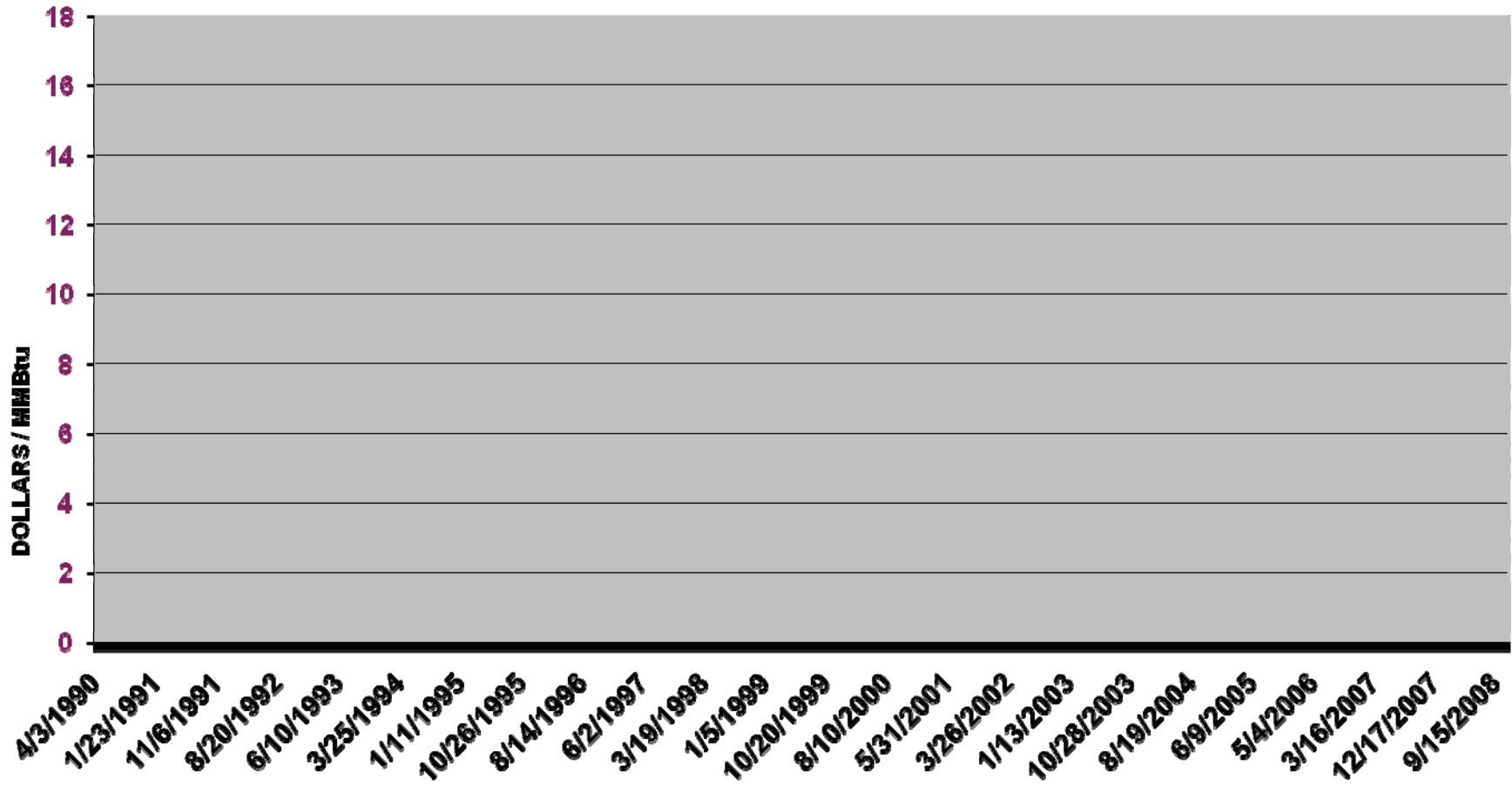




Natural Gas Supply Portfolio Practices 2007-2008

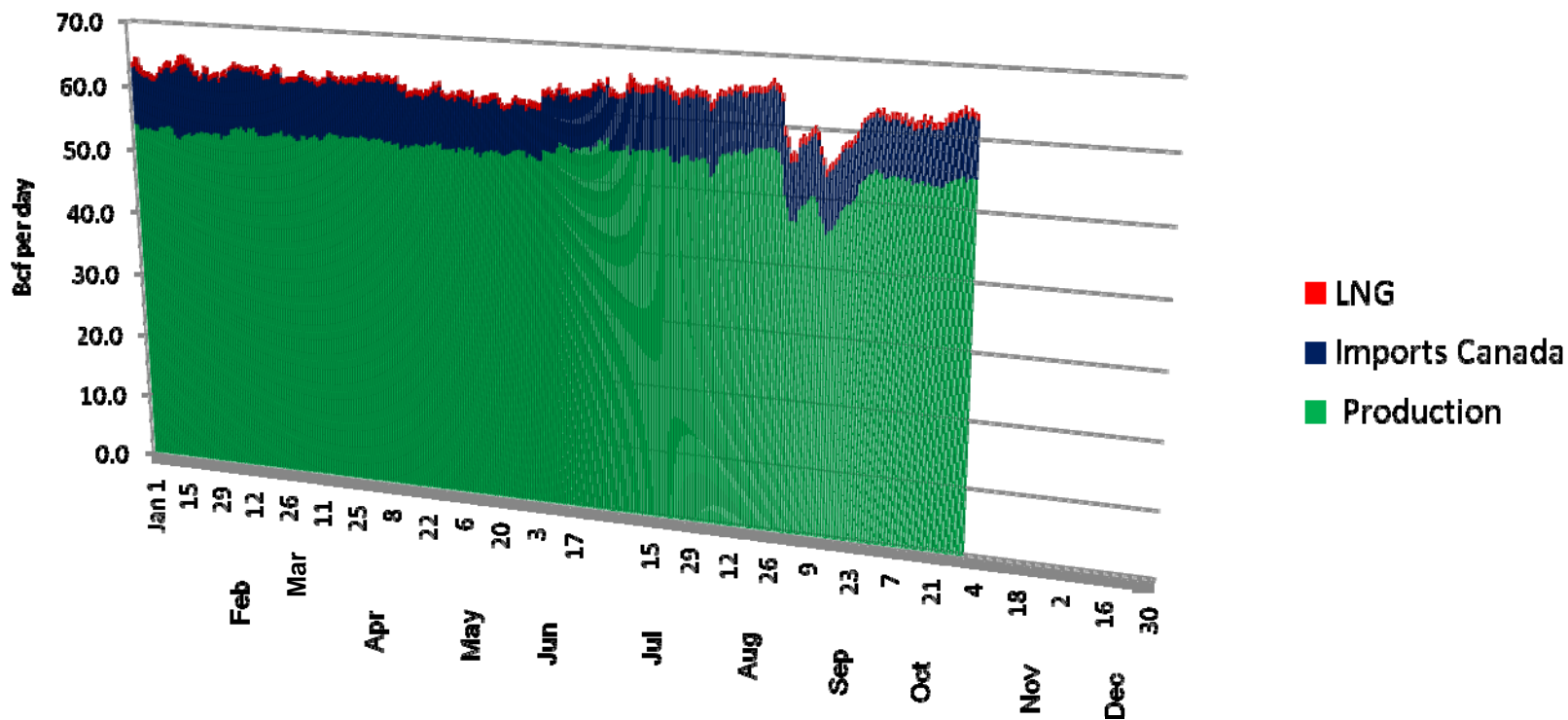
Christopher B. McGill
American Gas Association
November 17, 2008

NYMEX Natural Gas Settlement Prices



Natural Gas Supply Sources

(January 1-October 31, 2008)



Source: Bentek Energy LLC, *Energy Market Fundamentals*, October 31, 2008.



Current Supply Summary

- ◆ Short-term supply picture is good but mixed
 - ✓ growing domestic production
 - ✓ solid storage position
 - ✓ reduced imports from Canada
 - ✓ uneven picture for LNG



