

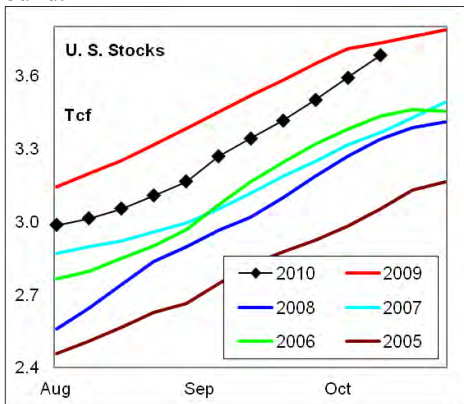

**FUNDAMENTAL
PETROLEUM
TRENDS**

WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

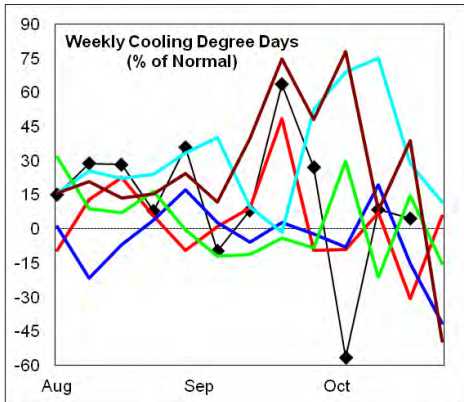
A Fundamental Petroleum Trends Weekly Report

 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, October 21, 2010


Summary ¹ Stocks increased +93 Bcf last week, the third consecutive weekly record build.



Cooling degree days were +8% above normal for the week ending 16Oct10. Cooling degree days are forecast to be +5% above normal for the current week.



In the East Region stocks increased +51 Bcf, which was a record build for the week. Stocks increased +5 Bcf in the West Region, which was at the low end of the range. The stock build of +37 Bcf in the Producing Region was the third consecutive record weekly build.

Cooling degree days were -19% below normal in the East Region, +89% above normal in the West Region and -9% below normal in the Producing Region for the week ending 16Oct10.

Cooling degree days were +8% above normal for the week ended 16Oct10, and

¹ Related Web Sites:

[Data Source is EIA Weekly Statistics](#)

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

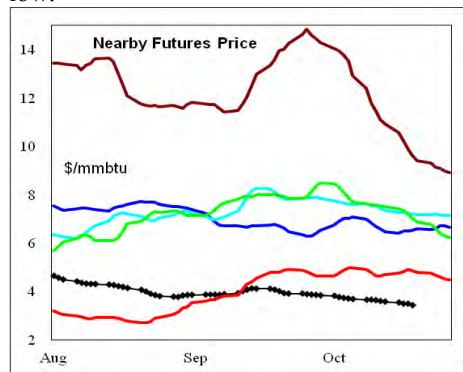
[National Weather Service 10-14 Day](#)

forecast to be +5% above normal for the week ending 23Oct10.

The 6-10 day NWS forecast for the week ending October 30th is for above temperatures in the eastern 1/2 of the country and near normal elsewhere.

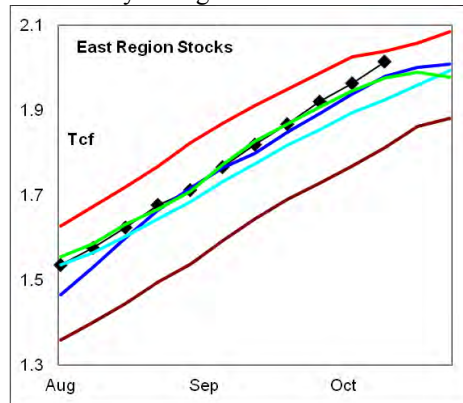
The 8-14 day NWS forecast for the week ending November 3rd is for above normal temperatures across the northern tier states and Rockies, and near normal elsewhere.

Prices: Nearby gas futures prices decreased -\$0.24/mmbtu for the week ending 21Oct10. Prompt month futures prices are now -\$1.40/mmbtu under last years' record low.



The 1st - 4th month forward price curve traded sideways at a level that was below the historic range. The prompt month remains very weak, reflecting excessive supplies and weak demand.

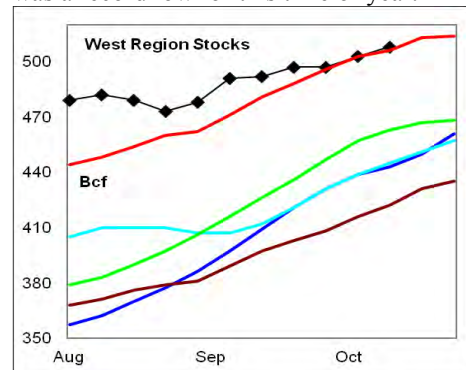
East Region stocks increased +51 Bcf on the week, a record build for the period. The latest 4-wk stock build was a record high for this time of year. Stock levels are near the 5-year high.



