



**FUNDAMENTAL
PETROLEUM
TRENDS**

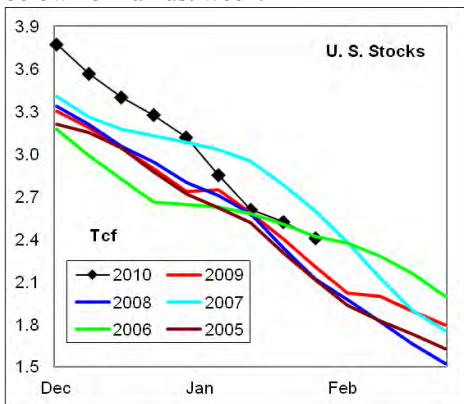
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, February 04, 2010



Summary ¹ Stocks decreased -115 Bcf last week, a lower draw than four of the last five years. Heating degree days were -2% below normal last week.



In the East Region stocks declined -83 Bcf, which was less than four of the last five years for the period. The -21 Bcf draw in the West Region was slightly greater than the mid range. The stock draw of -11 Bcf in the Producing Region was a record low draw for the period.

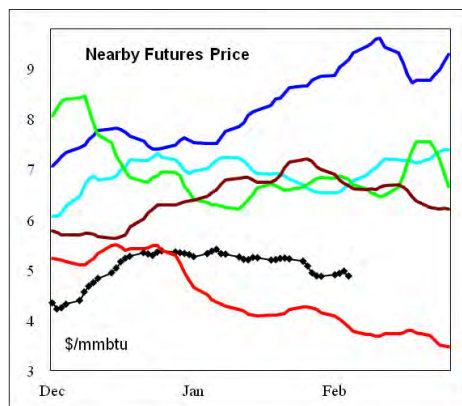
Heating degree days were -3% below normal in the East Region, +1% above normal in the West Region and -1% below normal in the Producing Region for the week ending January 30th.

Heating degree days were -2% below normal for the week ending January 30th and forecast to be -2% below normal for the week ending February 6th.

The 6-10 day NWS forecast for the week ending February 13th is colder than normal temperatures in the eastern 1/2 of the country.

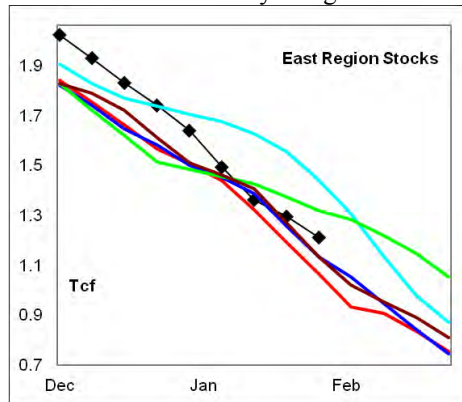
The 8-14 day NWS forecast for the week ending February 17th, is colder than normal in the eastern 1/2 half of the country.

Prices: Nearby gas futures prices increased +\$0.15/mmbtu for the week ending February 4th.

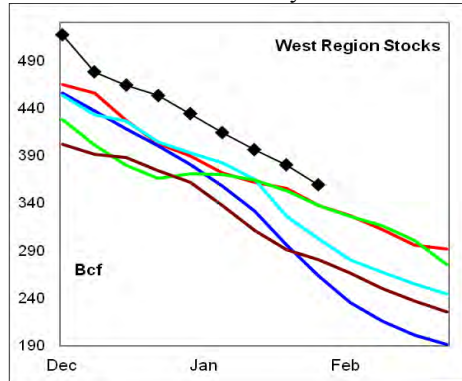


The 1st - 4th month forward price curve trended lower in favor of the deferred months as a result of low demand and the roll forward in February futures contract. The spread ended the week above the five year range for this time of year.

East Region stocks decreased -83 Bcf on the week, which was less than four of the last five years for the week. The latest 4-wk stock draw was at the upper end of the range for this time of year. Stock levels are now +13% above a year ago.



Heating degrees in the region were -3% below normal for the week ending January 30th and are forecast to be -2% below normal for the week ending February 6th. Much colder than normal temperatures are forecast for the next 10-days.

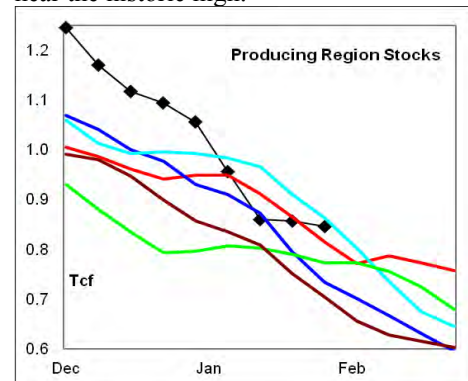


West Region stocks decreased -21 Bcf on

the week, which was greater than the mid range. The latest 4-wk stock draw was less than the historic mid range for the period. Stock levels are now +7% above a year ago and above the five year range.

