



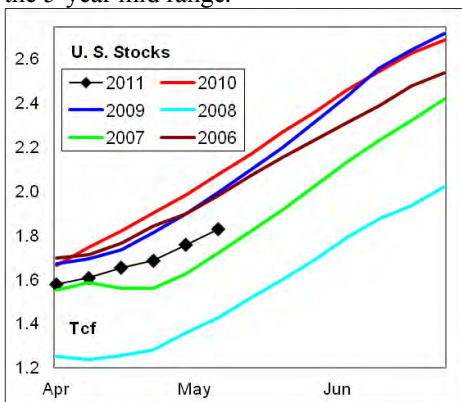
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

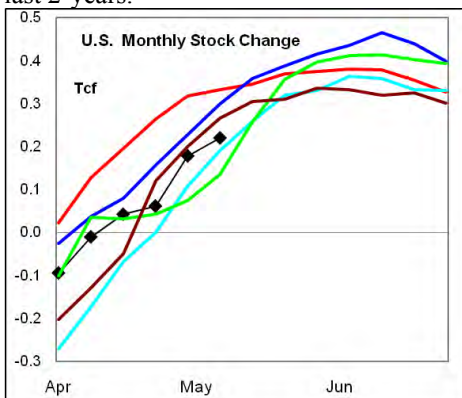
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, May 12, 2011



Summary¹ The stock build of +70 Bcf matched the 5-year low for the period. Stock levels ended the week well below the 5-year mid range.



The latest 4-wk stock build was below the historic mid range, and below each of the last 2-years.



In the East Region stocks increased +41 Bcf for the period, a level at the low end of the historic range. Stocks increased +7 Bcf in the West Region, a record low build for the period. The stock build of +22 Bcf in the Producing Region matched the 5-year mid range.

Heating degree days were +17% above normal in the East Region, +2% above normal in the West Region and +118% above normal in the Producing Region for the week ending 06May11.

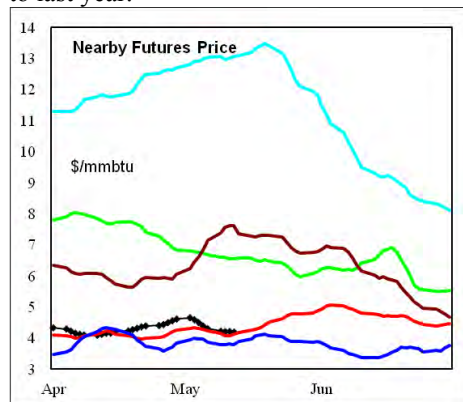
Heating degree days were +21% above normal for the week ended 07May11, and forecast to be -42% below normal for the

week ending 14May11.

The 6-10 day NWS forecast for the week ending 21May11 is for colder than normal temperatures across the entire country except the southern plains.

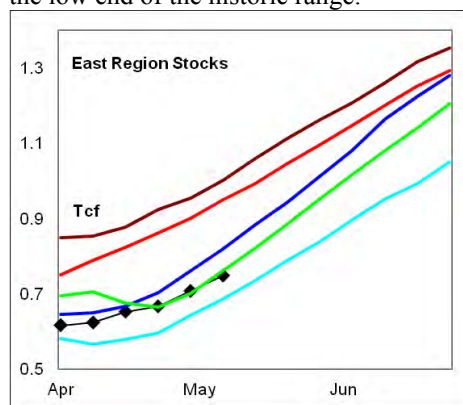
The 8-14 day NWS forecast for the week ending 25May11 is for colder than normal temperatures in western 1/3rd of the country and warmer than normal in the eastern and southern 1/3rd.

Prices: Nearby gas futures prices decreased -7 cpg for the week ending 12May11. Prices levels ended the week comparable to last year.



The 1st - 4th month forward price curve traded sideways last week ending 12May11. The spread ended the week at a record low carry.

East Region stocks increased +41 Bcf last week, a level at the low end of the historic range. The latest 4-wk build was below the 5-year mid range. Stock levels were at the low end of the historic range.

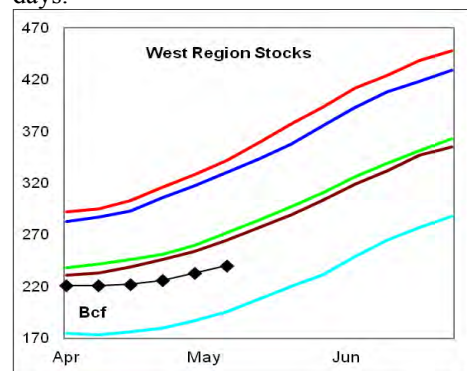


Heating degree days in the region were +17% above normal last week and forecast to be -44% below normal for week ending 14May11. Above normal heating degree days are forecast for the next week.