PEAK MONTH NATURAL GAS SUPPLIES

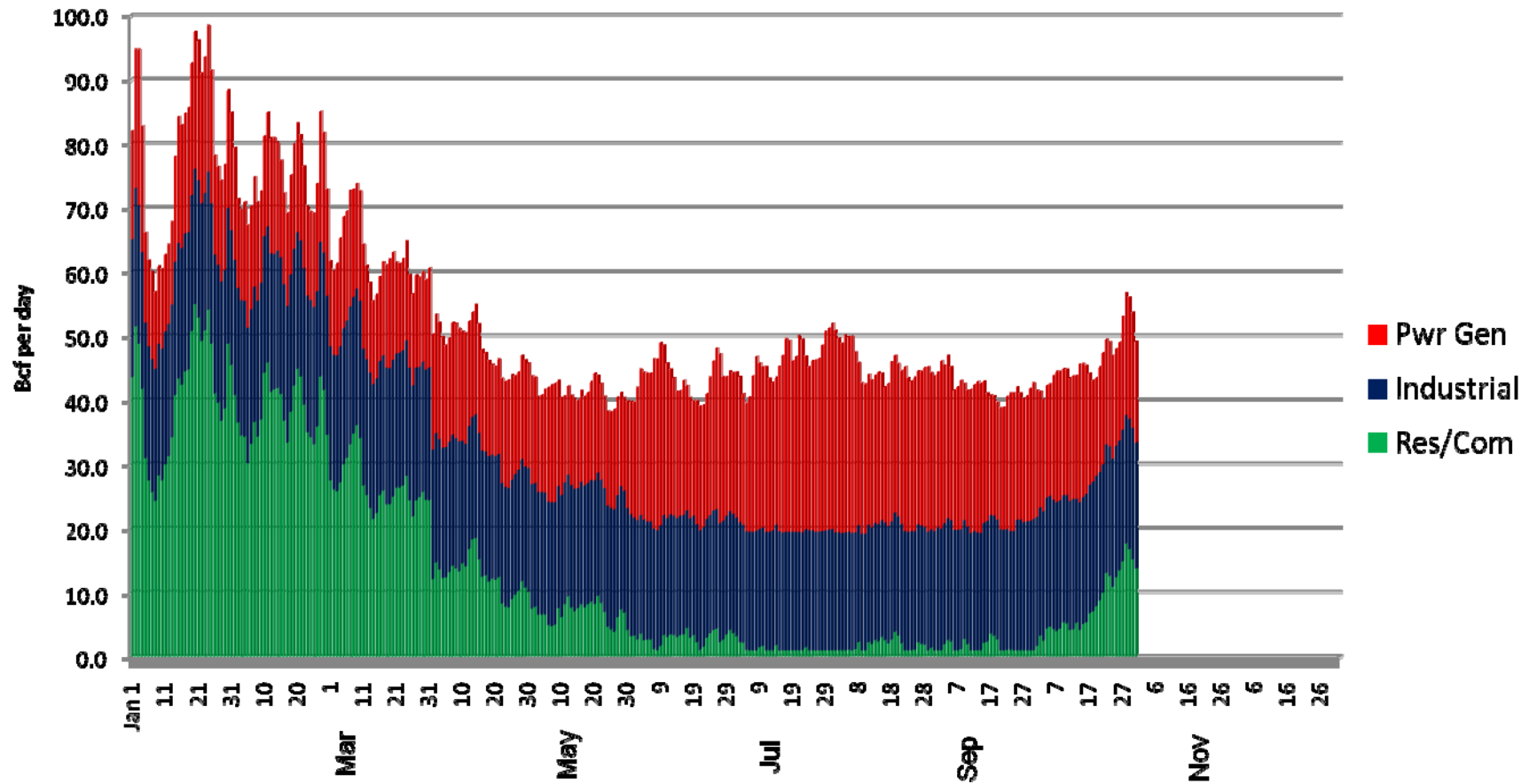
January 2008

<u>Source</u>	<u>Percent</u>
● Domestic Production	60
● Underground Storage	30
● Net Pipeline Imports	9
● LNG Imports	1
Total Gas Supplies (%)	100



