

**FUNDAMENTAL
PETROLEUM
TRENDS**

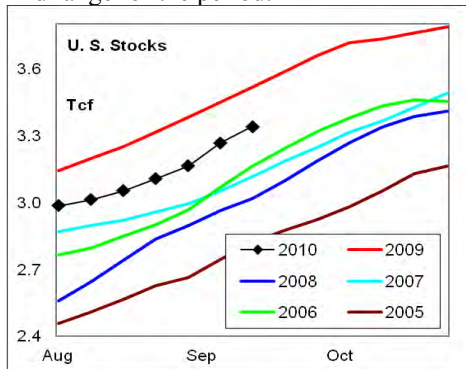
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

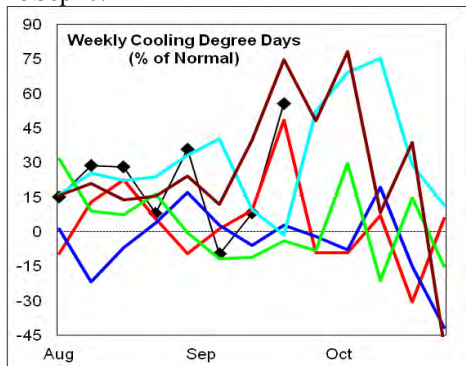
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, September 23, 2010



Summary ¹ Stocks increased +73 Bcf last week, a level that was above the 5-year mid range for the period.



Cooling degree days were +8% above normal for the week ending 18Sep10. Cooling degree days are forecast to be +56% above normal for the week ending 25Sep10.



In the East Region stocks increased +53 Bcf, which was at the upper end of the historic range for the week. The +1 Bcf build in the West Region was a record low build for the week. The stock build of +19 Bcf in the Producing Region was above the mid range for the week.

Cooling degree days were -1% below normal in the East Region, -8% below normal in the West Region and +34% above normal in the Producing Region for the week ending 18Sep10.

Cooling degree days were +8% above normal for the week ended 18Sep10, and forecast to be +56% above normal for the week ending 25Sep10.

¹ Related Web Sites:

[Data Source is EIA Weekly Statistics](#)

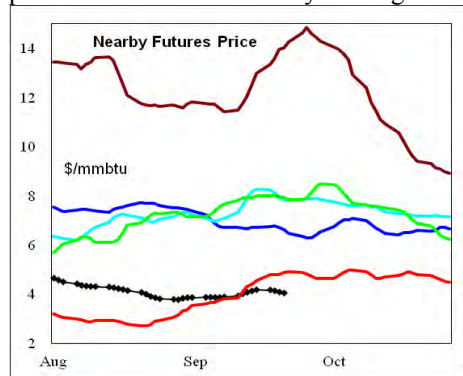
[National Weather Service 6-10 Day](#)

[National Weather Service 10-14 Day](#)

The 6-10 day NWS forecast for the week ending October 2nd is for much above normal cooling degree days in the western 3/5ths of the country, with below normal cooling degree days in the south eastern region.

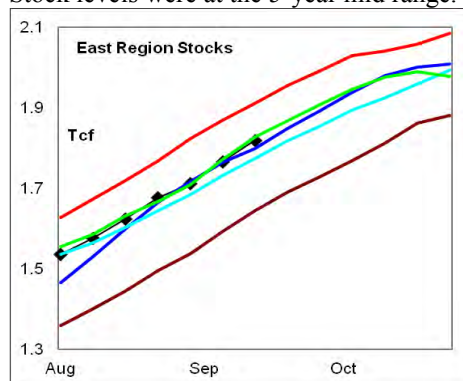
The 8-14 day NWS forecast for the week ending October 5th is for much above normal cooling degree days in the western 3/5ths of the country and below normal cooling degree days in the mid south.

Prices: Nearby gas futures prices increased +\$0.17/mmbtu for the week ending September 23rd. Prompt month futures prices are now below the 5-year range.



The 1st - 4th month forward price curve trended lower favor of the deferred contract months. The spread ended the week below the mid range.

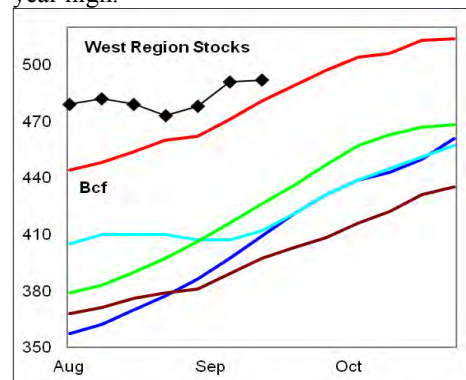
East Region stocks increased +53 Bcf on the week, which was at the upper end of the historic range for the period. The latest 4-wk stock build was at the mid range. Stock levels were at the 5-year mid range.



Cooling degrees in the region were -1% below normal for the week ended 18Sep10, and forecast to be +74% above normal for the week ending 25Sep10. Near normal cooling degree days are forecast for the next 10-days.