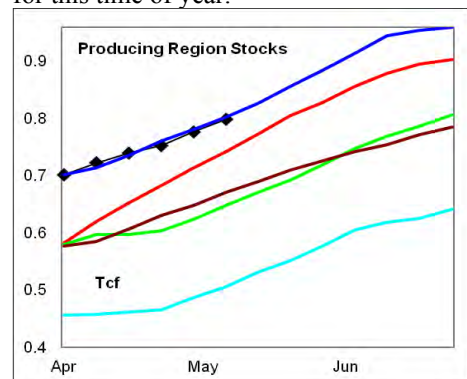
West Region stocks increased +7 Bcf on the week, a record low build for the period. Stock levels ended the week at the low end of the historic range. The latest 4-wk stock

build matched 5-year lows for the period.

Heating degree days were +2% above normal last week and forecast to be -23% below normal for the week ending 14May11. Much above normal heating degree days are forecast for the next 10-days.



Producing Region stocks saw a build of +22 Bcf on the week, which matched the 5-year mid range. The monthly stock build was below the historic mid range last week. Stock levels match the 5-year high for this time of year.



Heating degree days were +118% above normal last week, and forecast to be -74% below normal for the week ending 14May11. Near 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 global sell off of commodities, driven by weak economic growth in developed countries, caused natural gas prices to fall to levels comparable to last year.

The latest weekly stock build was below the historic mid range last week. Expect a robust stock build during the shoulder season on excess production capacity, that should pressure cause prices to trade within the range of the last 2-years for this time of year.

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: May 12, 2011

For the week ending: 6-May-11

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

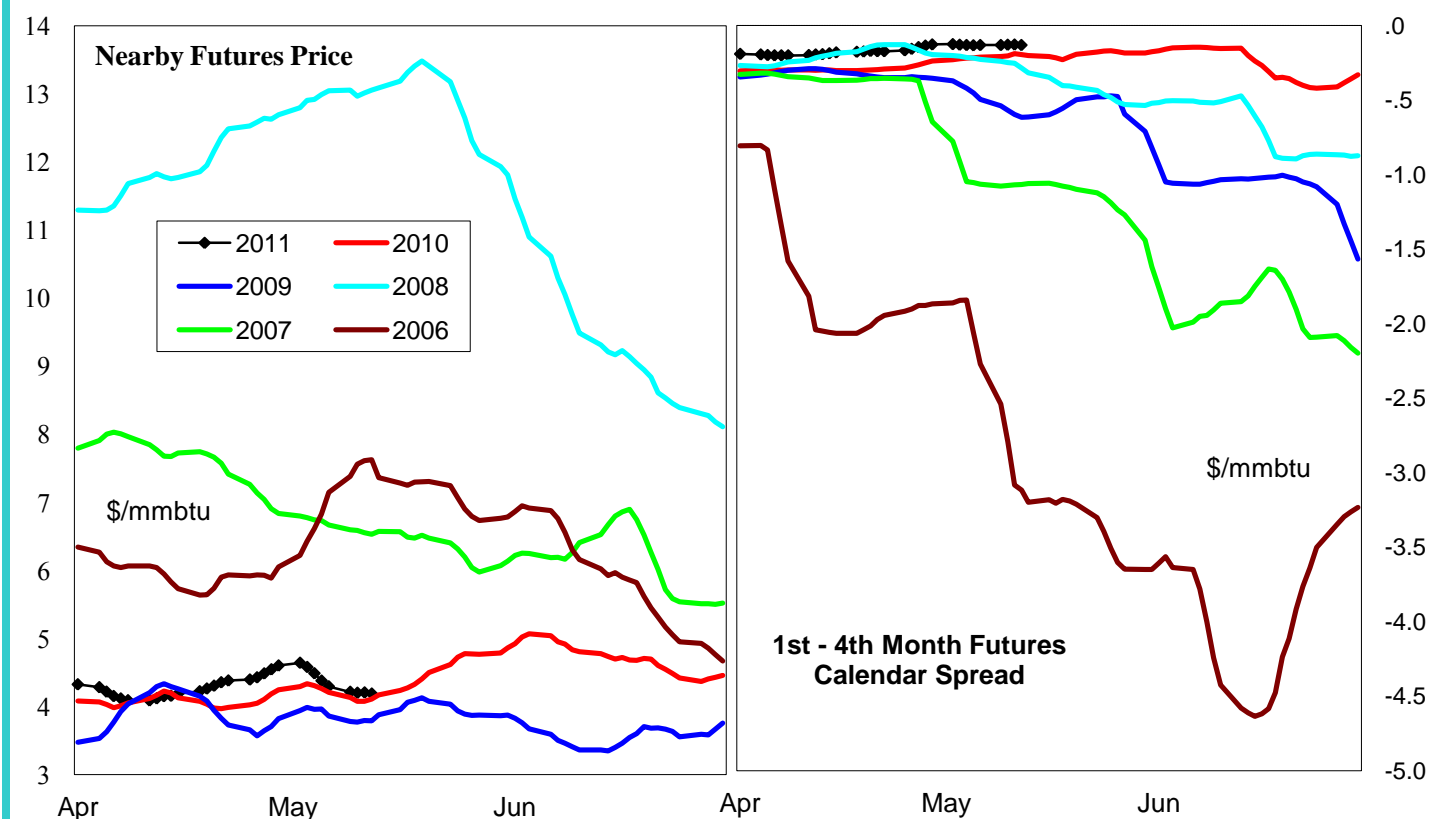
Week ending:	6-May-11			30-Apr-11		7-May-11		14-May-11	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	1,827	70	-12.0	-36	-21%	14	21%	-42	-42%
East	748	41	-21.3	-54	-31%	23	17%	-48	-44%
West	240	7	-29.8	-4	24%	-28	2%	-26	-23%
Producing	839	22	7.2	4	12%	11	118%	-33	-74%

