

QUARTER IN REVIEW
2nd Quarter 2010

— **QUARTER AT A GLANCE** —

IMPORTS

<u>COUNTRY OF ORIGIN</u>	<u>BCF</u>	WEIGHTED AVG. PRICE (\$/MMBtu)
Canada	775.3	\$ 4.07
<u>Mexico</u>	<u>11.5</u>	<u>\$ 4.87</u>
Pipeline Imports	786.8	\$ 4.08
Egypt	20.7	*\$ 3.82
Nigeria	28.6	*\$ 3.61
Norway	2.8	*\$ 3.84
Qatar	8.9	*\$ 3.88
Trinidad and Tobago	42.2	*\$ 4.22
<u>Yemen</u>	<u>7.6</u>	<u>*\$ 4.20</u>
LNG Imports	110.9	*\$ 3.95
TOTAL IMPORTS	897.7	\$4.06

EXPORTS⁺⁺

<u>COUNTRY OF DESTINATION</u>	<u>BCF</u>	WEIGHTED AVG. PRICE (\$/MMBtu)
Canada	156.1	\$ 4.54
<u>Mexico</u>	<u>84.6</u>	<u>\$ 4.44</u>
Pipeline Exports⁺	240.7	\$ 4.51
Japan	7.7	**\$ 11.98
<u>South Korea</u>	<u>3.3</u>	<u>***\$ 5.67</u>
LNG Exports by Vessel	11.0	
TOTAL EXPORTS	251.7	

* Landed price in the U.S. Canada and Mexico prices are at the U.S. border.

** Delivered price.

*** FOB price.

+Includes a very small volume of LNG exported by truck to Mexico.

++Prices for Canada, Mexico, and LNG imports are border/landed prices. Export price to Japan is a delivered price. Export price to South Korea is FOB. Weighted average export prices are not shown where component prices are not on a comparable basis.

Table 1b

All Import/Export Activities							
YTD 2010 vs. YTD 2009							
	YTD 2010		YTD 2009		Percentage Change		
	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume	Avg. Price	
<u>IMPORTS</u>							
	Canada	1,676.4	\$4.79	1,650.2	\$4.32	1.6%	10.9%
	Mexico	19.2	\$4.95	16.0	\$3.87	20.0%	27.9%
Pipeline Imports		1,695.6	\$4.79	1,666.2	\$4.32	1.8%	11.0%
LNG by Vessel		250.2	\$4.64	242.0	\$4.78	3.4%	-2.9%
Total Imports		1,945.8	\$4.77	1,908.2	\$4.37	2.0%	9.1%
<u>EXPORTS⁺⁺</u>							
	Canada	361.0	\$5.11	373.3	\$4.76	-3.3%	7.4%
	Mexico	151.1	\$4.93	156.7	\$3.79	-3.5%	30.1%
Pipeline Exports⁺		512.2	\$5.06	530.0	\$4.47	-3.4%	13.1%
	Japan	13.4	\$11.91	13.3	\$6.84	1.1%	74.1%
	South Korea	3.3	\$5.67				
	Spain	3.4	\$5.22				
LNG by Vessel		20.1		13.3		51.4%	
Total Exports		532.3		543.2		-2.0%	
LNG Imports to Puerto Rico		11.3	\$4.64	11.5	\$8.63	-2.1%	-46.2%

+Includes a very small volume of LNG exported by truck to Mexico.

++Prices for Canada, Mexico, and LNG imports are border/landed prices. Export price to Japan is a delivered price. Export prices to South Korea and Spain are FOB. Weighted average export prices are not shown where component prices are not on a comparable basis.

- LNG imports to Puerto Rico are shown separately in this table and elsewhere in this report, for informational purposes only. Please note that these imports are not reflected in any U.S. totals because U.S. totals only reflect activity involving one or more of the 50 states.

Table 1c

All Import/Export Activities 2nd Quarter 2010 vs. 1st Quarter 2010							
	2nd Quarter 2010		1st Quarter 2010		Percentage Change		
	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume	Avg. Price	
IMPORTS							
	Canada	775.3	\$4.07	901.1	\$5.41	-14.0%	-24.8%
	Mexico	11.5	\$4.87	7.7	\$5.07	49.7%	-3.9%
	Pipeline Imports	786.8	\$4.08	908.8	\$5.40	-13.4%	-24.6%
	LNG by Vessel	110.9	\$3.95	139.3	\$5.19	-20.4%	-23.9%
	Total Imports	897.7	\$4.06	1,048.1	\$5.38	-14.4%	-24.5%
EXPORTS**							
	Canada	156.1	\$4.54	204.9	\$5.55	-23.8%	-18.2%
	Mexico	84.6	\$4.44	66.5	\$5.55	27.1%	-20.0%
	Pipeline Exports ⁺	240.7	\$4.51	271.5	\$5.55	-11.3%	-18.8%
	Japan	7.7	\$11.98	5.8	\$11.82	33.8%	1.4%
	South Korea	3.3	\$5.67				
	Spain			3.4	\$5.22		
	LNG by Vessel	11.0		9.1		20.6%	
	Total Exports	251.7		280.6		-10.3%	
	LNG Imports to Puerto Rico	6.1	\$4.54	5.2	\$4.76	17.5%	-4.6%

Table 1d

All Import/Export Activities 2nd Quarter 2010 vs. 2nd Quarter 2009							
	2nd Quarter 2010		2nd Quarter 2009		Percentage Change		
	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume	Avg. Price	
IMPORTS							
	Canada	775.3	\$4.07	722.0	\$3.40	7.4%	19.6%
	Mexico	11.5	\$4.87	9.4	\$3.34	22.0%	45.9%
	Pipeline Imports	786.8	\$4.08	731.4	\$3.40	7.6%	20.0%
	LNG by Vessel	110.9	\$3.95	155.6	\$3.80	-28.7%	3.9%
	Total Imports	897.7	\$4.06	887.0	\$3.47	1.2%	17.1%
EXPORTS**							
	Canada	156.1	\$4.54	138.0	\$3.88	13.1%	17.1%
	Mexico	84.6	\$4.44	79.6	\$3.49	6.3%	27.2%
	Pipeline Exports ⁺	240.7	\$4.51	217.6	\$3.74	10.6%	20.6%
	Japan	7.7	\$11.98	5.7	\$7.32	34.2%	63.7%
	South Korea	3.3	\$5.67				
	LNG by Vessel	11.0		5.7		91.6%	
	Total Exports	251.7		223.4		12.7%	
	LNG Imports to Puerto Rico	6.1	\$4.54	5.3	\$7.81	15.3%	-41.9%

+Includes a very small volume of LNG exported by truck to Mexico.

++Prices for Canada, Mexico, and LNG imports are border/landed prices. Export price to Japan is a delivered price. Export prices to South Korea and Spain are FOB. Weighted average export prices are not shown where component prices are not on a comparable basis.

- LNG imports to Puerto Rico are shown separately in these tables and elsewhere in this report, for informational purposes only. Please note that these imports are not reflected in any U.S. totals because U.S. totals only reflect activity involving one or more of the 50 states.