Daily Natural Gas Consumption by Sector

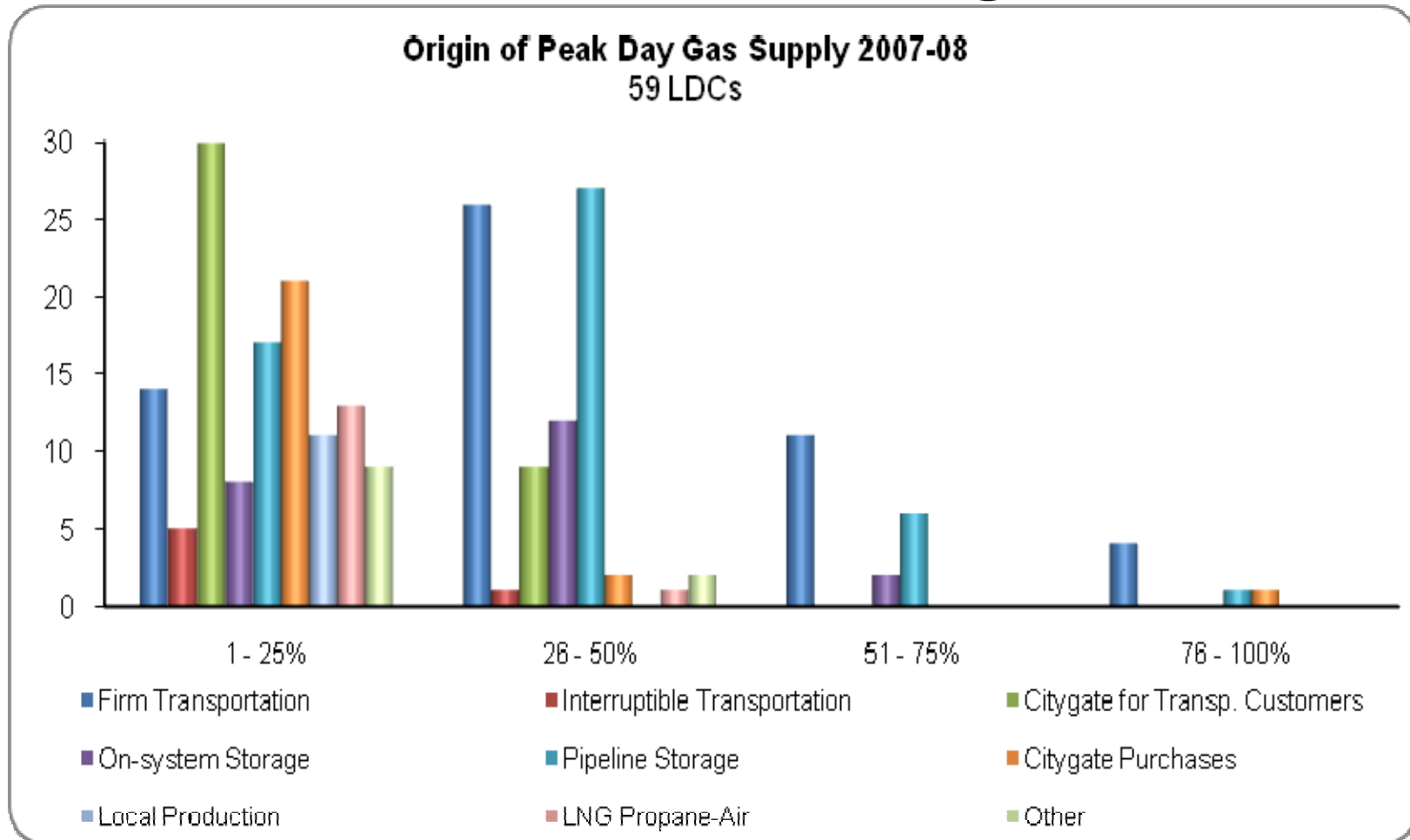
January 1-October 31, 2008



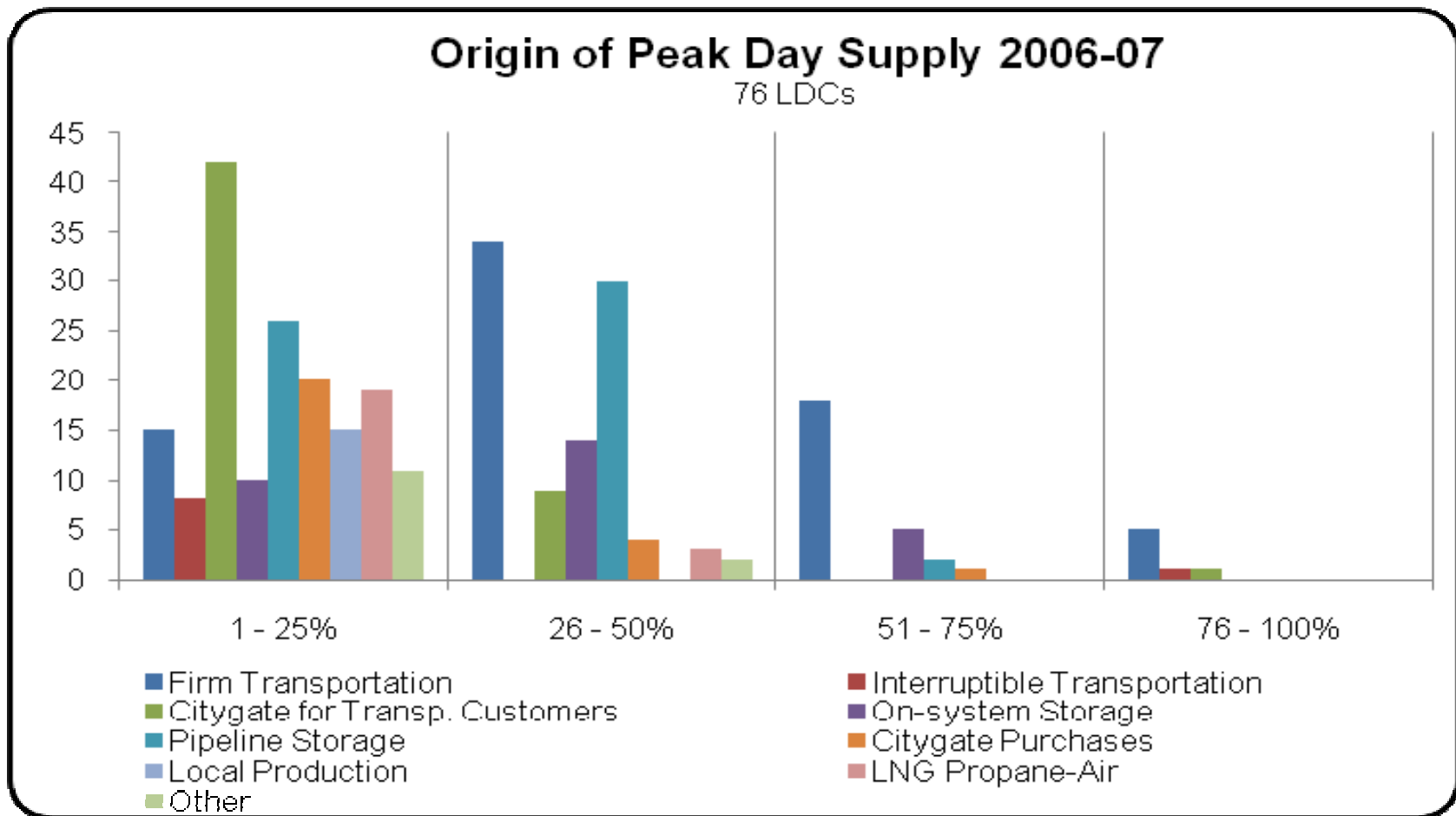
Source: Bentek Energy LLC, *Energy Market Fundamentals*, October 31, 2008.