Seasonal Trends in Stocks and Heating Degree Days

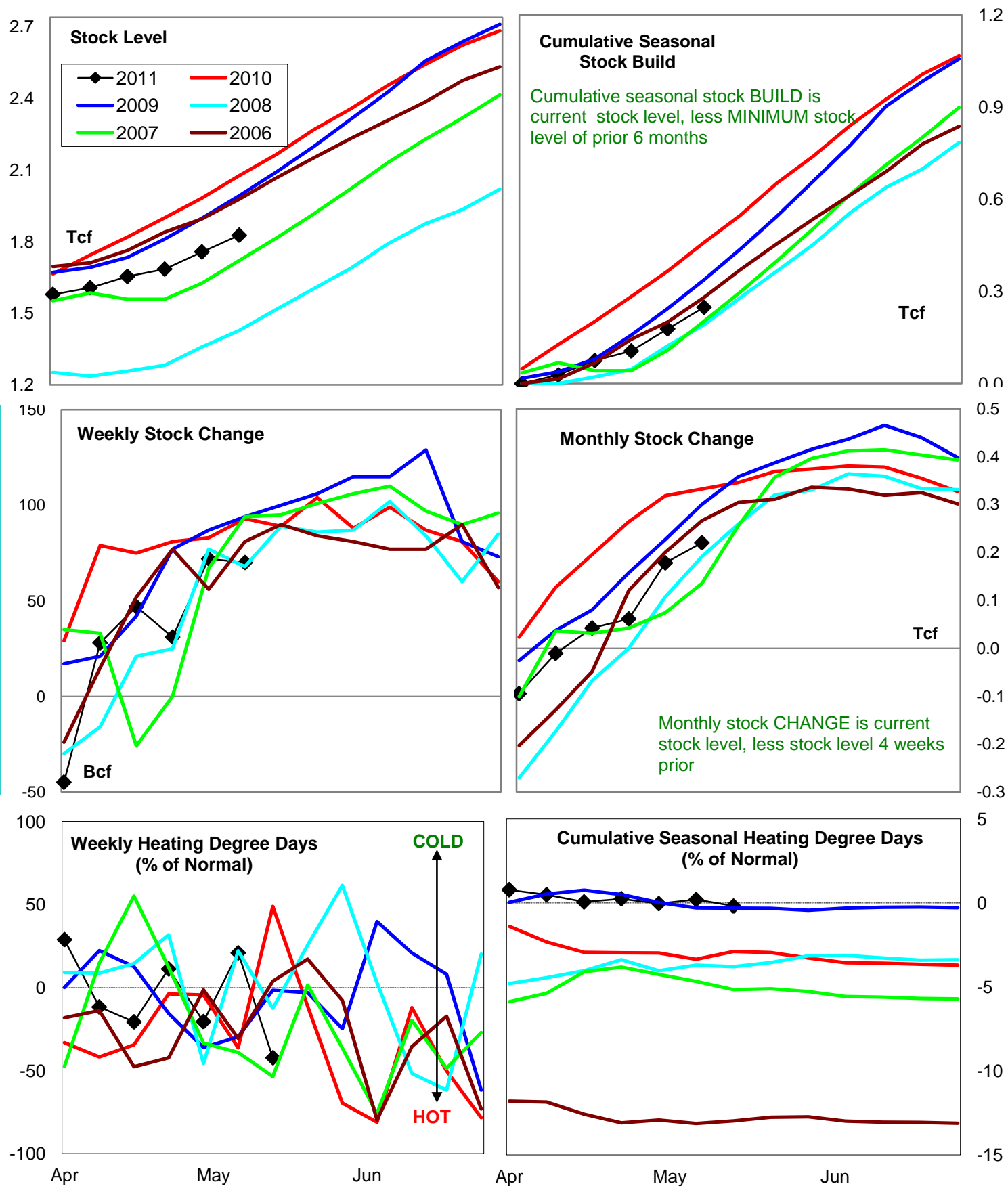
	Cumulative Stock Draw			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	248	-211	-85.1	54	0.0	69	0.2	26	-0.2
East	132	-68	-51.5	55	0.7	77	0.8	30	0.4
West	24	-34	-141.7	102	-1.2	74	-1.2	48	-1.4
Producing	152	-78	-51.3	25	-3.4	37	-2.7	3	-3.0

