

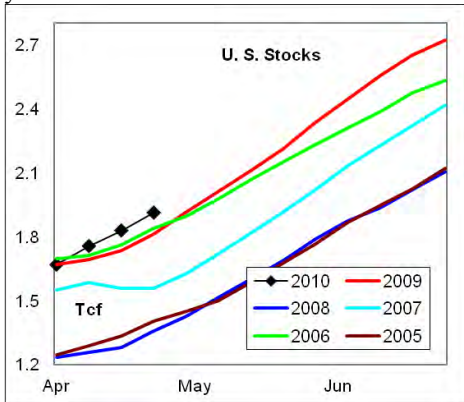

**FUNDAMENTAL  
PETROLEUM  
TRENDS**

# WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

 Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Thursday, April 29, 2010


**Summary** <sup>1</sup> Stocks increased +83 Bcf last week, a record high for the period. Weekly stock builds have matched or exceeded historic highs for each of the past 7-wks on unusually warm temperatures for this time of year in key markets. Stock levels are a record high for this time of year.



In the East Region stocks increased +38 Bcf, which matched the mid range for the period. The +14 Bcf build in the West Region was a record build for the week. The stock build of +31 Bcf in the Producing Region was a record build for the period.

Heating degree days were -5% below normal in the East Region, -4% below normal in the West Region and +14% above normal in the Producing Region for the week ending April 24th.

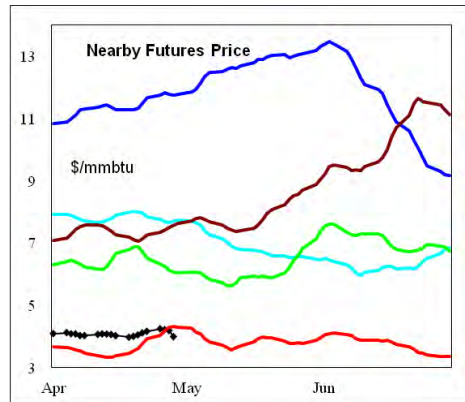
**Heating degree days** were -4% below normal for the week ending April 24th and forecast to be -11% below normal for the week ending May 1st.

The 6-10 day NWS forecast for the week ending May 8th is for cooler than normal temperatures across the northern 1/3rd of the country and warmer than normal temperatures across the southern 1/3rd of the country.

The 8-14 day NWS forecast for the week ending May 12th is for cooler than normal temperatures across the northern 1/4th of the country and warmer than

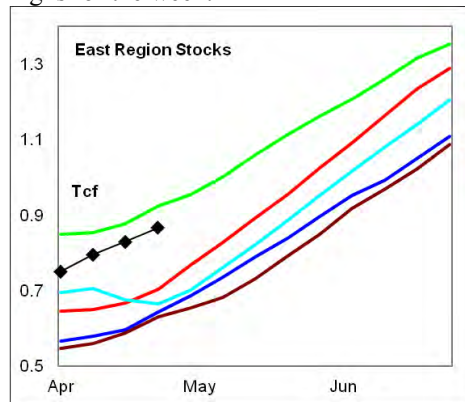
normal temperatures across the southern tier of states.

**Prices:** Nearby gas futures prices decreased -\$0.13/mmbtu for the week ending April 29th.



The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve traded sideways on the week. The forward curve is above the historic mid range for the period.

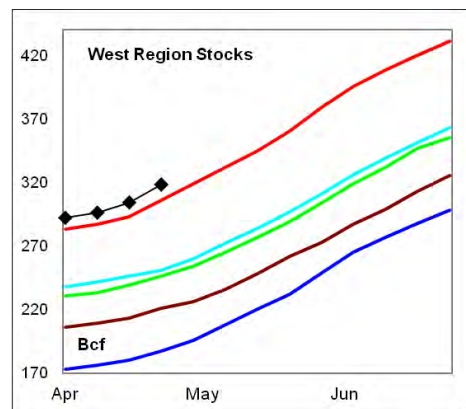
**East Region** stocks increased +38 Bcf on the week, which matched the mid range for the period. The latest 4-wk stock change was a record build for the period during the last 5-years. Stock levels are near historic highs for the week.



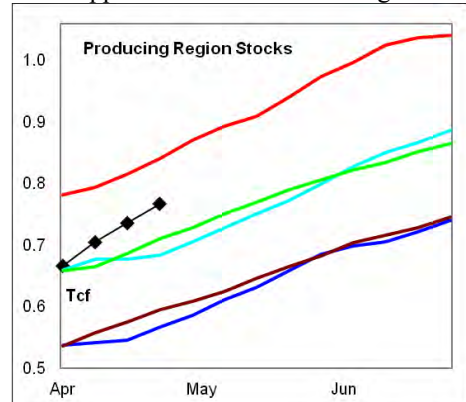
Heating degrees in the region were -5% below normal for the week ending April 24th and forecast to be -13% below normal for the week ending May 1st. Near normal temperatures are forecast for the next 10-days.

