

United States Natural Gas Fund, LP
Form S-1/A
November 09, 2007

As filed with the Securities and Exchange Commission on November 9, 2007

Registration No. 333-147164

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**AMENDMENT NO. 1
TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

United States Natural Gas Fund, LP

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

6770
(Primary Standard Industrial
Classification Code Number)

20-5576760
(I.R.S. Employer
Identification Number)

1320 Harbor Bay Parkway, Suite 145
Alameda, California 94502
510.522.3336

(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant's Principal Executive
Offices)

Nicholas D. Gerber
1320 Harbor Bay Parkway, Suite 145
Alameda, California 94502
510.522.3336

(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code, of Agent for Service)

Copies to:

**James M. Cain, Esq.
W. Thomas Conner, Esq.
Sutherland Asbill & Brennan LLP
1275 Pennsylvania Avenue, N.W.
Washington, DC 20004-2405
202.383.0590**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit ⁽¹⁾	Proposed Maximum Aggregate Offering Price ⁽¹⁾	Amount of Registration Fee
United States Natural Gas Fund, LP	50,000,000 Units	\$ 38.72	\$ 1,936,000,000	\$ 59,435.20

(1) Previously paid. Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(d) under the Securities Act of 1933. The price per unit reflects the closing price on AMEX on October 22, 2007.

This prospectus contains a combined prospectus under Rule 429 of the Securities Act of 1933, which relates to File No. 333-137871. Accordingly, upon effectiveness, this registration statement shall act as a post-effective amendment to File No. 333-137871.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said section 8(a), may determine.

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The information in this Prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the SEC is effective. This Prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

SUBJECT TO COMPLETION

United States Natural Gas Fund, LP

50,000,000 Units

United States Natural Gas Fund, LP, a Delaware limited partnership, is a commodity pool that will issue units that may be purchased and sold on the American Stock Exchange. United States Natural Gas Fund, LP is referred to as USNG throughout this document. The investment objective of USNG is for the changes in percentage terms of the units' net asset value to reflect the changes in percentage terms of the price of natural gas delivered at the Henry Hub, Louisiana, as measured by the changes in the price of the futures contract on natural gas traded on the New York Mercantile Exchange that is the near month contract to expire, except when the near month contract is within two weeks of expiration, in which case it will be measured by the futures contract that is the next month contract to expire, less USNG's expenses. This is a best efforts offering. USNG will continuously offer creation baskets consisting of 100,000 units to authorized purchasers through ALPS Distributors, Inc., which is the marketing agent. A list of USNG's current authorized purchasers will be available from the marketing agent. Authorized purchasers will pay a transaction fee of \$1,000 for each order to create one or more baskets. There are no arrangements to place funds in an escrow, trust, or similar account. This is a continuous offering and will not terminate until all of the registered units have been sold. Our units are listed on the American Stock Exchange under the symbol UNG.

Authorized purchasers may purchase creation baskets of 100,000 units. The per unit price of units on a particular day will be the total net asset value of USNG calculated shortly after the close of the New York Stock Exchange on that day derived by the number of issued and outstanding units.

Authorized purchasers will be the only persons that may place orders to create and redeem baskets. An authorized purchaser is under no obligation to create or redeem baskets, and an authorized purchaser is under no obligation to offer to the public units of any baskets it does create. Authorized purchasers that do offer to the public units from the baskets they create will do so at per-unit offering prices that are expected to reflect, among other factors, the trading price of the units on the American Stock Exchange, the net asset value of USNG at the time the authorized purchaser

purchased the creation basket and the net asset value at the time of the offer of the units to the public, the supply of and demand for units at the time of sale, and the liquidity of the natural gas futures contract market and the market for other natural gas-related investments. The prices of units offered by authorized purchasers are expected to fall between USNG's net asset value and the trading price of the units on the American Stock Exchange at the time of sale. The difference between the price paid by authorized purchasers as underwriters and the price paid to such authorized purchasers by investors will be deemed underwriting compensation. Units initially comprising the same basket but offered by authorized purchasers to the public at different times may have different offering prices. Units trade in the secondary market on the American Stock Exchange. Units may trade in the secondary market at prices that are lower or higher relative to their net asset value per unit. The amount of the discount or premium in the trading price relative to the net asset value per unit may be influenced by various factors, including the number of investors who seek to purchase or sell units in the secondary market and the liquidity of the natural gas futures contract market and the market for other natural gas-related investments. Authorized purchasers will not be required to sell any specific number or dollar amount of units.