Futures Market Price Trends

Date:	12-May-11	Change vs prior week, month, year		
		6-May-11	14-Apr-11	12-May-10
1st month Futures	4.19	-0.05	-0.01	0.03
% change	xxxxx	-1.2	-0.2	0.7



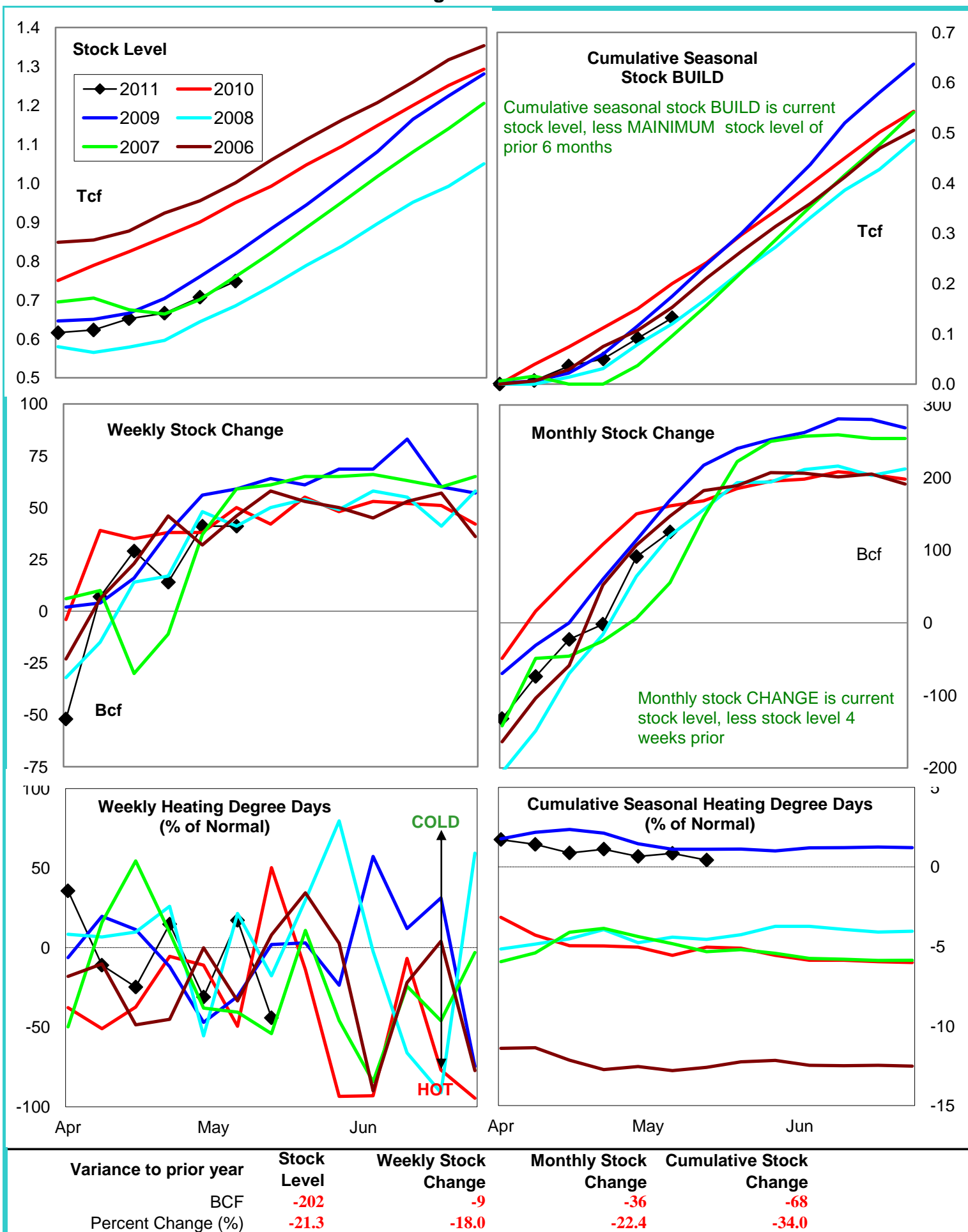
United States Natural Gas Stock and Weather Trends



