



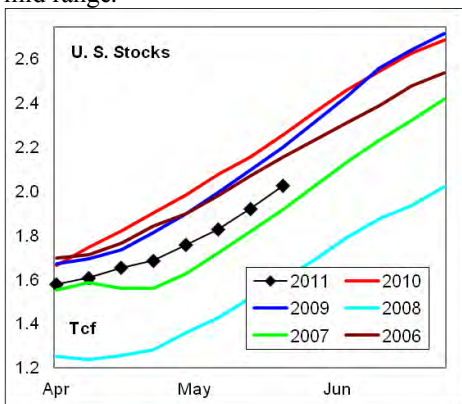
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

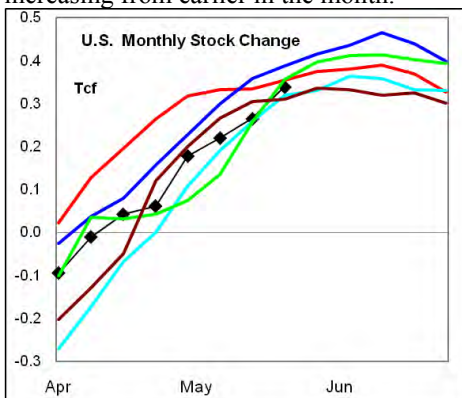
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, May 26, 2011



Summary¹ The stock build of +105 Bcf matched 5-year highs for the week. Stock levels ended the week below the 5-year mid range.



The latest 4-wk stock build was near the historic mid range, with the build rate increasing from earlier in the month.



In the East Region stocks increased +56 Bcf for the period, a level at the historic mid range. Stocks increased +11 Bcf in the West Region, the 7th consecutive week of very low builds. The stock build of +38 Bcf in the Producing Region was a record high for the season, on very cool weather.

Heating degree days were +23% above normal in the East Region, +56% above normal in the West Region and +174% above normal in the Producing Region for the week ending 21May11.

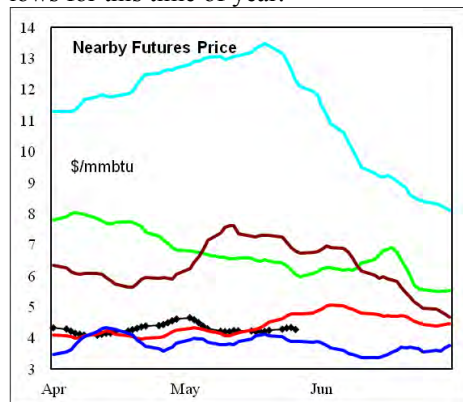
Heating degree days were +35% above normal for the week ended 21May11, and forecast to be -43% below normal for the

week ending 28May11.

The 6-10 day NWS forecast for the week ending 04Jun11 is for much warmer than normal temperatures across the eastern 2/3rds of the country and cooler than normal on the west coast.

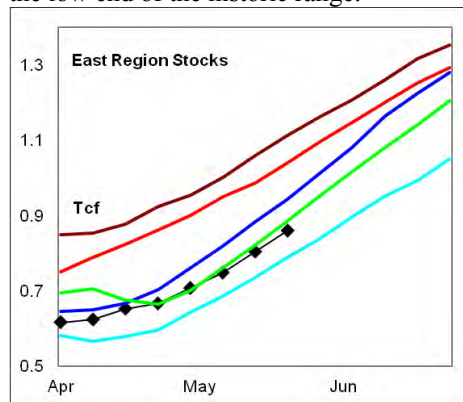
The 8-14 day NWS forecast for the week ending 09June11 is for much warmer than normal temperatures across all of the country, except the northwest.

Prices: Nearby gas futures prices increased +18 cpg for the week ending 26May11. Prices levels ended the week near historic lows for this time of year.



The 1st - 4th month forward price curve trended higher last week ending 26May11. The spread ended the week at a record low carry.

East Region stocks increased +56 Bcf last week, a level at the historic mid range. The latest 4-wk build was at the low end of the 5-year range. Stock levels were also at the low end of the historic range.

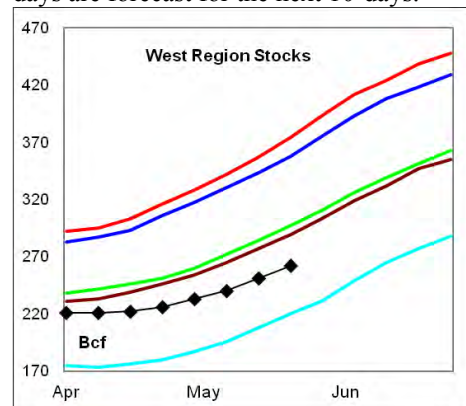


Heating degree days in the region were +23% above normal last week and forecast to be -48% below normal for week ending 28May11. Much above normal heating degree days are forecast for the next 10-days.