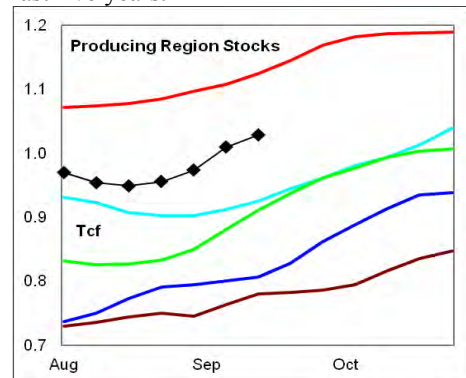
West Region stocks increased +1 Bcf on the week, which was a record low build for

the period. The latest 4-wk stock build was at the low end of the historic range. Stock levels are +2.3% above the prior 5-year high.



Cooling degree days were -8% below normal for the week ended 18Sep10, and forecast to be -8% below normal for the week ending 25Sep10. Significantly above normal cooling degree days are forecast for the next 10-days.

Producing Region stocks increased +19 Bcf on the week, which was above the mid range for the week. The latest 4-wk stock build matched the 5-year high on the week. Stock levels remain well above four of the last five years.



Cooling degree days were +34% above normal for the week ending 18Sep10, and forecast to be +70% above normal for the week ending 25Sep10. Below normal cooling degree days are forecast for the next 10-days.

Residual Fuel Oil Switching: The price spread between fuel oil and natural gas remains highly favorable for gas.

Outlook: This week gas prices fell below last year and the 5-year range on a forecast of continued warm temperatures extending into early October. Combined with high stock levels and an above average rate of build, the risk of further price weakness remains in place.



NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: September 23, 2010

For the week ending: 17-Sep-10

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

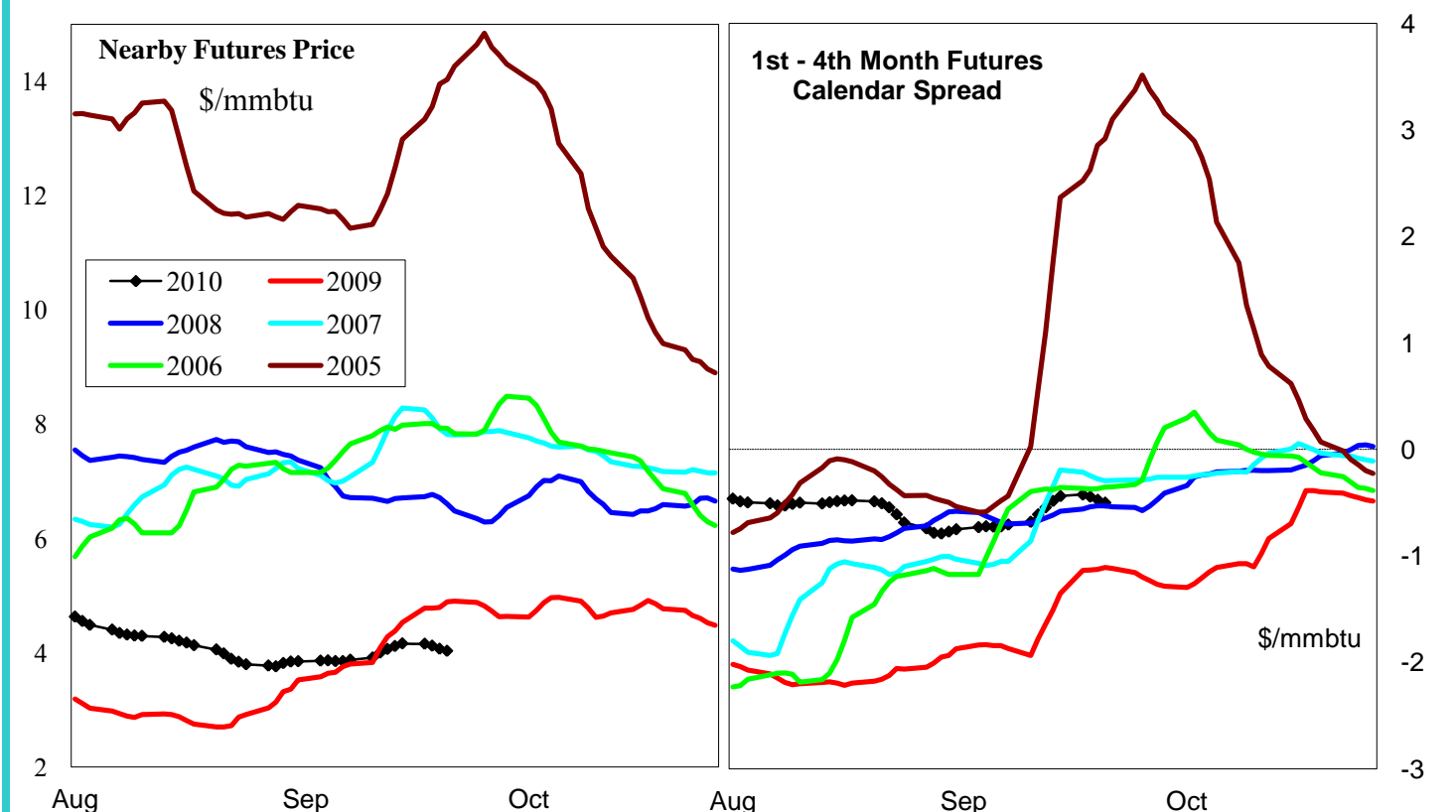
Week ending:	17-Sep-10			11-Sep-10		18-Sep-10		25-Sep-10	
Region	Weekly Stocks			Weekly Cooling Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,340	73	-5.0	-31	-10%	0	8%	6	56%
East	1,819	53	-4.8	-42	-10%	-4	-1%	11	74%
West	492	1	2.3	-18	-41%	8	-8%	-7	-8%
Producing	1,029	19	-8.5	-5	14%	2	34%	4	70%