Cooling degrees in the region were -19% below normal for the week ended 16Oct10, and forecast to be -30% below normal for the week ending 23Oct10. Much warmer than normal temperatures are forecast for the next 10-days.

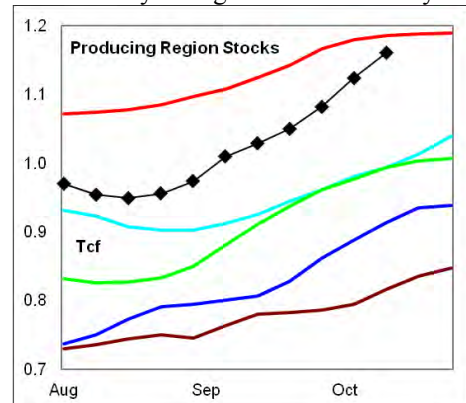
West Region stocks increased +5 Bcf on

the week, which was at the low end of the historic range. The latest 4-wk stock build was a record low for this time of year.



Cooling degree days were +89% above normal for the week ended 16Oct10, and forecast to be -54% below normal for the week ending 23Oct10. Near normal temperatures are forecast for the next 10-days.

Producing Region stocks increased +37 Bcf on the week, the 3rd consecutive record weekly build. The latest 4-wk stock build was a record high. Stock levels are now near 5-year highs for this time of year.



Cooling degree days were -9% below normal for the week ending 16Oct10, and forecast to be +93% above normal for the week ending 23Oct10. Slightly above normal temperatures 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: A new warming trend is forecast to follow the current cooler than normal temperatures in the Eastern 1/2 of the country and extend into early November. Stock levels will set new 5-year highs by early next month. Prices should remain under pressure with potential for well shut ins.



NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: October 21, 2010

For the week ending: 15-Oct-10

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

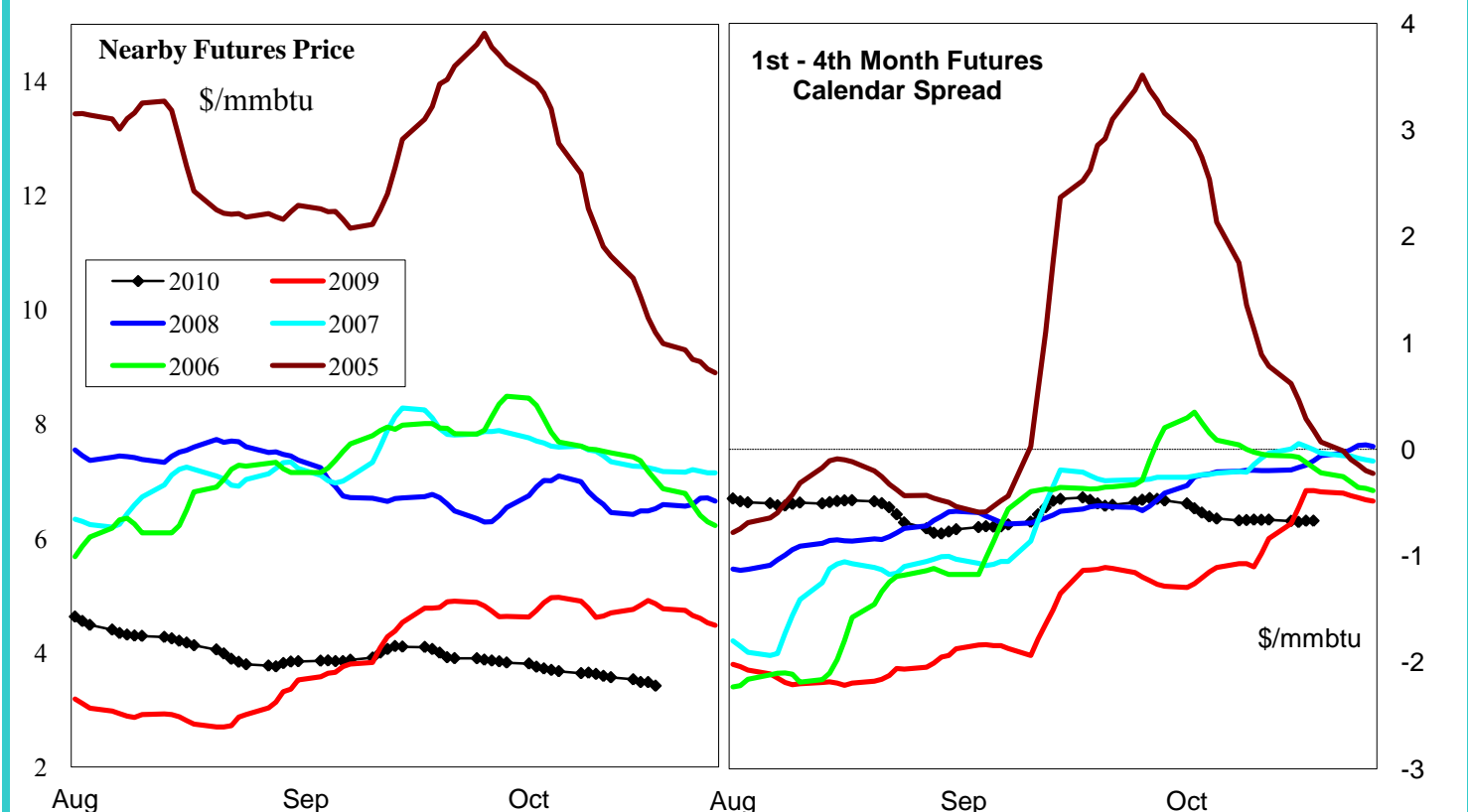
Week ending:	15-Oct-10			9-Oct-10		16-Oct-10		23-Oct-10	
Region	Weekly Stocks			Weekly Cooling Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,683	93	-1.3	-23	-57%	7	8%	-5	5%
East	2,014	51	-1.2	-12	-62%	3	-19%	-3	-30%
West	508	5	0.4	-52	-50%	16	89%	-21	-54%
Producing	1,161	37	-2.1	-17	-53%	8	-9%	13	93%