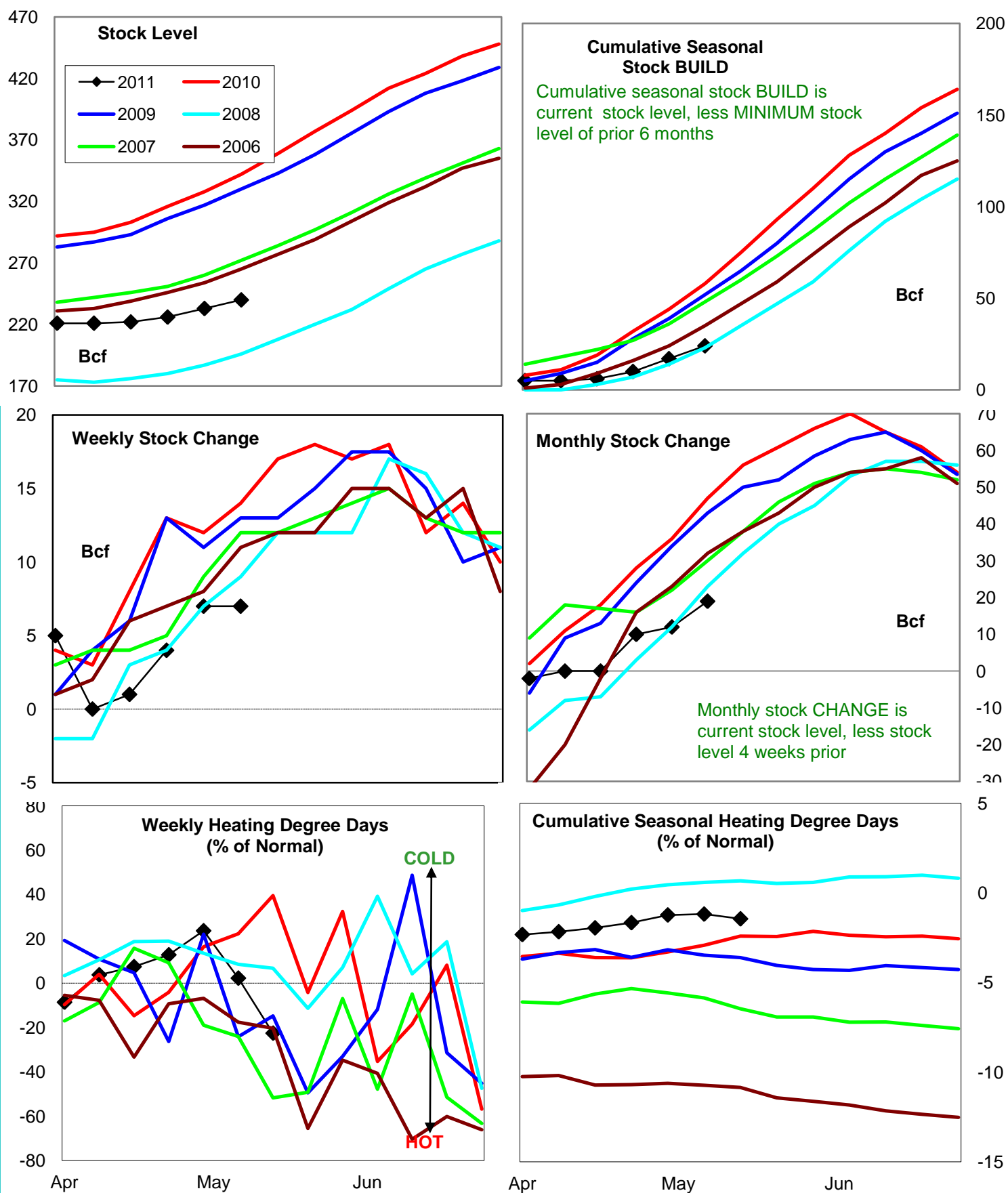
Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)-249
-12.0-23
-24.7-112
-33.7-211
-46.0

Natural Gas East Region Stock and Weather Trends



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 (%)