USNG is not a mutual fund registered under the Investment Company Act of 1940 and is not subject to regulation under such Act.

Some of the risks of investing in USNG include:

Investing in natural gas interests subjects USNG to the risks of the natural gas industry which could result in large fluctuations in the price of USNG's units.

If certain correlations do not exist, then investors may not be able to use USNG as a cost-effective way to invest indirectly in natural gas or as a hedge against the risk of loss in natural gas-related transactions.

USNG does not expect to make cash distributions.

USNG and its general partner may have conflicts of interest, which may permit them to favor their own interests to your detriment.

Investing in USNG involves other significant risks. See [What Are the Risk Factors Involved with an Investment in USNG?](#) starting on page 12.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION (SEC) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OFFERED IN THIS PROSPECTUS, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE COMMODITY FUTURES TRADING COMMISSION (CFTC) HAS NOT PASSED UPON THE MERITS OF PARTICIPATING IN THIS POOL NOR HAS IT PASSED ON THE ADEQUACY OR ACCURACY OF THIS DISCLOSURE DOCUMENT.

This Prospectus is in two parts: a disclosure document and a statement of additional information. These parts are bound together, and both contain important information.

	Per Unit	Per Basket
Price of the units in the first basket(s) sold*	\$ 43.29	\$4,329,000.00

*Based on closing net asset value on November 2, 2007. The price may vary based on net asset value in effect on a particular day.

The date of this Prospectus is November 9, 2007.

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COMMODITY FUTURES TRADING COMMISSION RISK DISCLOSURE STATEMENT

YOU SHOULD CAREFULLY CONSIDER WHETHER YOUR FINANCIAL CONDITION PERMITS YOU TO PARTICIPATE IN A COMMODITY POOL. IN SO DOING, YOU SHOULD BE AWARE THAT FUTURES AND OPTIONS TRADING CAN QUICKLY LEAD TO LARGE LOSSES AS WELL AS GAINS. SUCH TRADING LOSSES CAN SHARPLY REDUCE THE NET ASSET VALUE OF THE POOL AND CONSEQUENTLY THE VALUE OF YOUR INTEREST IN THE POOL. IN ADDITION, RESTRICTIONS ON REDEMPTIONS MAY AFFECT YOUR ABILITY TO WITHDRAW YOUR PARTICIPATION IN THE POOL.

FURTHER, COMMODITY POOLS MAY BE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT, ADVISORY AND BROKERAGE FEES. IT MAY BE NECESSARY FOR THOSE POOLS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. THIS DISCLOSURE DOCUMENT CONTAINS A COMPLETE DESCRIPTION OF EACH EXPENSE TO BE CHARGED THIS POOL BEGINNING ON PAGE 68 AND A STATEMENT OF THE PERCENTAGE RETURN NECESSARY TO BREAK EVEN, THAT IS, TO RECOVER THE AMOUNT OF YOUR INITIAL INVESTMENT, ON PAGE 5.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER FACTORS NECESSARY TO EVALUATE YOUR PARTICIPATION IN THIS COMMODITY POOL. THEREFORE, BEFORE YOU DECIDE TO PARTICIPATE IN THIS COMMODITY POOL, YOU SHOULD CAREFULLY STUDY THIS DISCLOSURE DOCUMENT, INCLUDING THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT, BEGINNING ON PAGE 12.

YOU SHOULD ALSO BE AWARE THAT THIS COMMODITY POOL MAY TRADE FOREIGN FUTURES OR OPTIONS CONTRACTS. TRANSACTIONS ON MARKETS LOCATED OUTSIDE THE UNITED STATES, INCLUDING MARKETS FORMALLY LINKED TO A UNITED STATES MARKET, MAY BE SUBJECT TO REGULATIONS WHICH OFFER DIFFERENT OR DIMINISHED PROTECTION TO THE POOL AND ITS PARTICIPANTS. FURTHER, UNITED STATES REGULATORY AUTHORITIES MAY BE UNABLE TO COMPEL THE ENFORCEMENT OF THE RULES OF REGULATORY AUTHORITIES OR MARKETS IN NON-UNITED STATES JURISDICTIONS WHERE TRANSACTIONS FOR THE POOL MAY BE EFFECTED.