Table 1e

Imports from Canada						
2nd Quarter 2010 vs. 1st Quarter 2010						
Type of Import Authorization	2nd Quarter 2010		1st Quarter 2010		Percentage Change	
	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume	Avg. Price
Long-Term	47.8	\$4.59	63.5	\$6.02	-24.7%	-23.7%
Short-Term	727.5	\$4.03	837.6	\$5.36	-13.1%	-24.8%
Total Imports	775.3	\$4.07	901.1	\$5.41	-14.0%	-24.8%

Table 1f

Imports from Canada						
2nd Quarter 2010 vs. 2nd Quarter 2009						
Type of Import Authorization	2nd Quarter 2010		2nd Quarter 2009		Percentage Change	
	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume	Avg. Price
Long-Term	47.8	\$4.59	41.9	\$4.02	14.2%	14.3%
Short-Term	727.5	\$4.03	680.1	\$3.37	7.0%	19.8%
Total Imports	775.3	\$4.07	722.0	\$3.40	7.4%	19.4%

- During the 2nd Quarter, 106 short-term authorizations were used for imports from Canada.
- During the 2nd Quarter, 32 long-term contracts were used for imports from Canada.

Table 1g

Imports from Mexico						
2nd Quarter 2010 vs. 1st Quarter 2010						
	2nd Quarter 2010		1st Quarter 2010.		Percentage Change	
	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume	Avg. Price
Total Imports	11.5	\$4.87	7.7	\$5.07	49.7%	-3.9%

Table 1h

Imports from Mexico						
2nd Quarter 2010 vs. 2nd Quarter 2009						
	2nd Quarter 2010		2nd Quarter 2009		Percentage Change	
	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume	Avg. Price
Total Imports	11.5	\$4.87	9.4	\$3.34	22.0%	45.8%

Table 1i

Pipeline Exports						
2nd Quarter 2010 vs. 1st Quarter 2010						
Destination Country	2nd Quarter 2010		1st Quarter 2010		Percentage Change	
	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume	Avg. Price
Canada	156.1	\$4.54	204.9	\$5.55	-23.8%	-18.2%
Mexico	84.5	\$4.44	66.5	\$5.55	27.2%	-20.0%
Total Exports	240.7	\$4.50	271.4	\$5.55	-11.3%	-18.8%

Table 1j

Pipeline Exports						
2nd Quarter 2010 vs. 2nd Quarter 2009						
Destination Country	2nd Quarter 2010		2nd Quarter 2009		Percentage Change	
	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume (Bcf)	Avg. Price (\$/MMBtu)	Volume	Avg. Price
Canada	156.1	\$4.54	138.0	\$3.88	13.1%	17.0%
Mexico	84.5	\$4.44	79.6	\$3.49	6.2%	27.2%
Total Exports	240.7	\$4.50	217.6	\$3.74	10.6%	20.5%

- During the 2nd Quarter, 42 short-term authorizations were used for pipeline exports to Canada.
- During the 2nd Quarter, 11 short-term authorizations were used for pipeline exports to Mexico.

Table 1k

Trucked LNG Exports						
2nd Quarter 2010 vs. 1st Quarter 2010						
	2nd Quarter 2010		1st Quarter 2010		Percentage Change	
	Volume (MMcf)	Avg. Price (\$/MMBtu)	Volume (MMcf)	Avg. Price (\$/MMBtu)	Volume	Avg. Price
Canada	0.0	\$0.00	0.0	\$0.00	N/A	N/A
Mexico	43.5	\$8.46	56.4	\$8.70	-22.8%	-2.8%
Total	43.5	\$8.46	56.4	\$8.70	-22.8%	-2.8%

Table 1l

Trucked LNG Exports						
2nd Quarter 2010 vs. 2nd Quarter 2009						
	2nd Quarter 2010		2nd Quarter 2009		Percentage Change	
	Volume (MMcf)	Avg. Price (\$/MMBtu)	Volume (MMcf)	Avg. Price (\$/MMBtu)	Volume	Avg. Price
Canada	0.0	\$0.00	0.0	\$0.00	N/A	N/A
Mexico	43.5	\$8.46	7.2	\$7.26	502.4%	16.5%
Total	43.5	\$8.46	7.2	\$7.26	502.4%	16.5%

- LNG is regularly exported by truck by Applied LNG Technologies USA, L.L.C., to Mexico from Otay Mesa, California and/or Nogales, Arizona. There was one delivery of LNG by CHI Engineering Services, Inc., to Canada from Buffalo, New York in July 2007.

Table 1m

Short-Term Pipeline Imports by Point of Entry			
Country of Origin/ Point of Entry	Percent of Total	Volume (Bcf)	Wtd. Avg. Price (\$/MMBtu)
<u>CANADA</u>			
Sumas, WA	11.7%	85.4	\$3.94
Eastport, ID	22.3%	162.3	\$3.86
Port of Morgan, MT	25.3%	184.0	\$3.86
Sherwood, ND	18.3%	133.1	\$4.12
Noyes, MN	12.1%	87.9	\$4.12
Niagara Falls, NY	1.3%	9.4	\$4.91
Grand Island, NY	1.3%	9.2	\$4.76
Waddington, NY	3.9%	28.7	\$4.76
Calais, ME	1.7%	12.4	\$4.38
Other	2.1%	15.1	\$4.47
Canada Total	100.0%	727.5	\$4.03
<u>MEXICO</u>			
Galvan Ranch, TX	0.5%	0.1	\$3.15
Alamo, TX	4.1%	0.5	\$3.71
McAllen, TX	1.9%	0.2	\$3.70
Ogilby, CA	93.5%	10.7	\$4.96
Mexico Total	100%	11.5	\$4.87
GRAND TOTAL		739.0	\$4.04

Table 1n

Long-Term Pipeline Imports by Point of Entry			
Country of Origin/ Point of Entry	Percent of Total	Volume (Bcf)	Wtd. Avg. Price (\$/MMBtu)
<u>CANADA</u>			
Sumas, WA	5.4%	2.6	\$3.90
Eastport, ID	7.5%	3.6	\$4.51
Sherwood, ND	6.2%	3.0	\$4.17
Niagara Falls, NY	6.0%	2.9	\$4.42
Waddington, NY	40.2%	19.2	\$5.22
Calais, ME	33.9%	16.2	\$4.09
Other	0.8%	0.4	\$4.47
Canada Total	100.0%	47.8	\$4.59
<u>MEXICO</u>			
Mexico Total	N/A	0.0	N/A

Table 1o

Short-Term* Pipeline Exports by Point of Exit			
Country of Destination/ Point of Exit	Percent of Total	Volume (Bcf)	Wtd. Avg. Price (\$/MMBtu)
<u>CANADA</u>			
Sumas, WA	1.3%	2.0	\$4.53
Havre, MT	1.4%	2.3	\$3.80
Sault Ste. Marie, MI	0.2%	0.3	\$4.49
Detroit, MI	7.4%	11.6	\$4.46
St. Clair, MI	87.4%	136.4	\$4.57
Marysville, MI	2.1%	3.2	\$4.41
Calais, ME	0.2%	0.4	\$4.28
Canada Total	100.0%	156.1	\$4.54
<u>MEXICO</u>			
Calexico, CA	1.9%	1.6	\$4.32
Ogilby, CA	3.5%	2.9	\$4.72
Nogales, AZ ⁺	0.1%	0.0	\$4.48
Douglas, AZ	13.9%	11.8	\$4.38
El Paso, TX	1.9%	1.6	\$4.40
Clint, TX	25.8%	21.8	\$4.39
Del Rio, TX	0.1%	0.1	\$6.05
Eagle Pass, TX	0.4%	0.4	\$4.94
Rio Bravo, TX	22.6%	19.1	\$4.47
Roma, TX	15.6%	13.2	\$4.41
Alamo, TX	9.5%	8.0	\$4.52
McAllen, TX	4.8%	4.1	\$4.48
Mexico Total	100.0%	84.5	\$4.44
GRAND TOTAL		240.7	\$4.51

*Includes exports under two long-term contracts to Mexico,
the only long-term pipeline exports.

