STAND ENERGY CORPORATION

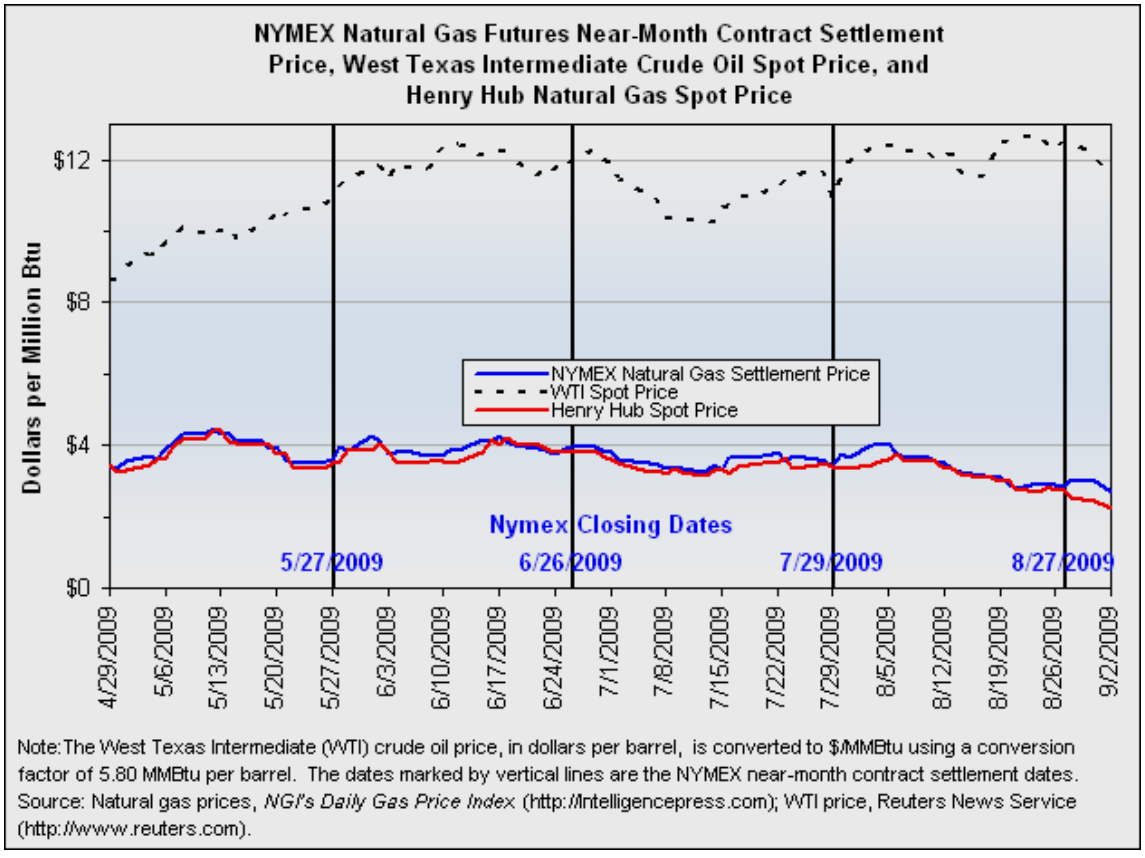
Natural Gas Weekly Update

September 3, 2009

PRICES

At the NYMEX, the price of the October 2009 contract fell by 57.9 cents since last Wednesday to $2.715 per MMBtu. The October 2009 contract began its tenure as the near-month contract on August 28, posting a price decrease in each of the trading sessions. Similar, although significantly different in magnitude to the October contract, futures contracts for delivery during the upcoming heating season (November 2009-March 2010) fell by an average of 41.2 cents or 8 percent per MMBtu. In yesterday's session, the heating season strip traded at $4.717 per MMBtu, with the February and March 2010 contracts trading at $5.030 and $5.027 per MMBtu, respectively. As of yesterday, the heating season strip traded at a premium of about $2.50 per MMBtu, a price differential of a magnitude that continues to provide suppliers with an economic incentive to inject natural gas into storage.

Natural gas spot prices decreased on the week at all market locations, with declines of up to $0.68 per MMBtu. Dampened cooling demand in the northern parts of the lower 48 States, robust supplies of natural gas, and falling crude oil prices contributed to decreases in natural gas spot prices. Economic factors also likely affected natural gas spot prices. Equity markets experienced losses during the last 5 trading days, with the Dow Jones Industrial Average falling 262 points and the S&P 500 Index losing more than 33 points. In addition, the U.S. Department of Labor reported higher-than-expected number of new jobless claims at 570,000.



Note: The West Texas Intermediate (WTI) crude oil price, in dollars per barrel, is converted to $/MMBtu using a conversion factor of 5.80 MMBtu per barrel. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.
Source: Natural gas prices, *NGI's Daily Gas Price Index* (http://Intelligencepress.com); WTI price, Reuters News Service (http://www.reuters.com).

