

PIPELINE RESTRICTIONS

Kern River Pipeline Company reported that line pack has returned to normal over its entire system.

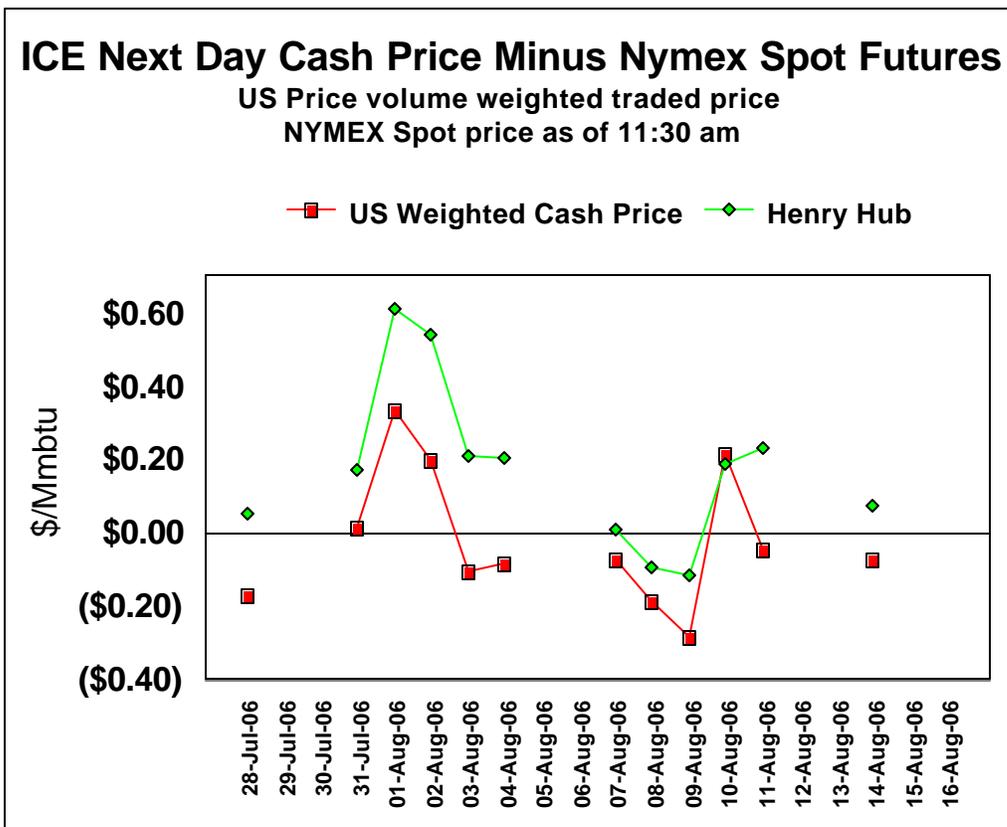
PIPELINE MAINTENANCE

Northwest Pipeline said that due to unforeseen complications, the scheduled pig runs between Pleasant View and La Plata B Compressor stations have been suspended until further notice. As a result, the capacity the La Plata B station was restored to its design capacity of 350 Mmcf/d.

Alliance Pipeline said inspections and maintenance will require its Irma Compressor Station to be offline for six hours August 17th. This work may impact AOS levels but will be determined closer to the outage date. The company estimated capacity at the station may be lowered to 26.4 Mmcf/d during the period. The company also reported that annual maintenance at the Teepee Creek Compression Station has been scheduled for a 12 hour period on August 15th. Station capacity will be lowered to 32.5 Mmcf/d.

Williston Basin Interstate Pipeline said that planned maintenance will be performed at the West Shore Pine Hills Compressor Station. Volumes for Receipt Point 04435-West Shore Pine Hills will be reduced to zero for Gas Days August 14-16th.

Kern River Pipeline said that the maintenance originally scheduled for September 5th through the 7th at the Painter Compressor Station will be extended an additional day and will now include compressor alignments. The company expects operational capacity during this time to be approximately 200 Mmcf/d.



ELECTRIC MARKET NEWS

The EIA reported today that in May U.S. electric generation was up 5% over May 2005. Coal generation was up 1.9%, but lower natural gas prices helped to boost natural gas fired generation to grow by some 21% from May 2005. In contrast higher oil prices helped to stifle oil fired generation, which saw a 42.5% contraction in May versus year earlier levels. The agency also reported that coal stocks at U.S. power plants in May increased for the fifth consecutive month, helped in part by improved railroad performance and strong hydro generation levels. Total electric power sector stocks of coal stood at their highest level since July 2003. Sales of power to the residential and commercial sectors increased by 7.5% and 7.0% respectively versus May 2005 levels. Industrial demand for power though increased by only 0.4% versus year ago levels.

MARKET COMMENTARY

The decline in oil prices coupled with moderating temperatures across much of the nation outside of Texas helped to keep futures and spot prices on the defensive. Natural gas futures prices declined for the third

consecutive trading session and saw prices trade and settle below the 20-day moving average for the first time since the start of the bull move in late July. Volume today was relatively modest with just 71,000 futures traded, the lightest trading session since August 4th.

It appears that this market will remain on the defensive until weather re-awakens the bulls. As we move towards the end of August the likelihood for long term summer heat waves begins to lessen day by day, thus leaving only the tropics as the key to watch. It appears that at least for the next several days there is little to pay attention to that could be a threat to the Gulf of Mexico. This leads us to look for prices to make a short term run to challenge initial support again at the \$6.744-\$6.715 level, followed by additional support at \$6.46-\$6.43 and the bottom of the gap at \$6.26. Resistance we see at \$6.94, \$7.00 and \$7.24. Additional resistance we see at \$7.90-\$7.94.