⁺Very small volume is not shown due to rounding

SHORT-TERM IMPORTS

<u>Year & Month</u>	<u>Active Importers</u>	<u>Volumes (MMCF)</u>	<u>Weighted Avg. Price (\$/MMBTU)</u>
2008			
January	113	365,339	\$7.54
February	108	326,461	\$8.23
March	110	342,595	\$8.93
April	106	290,900	\$9.48
May	109	263,793	\$10.67
June	105	256,006	\$11.52
July	109	288,880	\$11.55
August	108	293,132	\$8.40
September	107	274,175	\$7.32
October	107	285,600	\$6.69
November	107	294,879	\$6.41
December	109	335,742	\$6.59
Total	140	3,617,501	\$8.53
2009			
January	108	328,432	\$6.02
February	108	300,275	\$5.09
March	111	301,448	\$4.24
April	108	280,036	\$3.57
May	103	225,941	\$3.38
June	107	247,322	\$3.37
July	107	274,930	\$3.37
August	108	306,438	\$3.19
September	107	275,758	\$2.83
October	108	242,998	\$3.87
November	103	261,492	\$4.28
December	103	311,739	\$5.17
Total	138	3,356,810	\$4.09
2010			
January	106	343,196	\$5.81
February	106	291,851	\$5.45
March	107	290,194	\$4.71
April	98	262,790	\$4.00
May	92	256,861	\$4.02
June	88	243,641	\$4.15
July	-	-	-
August	-	-	-
September	-	-	-
October	-	-	-
November	-	-	-
December	-	-	-
Total	118	1,688,532	\$4.76

LONG-TERM IMPORTS

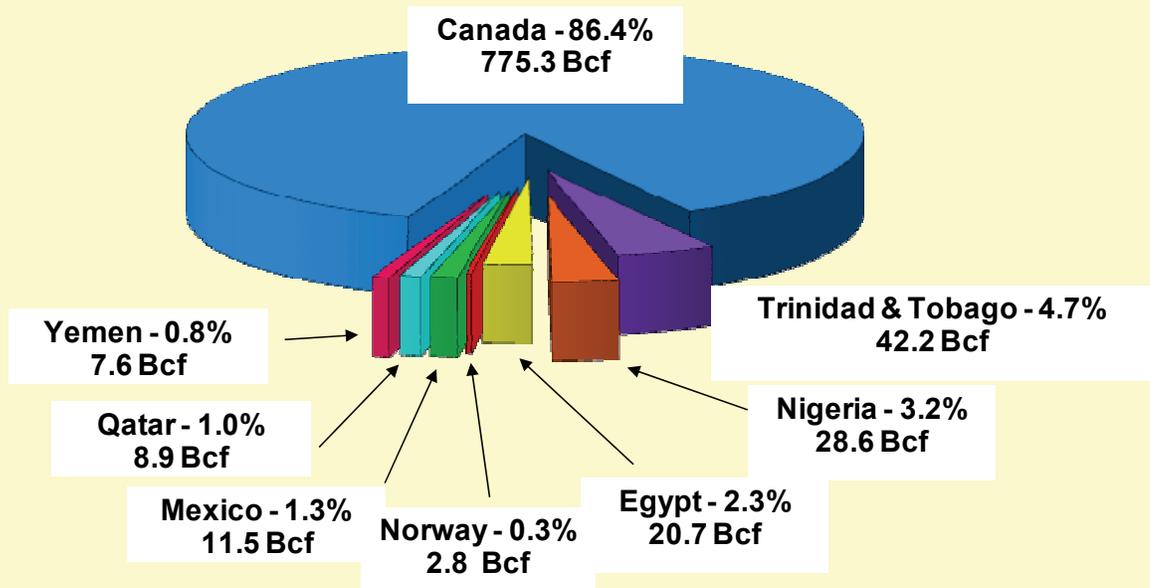
<u>Year & Month</u>	<u>Active Contracts</u>	<u>Volumes (MMCF)</u>	<u>Weighted Avg. Price (\$/MMBTU)</u>
2008			
January	56	29,948	\$6.98
February	57	28,484	\$7.49
March	54	29,845	\$7.91
April	54	36,614	\$8.71
May	53	38,938	\$9.87
June	55	35,930	\$10.82
July	52	39,185	\$11.38
August	51	40,750	\$8.98
September	52	44,685	\$7.62
October	52	40,961	\$6.91
November	39	30,537	\$6.28
December	40	34,723	\$6.59
Total	62	430,600	\$8.38
2009			
January	39	34,427	\$6.35
February	38	26,754	\$5.22
March	37	29,855	\$4.20
April	40	47,312	\$3.67
May	41	45,698	\$3.47
June	39	40,672	\$3.70
July	41	46,837	\$3.72
August	39	36,186	\$3.48
September	39	36,740	\$2.97
October	36	35,532	\$3.62
November	36	38,961	\$4.37
December	36	43,713	\$4.73
Total	50	462,686	\$4.07
2010			
January	37	48,242	\$5.78
February	39	38,819	\$5.73
March	37	35,790	\$5.11
April	37	41,575	\$4.21
May	39	47,758	\$4.11
June	32	45,065	\$4.07
July	-	-	-
August	-	-	-
September	-	-	-
October	-	-	-
November	-	-	-
December	-	-	-
Total	43	257,247	\$4.81