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UNITED STATES NATURAL GAS FUND, LP

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Until (25 days after the date of this Prospectus), all dealers effecting transactions in the offered units, whether or not participating in this distribution, may be required to deliver a prospectus. This requirement is in addition to the obligations of dealers to deliver a prospectus when acting as underwriters and with respect to unsold allotments or subscriptions.

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STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements which generally relate to future events or future performance. In some cases, you can identify forward-looking statements by terminology such as may, will, should, expect, plan, anticipate, believe, estimate, predict, potential or the negative of these terms or other comparable terminology. Statements (other than statements of historical fact) included in this Prospectus and movements in the commodities markets and indexes that track such movements, USNG's operations, the General Partner's plans and references to USNG's future success and other similar matters, are forward-looking statements. These statements are only predictions. Actual events or results may differ materially. These statements are based upon certain assumptions and analyses the General Partner has made based on its perception of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances. Whether or not actual results and developments will conform to the General Partner's expectations and predictions, however, is subject to a number of risks and uncertainties, including the special considerations discussed in this Prospectus, general economic, market and business conditions, changes in laws or regulations, including those concerning taxes, made by governmental authorities or regulatory bodies, and other world economic and political developments. See *What Are the Risk Factors Involved with an Investment in USNG?* Consequently, all the forward-looking statements made in this Prospectus are qualified by these cautionary statements, and there can be no assurance that the events or developments that will or

may occur in the future, including such matters as changes in inflation in the United States movements in the stock market, movements in the U.S. and foreign currencies, actual results or developments the General Partner anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, USNG's operations or the value of the units.

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PROSPECTUS SUMMARY

This is only a summary of the Prospectus and, while it contains material information about USNG and its units, it does not contain or summarize all of the information about USNG and the units contained in this Prospectus that is material and/or which may be important to you. You should read this entire Prospectus, including "What Are the Risk Factors Involved with an Investment in USNG?" beginning on page 12, before making an investment decision about the units.

Overview of USNG

United States Natural Gas Fund, LP, a Delaware limited partnership ("USNG" or "Us" or "We"), is a commodity pool that will issue units that may be purchased and sold on the American Stock Exchange. USNG was organized as a limited partnership under Delaware law on September 11, 2006. USNG is operated pursuant to the Amended and Restated Agreement of Limited Partnership dated April 17, 2007 ("LP Agreement"), which is included as Appendix B. It is managed and controlled by its general partner, Victoria Bay Asset Management, LLC ("General Partner"). The General Partner is a single member limited liability company formed in Delaware on May 10, 2005 that is registered as a commodity pool operator ("CPO") with the Commodities Futures Trading Commission ("CFTC") and is a member of the National Futures Association ("NFA"). USNG will pay the General Partner a management fee of 0.60% of NAV on the first \$1,000,000,000 of assets and 0.50% of NAV after the first \$1,000,000,000 of assets.

The net assets of USNG will consist primarily of investments in futures contracts for natural gas, crude oil, heating oil, gasoline, and other petroleum-based fuels that are traded on the New York Mercantile Exchange, ICE Futures or other U.S. and foreign exchanges (collectively, "Futures Contracts") and other natural gas-related investments such as cash-settled options on Futures Contracts, forward contracts for natural gas, and over-the-counter transactions that are based on the price of natural gas, oil and other petroleum-based fuels, Futures Contracts and indices based on the foregoing (collectively, "Other Natural Gas-Related Investments"). For convenience and unless otherwise specified, Futures Contracts and Other Natural Gas-Related Investments collectively are referred to as "Natural Gas Interests" in this Prospectus. The General Partner is authorized by USNG in its sole judgment to employ, establish the terms of employment for, and terminate commodities trading advisors or futures commission merchants.

USNG will invest in Natural Gas Interests to the fullest extent possible without being leveraged or unable to satisfy its current or potential margin or collateral obligations with respect to its investments in Futures Contracts and Other Natural Gas-Related Investments. The primary focus of the General Partner will be the investment in Futures Contracts and the management of its investments in short-term obligations of the United States of two years or less ("Treasuries"), cash and cash equivalents for margining purposes and as collateral.