Heating degree days were +1% above normal for the week ending January 30th and are forecast to be -5% below normal for the week ending February 6th. Near normal temperatures are forecast for the next 10 days.

Producing Region stocks decreased -11 Bcf on the week, a record low draw for the week. The latest 4-wk draw was still greater than the historic range. Stock levels are now +4% above last year and near the historic high.



Heating degree days were -1% below normal for the week ending January 30th and forecast to be +2% above normal for the week ending February 6th. Much colder than normal temperatures are forecast for the next 10 days.

Residual Fuel Oil Switching: The price spread between residual fuel oil and natural gas traded flat last week, and remains well above the historic range in favor of switching to gas. Residual fuel oil demand (including exports) was -32% below year ago levels for the latest 4-wk period.

Outlook: Temperatures are forecast to turn colder than normal through mid month across key heating markets. Higher heating demand is offset by stock levels that are at the upper end of the 5-year range and weakness in the global energy complex. Expect volatile prices with any strength driven by higher short term demand.

Continued weakness in the general economy and very ample carryout stocks points to downward price bias into the 2nd quarter.

¹ Related Web Sites:

Data Source is EIA Weekly Statistics

National Weather Service 6-10 Day

National Weather Service 10-14 Day



NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: February 4, 2010

For the week ending: 29-Jan-10

Weekly Trends in Stocks and Heating Degree Days for the week ending:

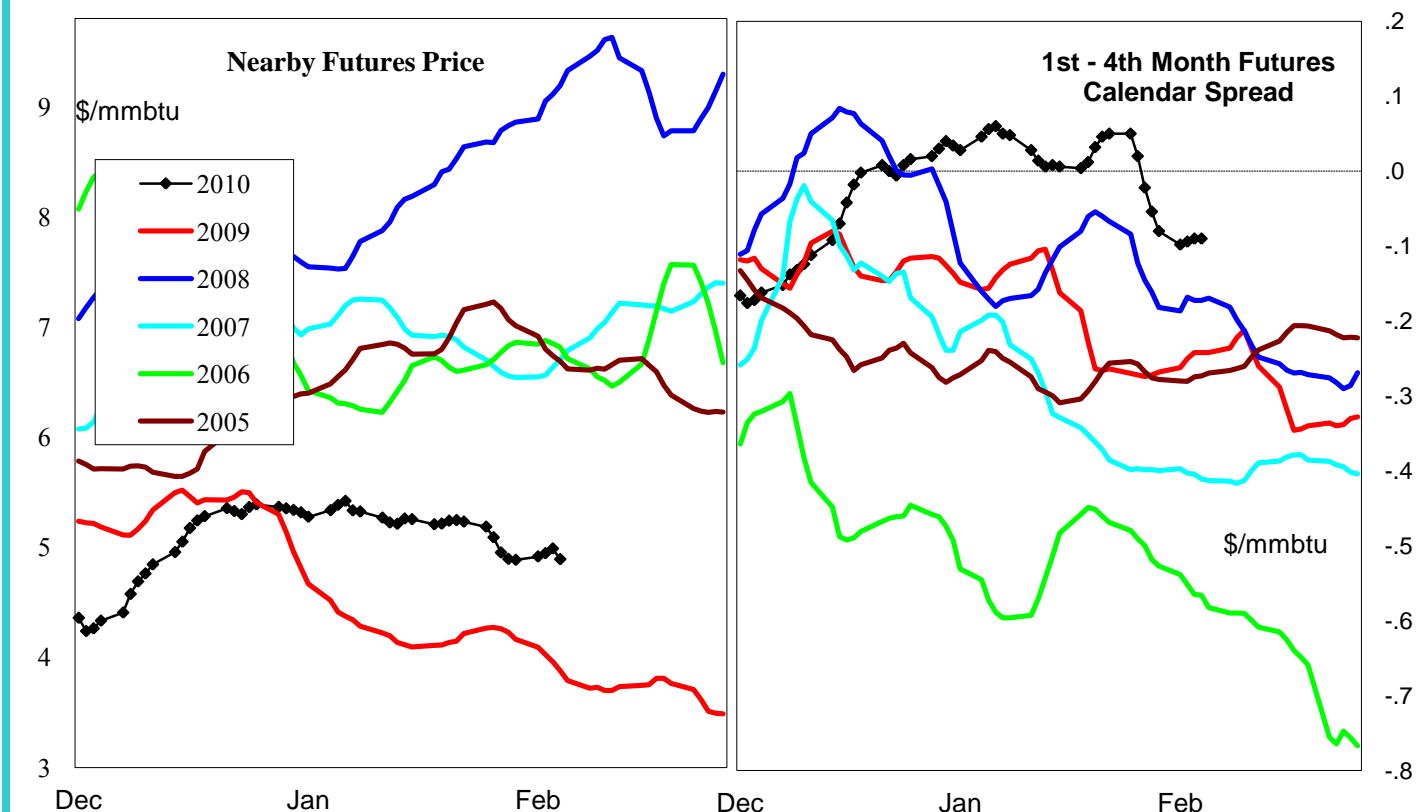
Week ending:	29-Jan-10			23-Jan-10		30-Jan-10		6-Feb-10	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,406	-115	9.0	-55	-23%	45	-2%	-6	-2%
East	1,251	-83	13.2	-57	-20%	43	-3%	-5	-2%
West	359	-21	6.5	10	-13%	24	1%	-18	-5%
Producing	796	-11	4.1	-87	-42%	61	-1%	-3	2%