Graphical Summaries and Comparisons

Quarter in Review
&
Comparisons with Other Quarters

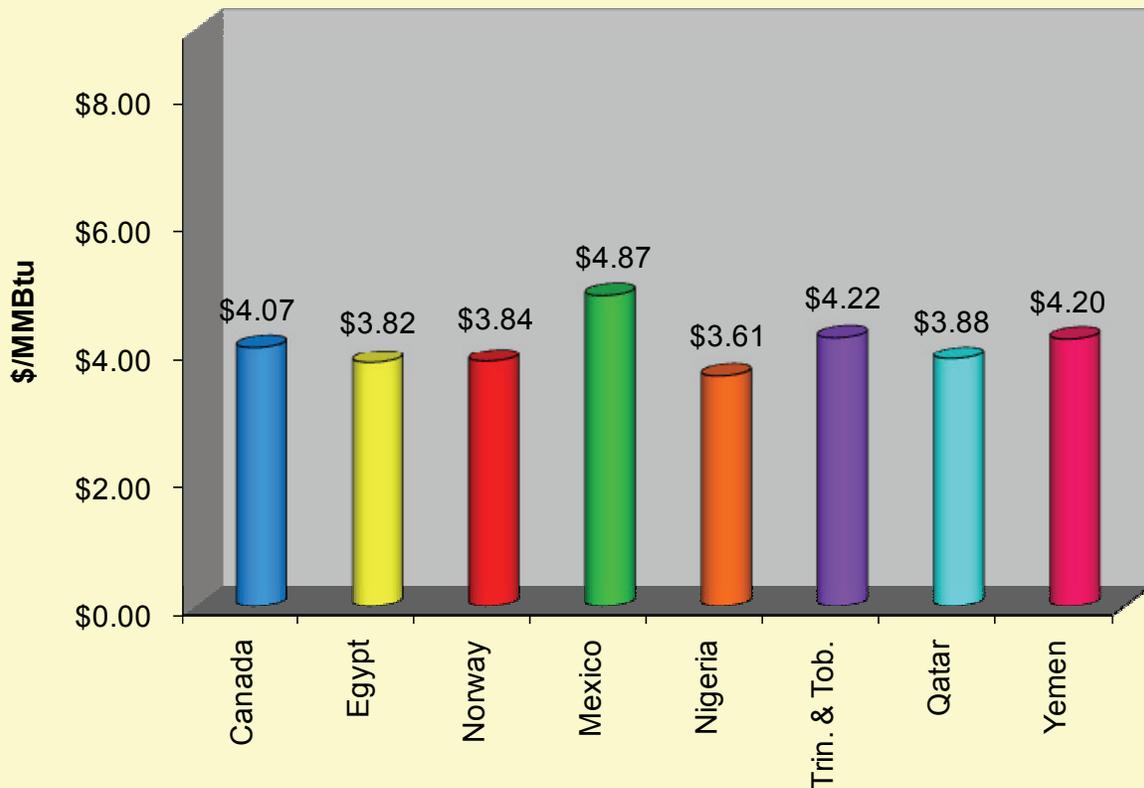
Natural Gas Imports, 2nd Quarter 2010

Total Imports - 898 Bcf



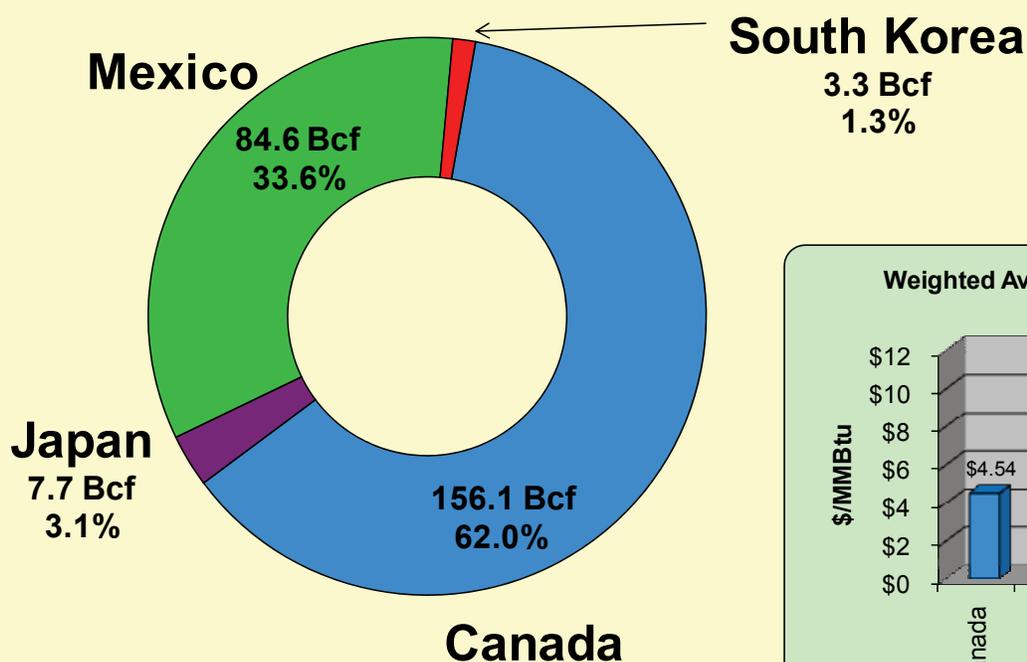
- In the second quarter of 2010, the U.S. imported a volume of just under 900 billion cubic feet of natural gas.
- A large majority of imports originated in Canada, continuing a long-term trend.
- Trinidad & Tobago was the next-largest supplier, providing almost 5% of imports, in the form of LNG. Nigeria was third, with 3.2% of imports.
- The remaining 5.7% of imports was supplied by Egypt, Norway, Mexico, Qatar, and Yemen.

Weighted Avg. Import Prices, 2Q 2010



- Import prices averaged in the range of \$3.61 to \$4.87 per MMBtu during the quarter.
- The highest average price was paid for imports from Mexico.

Natural Gas Exports, 2Q 2010

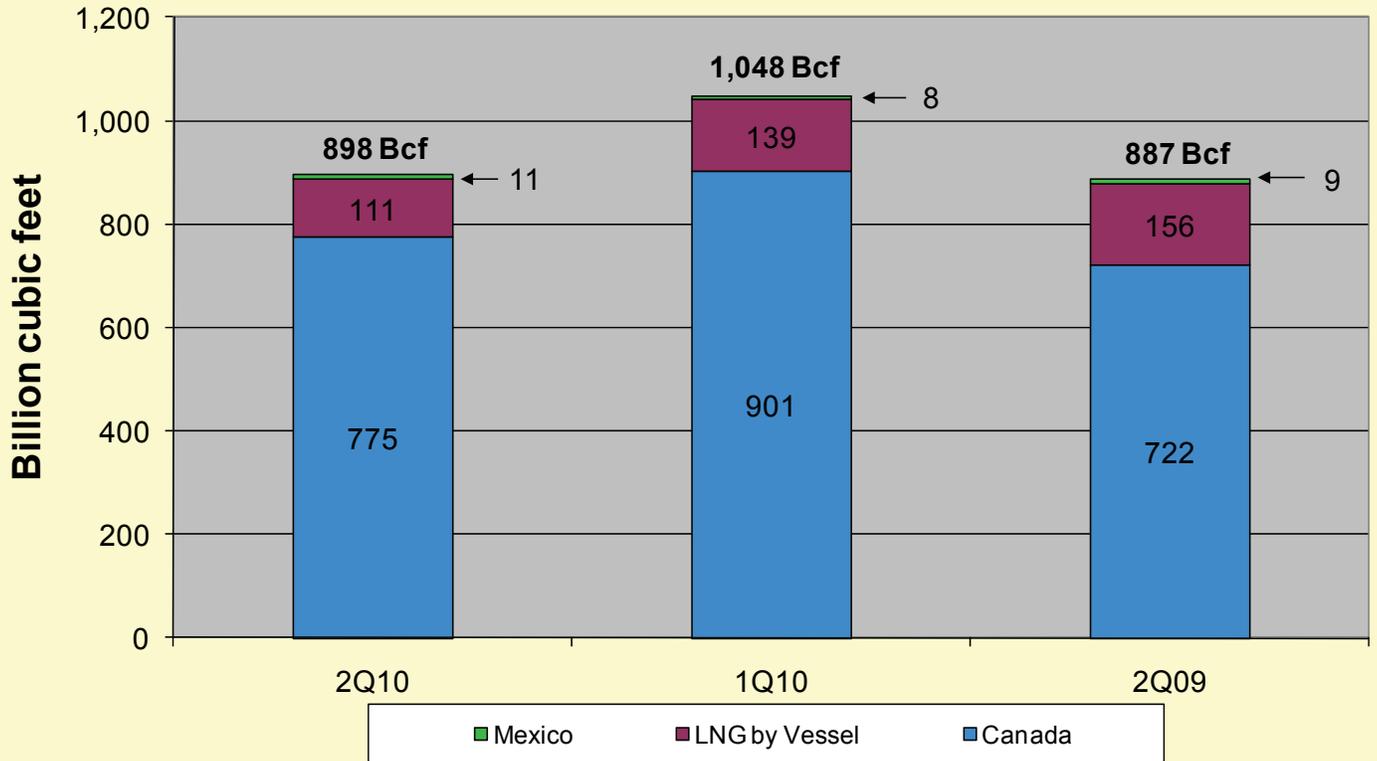


Total Exports - 252 Bcf

Canada and Mexico prices are at the U.S. border. Japan price is delivered to Japan. South Korea price is FOB.

