

**FUNDAMENTAL
PETROLEUM
TRENDS**

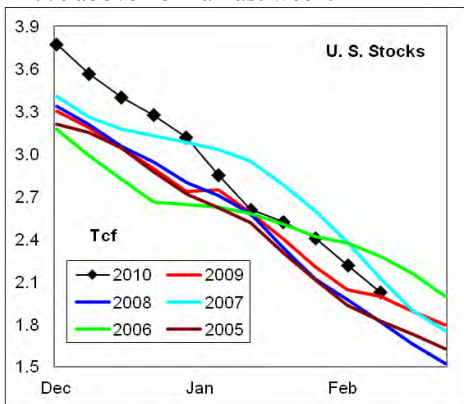
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, February 19, 2010



Summary ¹ Stocks decreased -190 Bcf last week, a larger draw than four of the last five years. Heating degree days were +17% above normal last week.



In the East Region stocks declined -105 Bcf, which was greater than the historic mid range for the period. The -22 Bcf draw in the West Region was a record draw for the week. The stock draw of -63 Bcf in the Producing Region matched the record draw for the period in this region.

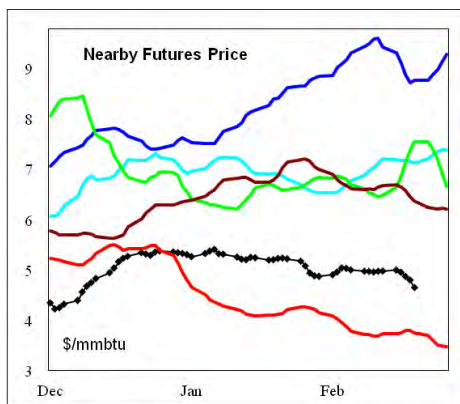
Heating degree days were +14% above normal in the East Region, +6% above normal in the West Region and +40% above normal in the Producing Region for the week ending February 13th.

Heating degree days were +17% above normal for the week ending February 13th and forecast to be +11% above normal for the week ending February 20th.

The 6-10 day NWS forecast for the week ending February 28th is colder than normal temperatures in the eastern 2/3rds of the country.

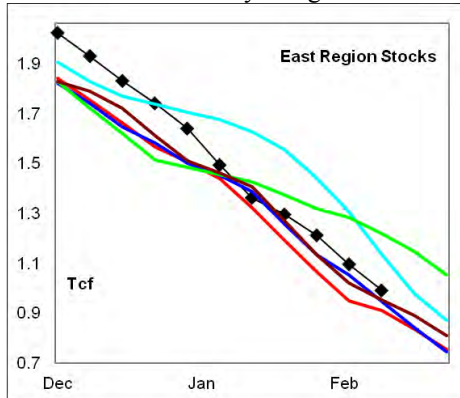
The 8-14 day NWS forecast for the week ending March 04th, is for colder than normal in the eastern 1/2 half of the country.

Prices: Nearby gas futures prices decreased -\$0.17/mmbtu for the week ending February 19th.

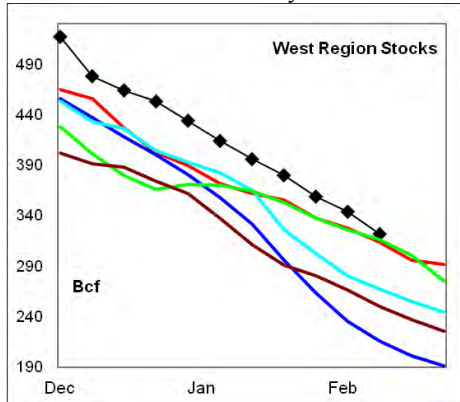


The 1st - 4th month forward price curve trended lower in favor of the deferred months as a result of ample supply for peak heating demand. The spread ended the week above the five year range for this time of year.

East Region stocks decreased -105 Bcf on the week, which was greater than four of the last five years for the week. The latest 4-wk stock draw was less than four of the last five years for the period. Stock levels are now +8% above a year ago.



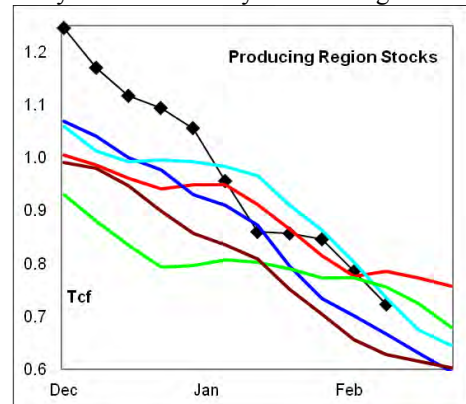
Heating degrees in the region were -3% below normal for the week ending January 30th and are forecast to be +14% above normal for the week ending February 13th. Much colder than normal temperatures are forecast for the next 10-days.