Seasonal Trends in Stocks and Cooling Degree Days

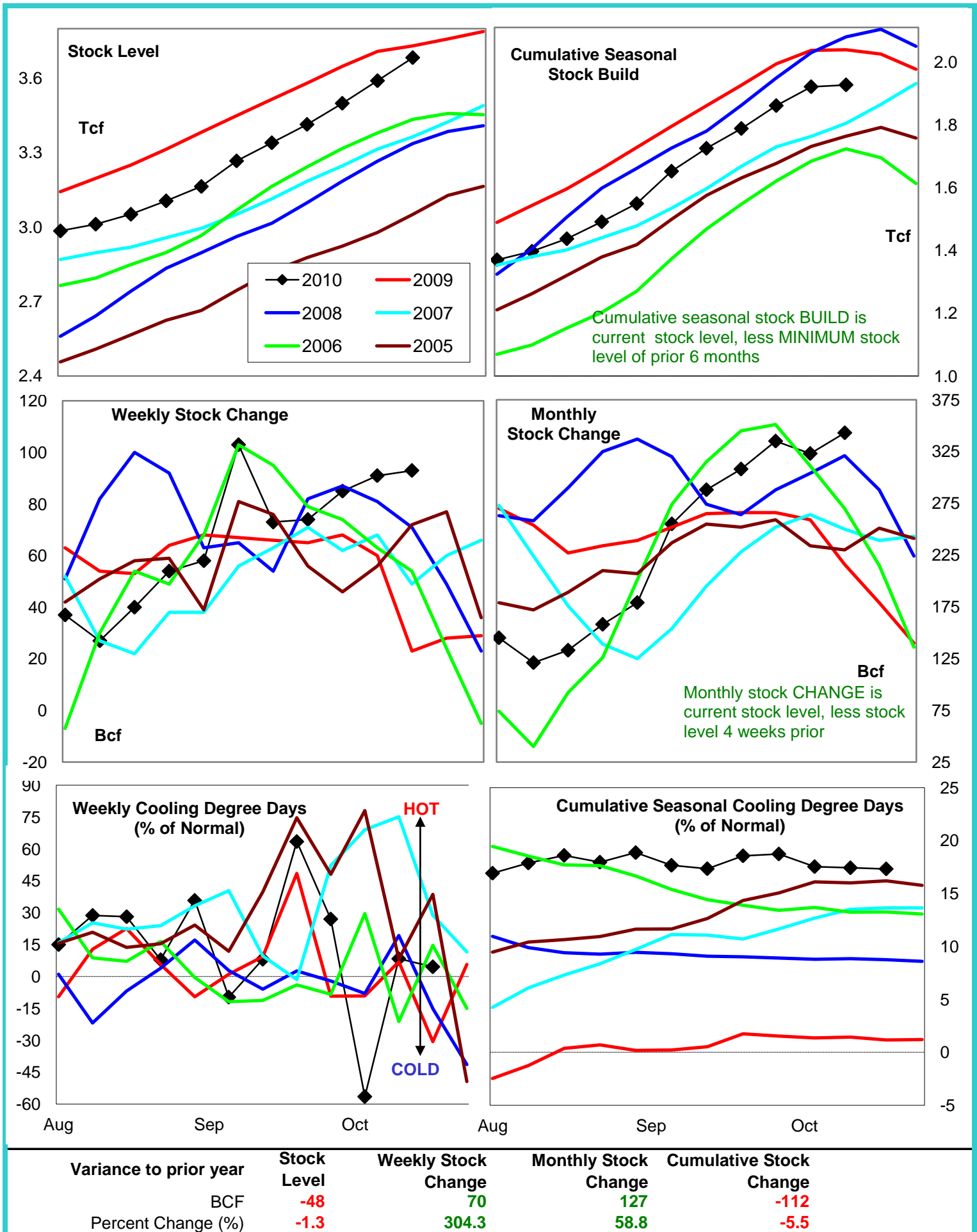
	Cumulative Stock change			Cumulative Cooling Degree Days					
	Bcf	Change vs prior year Bcf	%	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal
U.S. Total	1,927	-112	-5.8	212	18%	213	17%	214	17%
East	1,219	-170	-13.9	262	28%	260	27%	279	27%
West	212	-7	-3.3	-47	-5%	-35	-4%	-39	-4%
Producing	496	64	12.9	262	12%	260	12%	279	13%

