



**HIGHLY CONFIDENTIAL**

September 11, 2008

**WEEKLY STORAGE REVIEW**

The DOE released the latest weekly natural gas working storage data, reporting a 58 bcf increase from the previous week, which had no revisions. Working storage totaled 2,905 bcf as of Friday, September 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	1,723	1,676	47	1,732
West	387	378	9	407
Producing	795	793	2	912
Total Lower 48	2,905	2,847	58	3,051

The modest build in working storage for the week ending September 5 reflects the interplay between lower Gustav-induced Gulf of Mexico production and the concurrent impact of reduced Gulf Coast demand by various plants, including usage as petrochemical feedstock. While some market participants no doubt expressed disappointment that the build was not smaller, it is not inconsistent with the behavior witnessed following Katrina/Rita in 2005. Incorporating the latest numbers in the context of our current Base Case natural gas balances, it would imply a ratable build of almost 70 bcf for each seven-day period remaining in the month to attain our end-September storage target of some 3.15 bcf, and thus our pre-winter outlook still remains within the realm of possibility, depending upon any further potential storm-induced production effects.

We are in the process of updating our balances, however, toward the publication of our latest monthly report which we hope to have in your hands by late tomorrow. There may be some modest revisions to our forecast, but at this point we still believe that end-October working storage will fall short of another all-time record.

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