West Region stocks decreased -22 Bcf on the week, which was a record draw for the week. The latest 4-wk stock draw was greater than the mid range for the period. Stock levels are now +2.5% above a year ago and above the five year range.

Heating degree days were +6% above normal for the week ending February 13th, and are forecast to be -4% below normal for the week ending February 20th. Near normal temperatures are forecast for the next 10 days.

Producing Region stocks decreased -63 Bcf on the week, matching the record for the last five years during this period. The latest 4-wk draw was less than the mid range. Stock levels are now -8% below last year and at the 5-year mid range.



Heating degree days were +40% above normal for the week ending February 13th, and forecast to be +27% above normal for the week ending February 20th. 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 trended higher last week, in favor of natural gas, and remains well above the historic range. Residual fuel oil demand (including exports) was -4% below year ago levels for the latest 4-wk period.

Outlook: Temperatures are forecast to remain colder than normal into early March for key heating regions. However, heating degree days are now past the winter peak and stocks are ample to meet remaining heating needs. The focus will now turn to non heating demand which is driven by economic growth.

Modest growth in the general economy, ample carry out stocks and high production capacity should lead to weak pricing during the 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 19, 2010

For the week ending: 12-Feb-10

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

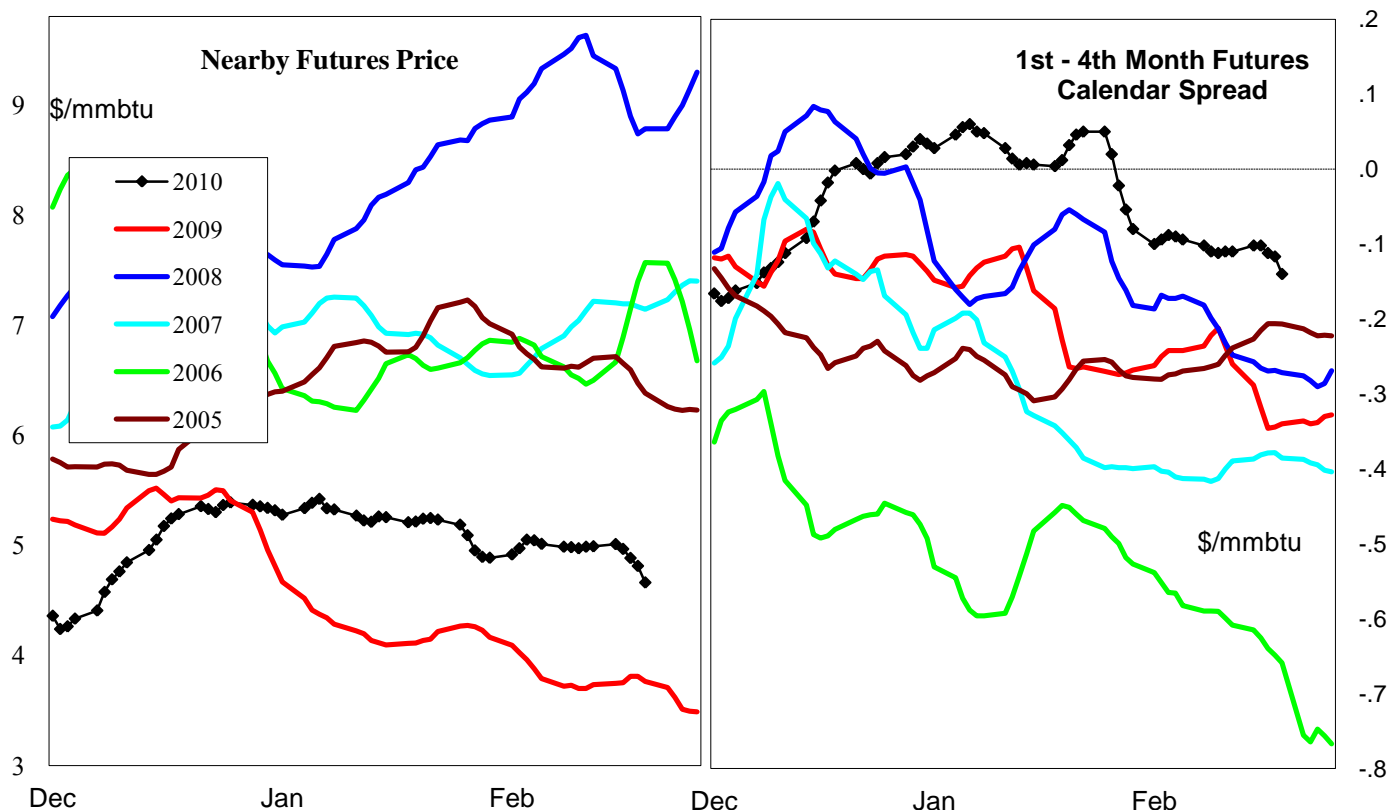
Week ending:	12-Feb-10			6-Feb-10		13-Feb-10		20-Feb-10	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,025	-190	1.3	12	7%	15	17%	-28	11%
East	1,030	-105	8.3	14	6%	16	14%	-26	10%
West	322	-22	2.5	-15	-3%	8	6%	-28	-4%
Producing	673	-63	-8.4	20	17%	18	40%	-35	27%

