

**HIGHLY CONFIDENTIAL**

June 11, 2009

**WEEKLY STORAGE REVIEW**

The DOE released the latest weekly natural gas working storage data, reporting a 106 bcf increase from the previous week, which had no revisions. Working storage totaled 2,443 bcf as of Friday, June 5. 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	1,091	1,024	67	951
West	395	379	16	265
Producing	957	934	23	659
Total Lower 48	2,443	2,337	106	1,875

The not-as-bearish storage build for the week ending June 5 is allowing the NYMEX to recover a bit thus far this morning, aided by stronger oil prices. Looking at the data in the context of our Base Case natural gas balances, at this point we see no reason to amend our view at this time, although soon we will begin the process of reviewing our balances toward the publication of our regular monthly report. Last week's year-over-year storage "overage" came in at 568 bcf, which at this point in the aggregate is a bit higher than our forecast peak for June, and thus we are trying to uncover any modicum of extra data that yields insight on both demand and production for the second quarter.

With regard to price, crude continues to "run away" from natural, since gas more appropriately reflects *current* underlying fundamentals and less reflects crude oil's funds flow/currency trade behavior, as well as crude oil's willingness to discount *prospective* economic developments. Nonetheless, if the overall direction of our balances ends up as reasonable, i.e. the year-over-year storage excess begins to decline, we would have to believe that barring a collapse in crude oil prices natural will experience a more sustainable price recovery in the second half of the year than we have seen thus far.

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