

**HIGHLY CONFIDENTIAL**

April 23, 2009

**WEEKLY STORAGE REVIEW**

The DOE released the latest weekly natural gas working storage data, reporting a 46 bcf increase from the previous week, which had no revisions. Working storage totaled 1,741 bcf as of Friday, April 17. 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	668	651	17	596
West	294	288	6	180
Producing	779	756	23	506
Total Lower 48	1,741	1,695	46	1,282

The latest data were on the bearish side of consensus expectations, and as we issue this report the NYMEX is reacting accordingly. Depending upon next week's numbers, it would appear that end April working storage may come in closer to 1.8 tcf versus our Base Case 1.76 tcf, but in any event within this ballpark. Last week's numbers reveal a 459 bcf storage "overage" compared to last year, and as indicated in previous reports this "overage" can narrow a bit over the next few weeks but then will widen back out again, with the year-over-year comparison peaking in the May-June period at roughly current levels.

Last week's larger than expected build happened to coincide with a sequential week of severely depressed implied distillate demand as reported yesterday by the DOE. It may well be a coincidence, and as we indicated in this morning's notes implied distillate demand should rebound significantly next week. Nonetheless, given the ongoing economic uncertainty we need to closely monitor the situation to make sure the natural gas and distillate data do not reflect a "re-weakening" of manufacturing activity.

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