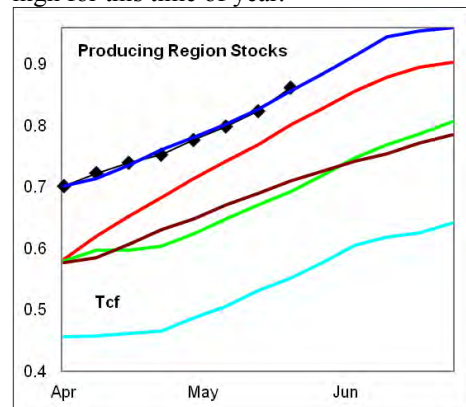
West Region stocks increased +11 Bcf on the week, a record low build for the period. Stock levels ended the week at the low end

of the historic range. The latest 4-wk stock build matched 5-year lows for the period.

Heating degree days were +56% above normal last week and forecast to be -20% below normal for the week ending 28May11. Below normal heating degree days are forecast for the next 10-days.



Producing Region stocks saw a build of +38 Bcf on the week, a record seasonal build for the quarter. The monthly stock build was near the 5-year high for this time of year. Stock levels match the 5-year high for this time of year.



Heating degree days were +174% above normal last week, and forecast to be -50% below normal for the week ending 28May11. Well above 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: Last week saw a major cool front across the entire country that reduced electricity demand and led to record stock builds in the Producing region. However, temperatures are forecast to increase sharply during the next 10-days to much above normal across most of the entire country. This should drive electricity demand higher and provide near term support to gas prices.

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 26, 2011

For the week ending: 20-May-11

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

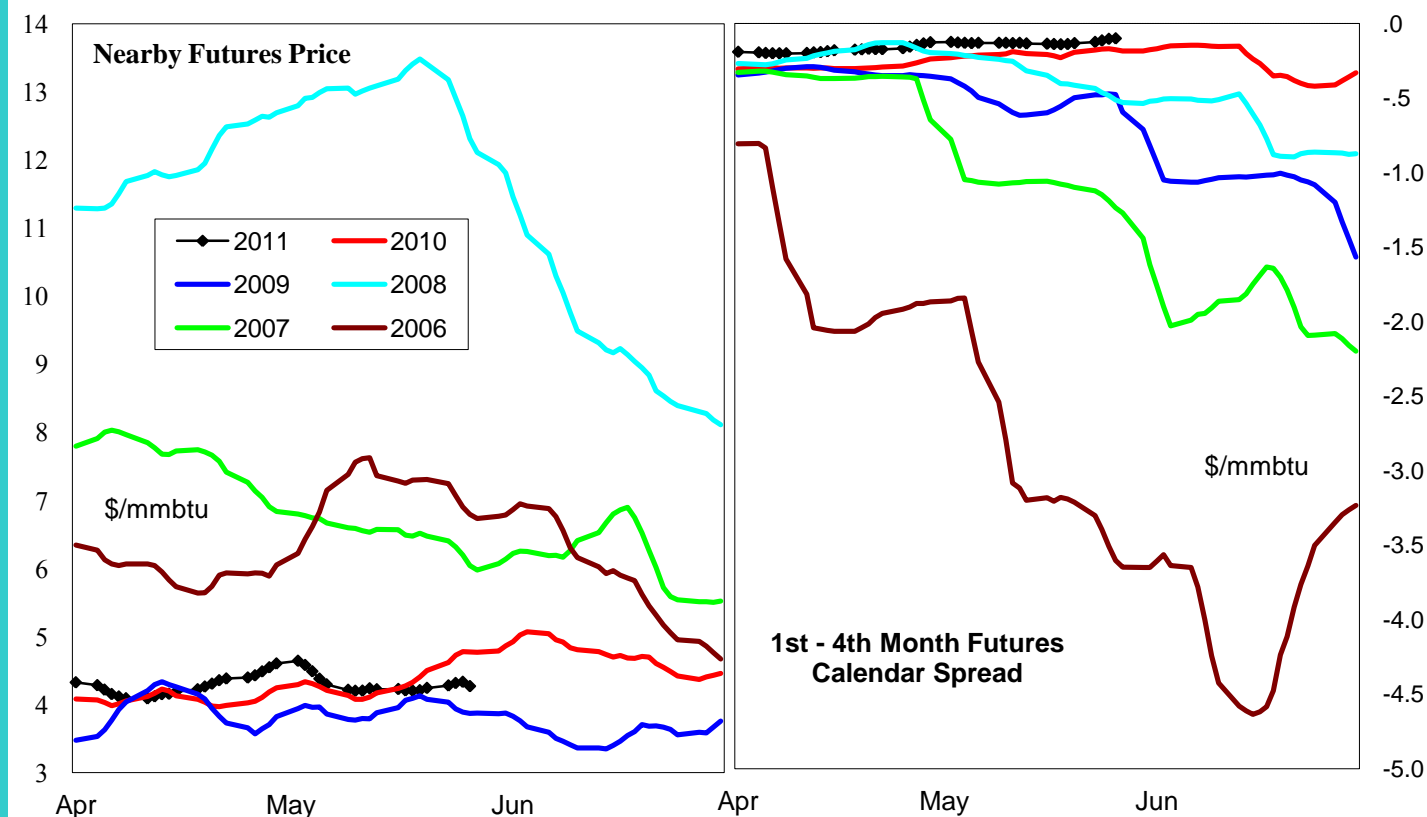
Week ending:	20-May-11			14-May-11		21-May-11		28-May-11	
Region	Weekly Stocks			Weekly Heating Degree Days					
		Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
	Bcf	Week Bcf	Year (%)						
U.S. Total	2,024	105	-10.2	-38	-33%	17	35%	-33	-43%
East	860	56	-17.2	-47	-43%	20	23%	-34	-48%
West	262	11	-29.9	-5	12%	11	56%	-46	-20%
Producing	902	38	7.3	-27	-18%	12	174%	-19	-50%