Futures Market Price Trends

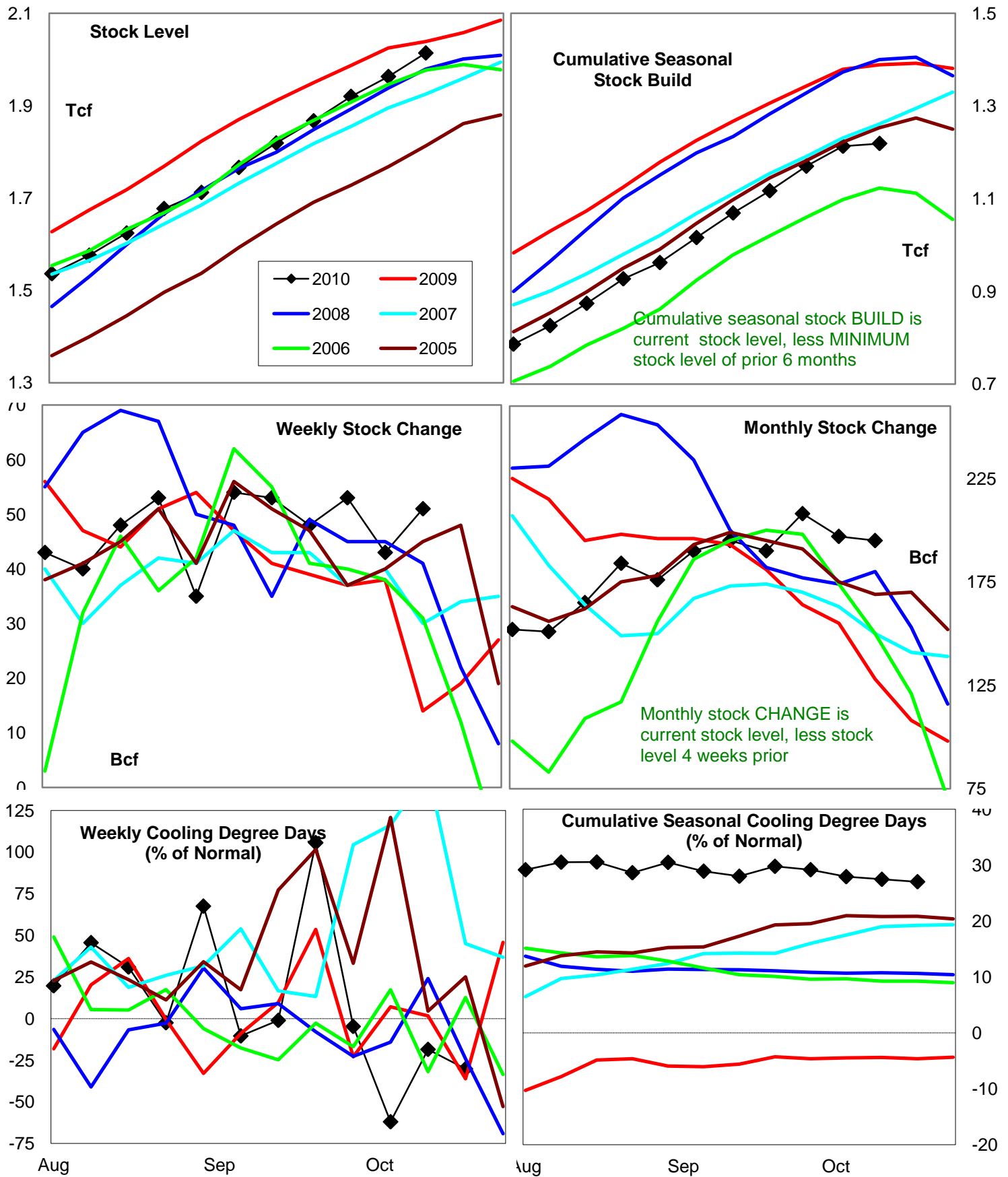
Date:	29-Oct-10	Change vs prior week, month, year		
		25-Oct-10	4-Oct-10	20-Oct-09
1st month Futures	3.42	-0.12	-0.46	-1.31
% change	xxxxx	-3.4	-11.9	-27.7



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
Change

BCF

-25

37

67

-170

Percent Change (%)

