year of some 440 bcf, compared to last week's "underage" of 298 bcf. The latest numbers would imply a ratable near-40 bcf storage build for each seven-day period left in the month to reach our end-April storage target of around 1.37 tcf.

As we issue this note the NYMEX is responding positively to last week's modest build. As discussed in our latest natural gas monthly report, our fundamental gas balance model, which incorporates our "oil premium", suggests a June (basis July NYMEX) target of \$9.50 per mmBtu but if, and only if, prompt WTI returns to the recent bottom of the trading range at around \$100.00 per barrel. As discussed in our other reports, however, if the dollar continues to weaken versus the euro and the visible weekly U.S. oil data are not bearish from here, it would suggest that WTI will make an assault on \$120.00+ per barrel. If hypothetically WTI were to do so, it would imply a July NYMEX natural target of around \$11.10-11.15 per mmBtu.

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