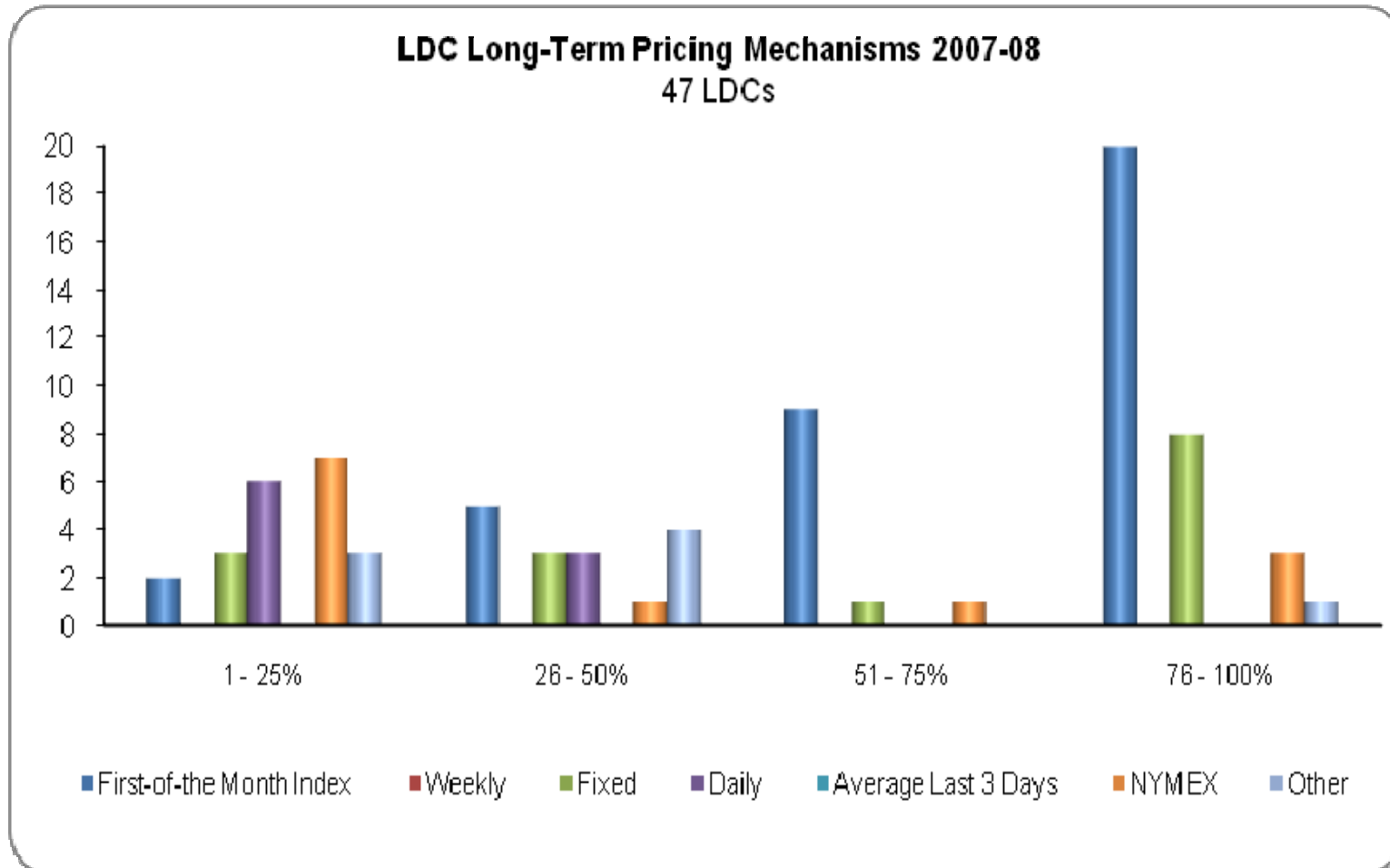
2007-08 Winter Heating Season



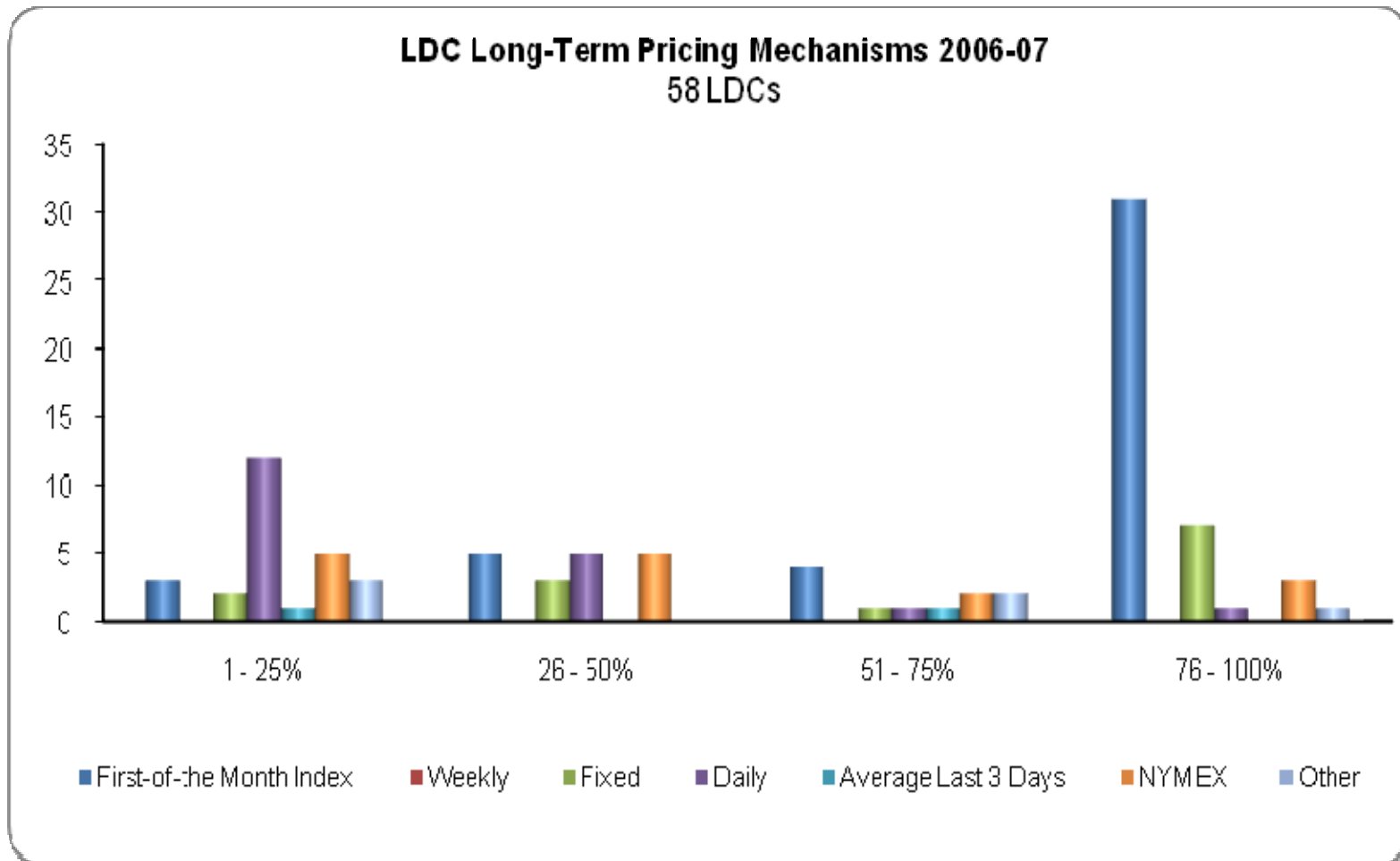
2006-07 Winter Heating Season



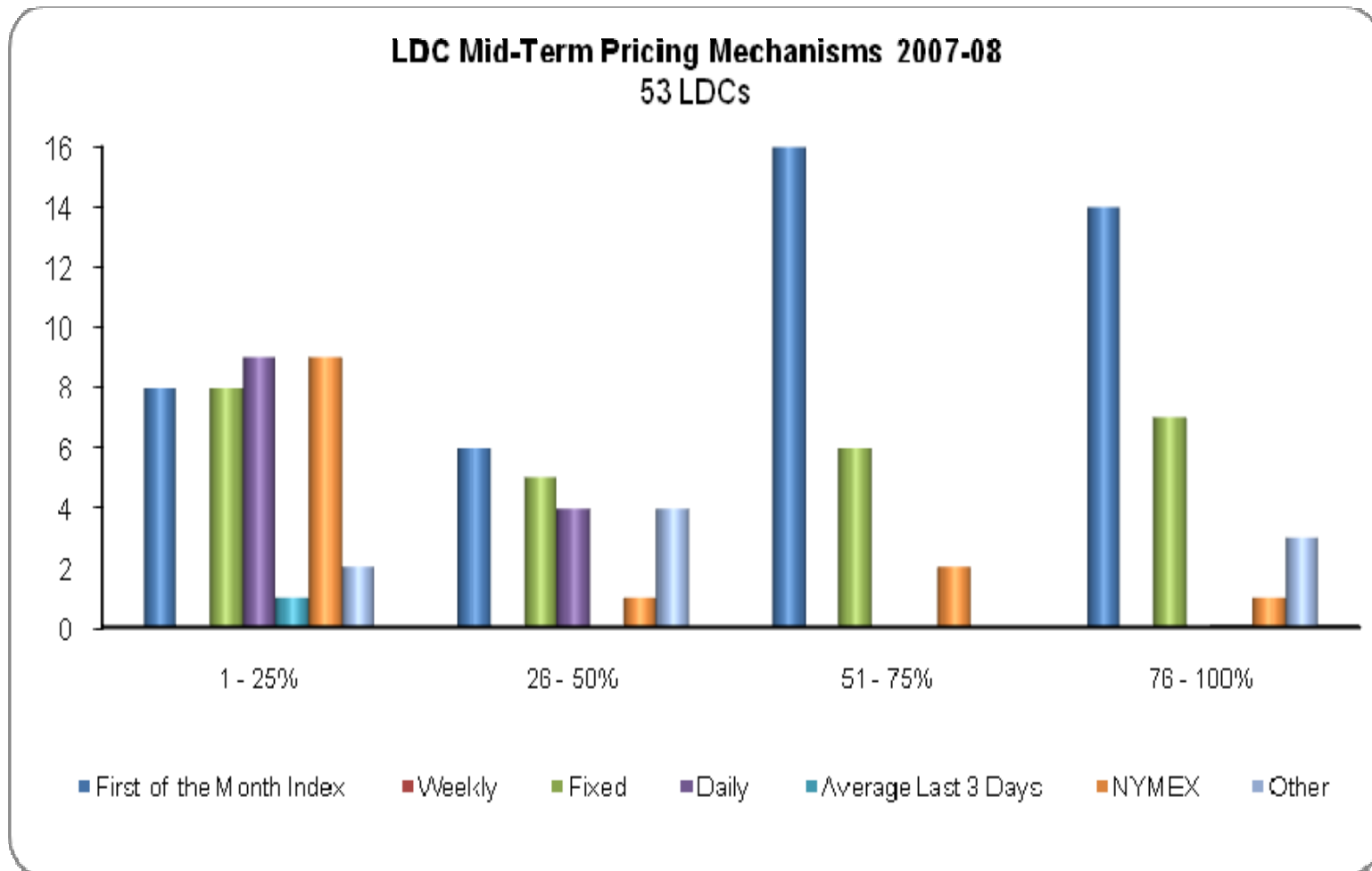
2007-08 Winter Heating Season



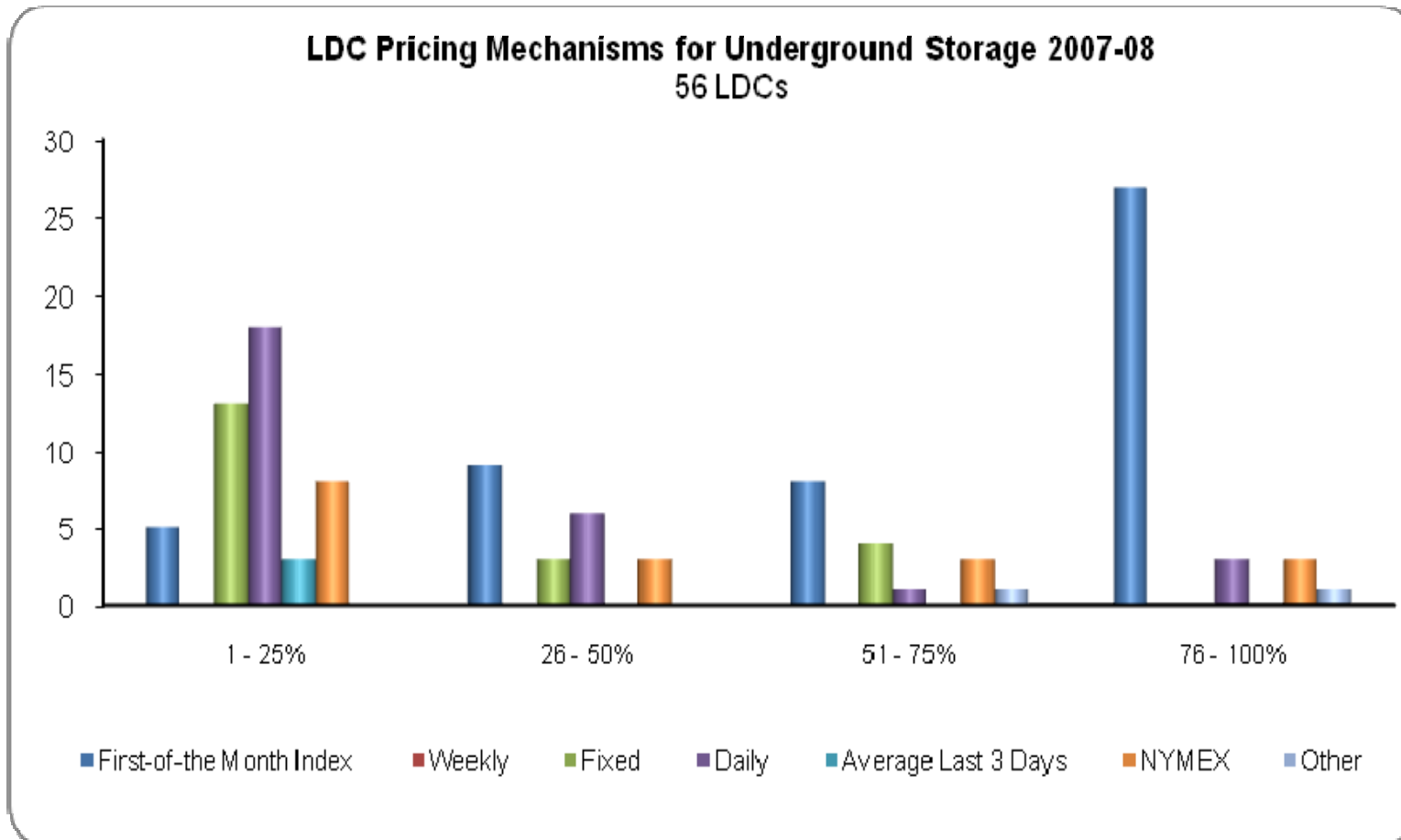
2006-07 Winter Heating Season