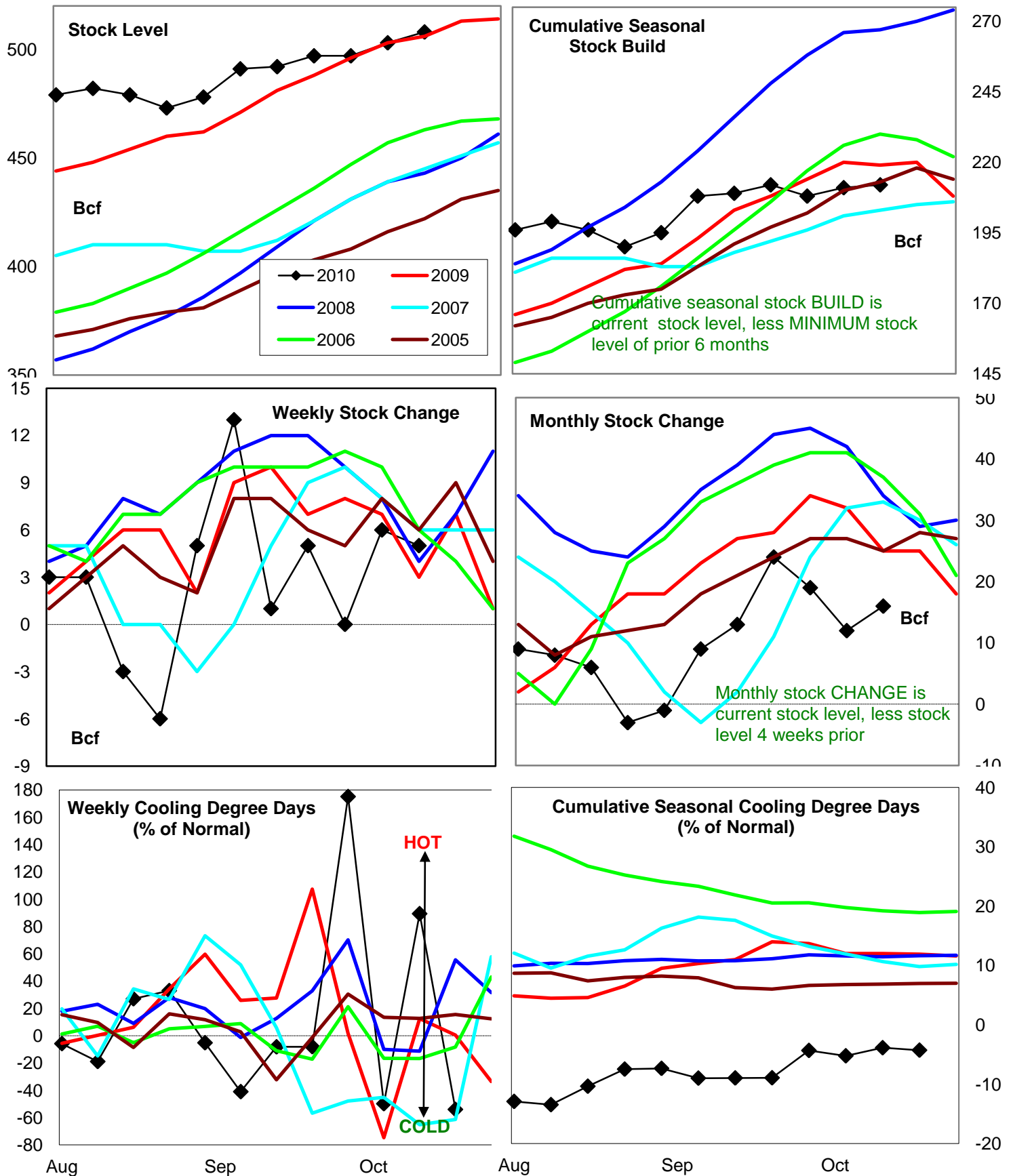
-1.2

264.3

52.3

-12.2

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 (%)