**West Region** stocks increased +14 Bcf on the week, which was a record build for the week. The latest 4-wk stock build was above the historic range last week. Stock levels are at a 5-year high for the period.

Heating degree days were -4% below normal for the week ending April 24th, and forecast to be -6% below normal for the week ending May 1st. Near normal temperatures are forecast for the next 10-days.



**Producing Region** stocks increased +31 Bcf on the week, a record build for the week. The latest 4-wk stock build was a 5-year high for the period. Stock levels are at the upper end of the historic range.



Heating degree days were +14% above normal for the week ending April 24th, and forecast to be +5% above normal for the week ending May 1st. Warmer than normal temperatures are forecast for the next 10 days.

**Residual Fuel Oil Switching:** The price spread between residual fuel oil and natural gas remains extremely high, in favor of natural gas. Residual fuel oil demand (including exports) was +6% above year ago levels for the latest 4-wk period.

**Outlook:** The rate of stock building has been well above the historic range for the latest quarter, driving stock levels to 5-year highs for this time of year. Moderate temperatures are forecast through mid May which should extend the high rate of stock building. These fundamental trends should exert downward pressure on prices for the balance of the spring quarter.

### <sup>1</sup> 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: April 29, 2010

For the week ending: 23-Apr-10

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

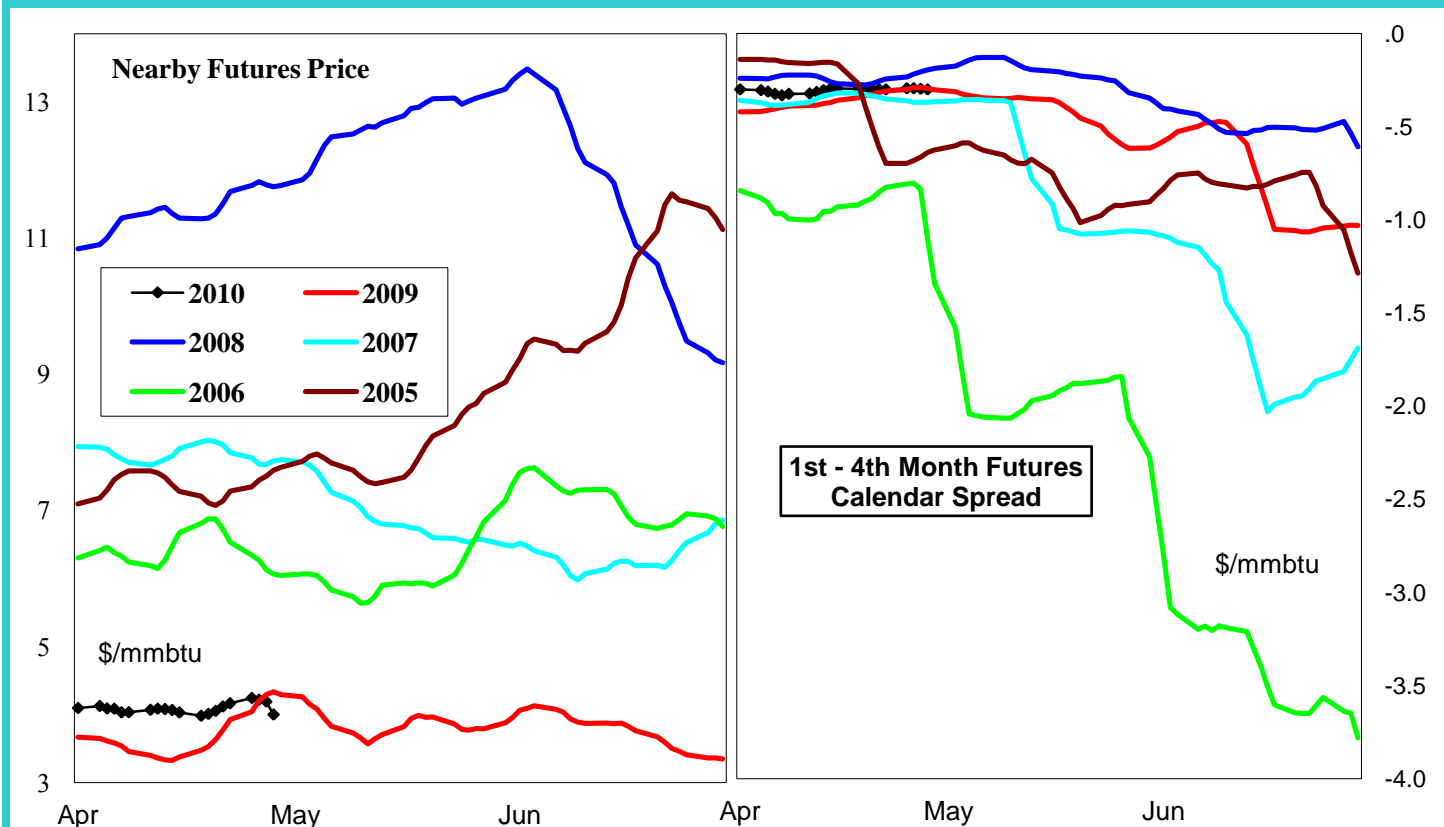
Week ending:	23-Apr-10			17-Apr-10		24-Apr-10		1-May-10	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	1,912	83	5.6	-2	-35%	15	-4%	-17	-11%
East	867	38	23.2	7	-37%	19	-5%	-20	-13%
West	318	14	3.9	-32	-15%	-1	-4%	-12	-6%
Producing	727	31	-9.2	-13	-40%	10	14%	-10	5%