Seasonal Trends in Stocks and Cooling Degree Days

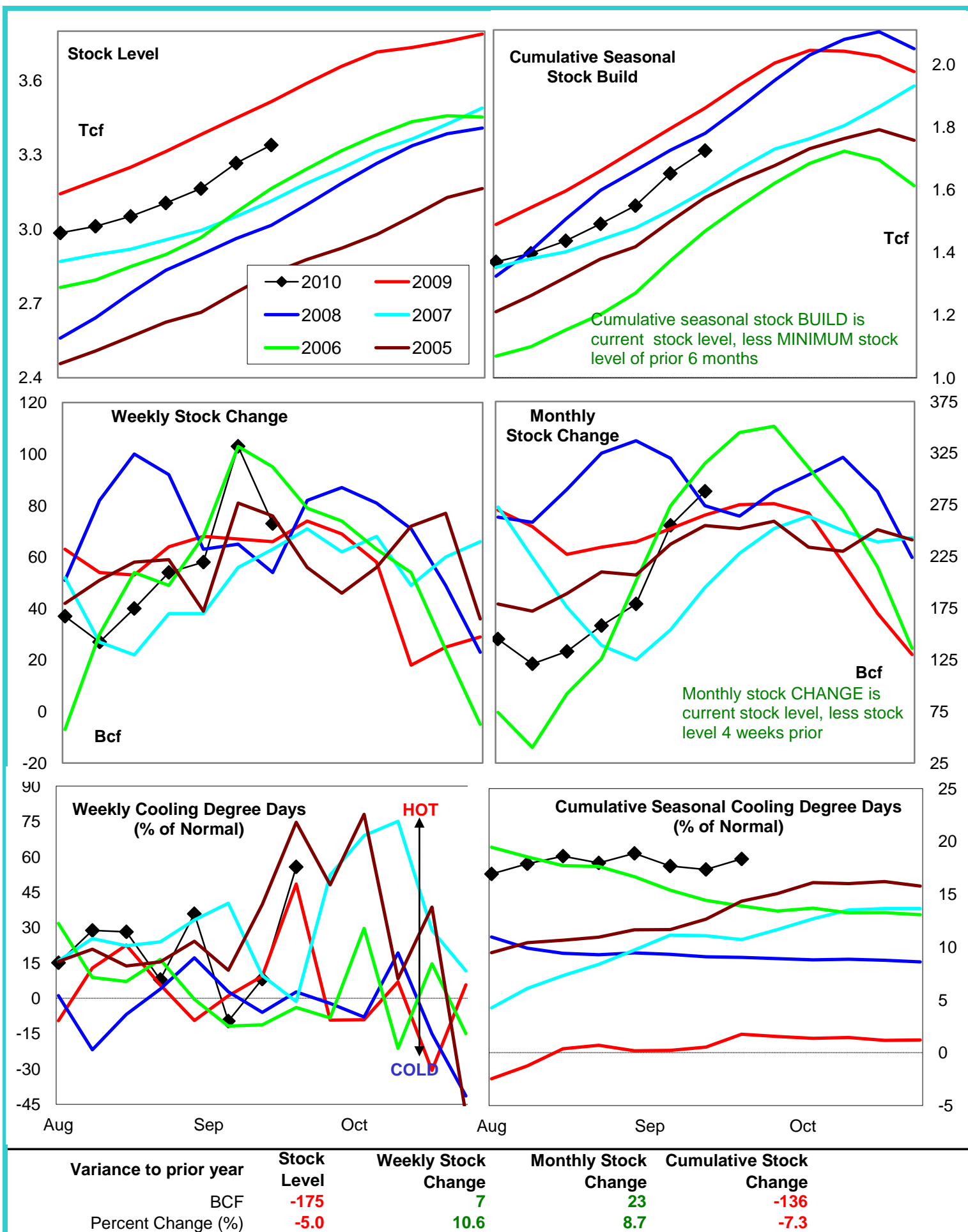
	Cumulative Stock change			Cumulative Cooling Degree Days					
	Bcf	Change vs prior year Bcf	%	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal
U.S. Total	1,725	-136	-7.9	194	18%	197	17%	214	18%
East	1,069	-198	-18.5	240	29%	266	28%	310	29%
West	209	6	2.9	-71	-9%	-74	-9%	-76	-9%
Producing	467	40	8.6	240	12%	266	13%	310	15%