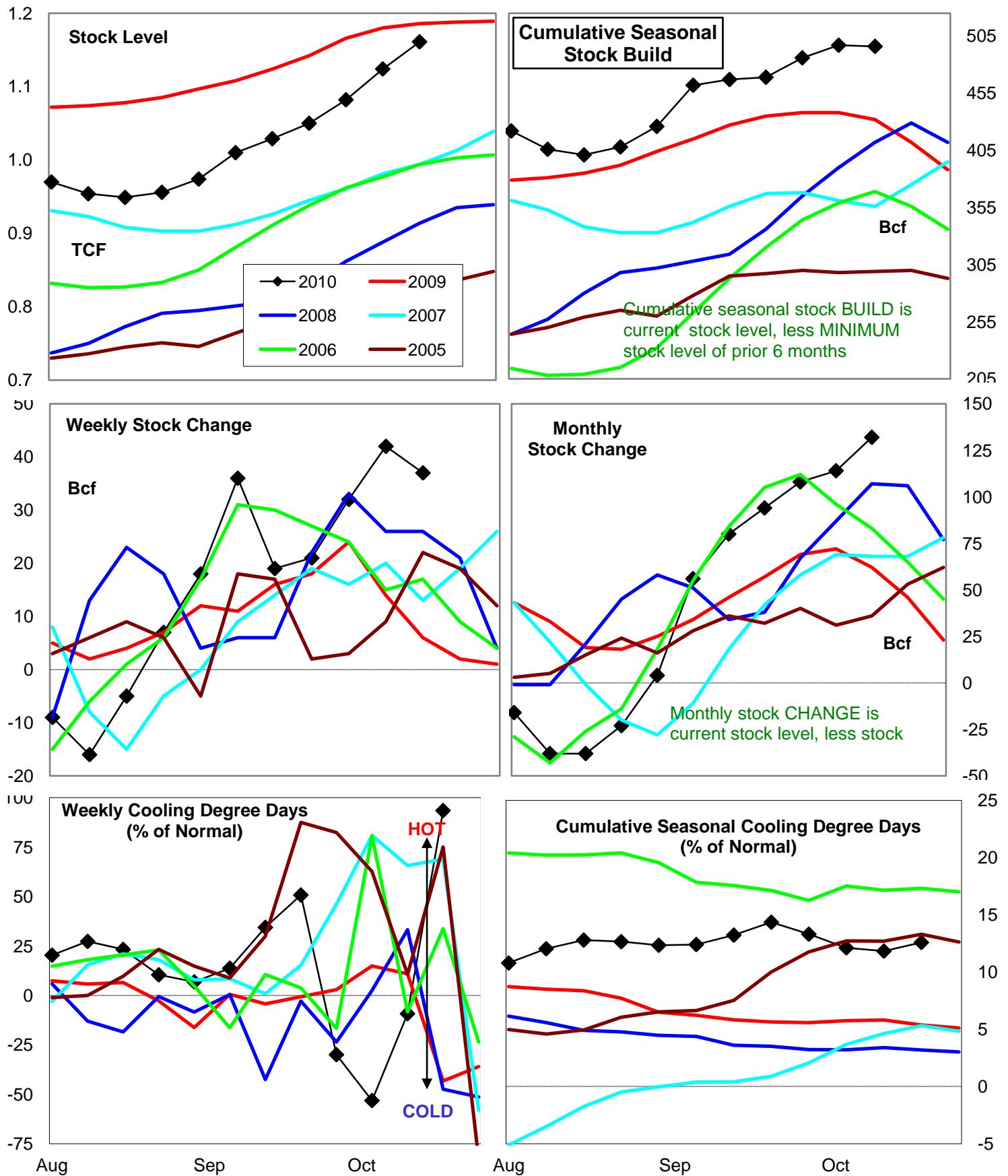
2
0.4

2
66.7

-9
-36.0

-7
-3.2

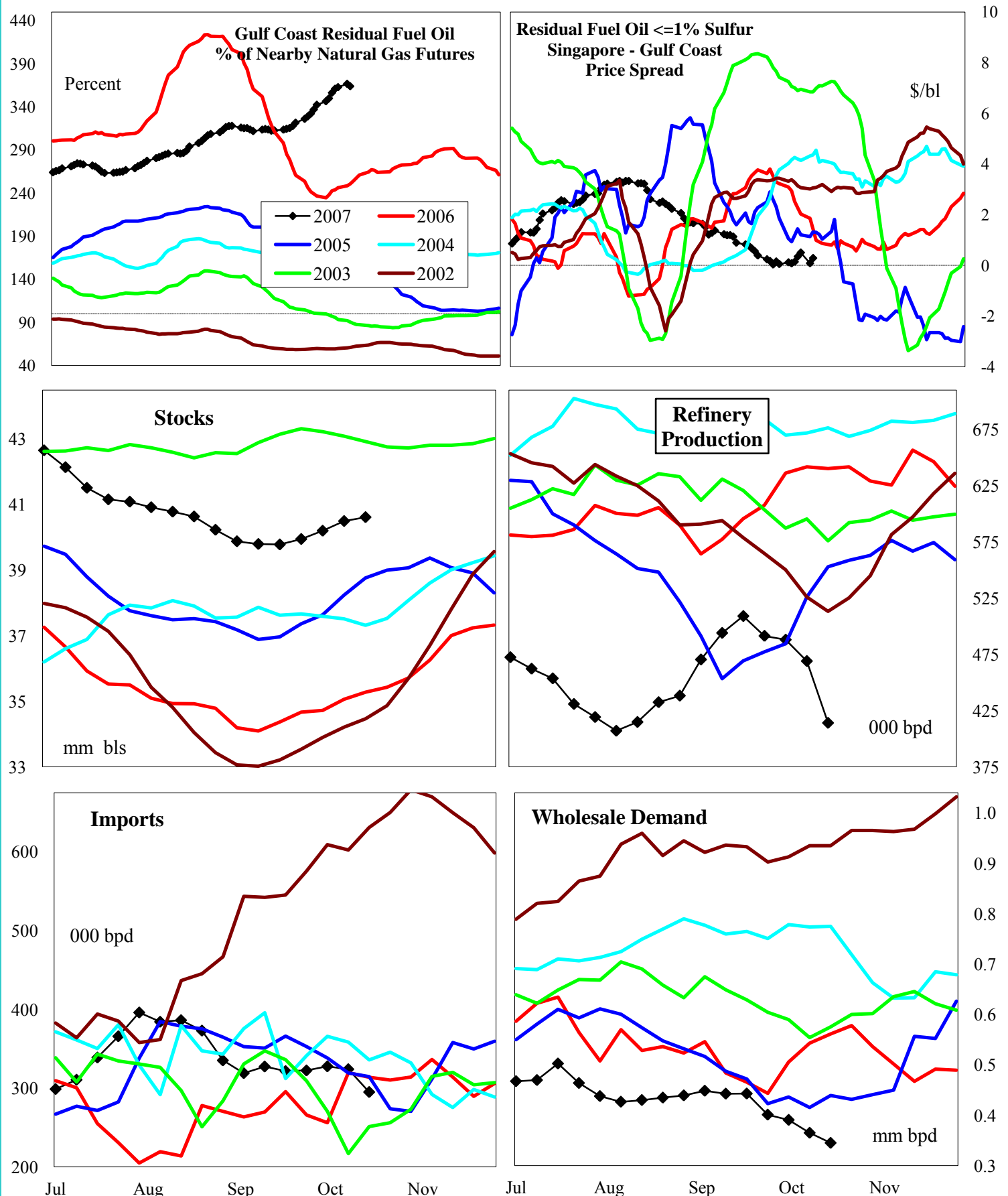
Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)-25
-2.131
516.770
112.964
14.8