Seasonal Trends in Stocks and Heating Degree Days

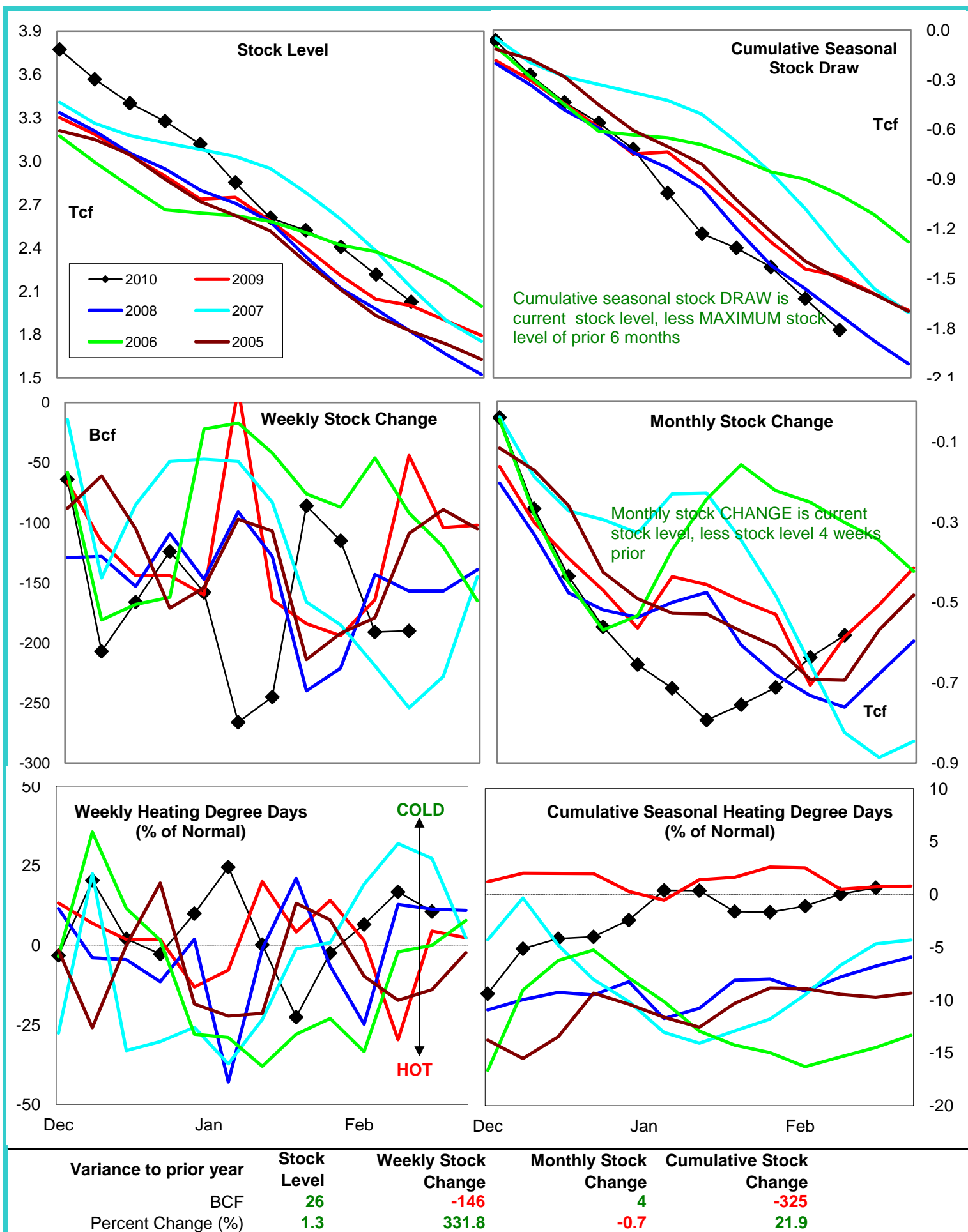
	Cumulative Stock Draw			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	-1,812	-325	17.9	240	-1.1	256	0.0	228	0.6
East	-1,071	19	-1.8	268	-1.9	283	-0.9	257	-0.2
West	-204	-46	22.5	193	-4.4	201	-3.9	174	-3.9
Producing	-546	-309	56.6	175	6.8	193	8.9	158	9.9