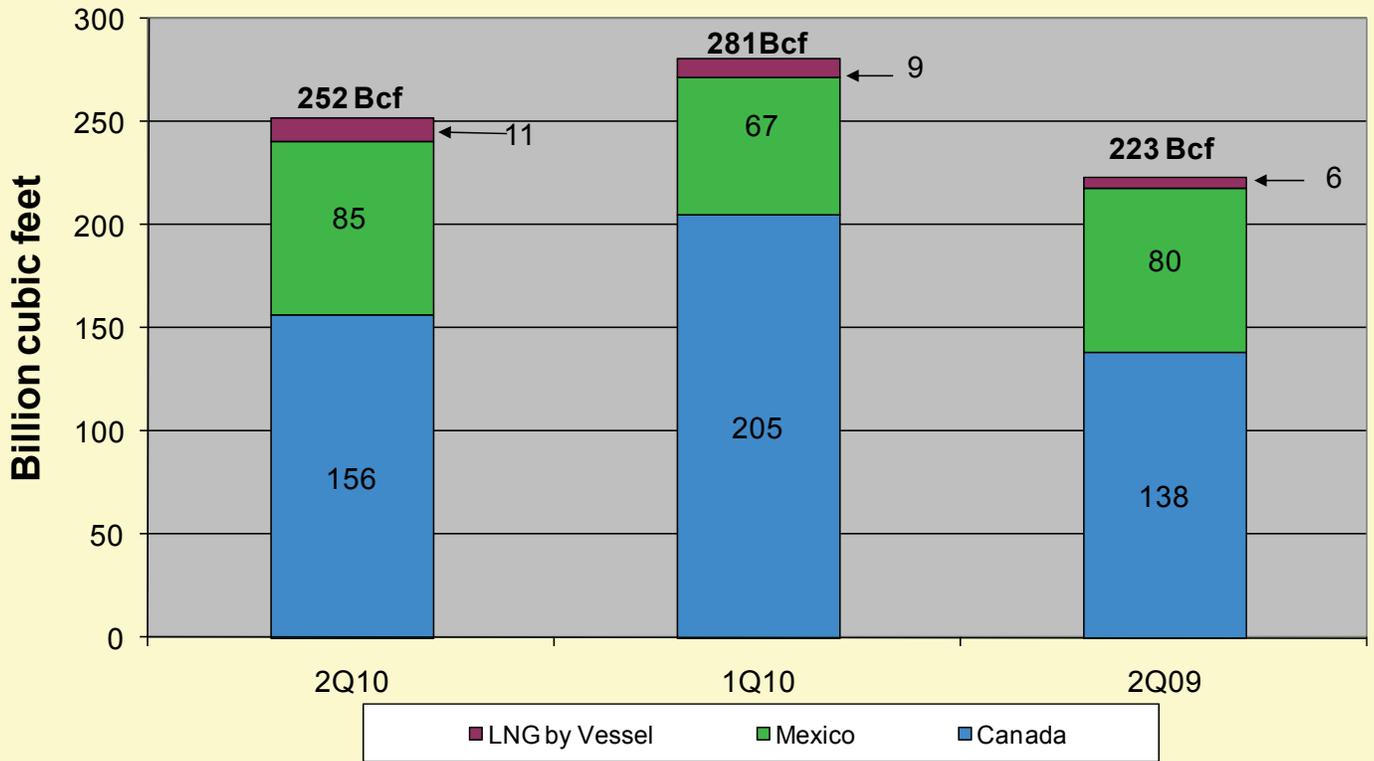
- Over sixty percent of U.S. exports during the second quarter were sent to Canada.
- Mexico accounted for most of the remaining exports (about a third of the total), and Japan accounted for about 3% of the total. Imported LNG was re-exported during the quarter, to South Korea, which accounted for the remaining 1.3% of exports.
- LNG exports to Japan had the highest prices by far, followed by those to South Korea. Prices of exports to Canada and Mexico were very close to each other, and were the lowest.

Comparison of 2nd Quarter Imports with Previous & Year-Ago Quarters



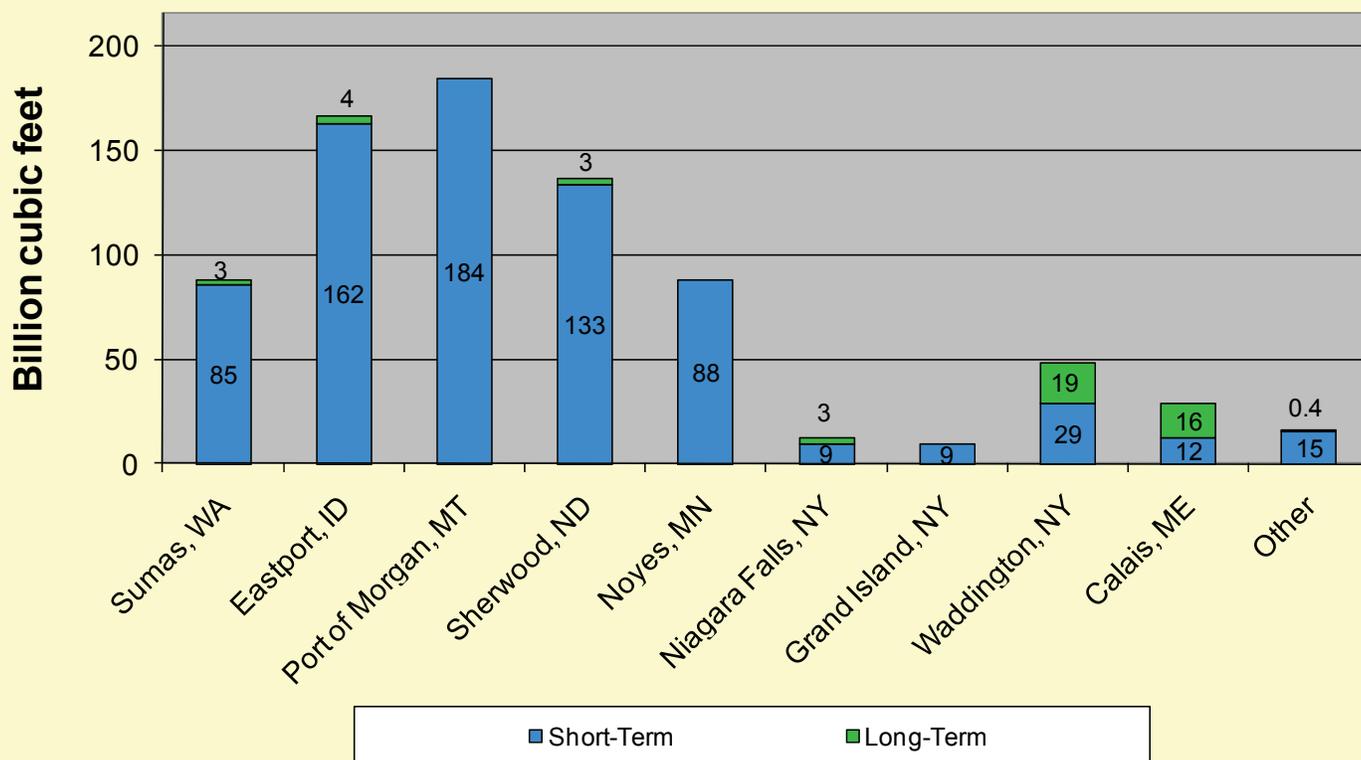
- The total volume of second quarter imports was 150 Bcf less than the first quarter, and just slightly higher than the second quarter of last year.