### Seasonal Trends in Stocks and Heating Degree Days

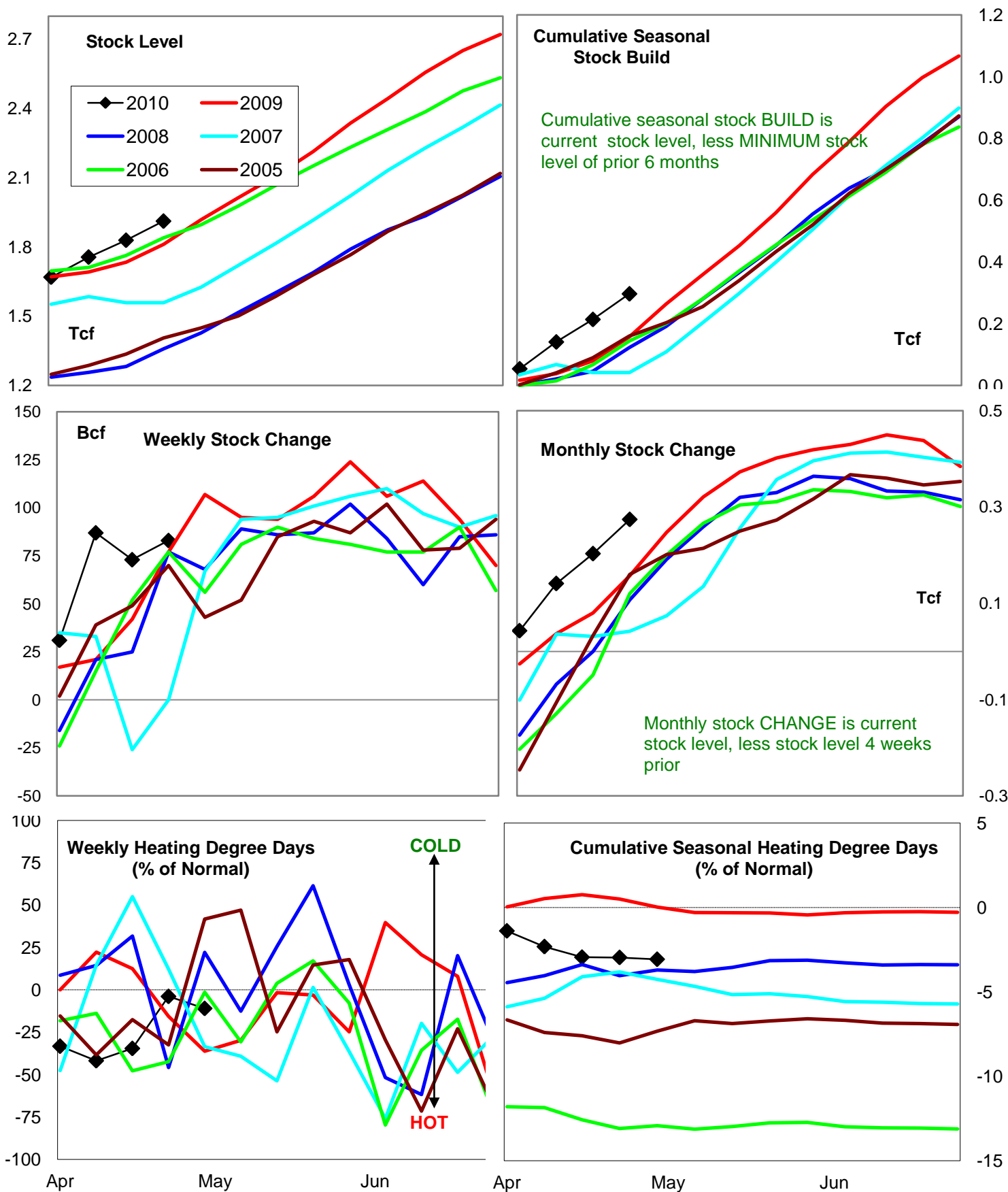
	Cumulative Stock Draw			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>297</b>	<b>140</b>	<b>47.1</b>	<b>61</b>	<b>-2.9</b>	<b>76</b>	<b>-3.0</b>	<b>59</b>	<b>-3.1</b>
<b>East</b>	<b>117</b>	<b>57</b>	<b>48.7</b>	<b>68</b>	<b>-5.0</b>	<b>87</b>	<b>-5.0</b>	<b>67</b>	<b>-5.1</b>
<b>West</b>	<b>35</b>	<b>7</b>	<b>20.0</b>	<b>89</b>	<b>-3.6</b>	<b>88</b>	<b>-3.6</b>	<b>76</b>	<b>-3.7</b>
<b>Producing</b>	<b>179</b>	<b>71</b>	<b>39.7</b>	<b>22</b>	<b>10.6</b>	<b>33</b>	<b>10.6</b>	<b>23</b>	<b>10.6</b>