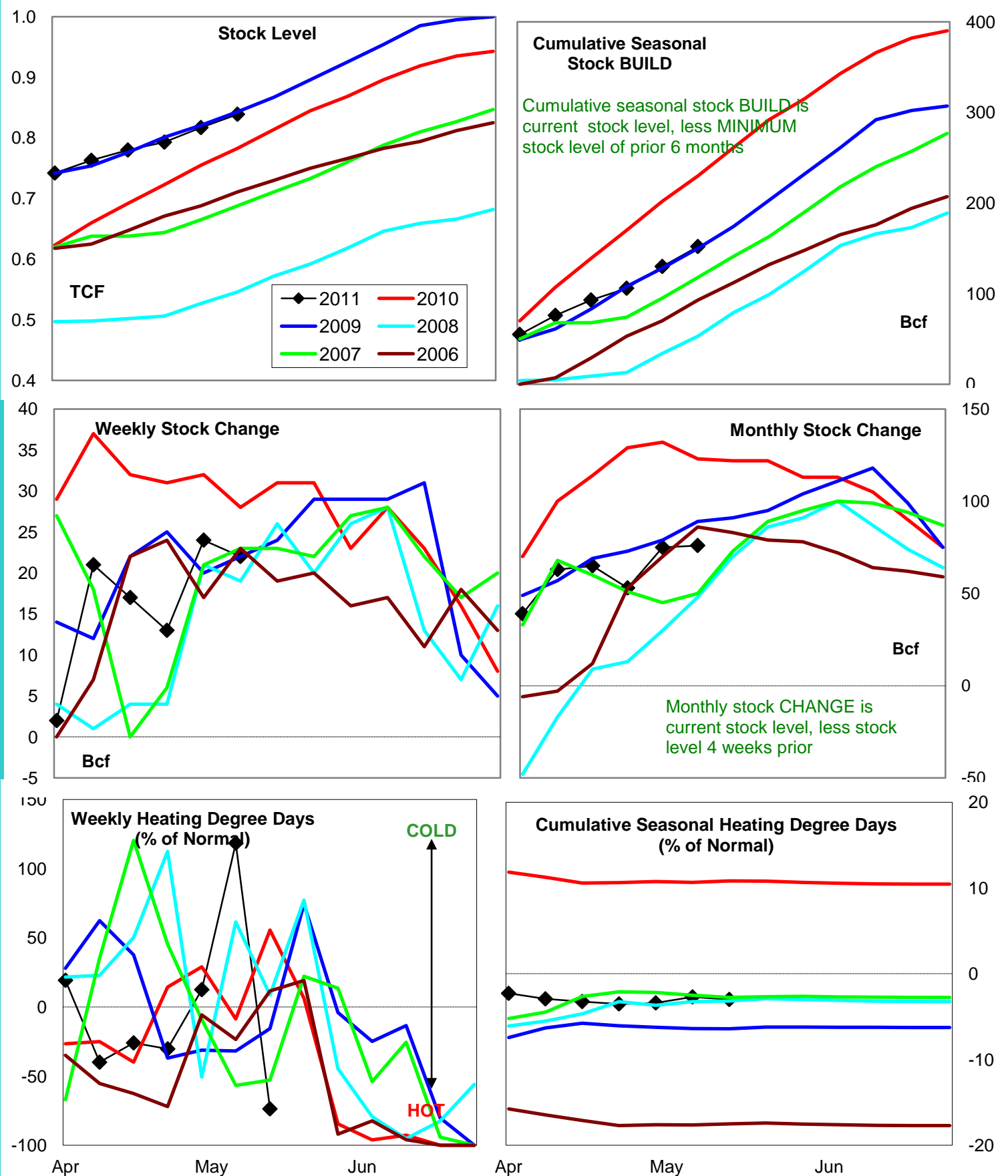
-102
-29.8

-7
-50.0

-28
-59.6

-34
-58.6

Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

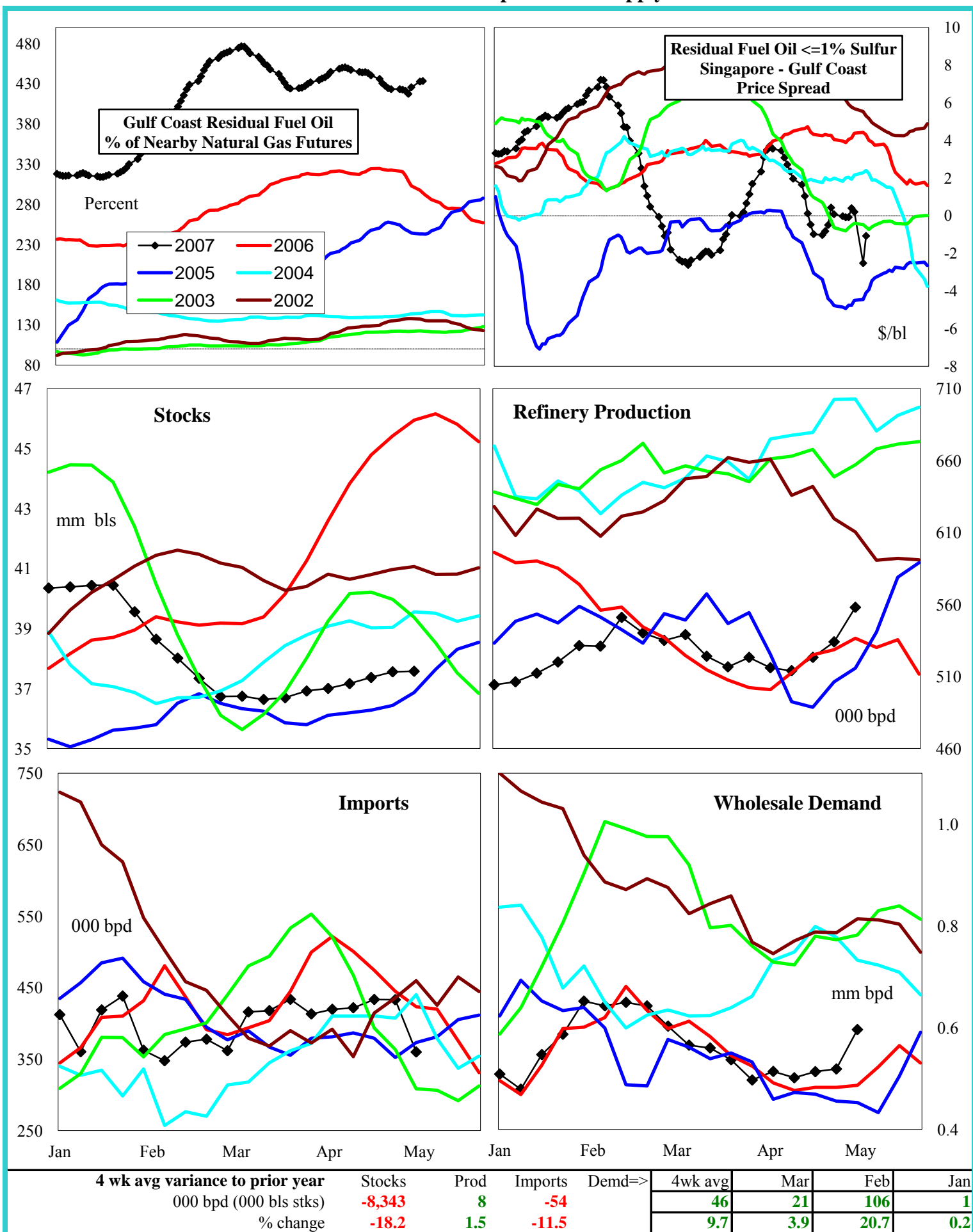