The investment objective of USNG is to have the changes in percentage terms of the units' net asset value reflect the changes in percentage terms of the spot price of natural gas delivered at the Henry Hub, Louisiana, as measured by the changes in the price of the futures contract on natural gas traded on the New York Mercantile Exchange (the "Benchmark Futures Contract") that is the near month contract to expire, except when the near month contract is within

two weeks of expiration, in which case it will be measured by the futures contract that is the next month contract to expire, less USNG's expenses. It is not the intent of USNG to be operated in a fashion such that its NAV will equal, in dollar terms, the dollar price of spot natural gas or any particular futures contract based on natural gas. USNG invests in interests other than the Benchmark Futures Contract to comply with accountability levels and position limits. For a detailed discussion of accountability levels and position limits, see "What are Futures Contracts?"

As a specific benchmark, the General Partner endeavors to place USNG's trades in Futures Contracts and Other Natural Gas-Related Investments and otherwise manage USNG's investments so that A will be within plus/minus 10 percent of B , where:

A is the average daily change in USNG's NAV for any period of 30 successive valuation days, i.e., any day as of which USNG calculates its NAV, and

B is the average daily change in the price of the Benchmark Futures Contract over the same period.

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An investment in the units will allow both retail and institutional investors to easily gain exposure to the natural gas market in a cost-effective manner. The units are also expected to provide additional means for diversifying an investor's investments or hedging exposure to changes in natural gas prices.

The Benchmark Futures Contract will be changed or rolled from the near month to expire to the next month to expire over a four (4) day period.

The General Partner employs a neutral investment strategy intended to track the changes in the price of natural gas regardless of whether the price of natural gas goes up or goes down. USNG's neutral investment strategy is designed to permit investors generally to purchase and sell USNG's units for the purpose of investing indirectly in natural gas in a cost-effective manner, and/or to permit participants in the natural gas or other industries to hedge the risk of losses in their natural gas-related transactions. Accordingly, depending on the investment objective of an individual investor, the risks generally associated with investing in natural gas and/or the risks involved in hedging may exist. In addition, an investment in USNG involves the risk that the changes in the price of USNG's units will not accurately track the changes in the price of the Benchmark Futures Contract. For example, USNG will also invest a substantial amount of its assets in Treasuries and hold cash and cash equivalents to be used to meet its current or potential margin or collateral requirements with respect to its investments in Futures Contracts and Other Natural Gas-Related Investments. USNG does not expect there to be any meaningful correlation between the performance of USNG's investments in Treasuries/cash/cash equivalents and the changes in the price of natural gas. While the level of interest earned on or the market price of these investments may in some respect correlate to changes in the price of natural gas, this correlation is not anticipated as part of USNG's efforts to meet its objectives. This and certain risk factors discussed in this Prospectus may cause a lack of correlation between the changes in USNG's NAV and the changes in the price of natural gas.

USNG creates and redeems units only in blocks of 100,000 units called Creation Baskets and Redemption Baskets, respectively. Only Authorized Purchasers may purchase or redeem Creation Baskets or Redemption Baskets. An Authorized Purchaser is under no obligation to create or redeem baskets, and an Authorized Purchaser is under no obligation to offer to the public units of any baskets it does create. Baskets are generally created when there is sufficient demand for units that the market price per unit is at a premium to the NAV per unit. Authorized Purchasers will then sell such units, which will be listed on the American Stock Exchange, to the public at per-unit offering prices that are expected to reflect, among other factors, the trading price of the units on the American Stock Exchange, the NAV of USNG at the time the Authorized Purchaser purchased the Creation Baskets and the NAV at the time of the offer of the units to the public, the supply of and demand for units at the time of sale, and the liquidity of the Futures Contracts market and the market for Other Natural Gas-Related Investments. The prices of units offered by authorized

purchasers are expected to fall between USNG's NAV and the trading price of the units on the American Stock Exchange at the time of sale. Similarly, baskets are generally redeemed when the market price per unit is at a discount to the NAV per unit. Retail investors seeking to purchase or sell units on any day are expected to effect such transactions in the secondary market, on the American Stock Exchange, at the market price per unit, rather than in connection with the creation or redemption of baskets.