### Futures Market Price Trends

Date:	30-Jun-10	Change vs prior week, month, year		
		24-Jun-10	3-Jun-10	1-Jul-09
<b>1st month Futures</b>	<b>4.00</b>	<b>-0.26</b>	<b>-0.09</b>	<b>-0.33</b>
<b>% change</b>	<b>xxxxx</b>	<b>-6.1</b>	<b>-2.2</b>	<b>-7.6</b>



# United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock Level

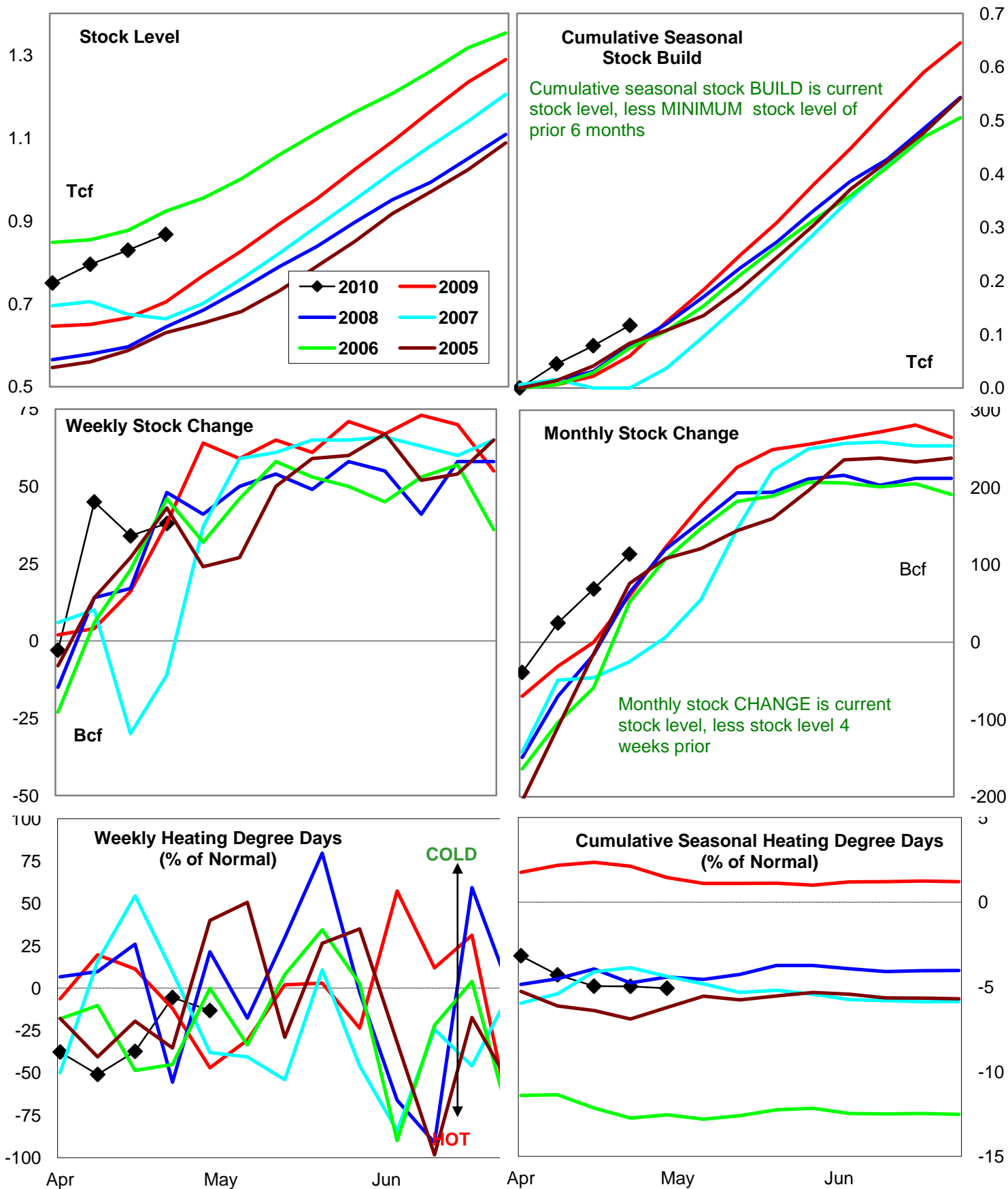
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF  
Percent Change (%)101  
5.66  
7.8117  
74.5140  
89.2