Seasonal Trends in Stocks and Heating Degree Days

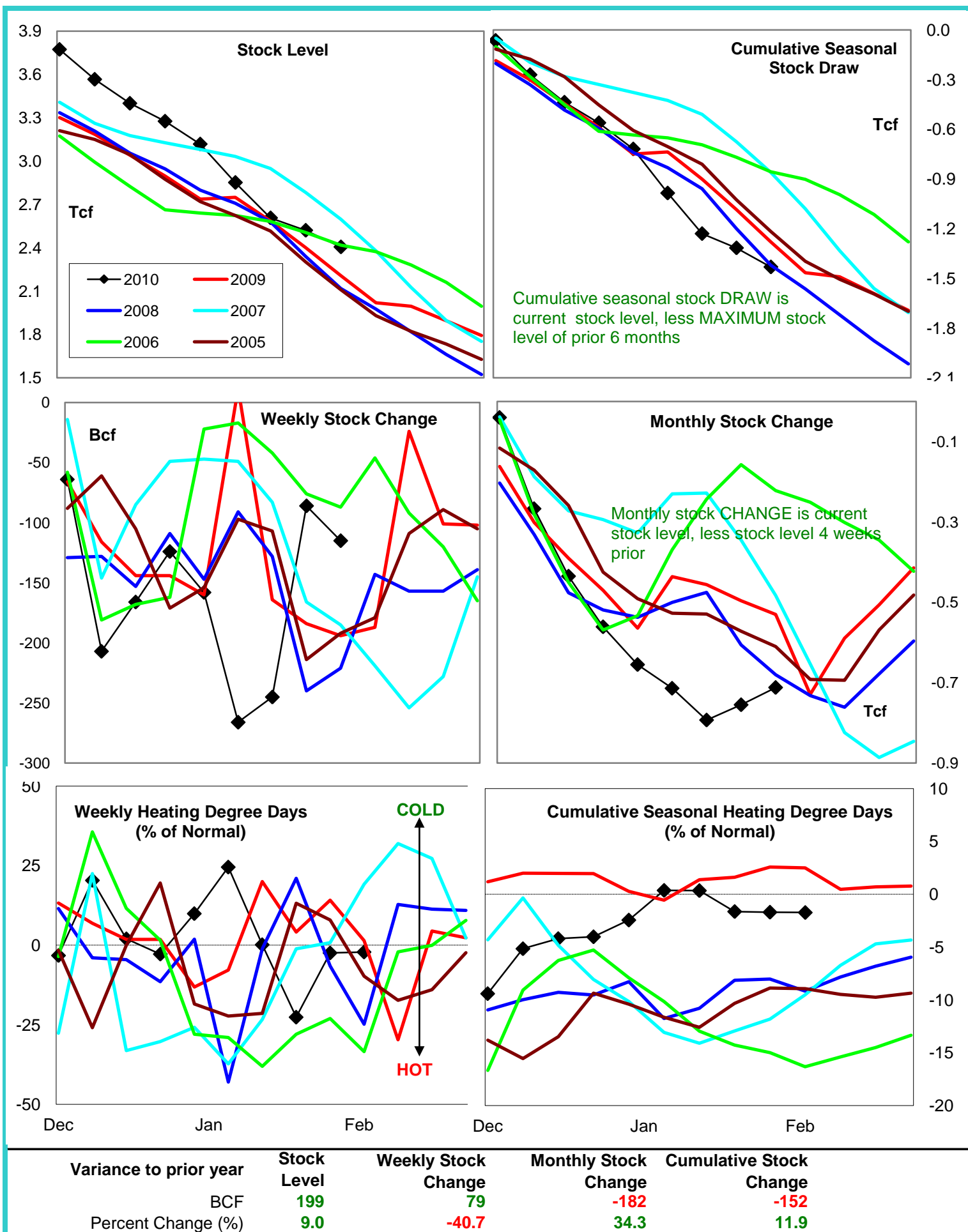
	Cumulative Stock Draw			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	-1,431	-152	10.6	184	-1.6	229	-1.7	223	-1.7
East	-850	86	-10.1	210	-2.5	254	-2.5	249	-2.5
West	-167	-32	19.2	184	-4.9	209	-4.5	190	-4.5
Producing	-423	-216	51.1	94	6.6	155	6.0	152	5.7