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


4 wk avg variance to prior year

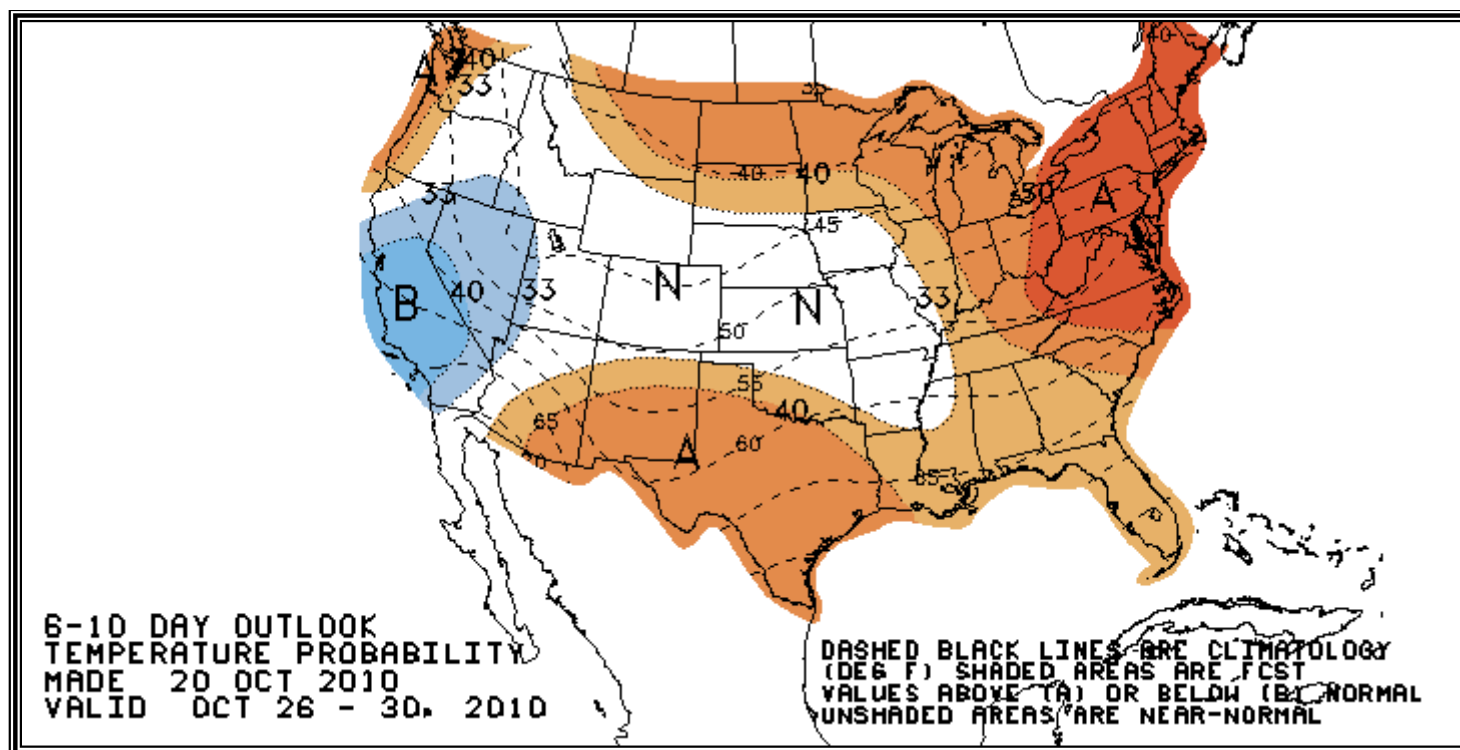
000 bpd (000 bls stks)