Seasonal Trends in Stocks and Heating Degree Days

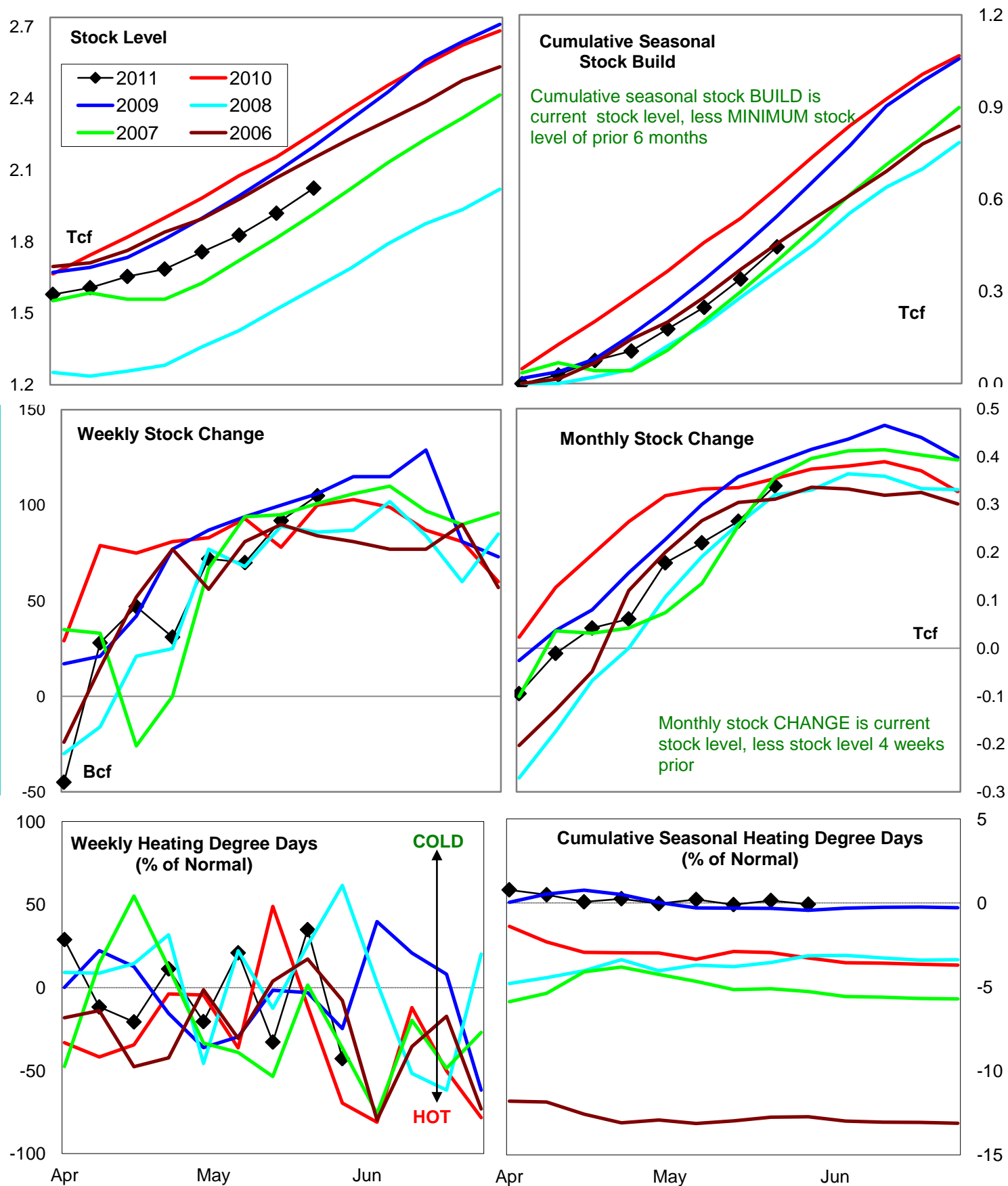
	Cumulative Stock Draw			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	445	-192	-43.1	31	-0.1	48	0.1	15	-0.1
East	244	-45	-18.4	30	0.4	50	0.6	16	0.3
West	46	-44	-95.7	69	-1.0	80	-0.4	34	-0.6
Producing	215	-73	-34.0	10	-2.8	22	-2.3	3	-2.4