Futures Market Price Trends

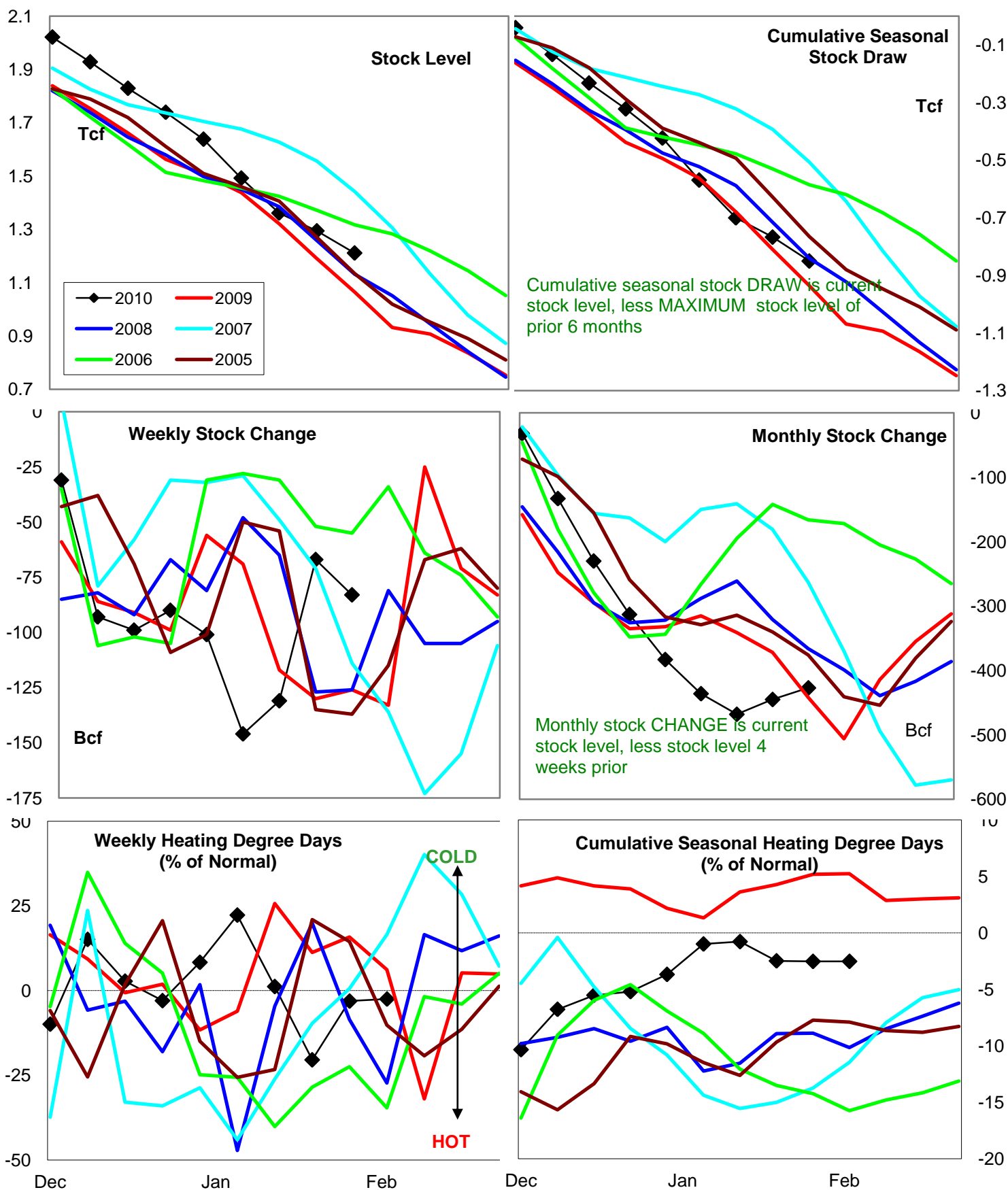
Date:	26-Feb-10	Change vs prior week, month, year		
		22-Feb-10	1-Feb-10	26-Feb-09
1st month Futures	5.29	0.16	-0.46	1.08
% change	xxxxx	3.1	-8.0	25.7