Futures Market Price Trends

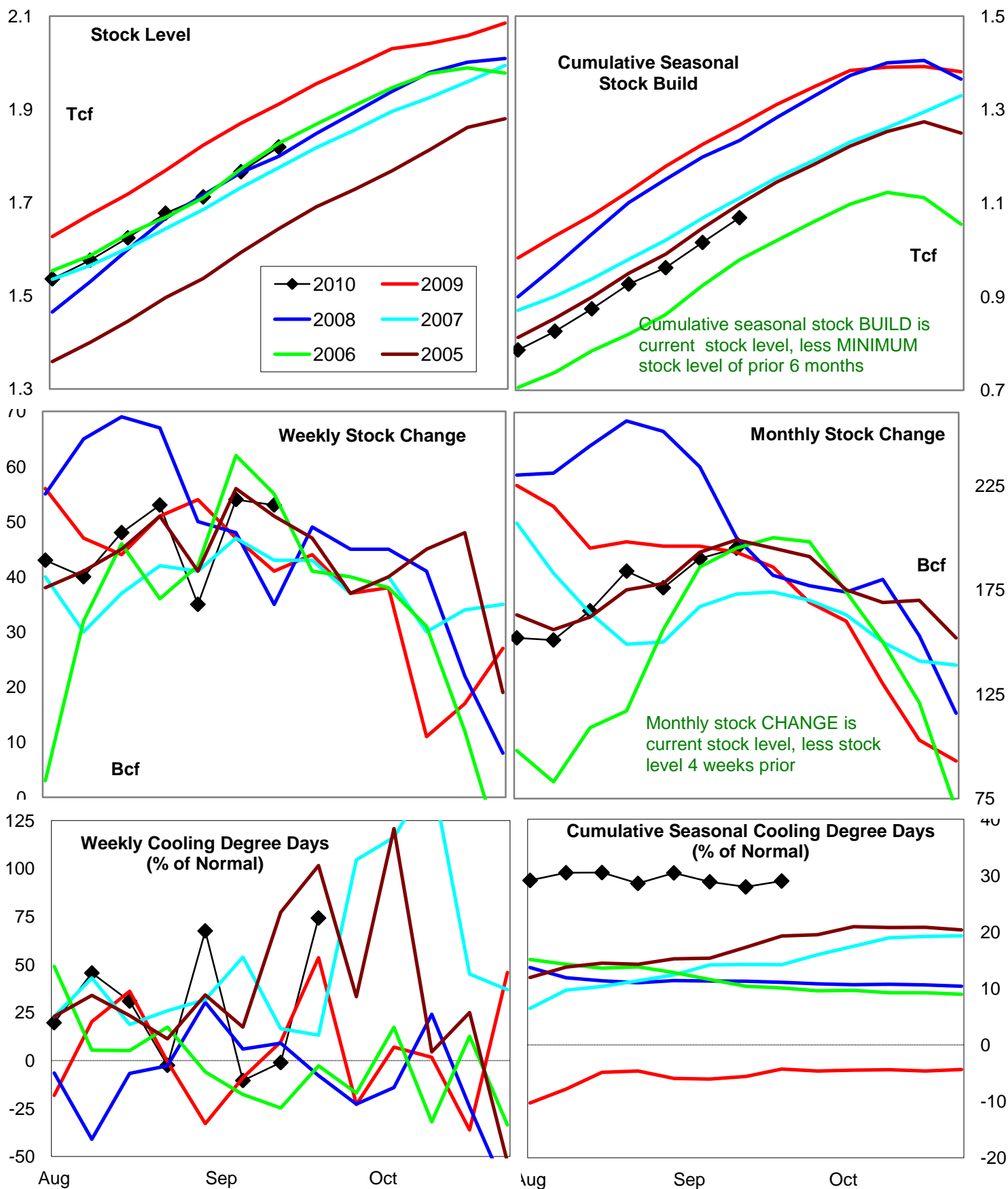
Date:	29-Oct-10	Change vs prior week, month, year		
		25-Oct-10	4-Oct-10	20-Oct-09
1st month Futures	4.03	-0.17	0.38	-0.87
% change	xxxxx	-4.0	10.4	-17.8