Futures Market Price Trends

Date:	26-May-11	Change vs prior week, month, year		
		20-May-11	29-Apr-11	26-May-10
1st month Futures	4.27	0.04	-0.43	-0.41
% change	xxxxx	0.9	-9.1	-8.8



United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock Level

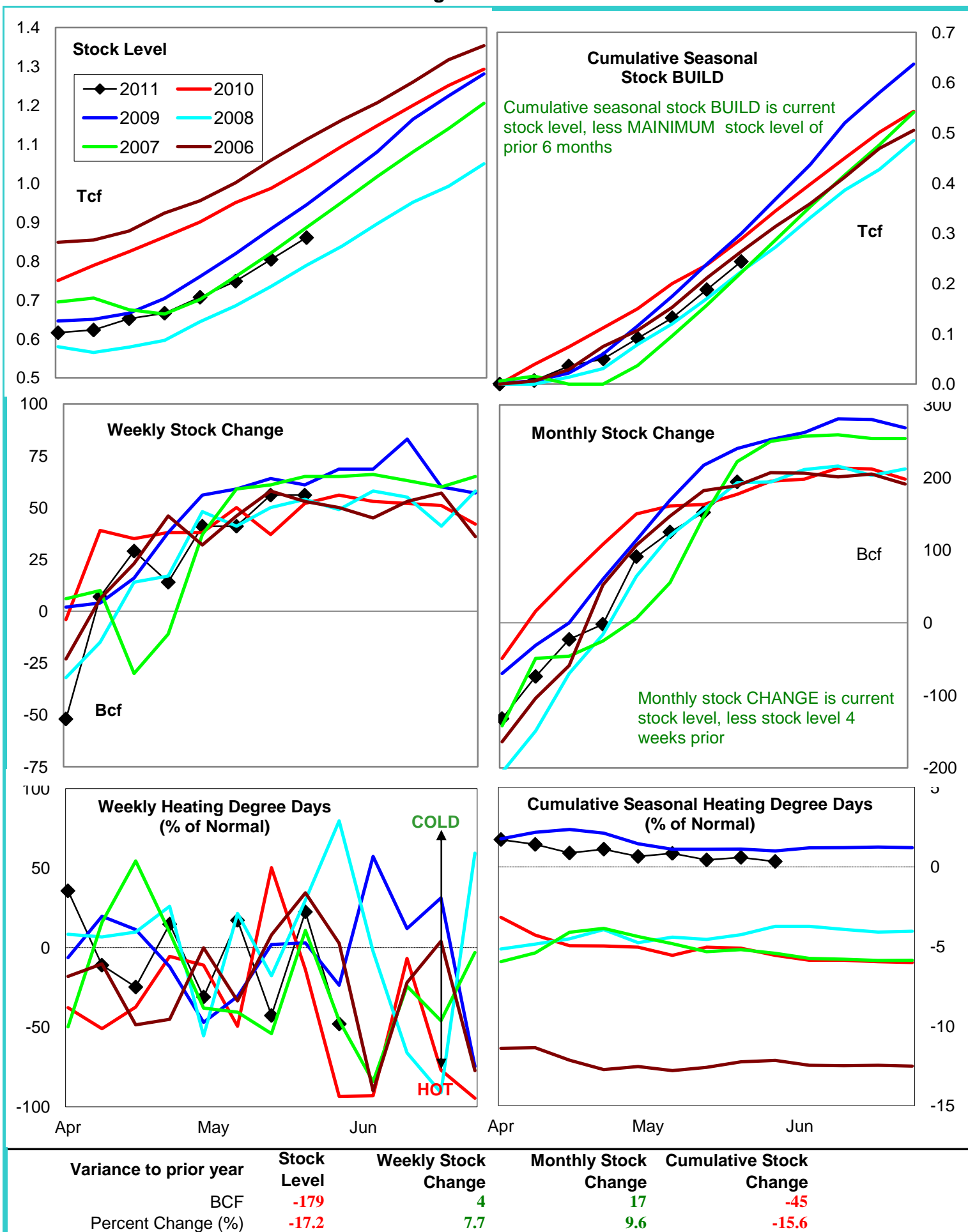
Weekly Stock Change

Monthly Stock Change

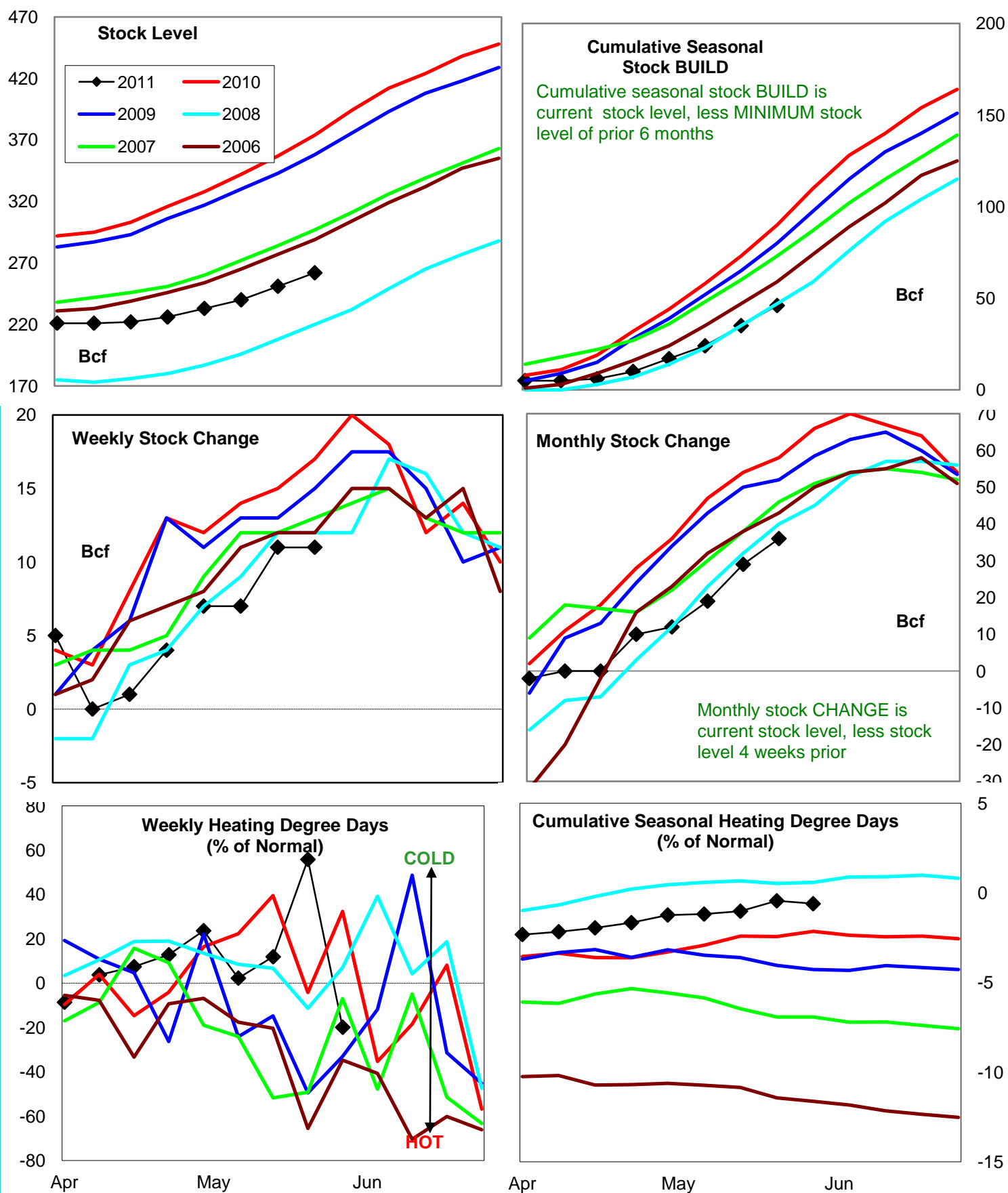
Cumulative Stock Change

BCF
Percent Change (%)-230
-10.25
5.0-15
-4.2-192
-30.1