United States Natural Gas Stock and Weather Trends



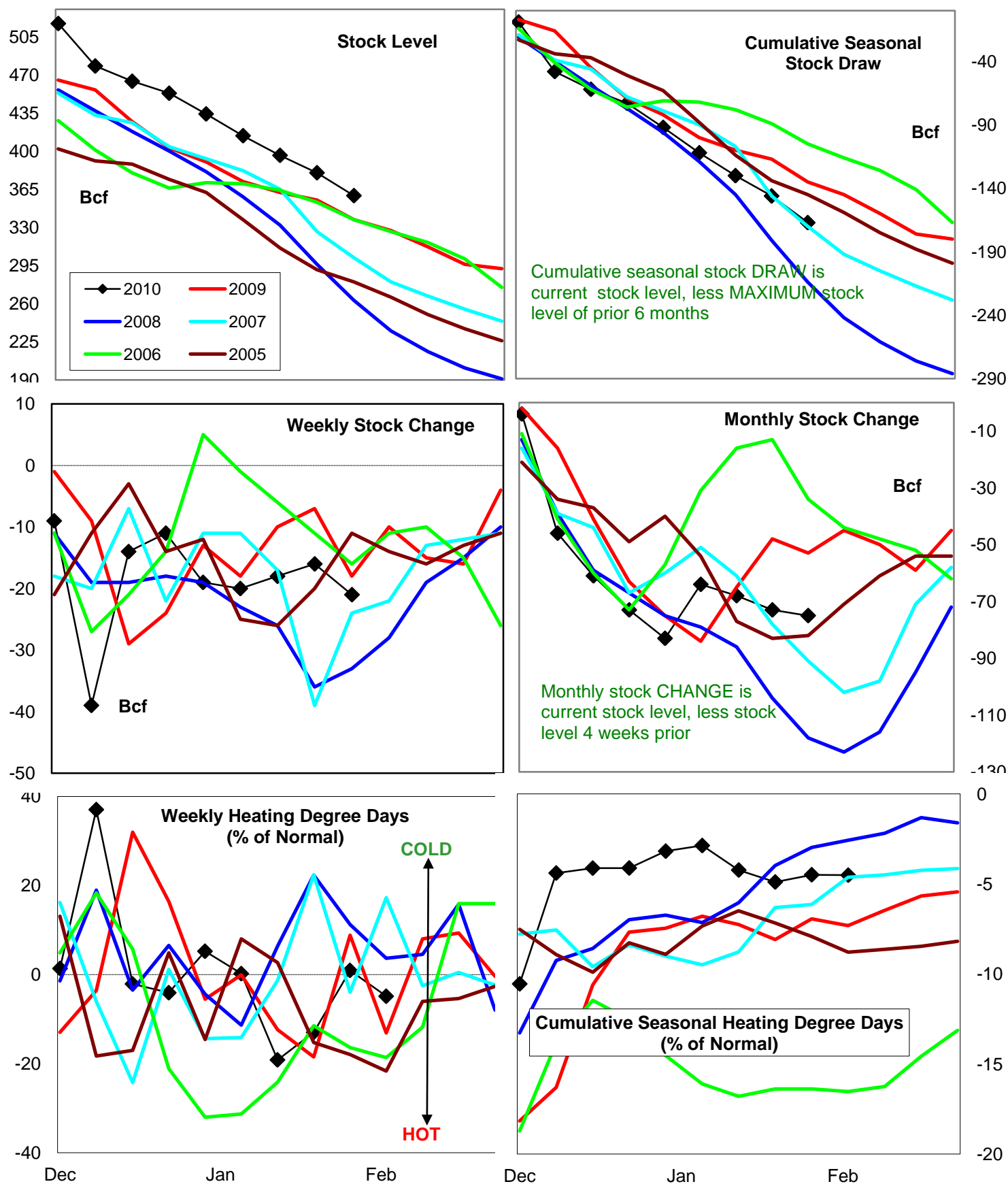
Natural Gas East Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)146
13.243
-34.115
-3.486
-9.2