Futures Market Price Trends

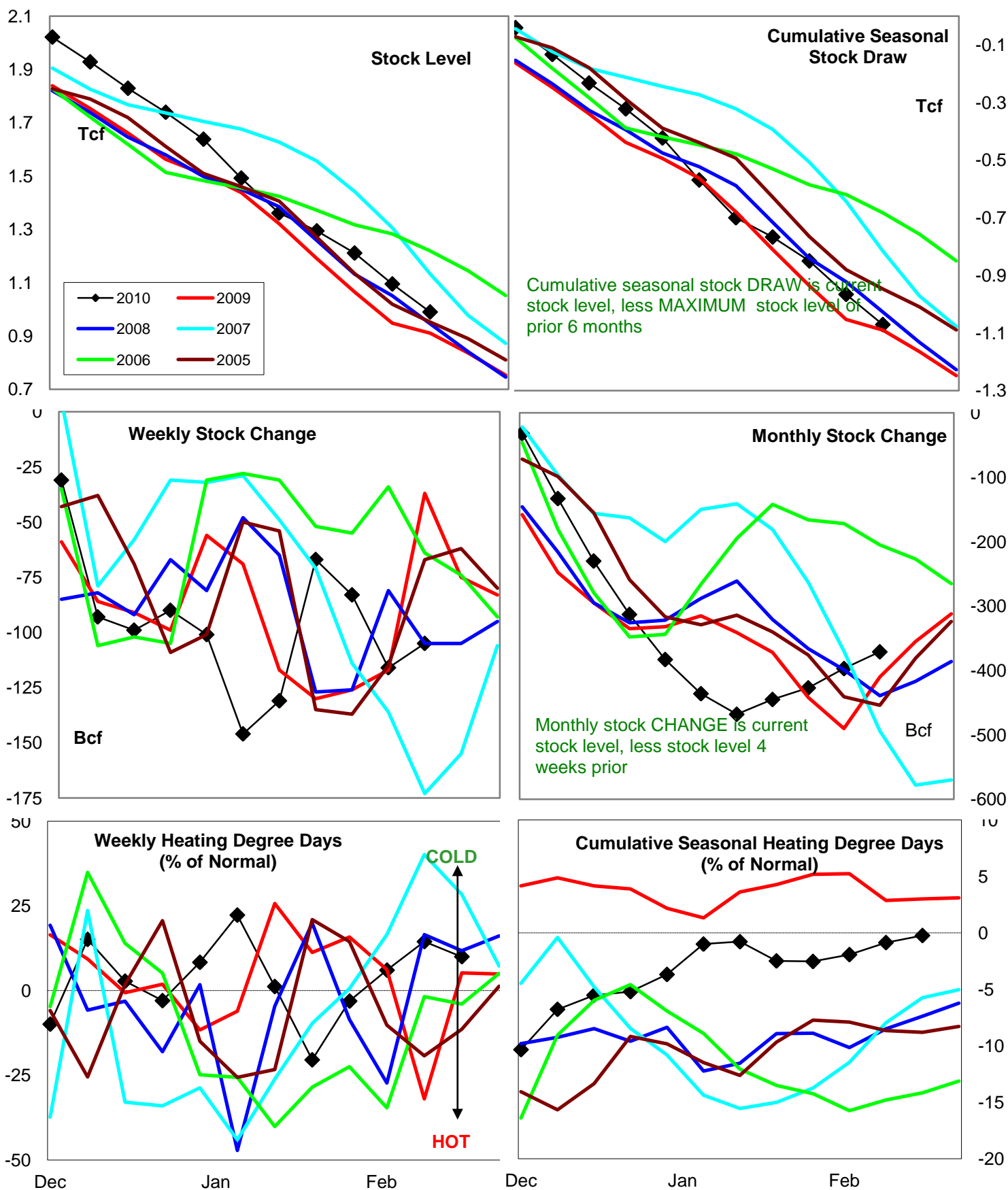
Date:	26-Feb-10	Change vs prior week, month, year		
		22-Feb-10	29-Jan-10	25-Feb-09
1st month Futures	5.06	-0.41	-0.66	0.97
% change	xxxxx	-7.5	-11.5	23.7



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 (%)