Comparison of 2nd Quarter Exports with Previous & Year-Ago Quarters



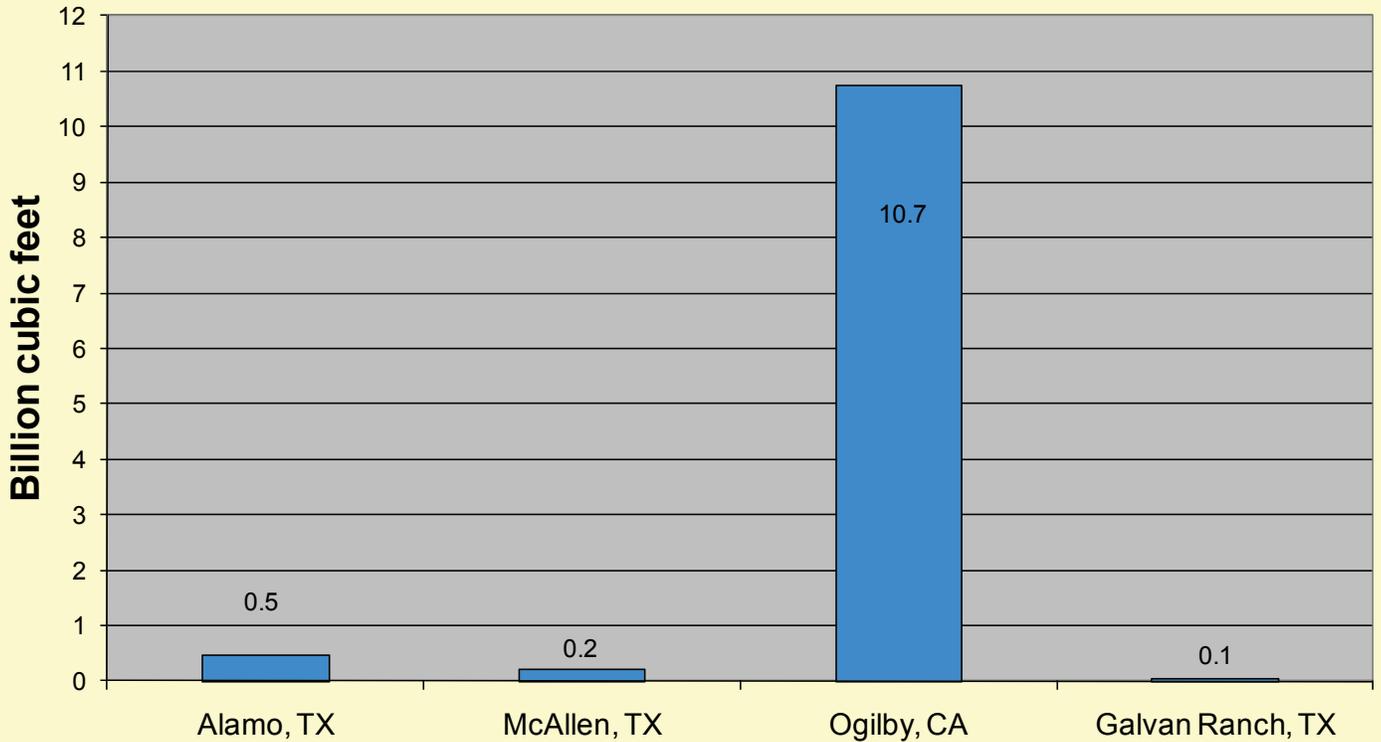
- The second quarter 2010 export volume was 29 Bcf lower than the first quarter, but 29 Bcf higher than the second quarter of 2009.

Imports from Canada by Entry Point



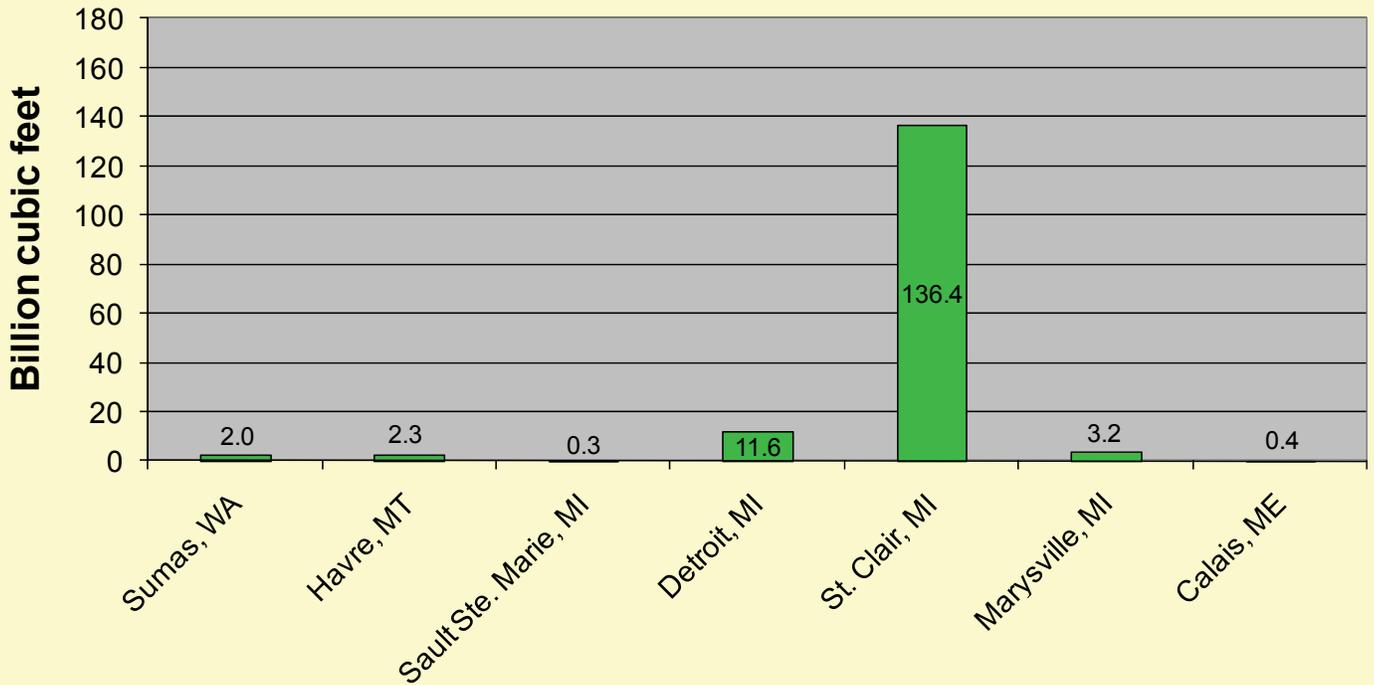
- Following a long-term trend, volumes of natural gas imported under short-term authorizations eclipsed volumes imported under long-term authorizations.
- Port of Morgan, Montana experienced the highest volume of imports from Canada, with almost a quarter of the total. Sumas, Washington; Eastport, Idaho; Sherwood, North Dakota; and Noyes, Minnesota all handled in excess of 10% of the total.
- These five points handled about 85% of all imports from Canada during the second quarter. Three points – Eastport, Port of Morgan, and Sherwood – together handled over 60% of imports.