United States Natural Gas Stock and Weather Trends



Natural Gas East Region Stock and Weather Trends



Variance to prior year

Stock Level

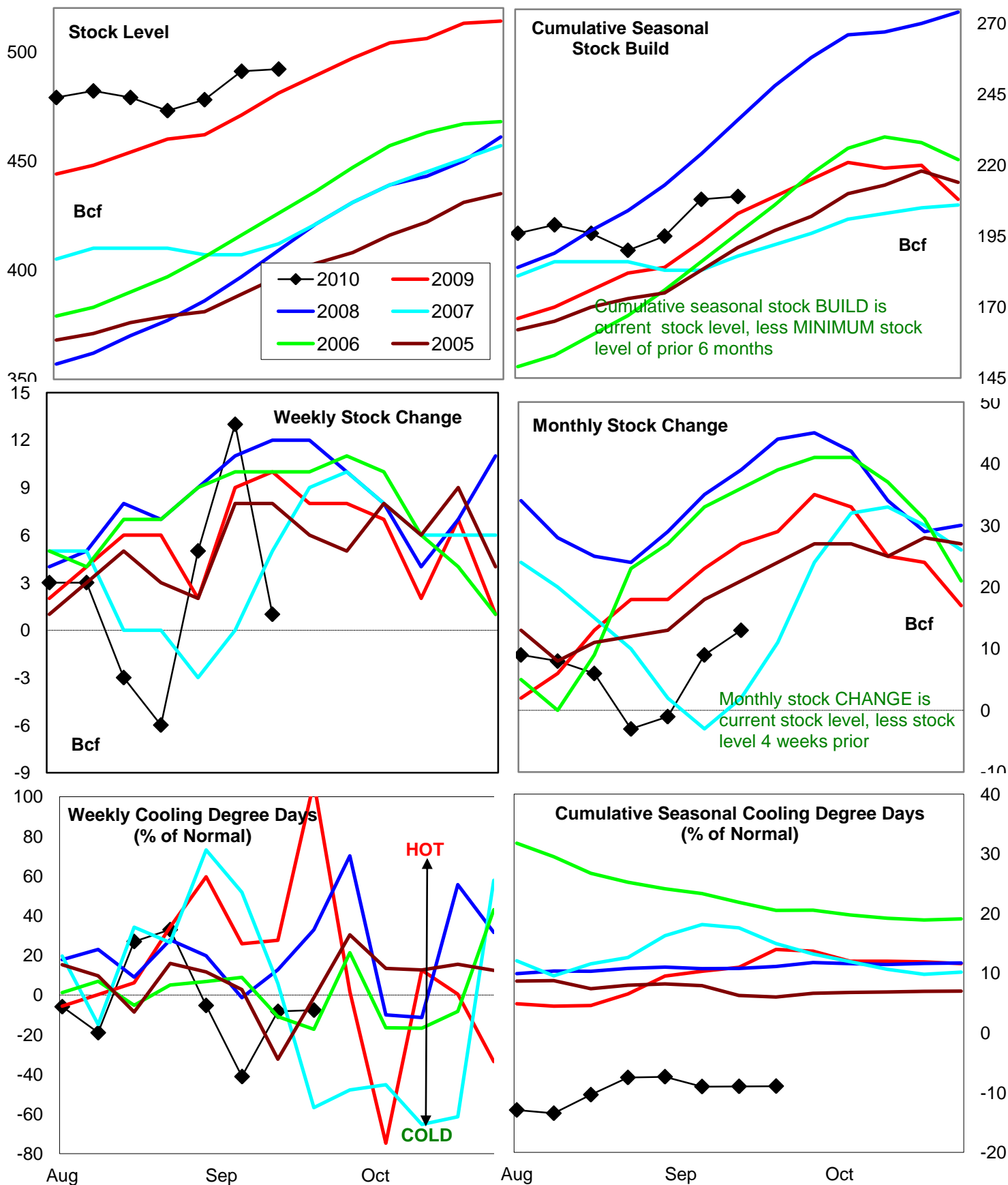
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF
Percent Change (%)-92
-4.812
29.32
1.0-198
-15.6

Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock
Level

Weekly Stock
Change

Monthly Stock
Change

Cumulative Stock
Change

BCF
Percent Change (%)