STORAGE

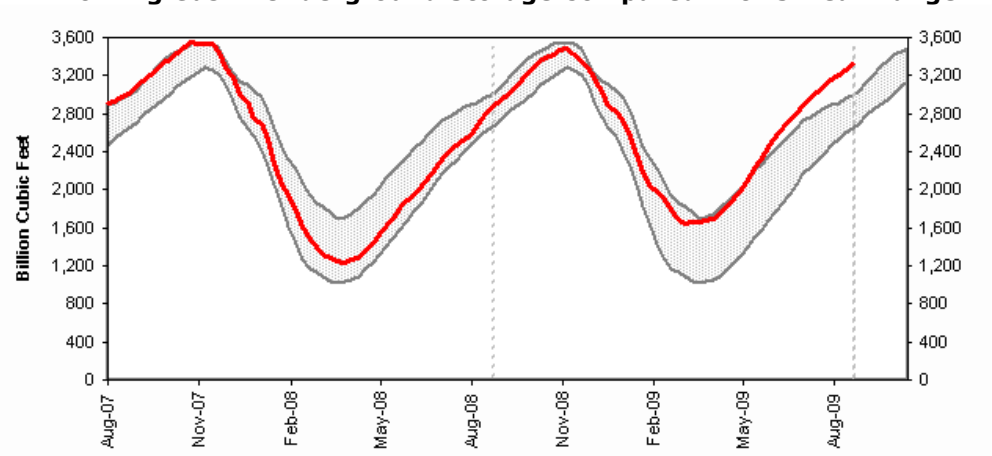
Working gas in storage increased to 3,323 Bcf as of Friday, August 28, according to EIA's Weekly Natural Gas Storage Report (see Storage Figure). The implied net injection of 65 Bcf was 1.6 percent above the 5-year average (2004-2008) net injection of 64 Bcf, but about 29 percent below last year's net injection of 92 Bcf for the same report week. Current levels of working gas in storage remain significantly above both the historical levels, with current stocks exceeding the 5-year average by 17.8 percent and last year's levels by 17.3 percent. The latest report indicates that the volumes of natural gas in storage continue to outpace historical levels. With 9 weeks remaining in the current injection season, current working gas in storage is only 242 Bcf shy of the all-time high of 3,565 Bcf reached at the end of October 2007. At 3,323 Bcf, current storage is only 76 Bcf lower than the available gas in storage at the beginning of last year's heating season.

Warmer-than-normal temperatures in most of the Census Divisions in the lower 48 States during the week had little effect on storage injections. According to the degree-day data provided by the National Weather Service, average temperatures in the lower 48 States during the report week, which roughly coincides with the storage report week, were less than one degree higher than normal; however, some of the Census Divisions recorded significant deviations from normal temperatures. Temperatures in New England and Middle Atlantic were on average six and three degrees higher than normal, respectively. Areas that rely heavily on natural gas for space cooling, such as the West South Central and South Atlantic Census Divisions, recorded average temperatures of 82 and 79 degrees, respectively, which were slightly above normal for this time of year.

All Volumes in Bcf	Current Stocks 08/28/09	One-Week Prior Stocks 08/21/09	Implied Net Change from Last Week	Estimated Prior 5-Year (2004-2008) Average	Percent Difference from 5 Year Average
East Region	1,776	1,724	52	1,620	9.6
West Region	461	455	6	384	20.1
Producing Region	1,086	1,079	7	818	32.8
Total Lower 48	3,323	3,258	65	2,822	17.8

Source: Energy Information Administration: Form EIA-912, "Weekly Underground Natural Gas Storage Report," and the Historical Weekly Storage Estimates Database. Row and column sums may not equal totals due to independent rounding.

Working Gas in Underground Storage Compared with 5-Year Range



Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2003 through 2007. Source: Form EIA-912, "Weekly Underground Natural Gas Storage Report." The dashed vertical lines indicate current and year-ago weekly periods.

OTHER MARKET TRENDS

EIA Releases an Update to a Report on U.S. Peak Storage Capacity. The Energy Information Administration (EIA) has released a report entitled *Estimates of Peak Underground Working Gas Storage Capacity in the United States, 2009 Update* which provides national and regional updates to estimates of total natural gas storage capacity as of April 2009. This report includes two measures of aggregate capacity: demonstrated peak working gas storage capacity and working gas design capacity. According to the report, demonstrated peak working gas storage capacity as of April 2009 was 3,889 Bcf, an increase of 100 Bcf since April 2008 and equivalent to 90.2 percent of aggregate working gas design capacity. Working gas design capacity as of April 2009 was 4,313 Bcf, an increase of 177 Bcf since April 2008. Regional demonstrated peak working gas capacity values range from 490 Bcf in the West Region to 2,153 Bcf in the East Region. In the West Region, demonstrated peak storage capacity is only 73.3 percent of working gas design capacity, reflecting several still-active fields that have experienced a shift in their primary role from seasonal storage to other functions, such as pipeline load balancing, and fields that are being drawn down to be taken out of service.

FERC Requests Comments on Notice of Proposed Rulemaking. The Federal Energy Regulatory Commission (FERC) posted a notice on August 26 in the *Federal Register* soliciting comments on a Notice of Proposed Rulemaking issued July 16. This notice proposed standardized electronic information collection from pipelines under its jurisdiction. The proposal would revise contract reporting requirements for intrastate pipelines providing interstate service and Hinshaw pipelines providing interstate service. The pipelines would be required to report specific information quarterly, including identification of shippers, type of service performed, rates charged, receipt and delivery points, duration of contracts, volumes transported, and revenues received. Comments are due by November 2, 2009.

NATURAL GAS TRANSPORTATION UPDATE

Normal Pipeline Conditions Exist.