Short-Term Imports from Mexico by Entry Point



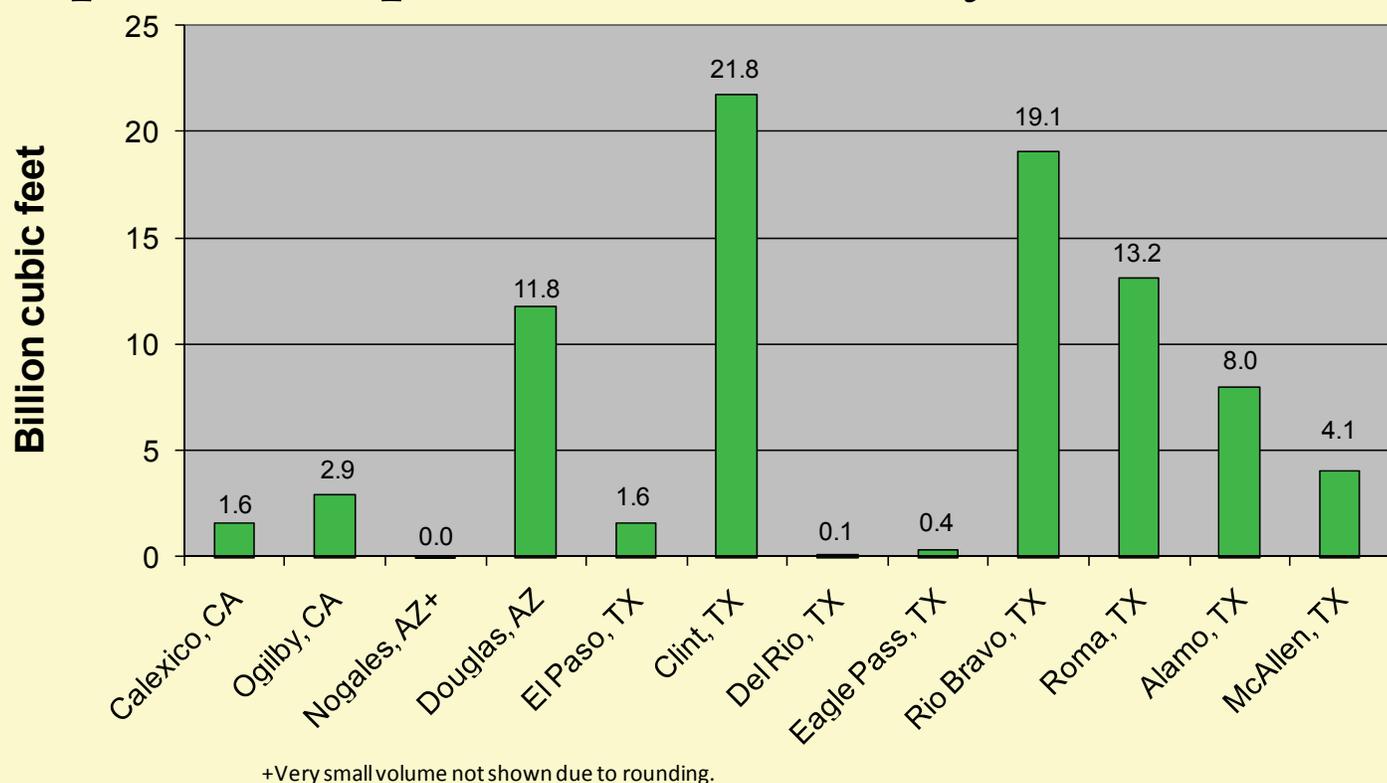
- A very small volume compared to imports from Canada, imports from Mexico arrived in the U.S. through four entry points during the second quarter. The Ogilby, California point experienced by far the largest volume of imports from Mexico, with more than 93% the total. The other three points were responsible for only a small volume of imports.

Short-Term Exports to Canada by Exit Point



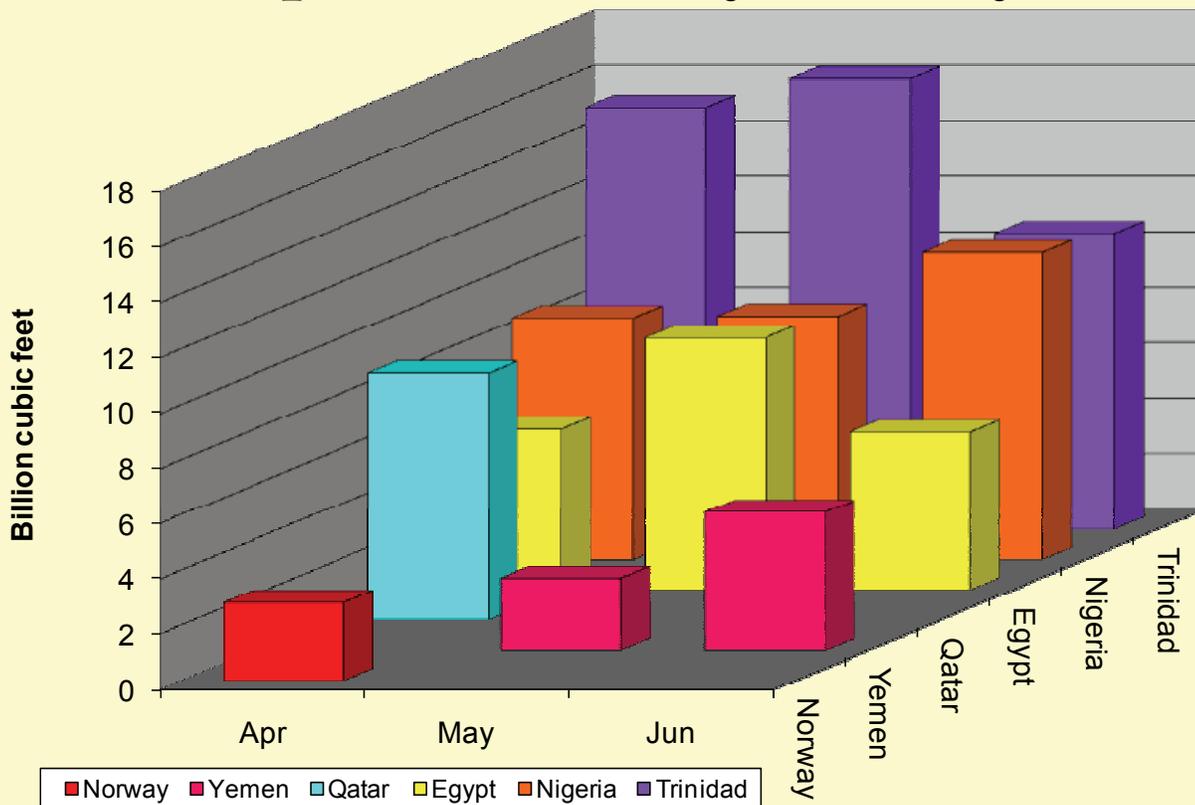
- St. Clair, Michigan continued to dominate other exit points, accounting for more than 87% of exports to Canada in the second quarter. Far fewer points handled exports as handled imports with Canada, consistent with historical experience.

Pipeline Exports to Mexico by Exit Point



- The U.S. exported natural gas to Mexico through a large number of exit points during the second quarter. Four points (Douglas, Arizona; Clint, Texas; Rio Bravo, Texas; and Roma, Texas) together accounted for nearly 80 percent of total Mexican exports. While these points handled most export traffic to Mexico, several other points had small but significant volumes.

