

United States Natural Gas Fund, LP
Form 10-Q
August 09, 2010
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended June 30, 2010.

OR

.. **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from to .

Commission File Number: 001-33096

United States Natural Gas Fund, LP

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

20-5576760
(I.R.S. Employer
Identification No.)

1320 Harbor Bay Parkway, Suite 145

Alameda, California 94502

(Address of principal executive offices) (Zip code)

(510) 522-9600

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Table of Contents

UNITED STATES NATURAL GAS FUND, LP

Table of Contents

	Page
<u>Part I. FINANCIAL INFORMATION</u>	
<u>Item 1. Condensed Financial Statements.</u>	1
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	18
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk.</u>	37
<u>Item 4. Controls and Procedures.</u>	39
<u>Part II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings.</u>	40
<u>Item 1A. Risk Factors.</u>	40
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.</u>	40
<u>Item 3. Defaults Upon Senior Securities.</u>	40
<u>Item 4. Reserved.</u>	40
<u>Item 5. Other Information.</u>	40
<u>Item 6. Exhibits.</u>	40

Table of Contents

Part I. FINANCIAL INFORMATION

Item 1. Condensed Financial Statements.

Index to Condensed Financial Statements

Documents

	Page
<u>Condensed Statements of Financial Condition at June 30, 2010 (Unaudited) and December 31, 2009</u>	2
<u>Condensed Schedule of Investments (Unaudited) at June 30, 2010</u>	3
<u>Condensed Statements of Operations (Unaudited) for the three and six months ended June 30, 2010 and 2009</u>	5
<u>Condensed Statement of Changes in Partners' Capital (Unaudited) for the six months ended June 30, 2010</u>	6
<u>Condensed Statements of Cash Flows (Unaudited) for the six months ended June 30, 2010 and 2009</u>	7
<u>Notes to Condensed Financial Statements for the period ended June 30, 2010 (Unaudited)</u>	8

Table of Contents*United States Natural Gas Fund, LP**Condensed Statements of Financial Condition**At June 30, 2010 (Unaudited) and December 31, 2009*

	June 30, 2010	December 31, 2009
Assets		
Cash and cash equivalents (Note 5)	\$ 2,464,068,890	\$ 3,896,493,193
Equity in UBS Securities LLC trading accounts:		
Cash	555,659,167	733,693,664
Unrealized loss on open commodity futures and cleared swap contracts	(158,036,228)	(41,777,265)
Unrealized loss on open swap contracts	(50,700,305)	(39,408,688)
Receivable for units sold	6,225,216	
Investment receivable	531,566	
Dividend receivable	86,463	110,235
Other assets	280,827	192,758
<i>Total assets</i>	<i>\$ 2,818,115,596</i>	<i>\$ 4,549,303,897</i>

Liabilities and Partners' Capital

Investment payable	\$	\$ 19,112,096
Payable for units redeemed	15,334,080	
General Partner management fees payable (Note 3)	1,325,587	1,918,167
Interest payable	236,557	20,751
Professional fees payable	1,763,517	2,609,981
Brokerage commission fees payable	240,250	256,250
License fees payable	176,212	231,345
Directors' fees payable	25,695	48,144
<i>Total liabilities</i>	<i>19,101,898</i>	<i>24,196,734</i>

Commitments and Contingencies (Notes 3, 4 and 5)**Partners' Capital**

General Partner		
Limited Partners	2,799,013,698	4,525,107,163
<i>Total Partners' Capital</i>	<i>2,799,013,698</i>	<i>4,525,107,163</i>
<i>Total liabilities and partners' capital</i>	<i>\$ 2,818,115,596</i>	<i>\$ 4,549,303,897</i>

Limited Partners' units outstanding	359,700,000	449,500,000
Net asset value per unit	\$ 7.78	\$ 10.07
Market value per unit	\$ 7.75	\$ 10.08

See accompanying notes to condensed financial statements

Table of Contents*United States Natural Gas Fund, LP**Condensed Schedule of Investments (Unaudited)**At June 30, 2010*