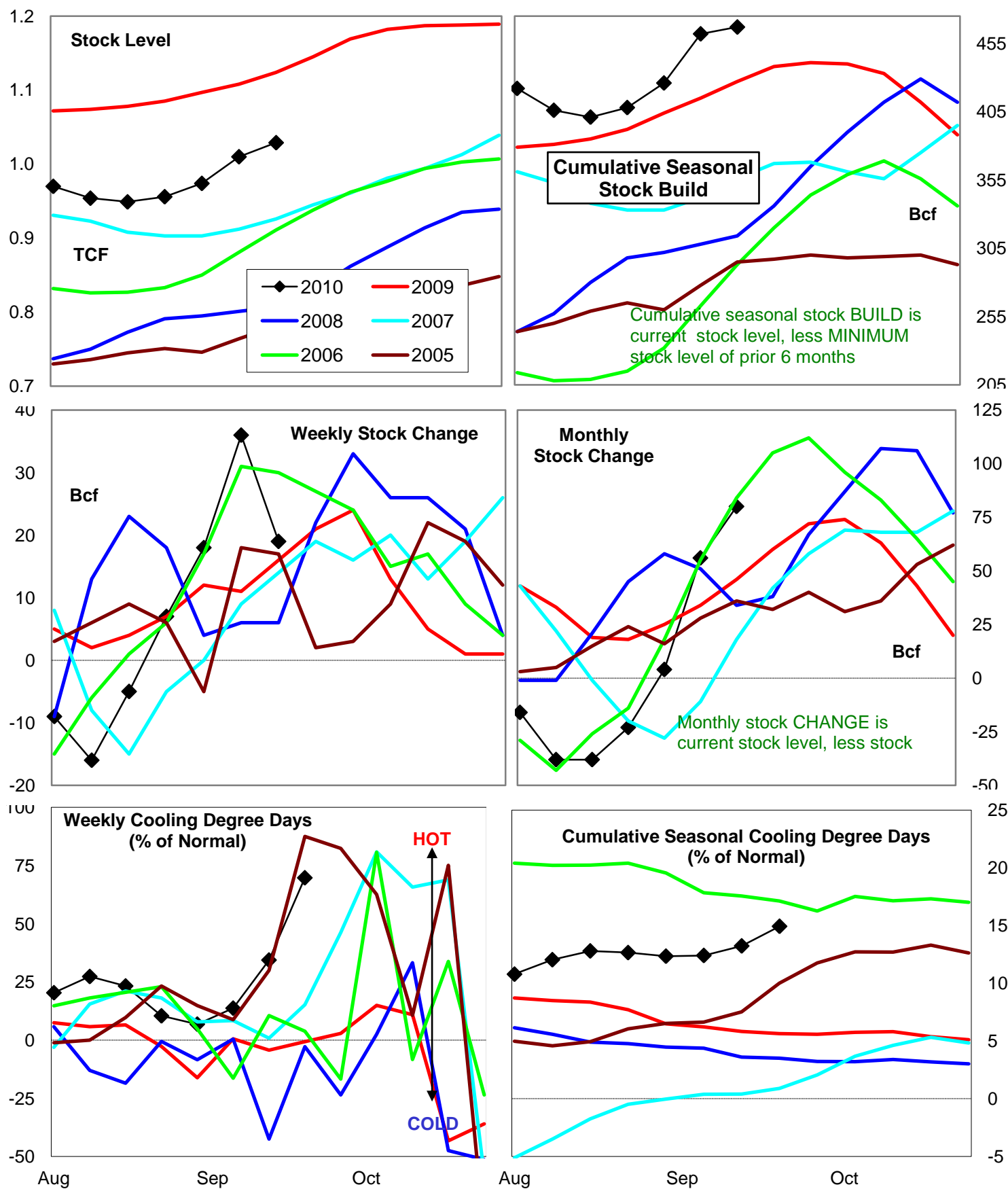
11
2.3

-9
-90.0

-14
-51.9

6
3.0

Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