79

8.3

-68

183.8

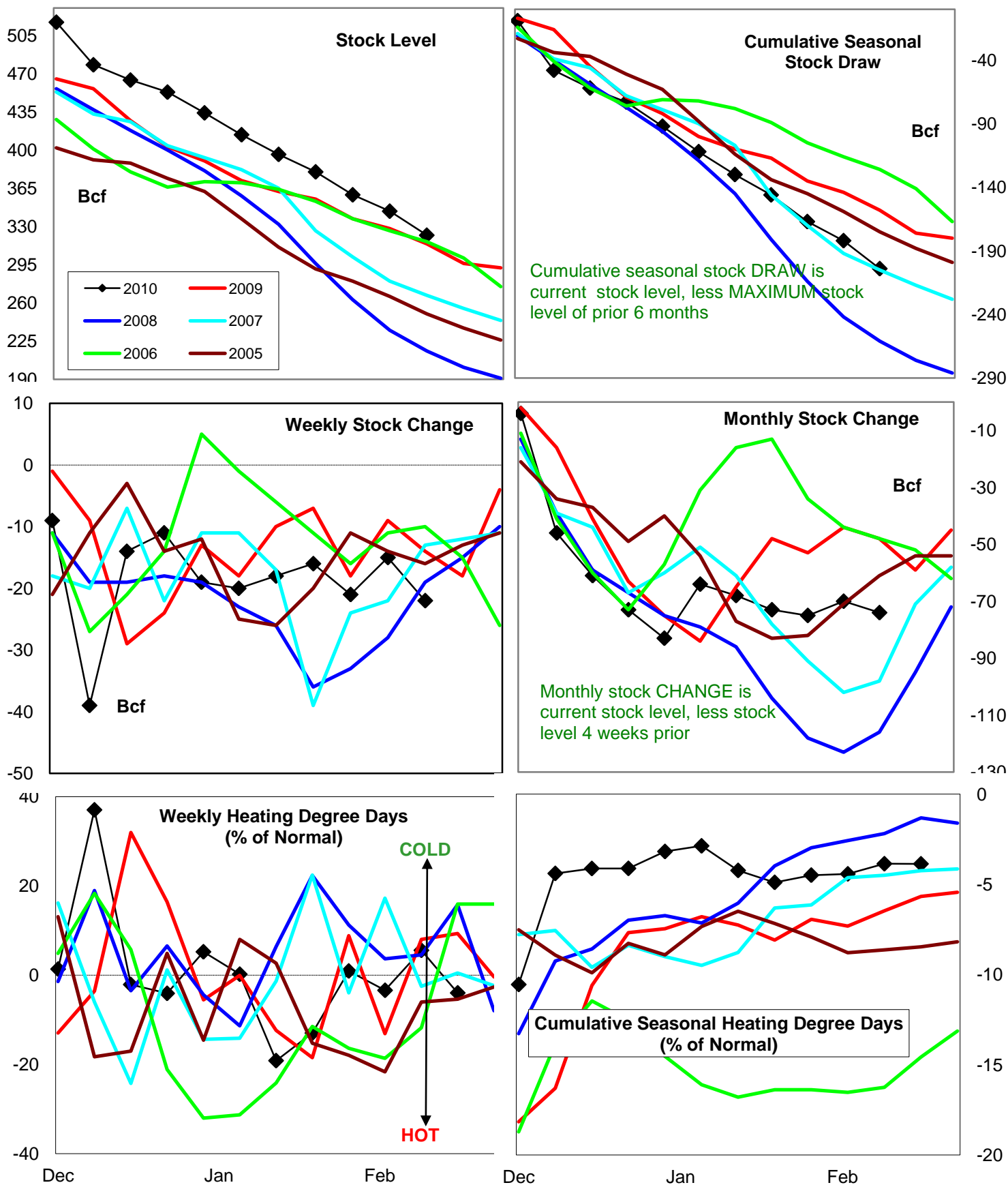
39

-9.5

19

-1.7

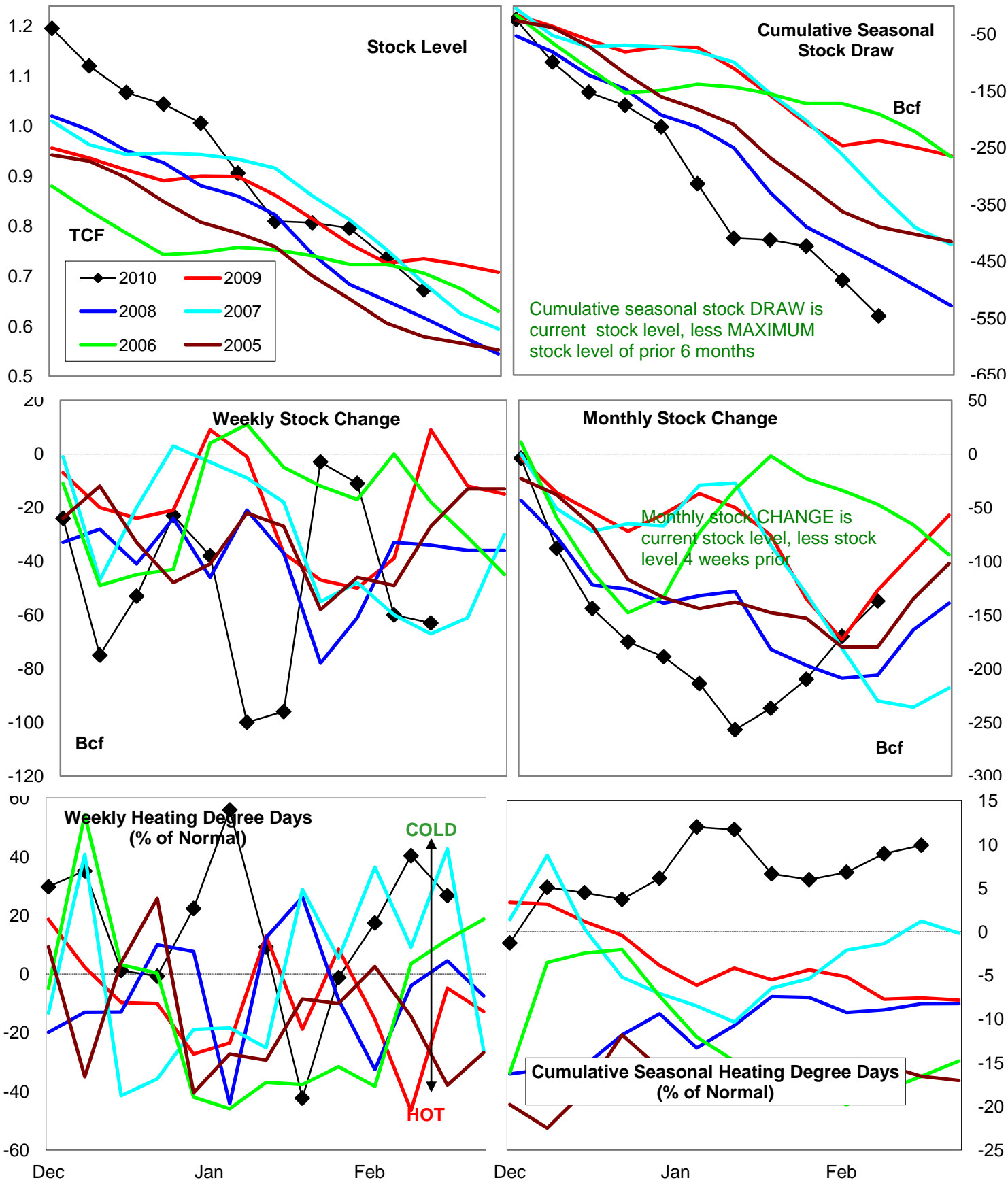
Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)8
2.5-8
57.1-26
54.2-46
29.1