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

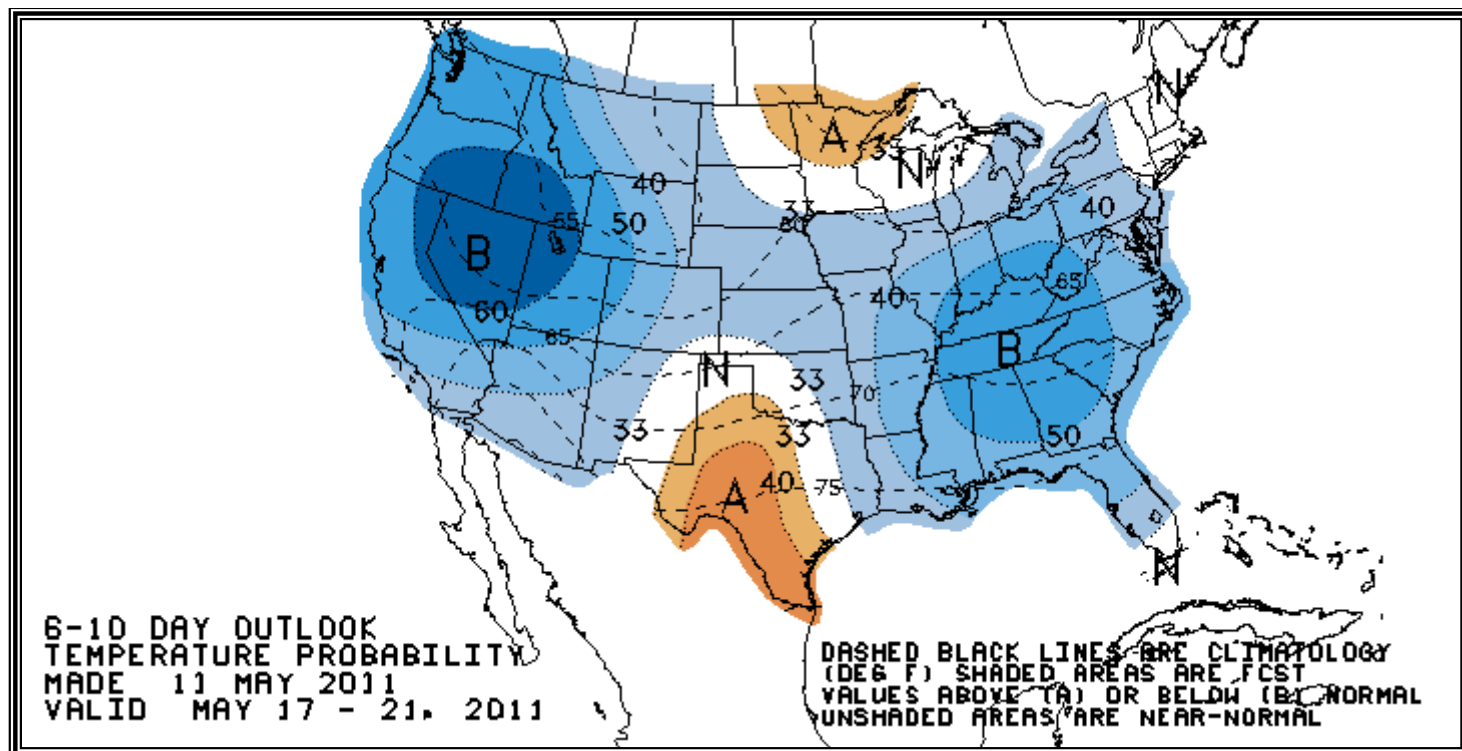
BCF
Percent Change (%)56
7.2-6
-21.4-47
-38.2-78
-33.9