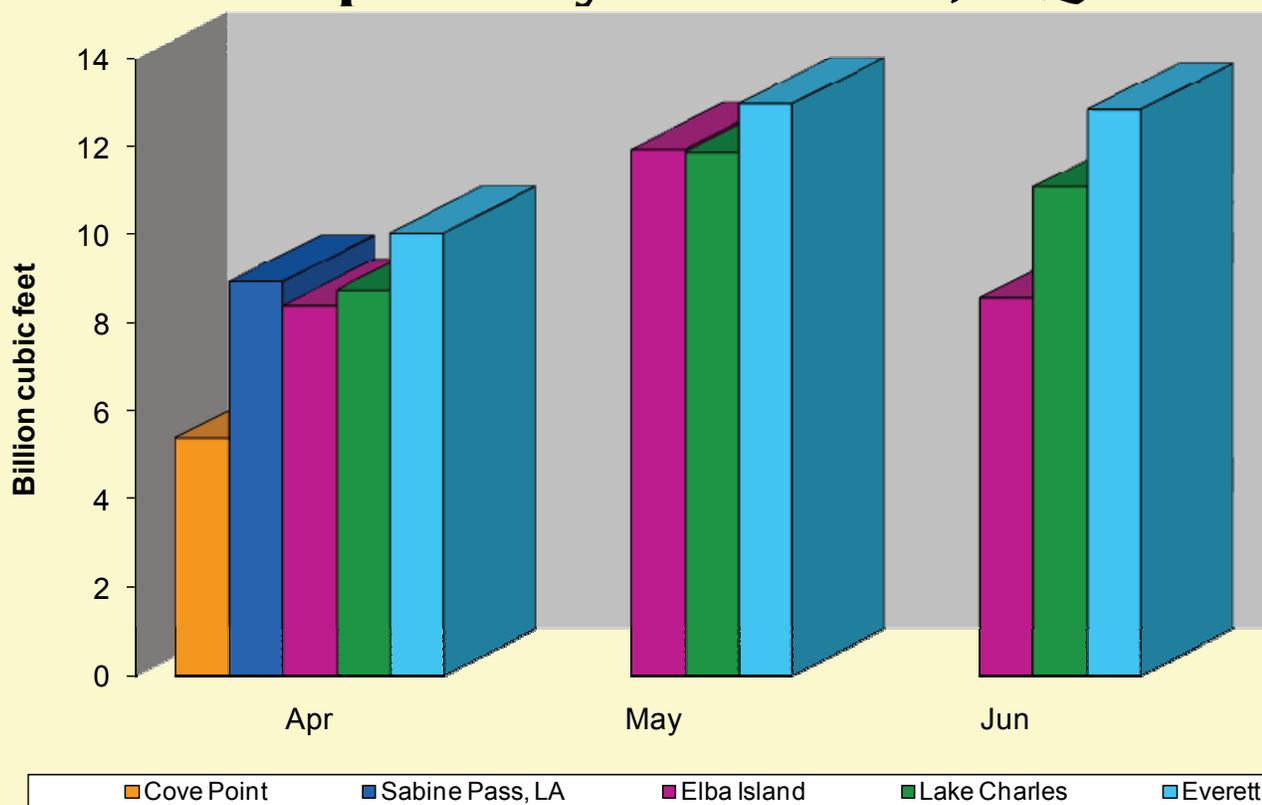
LNG Import Volume by Country, 2Q 2010



	April	May	June	Quarter
Norway	2.8			2.8
Yemen		2.6	5.0	7.6
Qatar	8.9			8.9
Egypt	5.8	9.1	5.7	20.7
Nigeria	8.7	8.8	11.1	28.6
Trinidad	15.2	16.3	10.7	42.2

- Trinidad & Tobago continued to be the main supplier of LNG to the U.S. in the second quarter. Nigeria replaced Egypt, however, in second place. Trinidad, Nigeria, and Egypt each supplied volumes in all months of the quarter. Norway, Qatar, and Yemen contributed small but significant amounts.

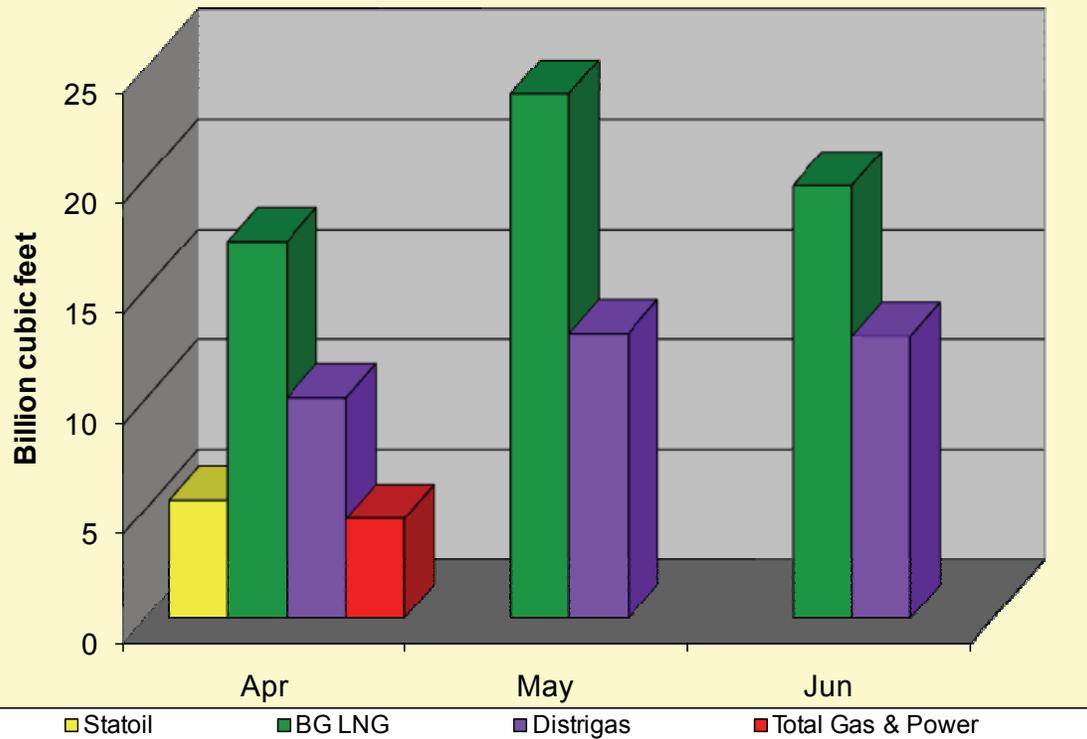
LNG Imports by Terminal, 2Q 2010



	April	May	June	Quarter
Cove Point	5.4			5.4
Sabine Pass	8.9			8.9
Elba Island	8.4	11.9	8.6	28.9
Lake Charles	8.7	11.9	11.1	31.7
Everett	10.0	13.0	12.8	35.9

- Only five of the ten U.S. LNG receiving terminals were active during the second quarter. Everett, Massachusetts received the greatest total volume, and the largest volume in each of the three months.
- Three terminals –Elba Island, Lake Charles, and Everett – together accounted for 87% of second quarter LNG imports.
- Only three terminals unloaded LNG cargos in all three months of the quarter.

LNG Imports by Company, 2Q10



	April	May	June	Quarter
Statoil	5.4			5.4
BG LNG	17.1	23.8	19.7	60.6
Chevron U.S.A. Inc.	4.4			4.4
Distrigas	10.0	13.0	12.8	35.9
Total Gas & Power	4.6			4.6

- Only five importers were active during the second quarter, and only two unloaded cargos in all three months of the quarter.
- BG LNG was the largest importer, with more than 60 Bcf brought into the country and accounting for more than half of imports during the quarter. Distrigas also imported a sizeable volume.