	Number of Contracts	Loss on Open Commodity Contracts	% of Partners Capital
Open Cleared Swap Contracts Long			
Foreign Contracts			
ICE Natural Gas Cleared Swap ICE LOT contracts, expire August 2010	56,627	\$ (73,722,133)	(2.63)
Open Futures Contracts Long			
United States Contracts			
NYMEX Natural Gas Futures NN contracts, expire August 2010	29,271	(37,965,975)	(1.36)
NYMEX Natural Gas Futures NG contracts, expire August 2010	8,732	(46,348,120)	(1.66)
	38,003	(84,314,095)	(3.02)
Total Open Cleared Swap and Futures Contracts	94,630	\$ (158,036,228)	(5.65)
	Principal Amount	Market Value	
Cash Equivalents			
United States Treasury Obligation			
U.S. Treasury Bill, 0.09%, 7/08/2010	\$ 250,000,000	\$ 249,992,708	8.93
United States Money Market Funds			
Fidelity Institutional Government Portfolio Class I	1,026,243,142	1,026,243,142	36.66
Goldman Sachs Financial Square Funds Government Fund Class SL	450,308,171	450,308,171	16.09
Morgan Stanley Institutional Liquidity Fund Government Portfolio	275,131,543	275,131,543	9.83
Total Money Market Funds		1,751,682,856	62.58
Total Cash Equivalents		\$ 2,001,675,564	71.51

See accompanying notes to condensed financial statements.

Table of Contents*United States Natural Gas Fund, LP**Condensed Schedule of Investments (Unaudited) (Continued)**At June 30, 2010***Open Over-the-Counter Total Return Swap Contracts**

	Notional Amount	Market Value	Unrealized Loss	Termination Date
Swap agreement to receive return on the eXtra US1 Excess Return Index	109,845,851	\$ (1,354)	\$ (1,354)	9/30/2010
Swap agreement to receive return on the eXtra US1 Excess Return Index	379,755,452	(4,682)	(4,682)	10/29/2010
Swap agreement to receive return on the Custom Natural Gas Index (UNG) Excess Return	332,072,910	(4,778)	(4,778)	10/20/2010
Swap agreement to receive return on the Custom Natural Gas Index (UNG) Excess Return	133,859,513	(1,650)	(1,650)	12/08/2010
Swap agreement to receive return on NYMEX Henry Hub Natural Gas Futures Contract	500,296,202	(50,687,841)	(50,687,841)	11/30/2010
Total unrealized loss on open swap contracts			\$ (50,700,305)	

See accompanying notes to condensed financial statements.

Table of Contents*United States Natural Gas Fund, LP**Condensed Statements of Operations (Unaudited)**For the three and six months ended June 30, 2010 and 2009*

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Income				
Gain (loss) on trading of commodity contracts:				
Realized gain (loss) on closed futures contracts	\$ 200,372,905	\$ 227,995,663	\$ (265,450,705)	\$ (50,574,917)
Realized gain (loss) on closed swaps contracts	188,530,007		(508,858,422)	
Change in unrealized loss on open futures contracts	(14,664,103)	(379,194,180)	(116,258,963)	(398,464,700)
Change in unrealized gain (loss) on open swaps contracts	7,440,964		(11,291,617)	
Dividend income	234,581	739,265	370,764	1,215,235
Interest income	125,379	35,274	209,084	57,910
Other income	52,000	109,000	99,000	174,000
<i>Total income (loss)</i>	382,091,733	(150,314,978)	(901,180,859)	(447,592,472)
Expenses				
General Partner management fees (Note 3)	3,948,435	2,736,408	8,992,844	3,764,676
Brokerage commissions	1,536,192	3,604,808	3,277,791	3,977,763
Professional fees	586,152	1,002,558	1,338,070	1,235,222
Directors' fees	415,529	95,271	464,685	109,138
Other expenses	187,740	345,460	450,402	425,188
<i>Total expenses</i>	6,674,048	7,784,505	14,523,792	9,511,987
Net income (loss)	\$ 375,417,685	\$ (158,099,483)	\$ (915,704,651)	\$ (457,104,459)
Net income (loss) per limited partnership unit	\$ 0.88	\$ (1.43)	\$ (2.29)	\$ (9.47)
Net income (loss) per weighted average limited partnership unit	\$ 0.95	\$ (1.17)	\$ (2.24)	\$ (5.27)
Weighted average limited partnership units outstanding	394,804,396	135,309,890	409,431,492	86,815,470

See accompanying notes to condensed financial statements.

Table of Contents

United States Natural Gas Fund, LP