All proceeds from the sale of Creation Baskets will be invested as quickly as possible in the investments described in this Prospectus. Investments are held through USNG's custodian, Brown Brothers Harriman & Co. (Custodian) or through accounts with USNG's commodities futures brokers. There is no stated maximum time period for USNG's operations and the fund will continue until all units are redeemed or the fund is liquidated pursuant to the terms of the LP Agreement.

There is no specified limit on the maximum amount of Creation Baskets that can be sold. At some point, position limits on certain of the Futures Contracts in which USNG intends to invest may practically limit the maximum amount of Creation Baskets that will be sold if the General Partner determines that the other investment alternatives available to USNG at that time will not enable it to meet its stated investment objective. In this regard, the General Partner is in the process of registering other exchange traded security funds, the United States 12 Month Oil Fund, LP (US12OF) and United States 12 Month Natural Gas Fund, LP (US12NG). US12OF will invest in the near month contract to expire and the contracts for the following eleven months, for a total of 12 consecutive months' contracts for light, sweet crude oil primarily traded on

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the New York Mercantile Exchange position limits. US12NG will invest in the near month contract to expire and the contracts for the following eleven months, for a total of 12 consecutive months' contracts for natural gas primarily traded on the New York Mercantile Exchange position limits.

Units may also be purchased and sold by individuals and entities that are not authorized purchasers in smaller increments than a Creation Basket on the American Stock Exchange. However, these transactions are effected at bid and ask prices established by specialist firm(s). Like any listed security, units of USNG can be purchased and sold at any time a secondary market is open.

In managing USNG's assets, the General Partner does not intend to use a technical trading system that issues buy and sell orders. The General Partner instead employs quantitative methodologies whereby each time one or more baskets are purchased or redeemed, the General Partner will purchase or sell Futures Contracts and Other Natural Gas-Related Investments with an aggregate face amount that approximates the amount of Treasuries and /or cash received or paid upon the purchase or redemption of the basket(s).

Note to Secondary Market Investors: The units can be directly purchased from or redeemed by USNG only in Creation Baskets or Redemption Baskets, respectively, and only by Authorized Purchasers. Each Creation Basket and Redemption Basket will consist of 100,000 units and is expected to be worth millions of dollars. Individual investors, therefore, will not be able to directly purchase units from or redeem units with USNG. Some of the information contained in this Prospectus, including information about buying and redeeming units directly from and to USNG is only relevant to Authorized Purchasers. Units are listed and traded on the American Stock Exchange and may be purchased and sold as individual units. Individuals interested in purchasing units in the secondary market should contact their broker. Units purchased or sold through a broker may be subject to commissions.

Except when aggregated in Redemption Baskets, units are not be redeemable securities. There is no guarantee that units will trade at or near the per-unit NAV.

The Units

The units are registered as securities under the Securities Act of 1933 (1933 Act) and will not provide dividend rights or conversion rights and there will not be sinking funds. The units may only be redeemed when aggregated in Redemption Baskets as discussed under Creations and Redemptions and limited partners will have limited voting rights as discussed under Who is the General Partner? Cumulative voting neither is permitted nor required and there are no preemptive rights. As discussed in the LP Agreement, upon liquidation of USNG, its assets will be distributed pro rata to limited partners based upon the number of units held. Each limited partner will receive its share of the assets in cash or in kind, and the proportion of such share that is received in cash may vary from partner to partner, as the General Partner in its sole discretion may decide.

This is a continuous offering under Rule 415 of the 1933 Act and it will terminate when all of the registered units have been sold. It is anticipated that when all registered units have been sold pursuant to this Registration Statement, additional units will be registered in subsequent registration statements. As discussed above, the minimum purchase requirement for Authorized Purchasers is a Creation Basket, which consists of 100,000 units. Under the plan of distribution, USNG does not require a minimum purchase amount for investors who purchase units from Authorized Purchasers. There are no arrangements to place funds in an escrow, trust, or similar account.

USNG s Investments in Natural Gas Interests

A brief description of the principal types of Natural Gas Interests in which USNG may invest is set forth below.

A futures contract is a standardized contract traded on a futures exchange that calls for the future delivery of a specified quantity of a commodity at a specified time and place.

A forward contract is a supply contract between principals, not traded on an exchange, to buy or sell a specified quantity of a commodity at or before a specified date at a specified price.