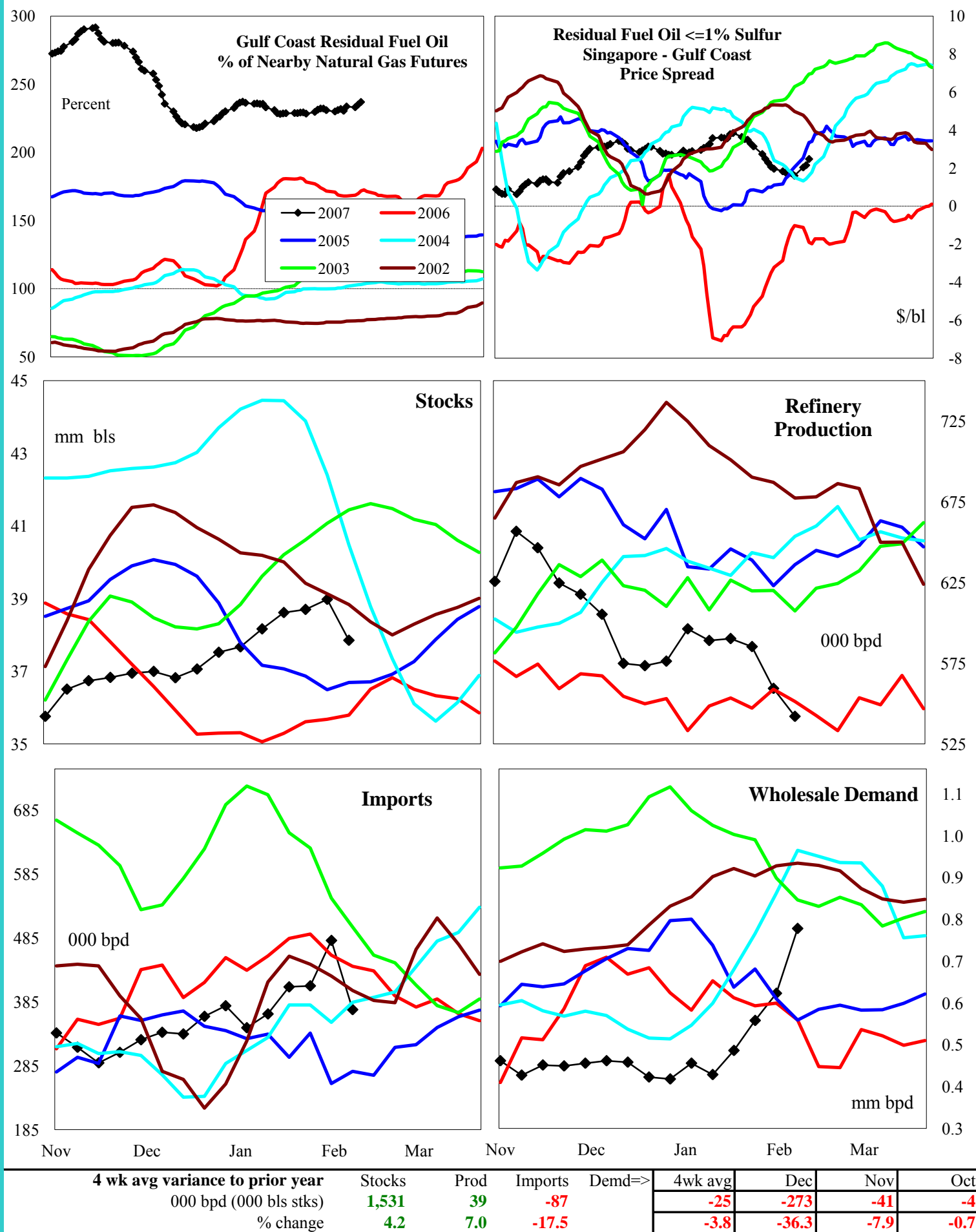
Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

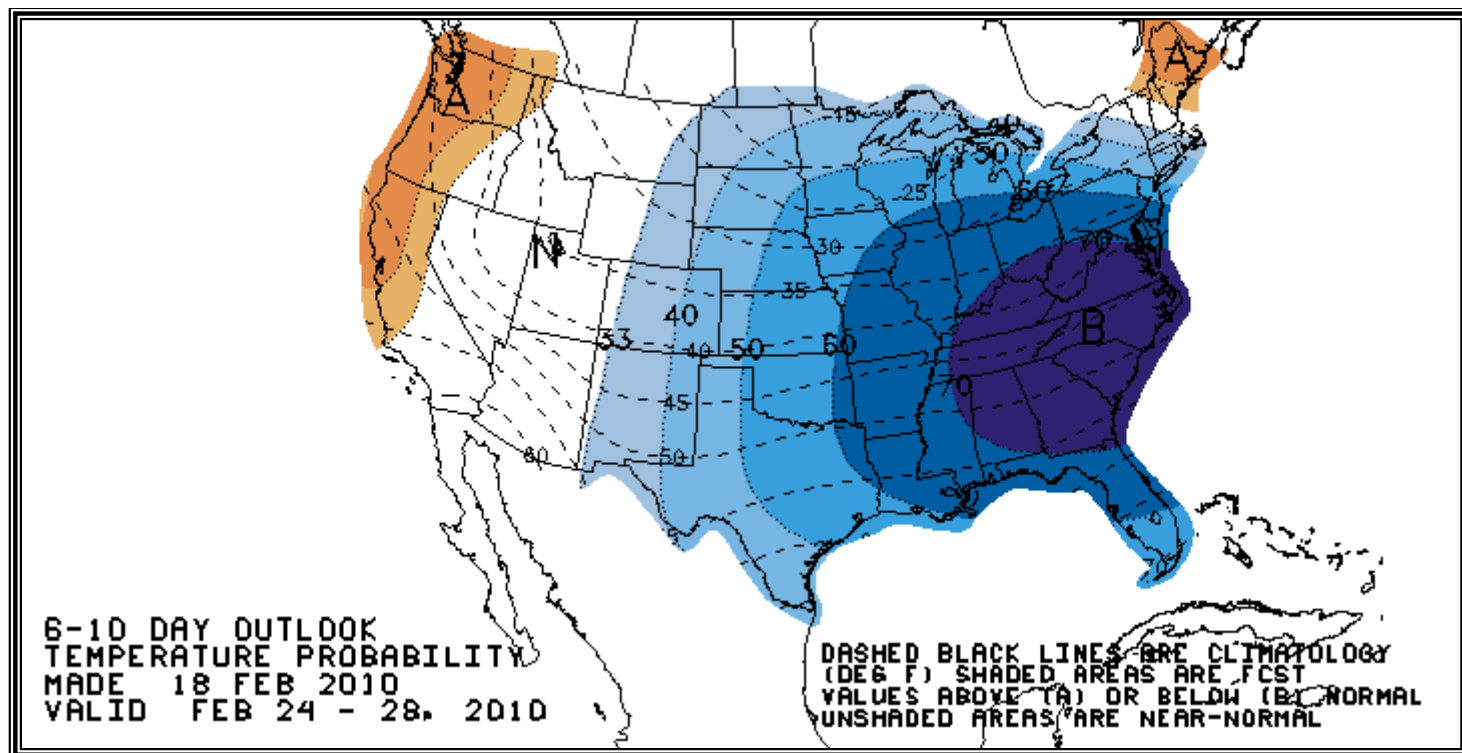
Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)-62
-8.4-72
-800.0-10
7.9-309
130.4