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



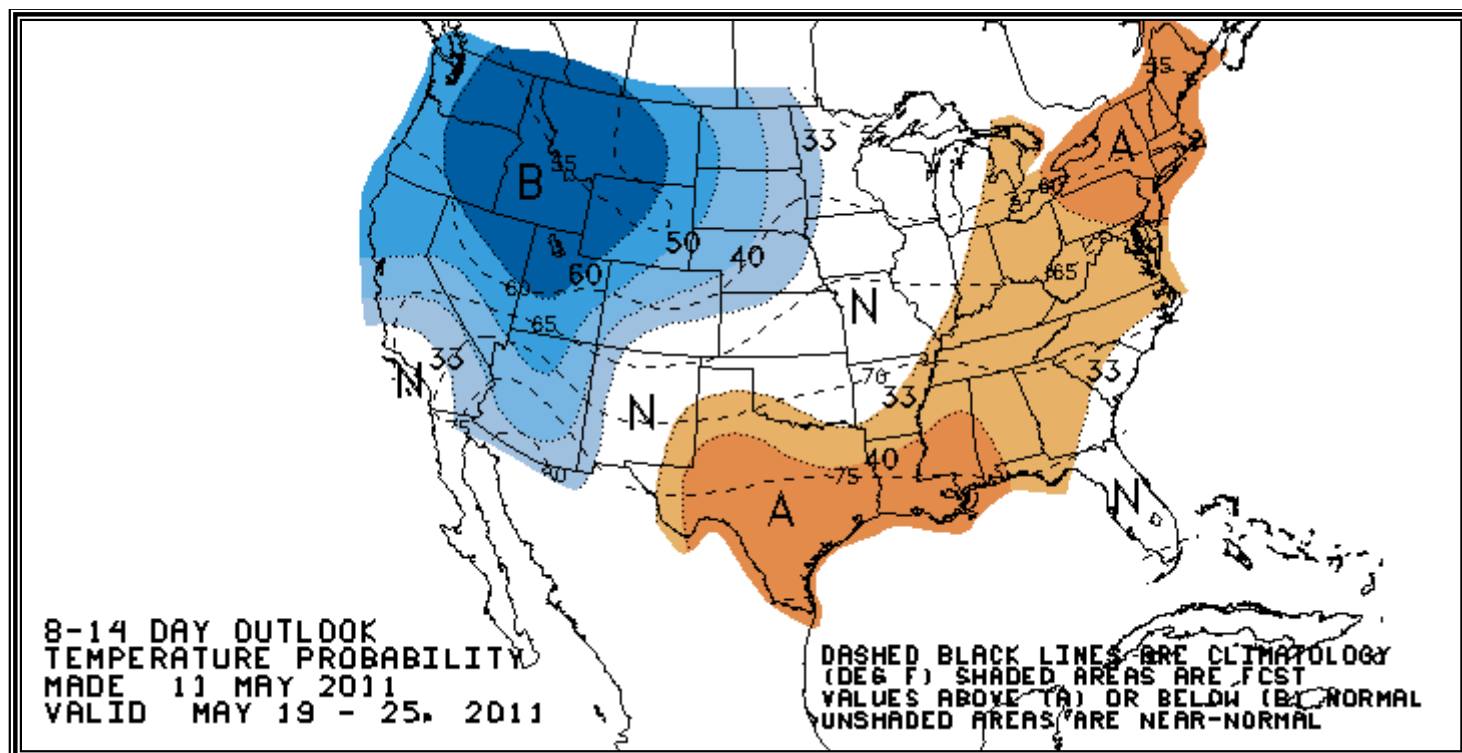
National Weather Service Climate Prediction Center

Degree Days 6 - 10 Day Temperature Forecast



National Weather Service Climate Prediction Center

Degree Days 8 - 14 Day Temperature Forecast



American Gas Association Regions