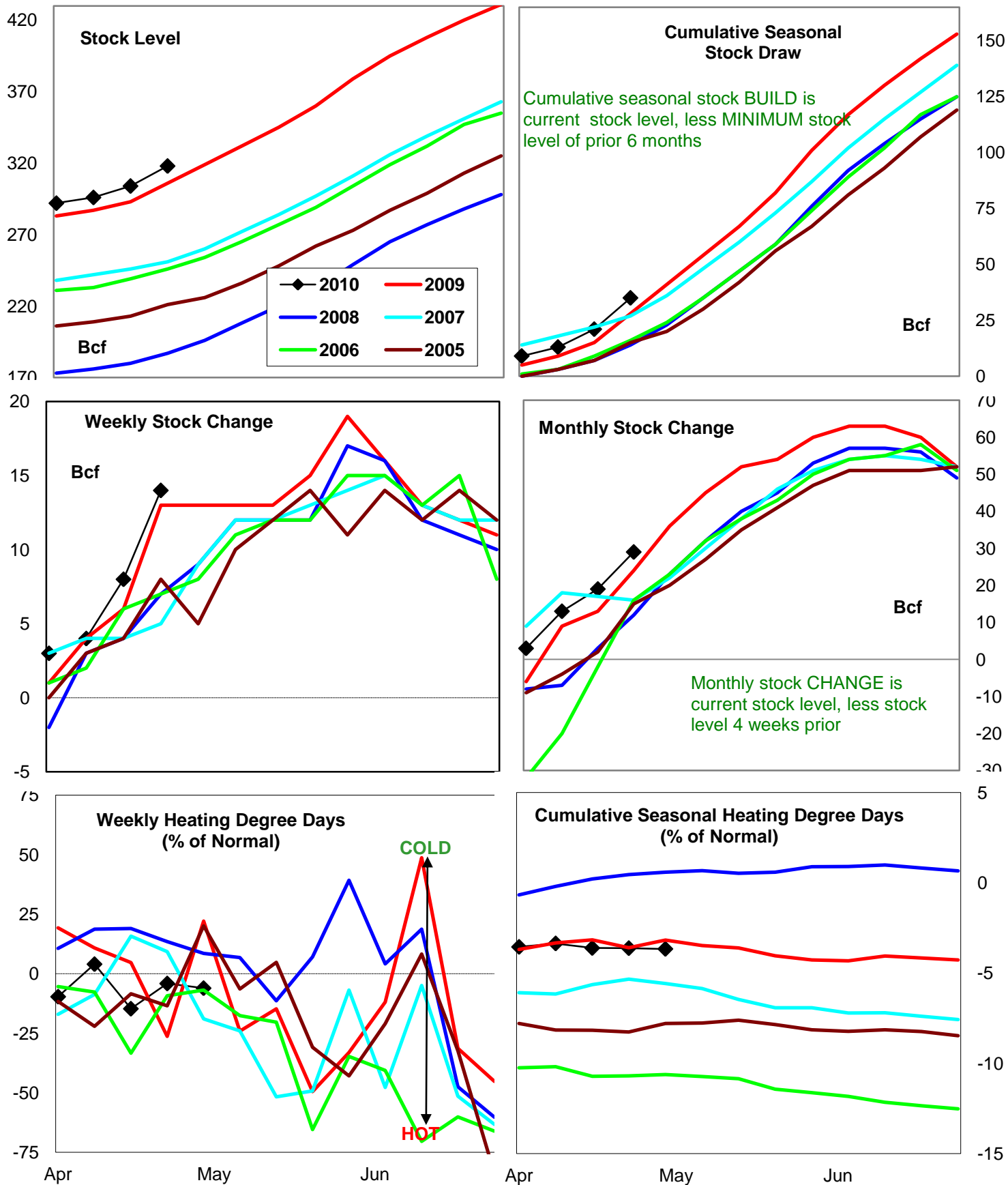
# Natural Gas East Region Stock and Weather Trends



Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
ChangeBCF  
Percent Change (%)163  
23.20  
0.054  
90.057  
95.0