Natural Gas East Region Stock and Weather Trends



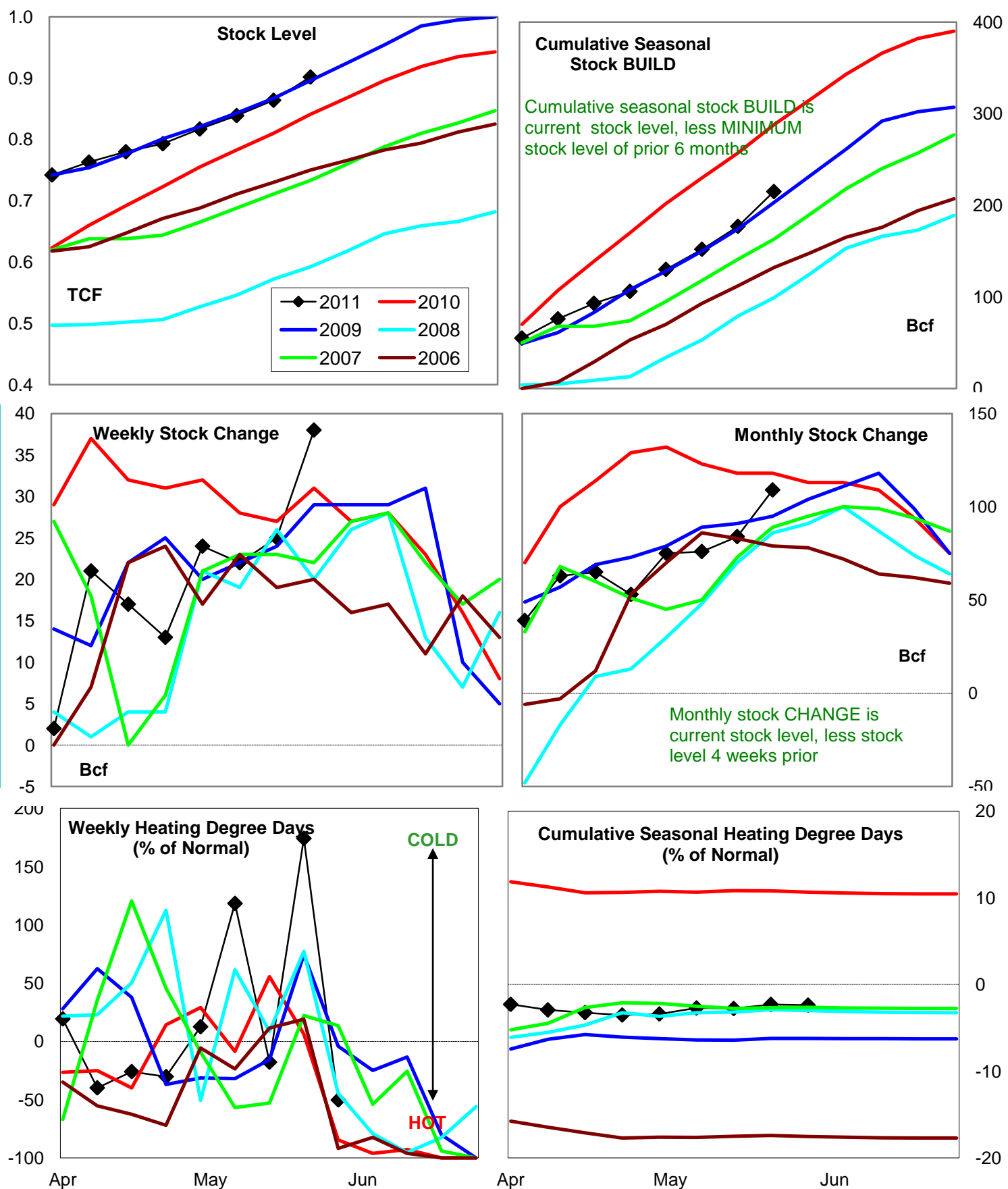
Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)-112
-29.9-6
-35.3-22
-37.9-44
-48.9

Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)