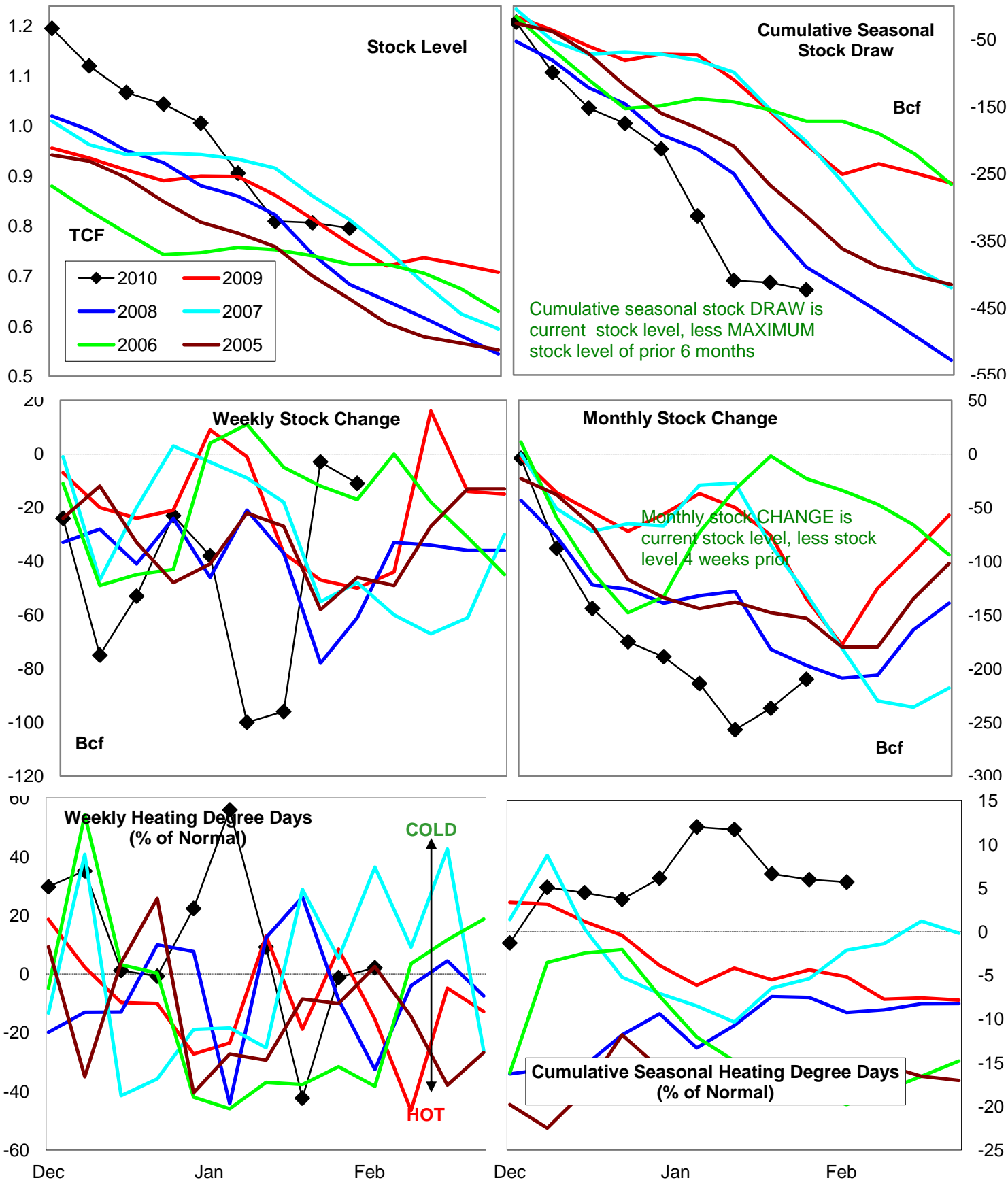
Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)22
6.5-3
16.7-22
41.5-32
23.7

Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

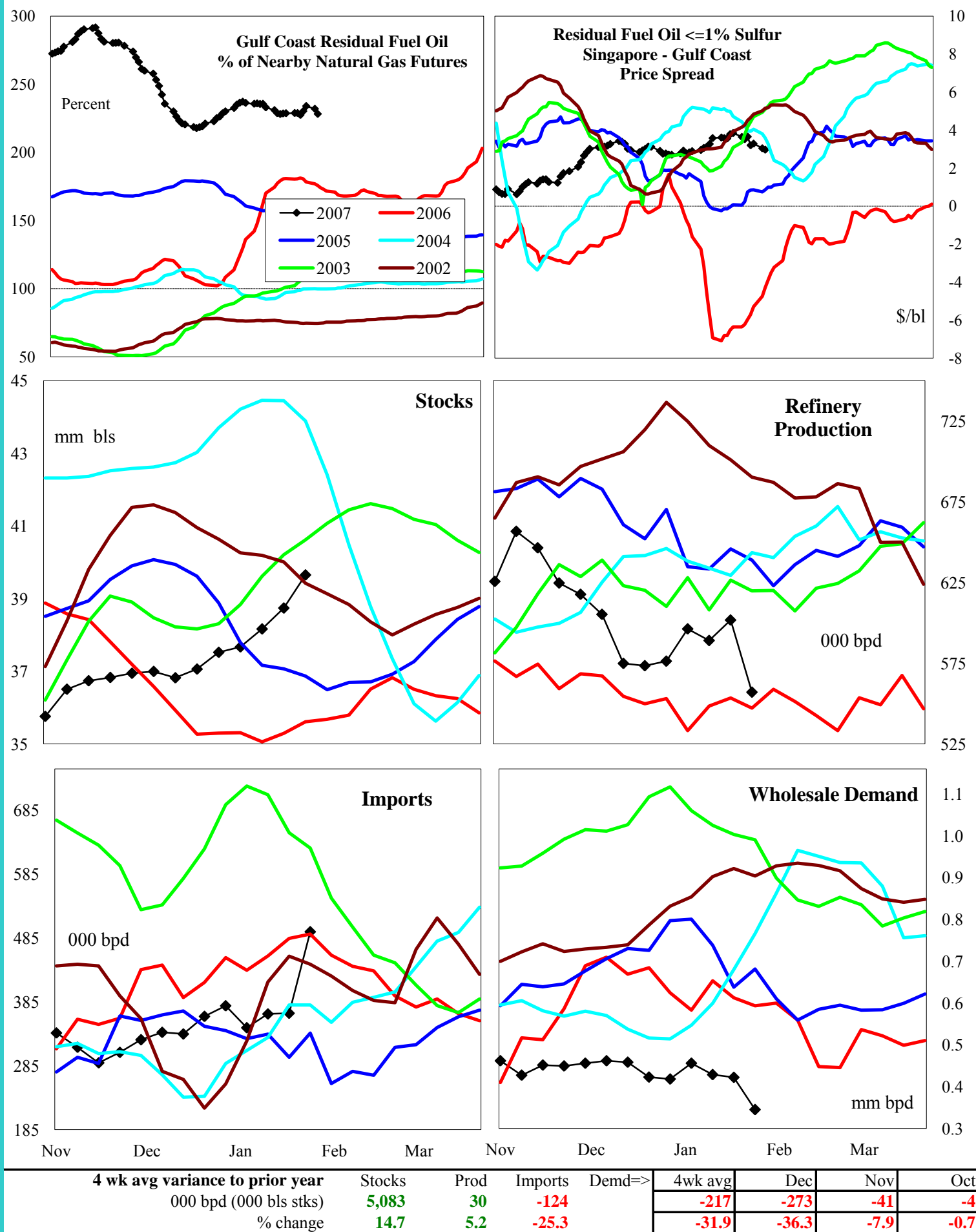
Weekly Stock Change

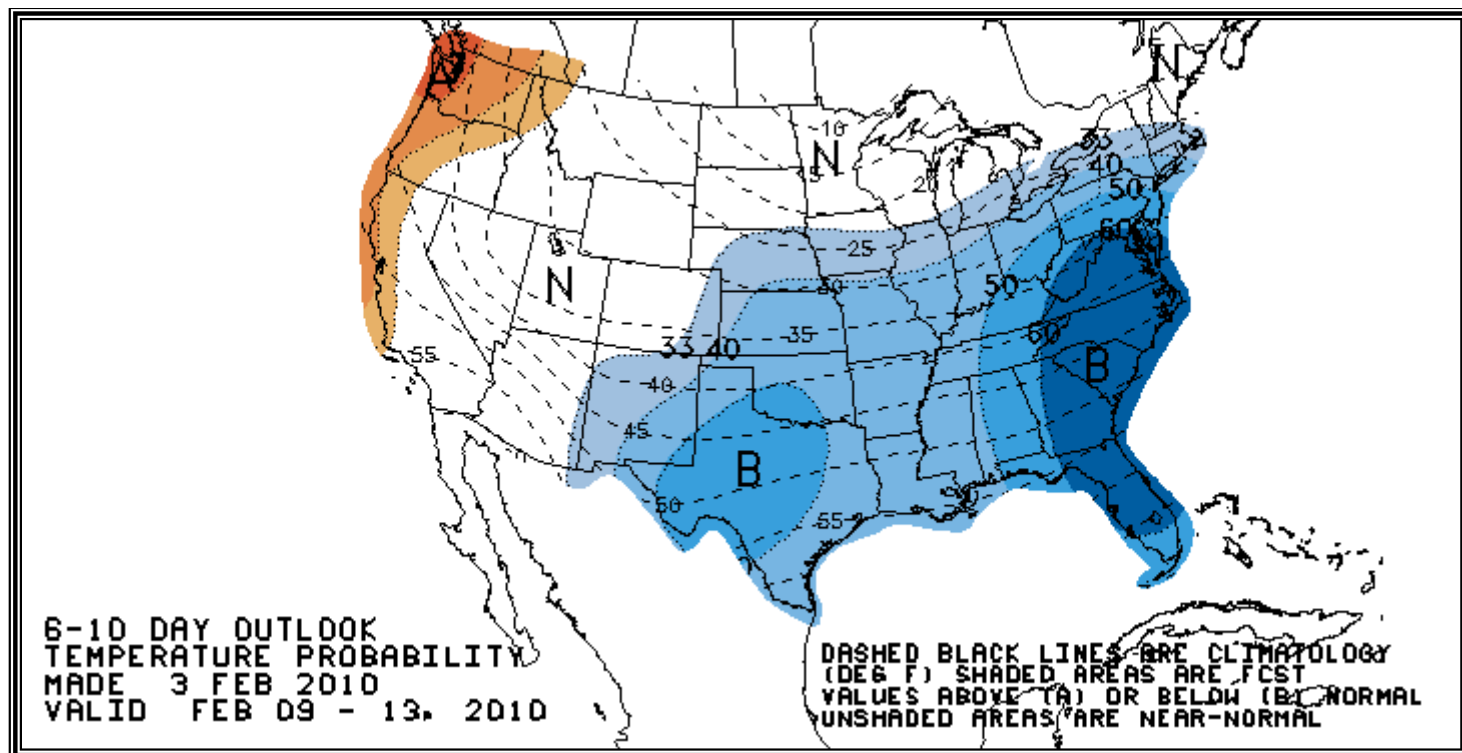
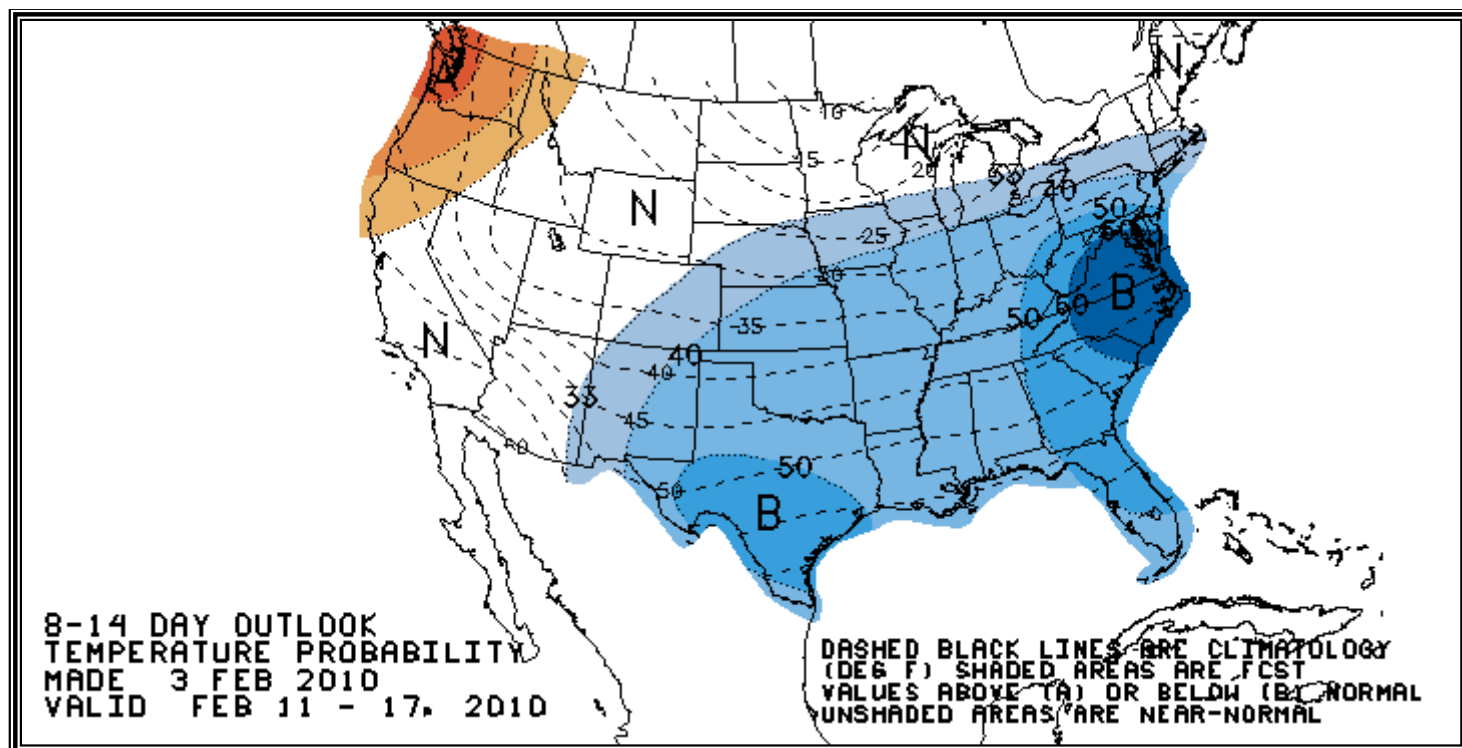
Monthly Stock Change

Cumulative Stock Change

BCF
Percent Change (%)31
4.139
-78.0-75
55.6-216
104.3

U.S. Residual Fuel Oil Price Spreads and Supply Balance



National Weather Service Climate Prediction Center Cooling**Degree Days 6 - 10 Day Forecast****National Weather Service Climate Prediction Center Cooling****Degree Days 8 - 14 Day Forecast**

American Gas Association Regions