# Natural Gas West Region Stock and Weather Trends

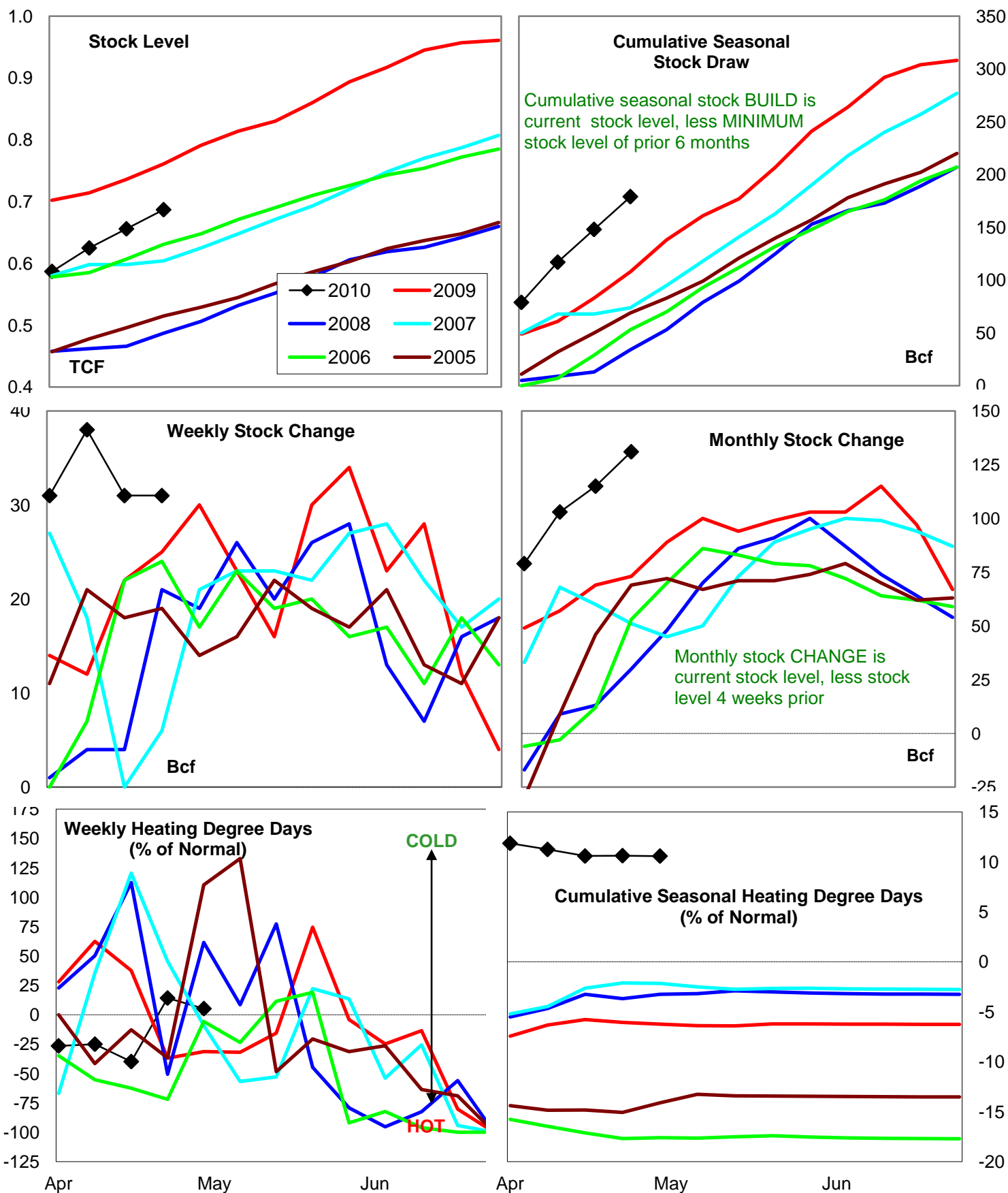


Variance to prior year

Stock  
LevelWeekly Stock  
ChangeMonthly Stock  
ChangeCumulative Stock  
ChangeBCF  
Percent Change (%)12  
3.91  
7.75  
20.87  
25.0



# Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

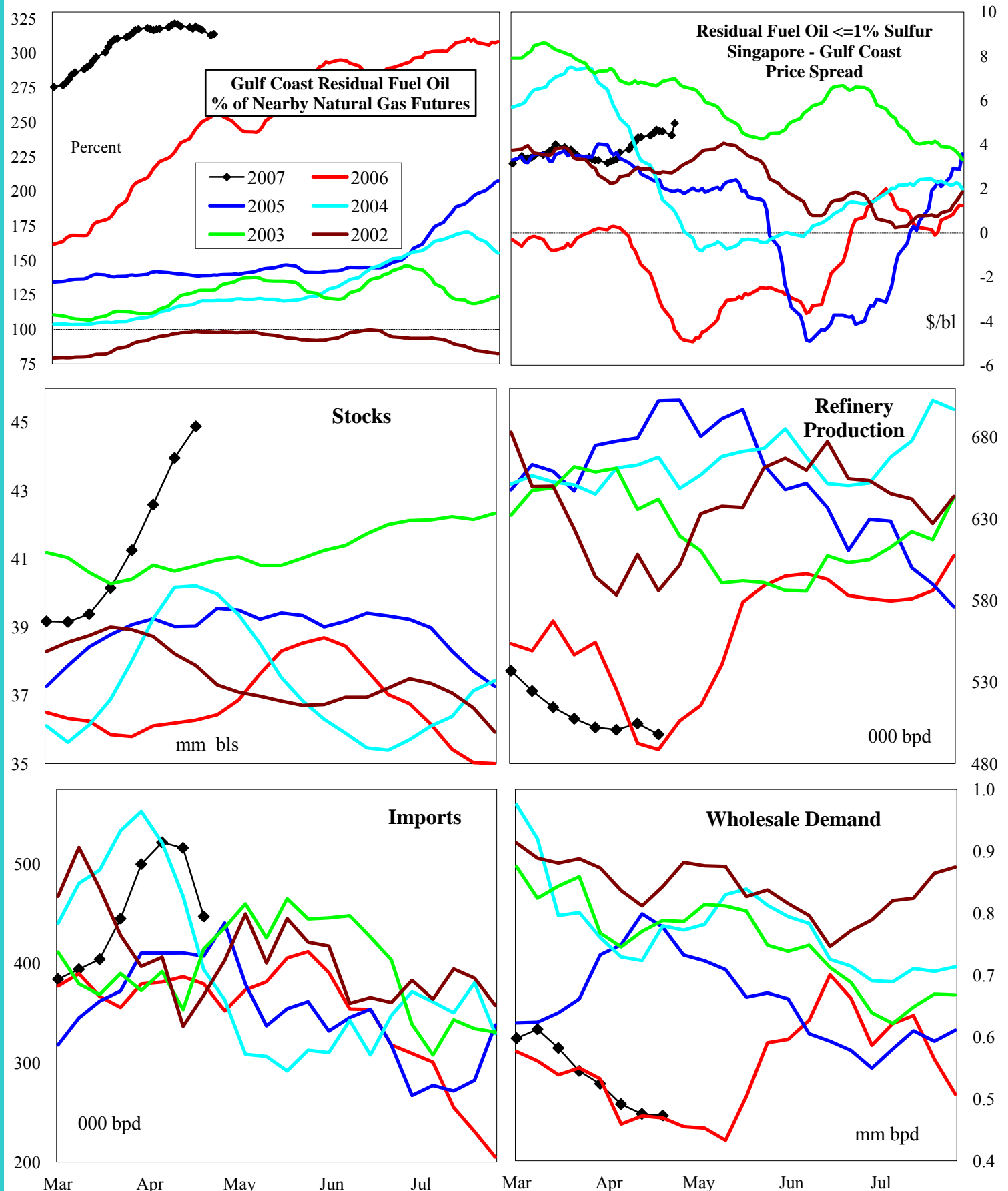
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF  
Percent Change (%)-74  
-9.26  
24.058  
79.571  
65.7

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



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

8,603

23.7

Prod

-1

-0.2

Imports

125

32.5

Demd=&gt;