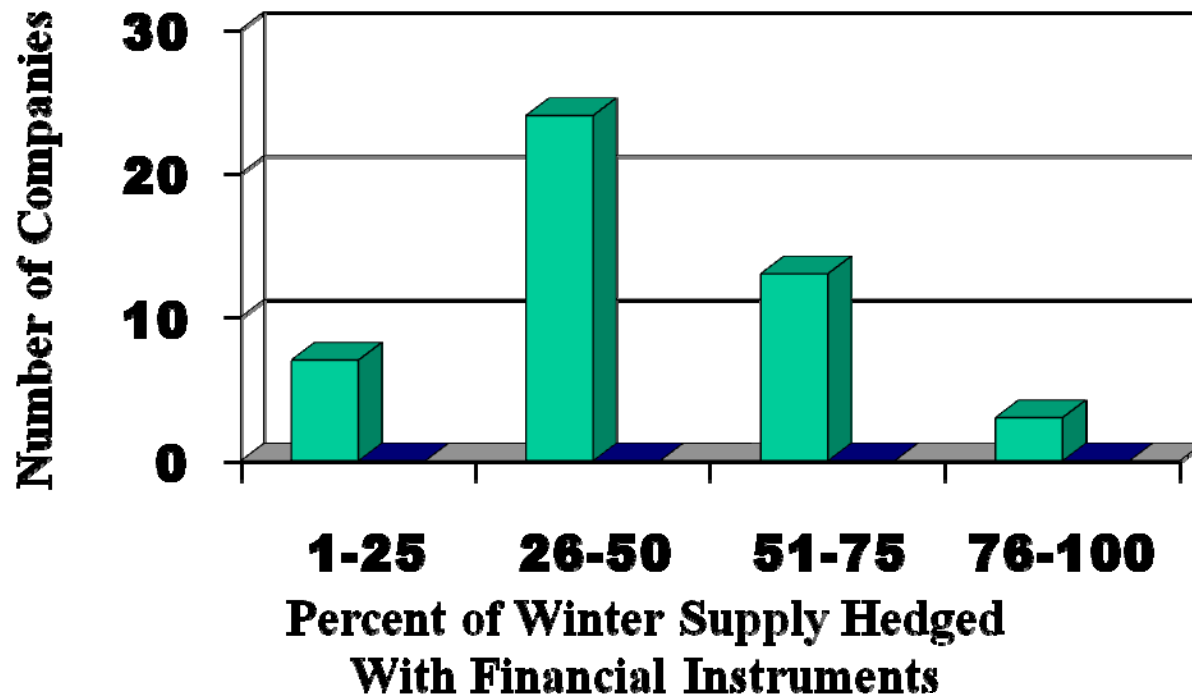
2007-08 Winter Heating Season



2007-08 Winter Heating Season



*85 % of Companies Sampled Used Financial Tools
to Hedge Gas Supply During the 2007-2008 WHS
Compared to 88 % One Year Ago*



2007-08 WHS Hedging

- ◆ 85 % of the companies reporting used financial instruments to hedge a portion of their gas supply. This compares to 17 of 31 companies (55%) in the 2001-02 survey.
- ◆ 31 of 51 companies reported hedges for 1-50 percent of their winter heating season supplies using financial instruments. However, 13 companies hedged 51-75 percent.
- ◆ 50 of 60 companies used storage as a physical hedge within their gas supply portfolio. For 38 of those companies, storage hedged between 1-50 percent of WHS gas supply.





THANK YOU!

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