61

7

-9

-73

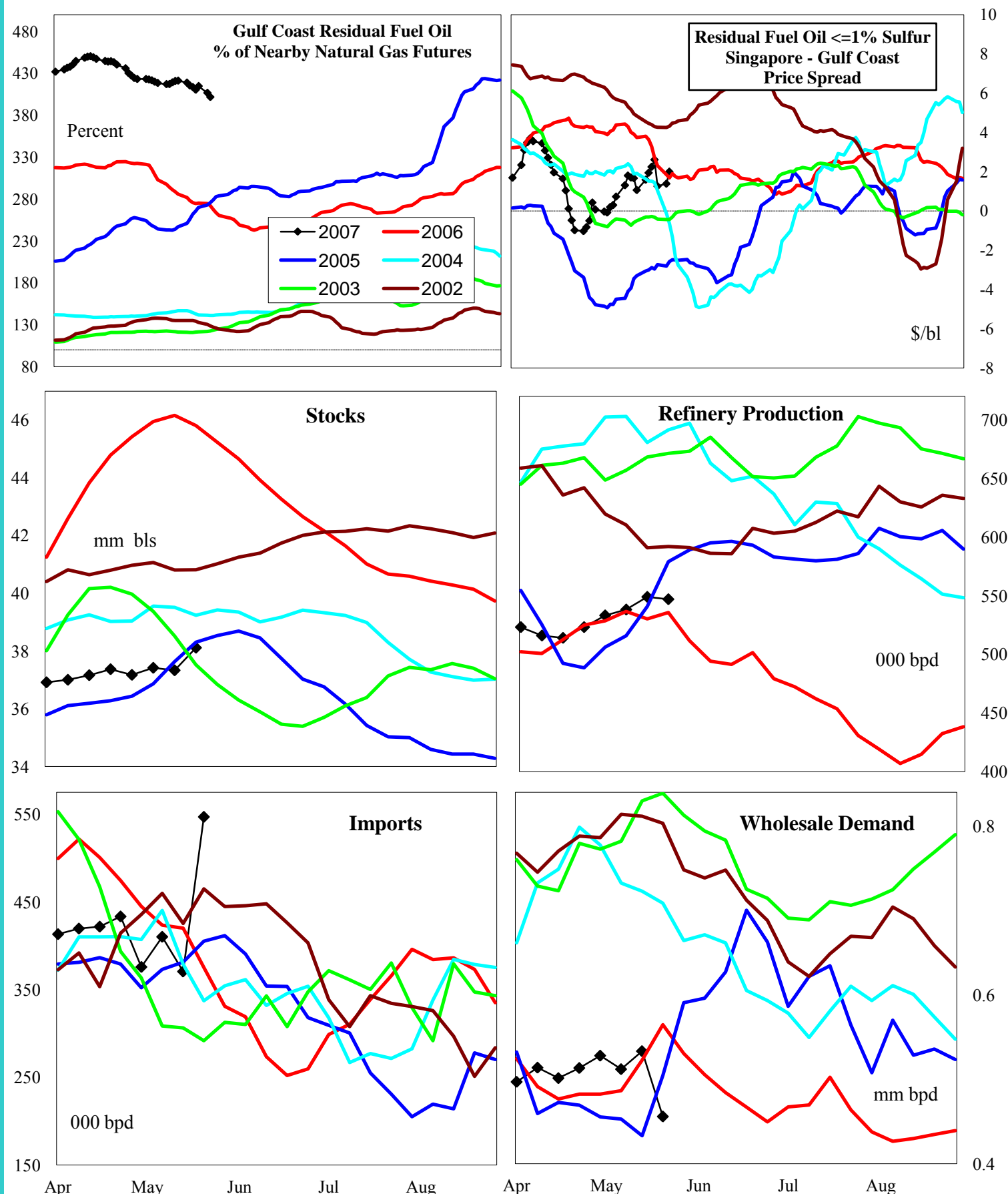
7.3

22.6

-7.6

-25.3

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



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-8,899

-18.9

Prod

8

1.5

Imports

-24

-5.7

Demd=>

4wk avg

15

3.1

Apr

-85

-14.7

Mar

21

3.9