4wk avg

26

5.6

Mar

-32

-5.3

Feb

162

32.0

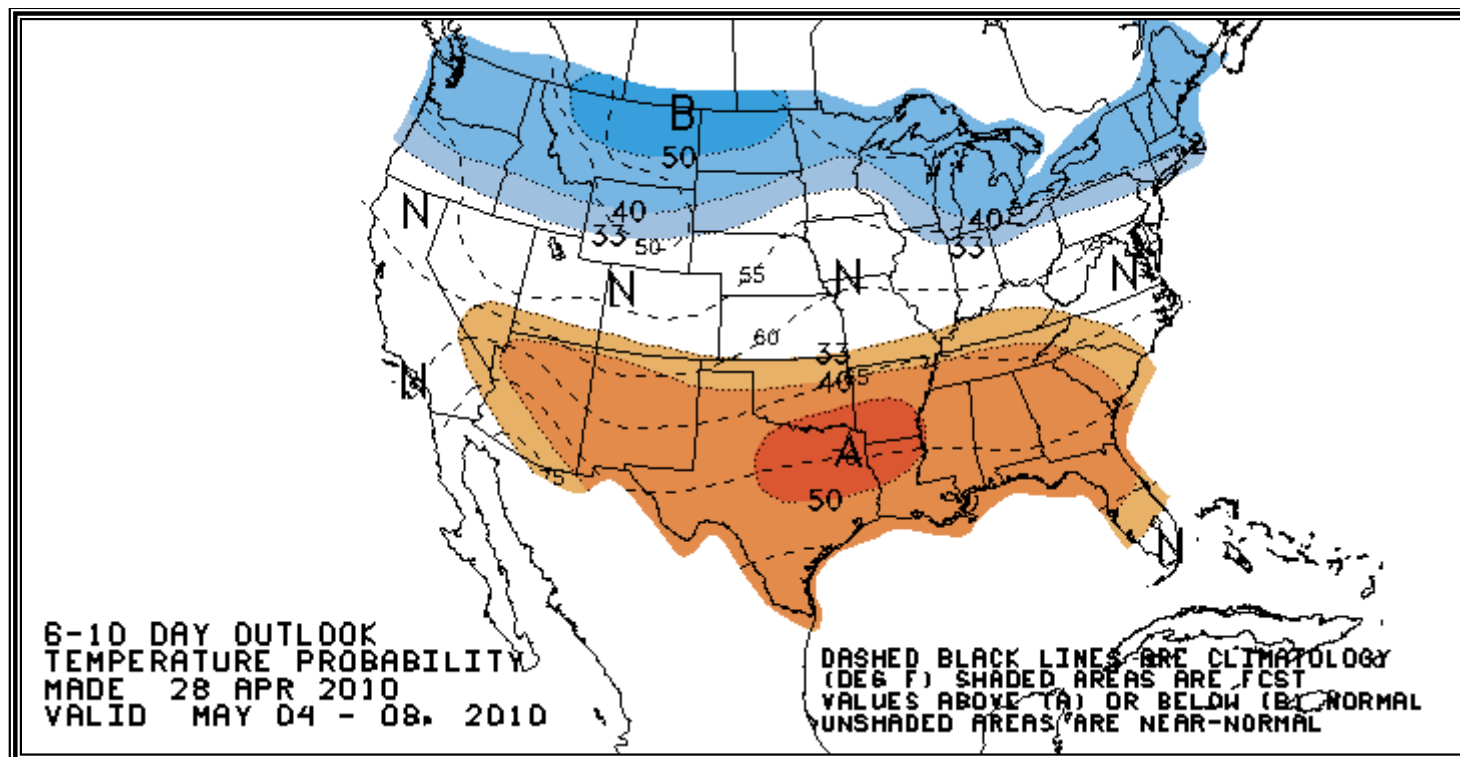
Jan

-207

-29.6

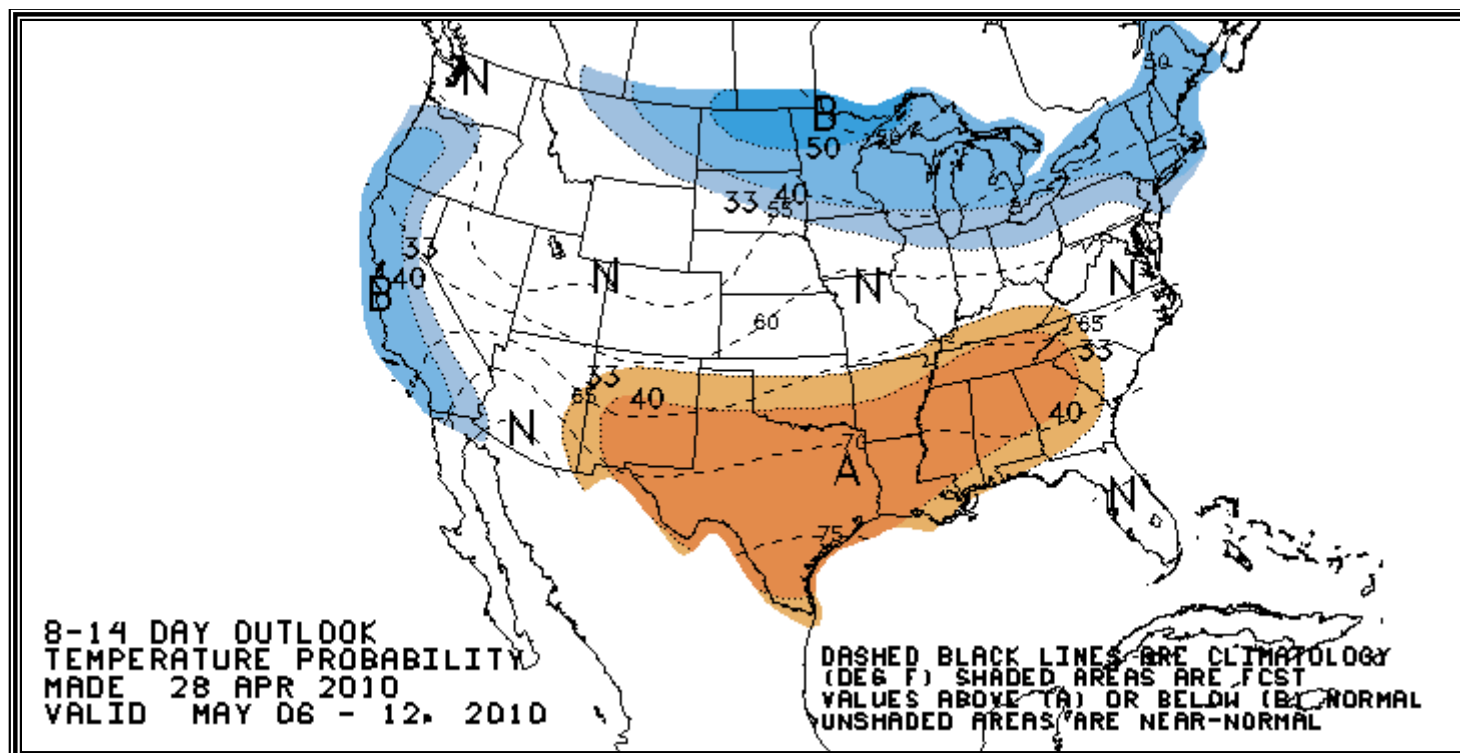
# National Weather Service Climate Prediction Center Cooling

## Degree Days 6 - 10 Day Forecast



# National Weather Service Climate Prediction Center Cooling

## Degree Days 8 - 14 Day Forecast





# American Gas Association Regions