% change

Stocks
5,938
17.4
Prod
-186
-28.2
Imports
45
16.1
Demd=>
4wk avg
-133
-26.1
Sep
76
22.4
Aug
-22
-4.7
Jul
255
79.9

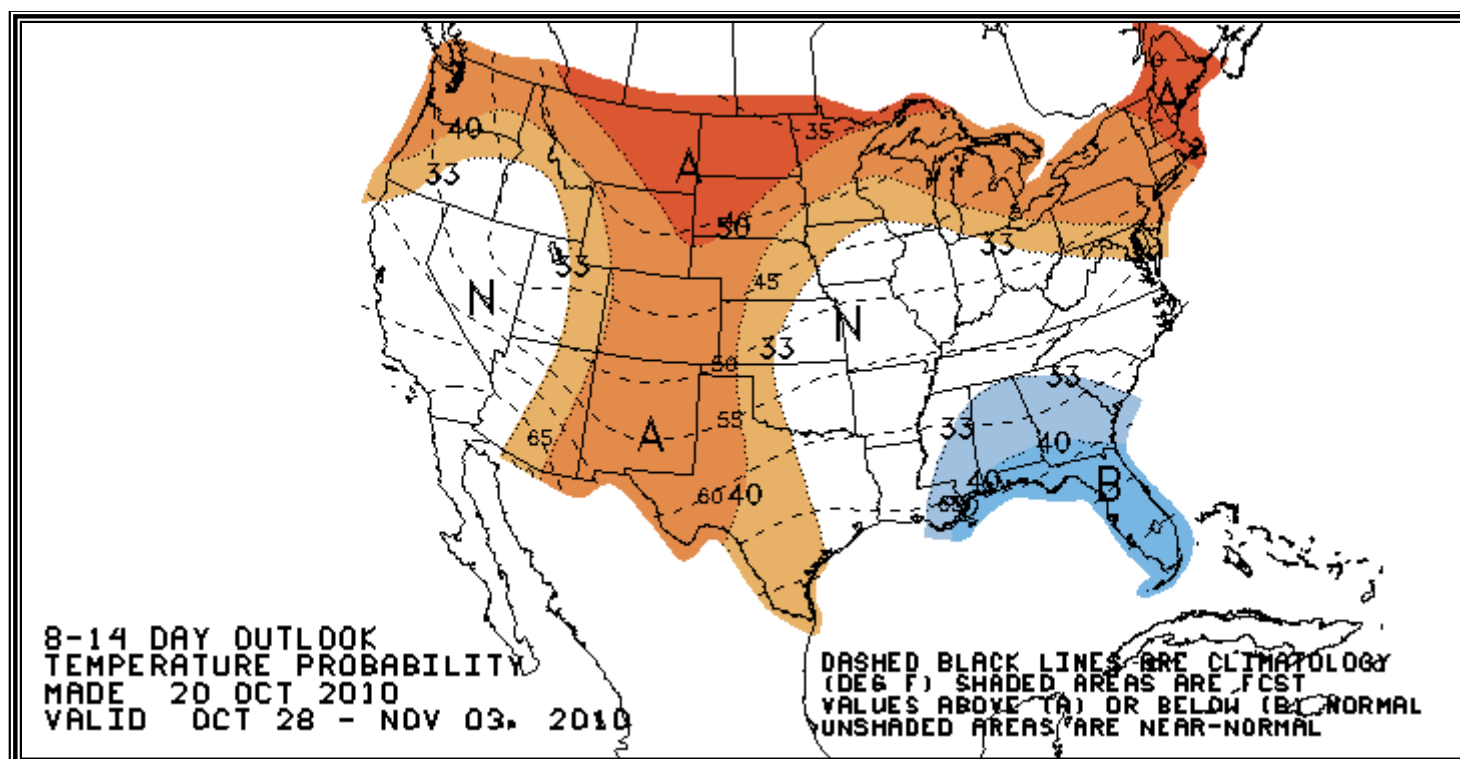
National Weather Service Climate Prediction Center

Degree Days 6 - 10 Day Temperature Forecast



National Weather Service Climate Prediction Center

Degree Days 8 - 14 Day Temperature Forecast



American Gas Association Regions