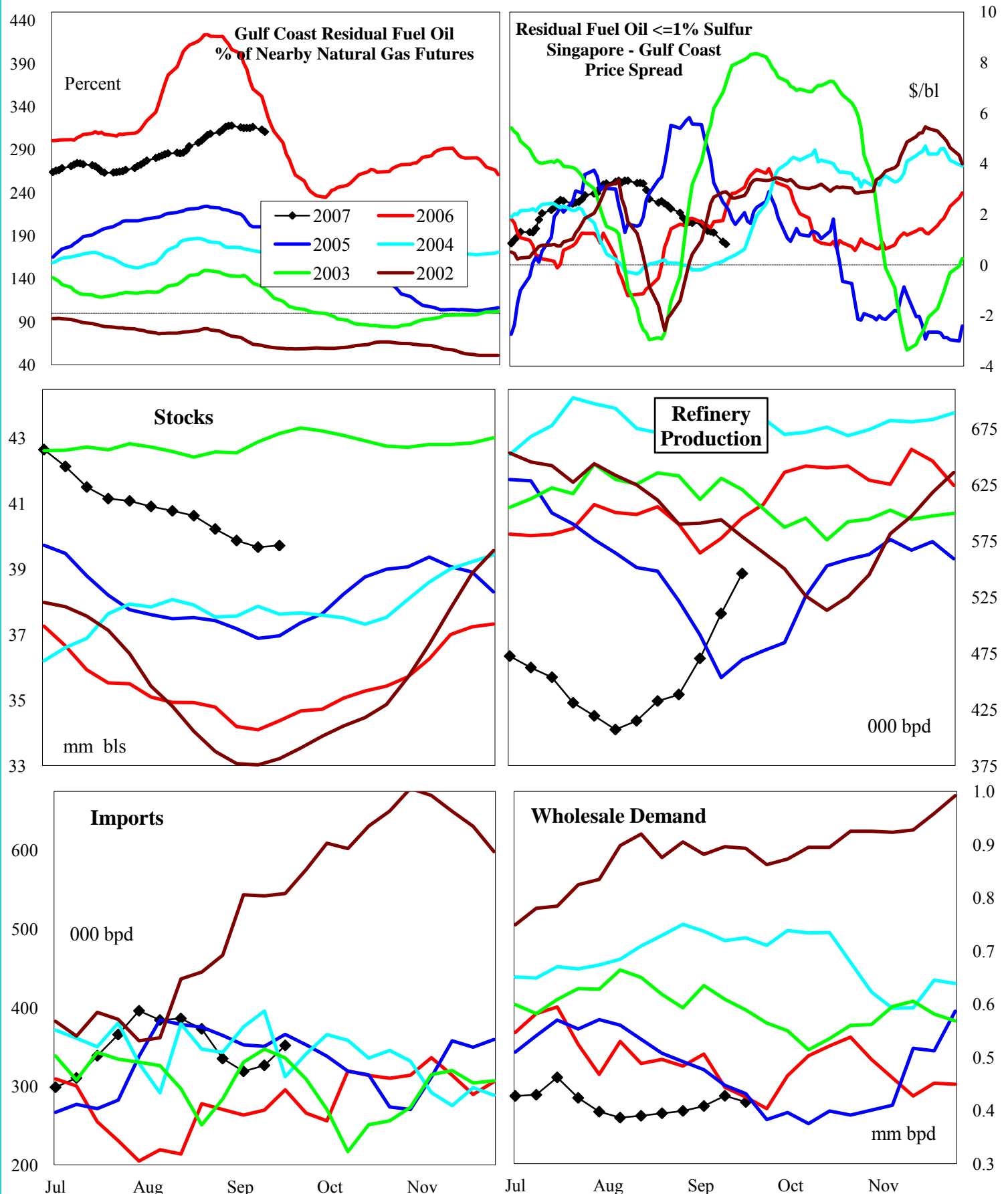
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF
Percent Change (%)-95
-8.53
18.834
73.940
9.4