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



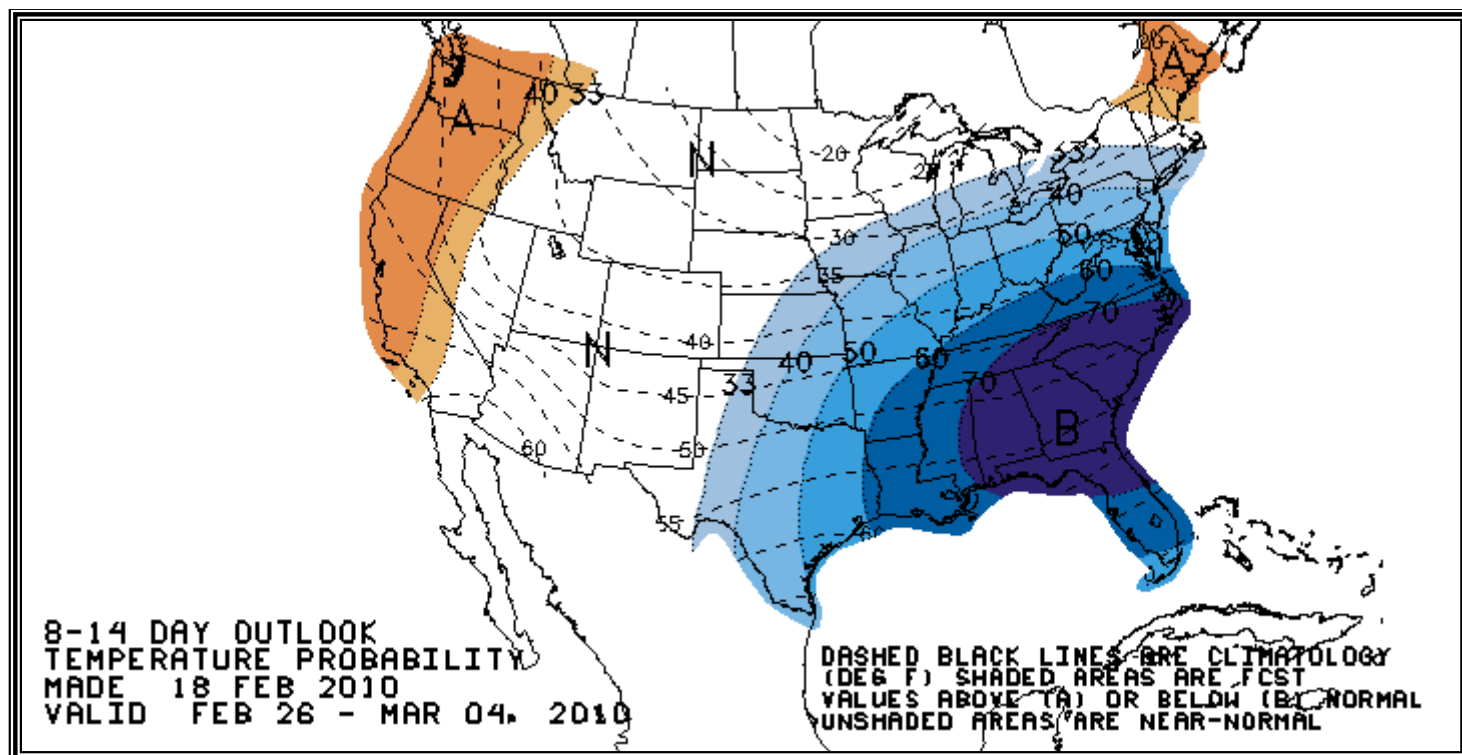
National Weather Service Climate Prediction Center Cooling

Degree Days 6 - 10 Day Forecast



National Weather Service Climate Prediction Center Cooling

Degree Days 8 - 14 Day Forecast



American Gas Association Regions