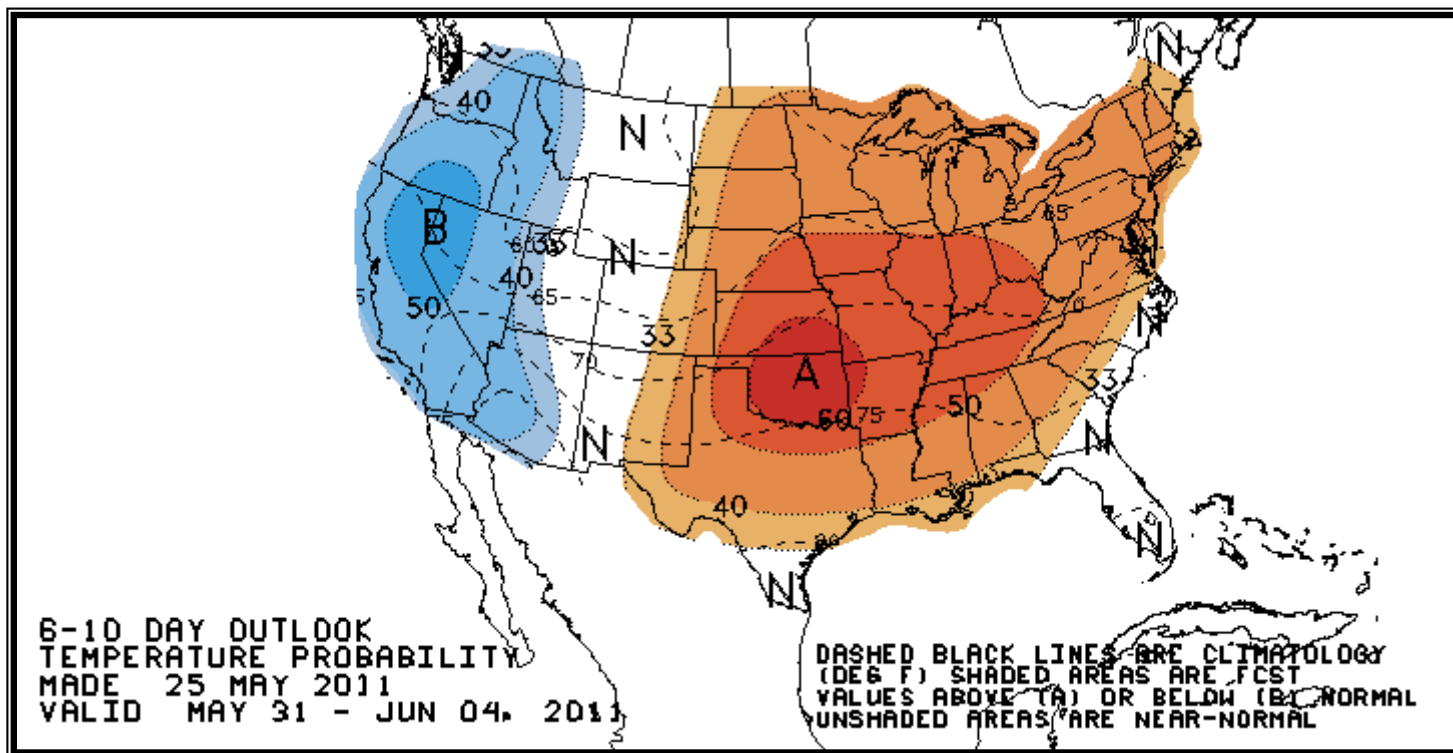
Feb

106

20.7

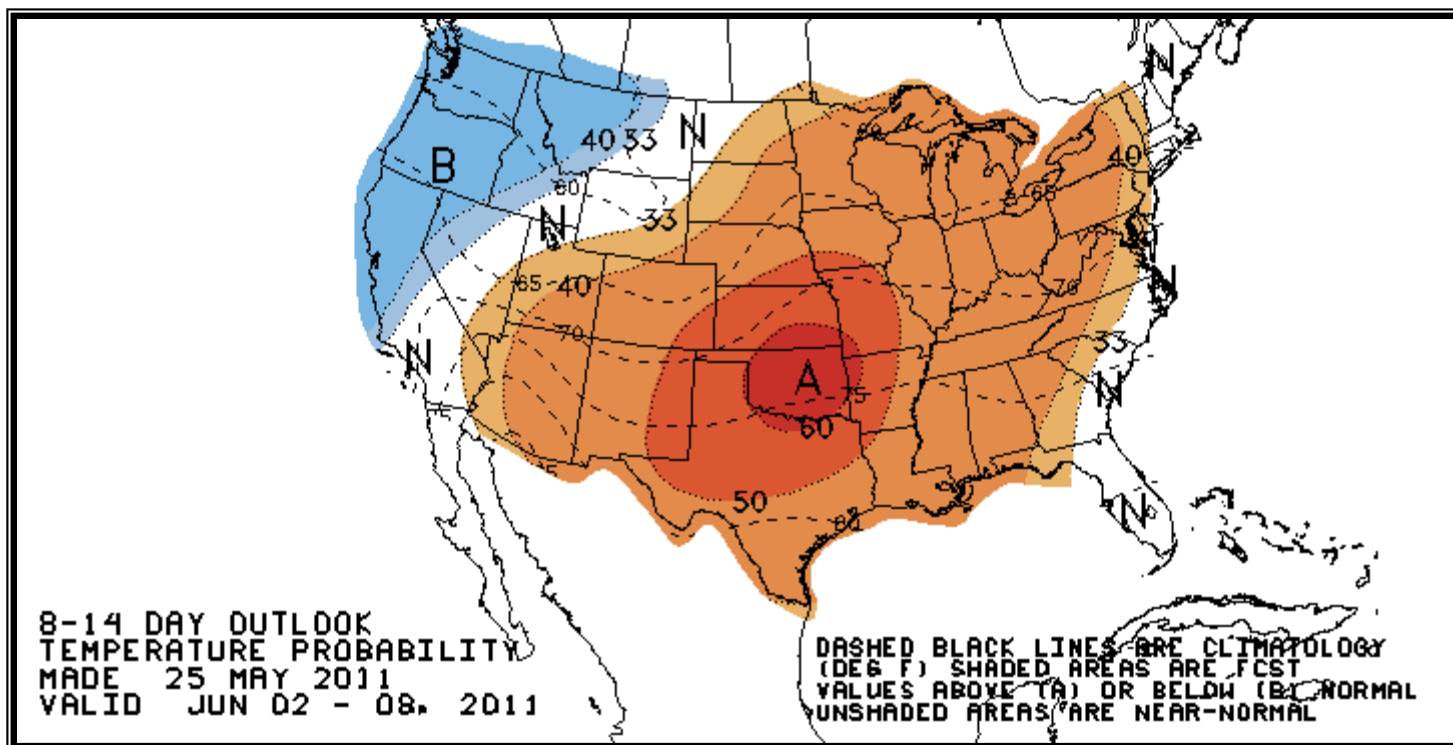
National Weather Service Climate Prediction Center

Degree Days 6 - 10 Day Temperature Forecast



National Weather Service Climate Prediction Center

Degree Days 8 - 14 Day Temperature Forecast



American Gas Association Regions