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

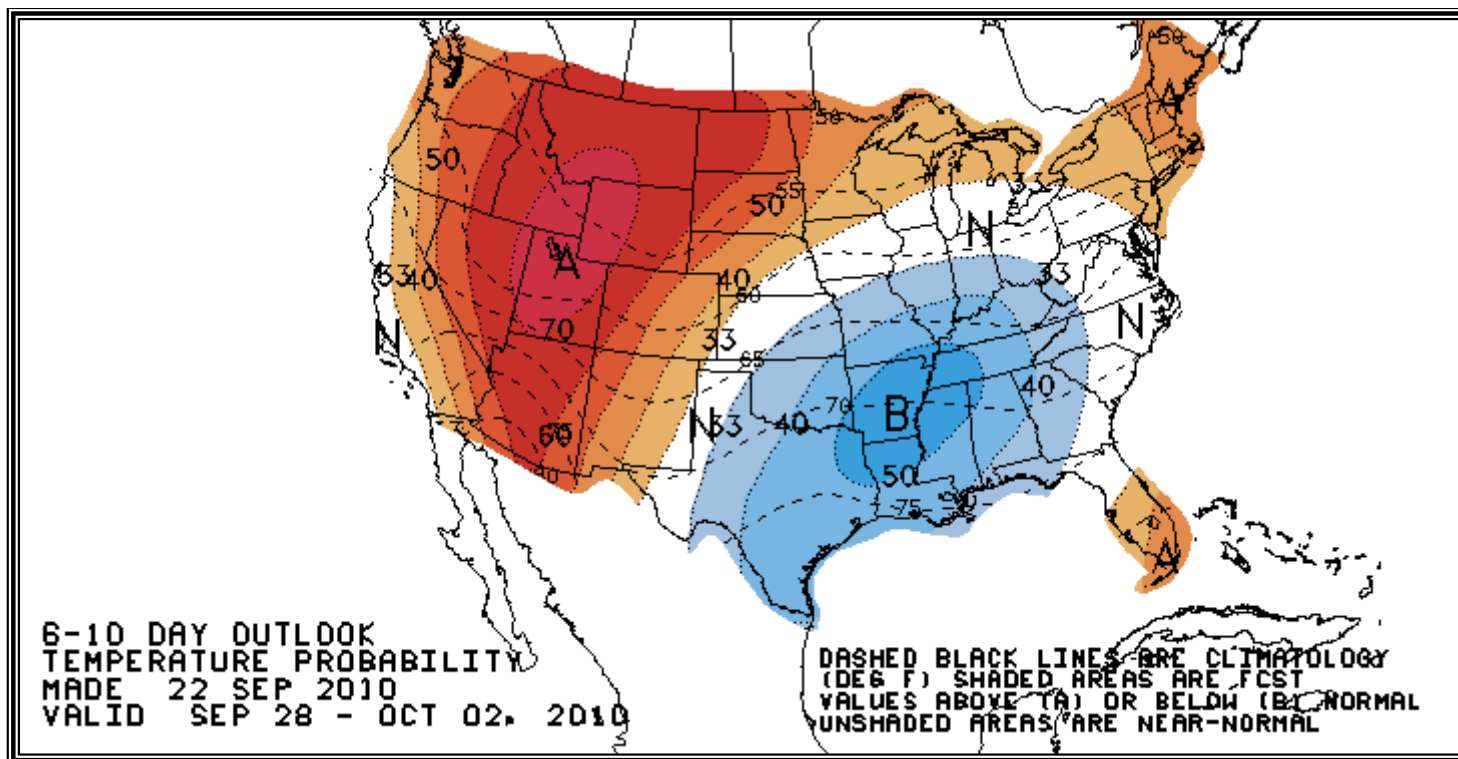


4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Prod	Imports	Demd=>	4wk avg	Aug	Jul	Jun
6,592	-68	88		-46	-22	178	-61
20.2	-12.0	36.3		-9.3	-4.7	55.8	-10.8

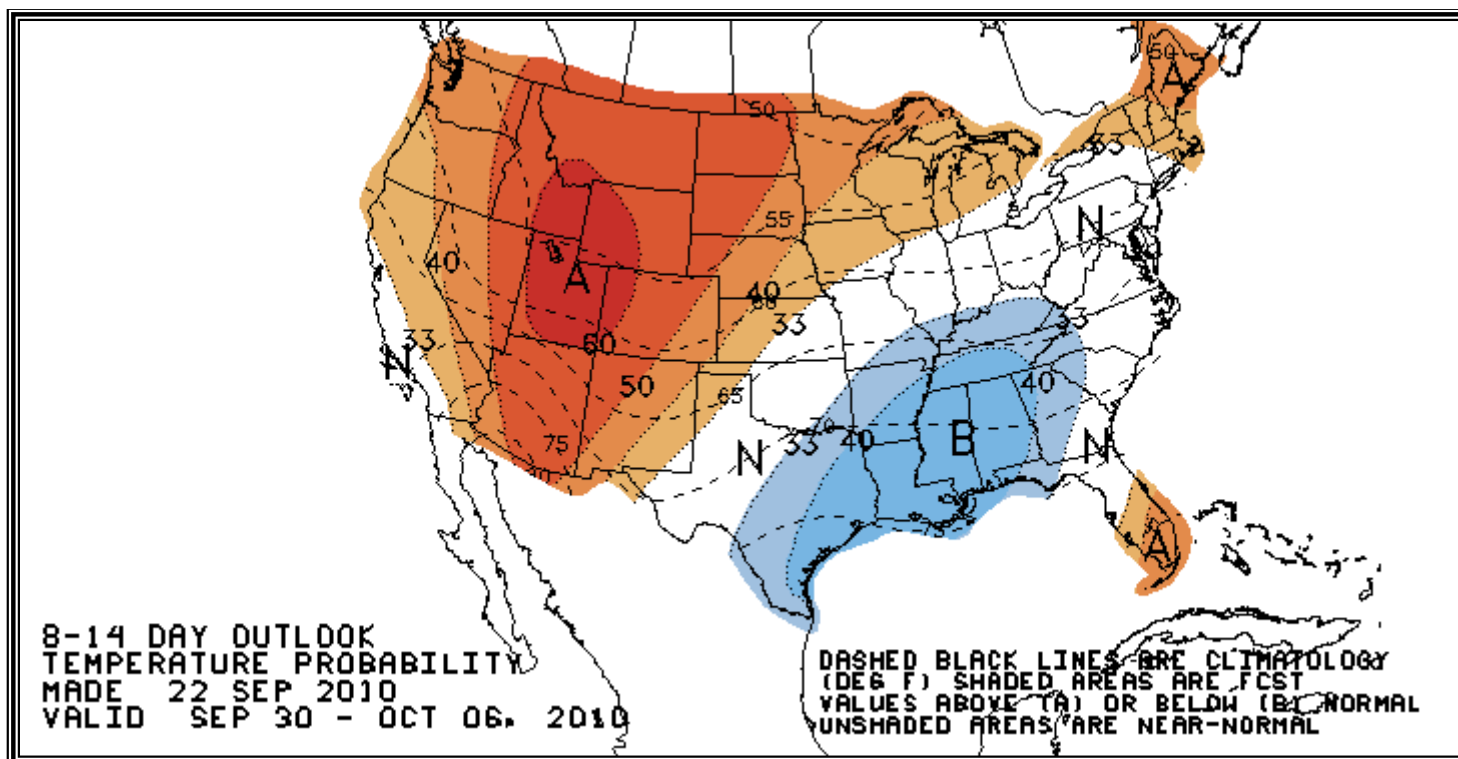
National Weather Service Climate Prediction Center

Degree Days 6 - 10 Day Temperature Forecast



National Weather Service Climate Prediction Center

Degree Days 8 - 14 Day Temperature Forecast



American Gas Association Regions

