

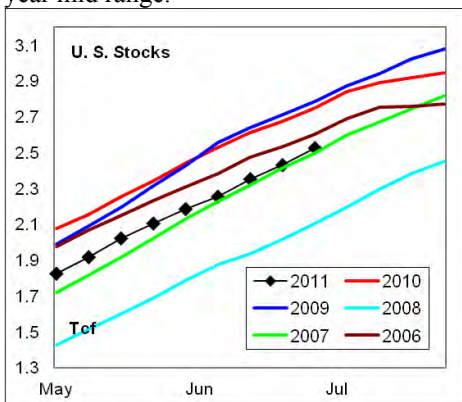
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

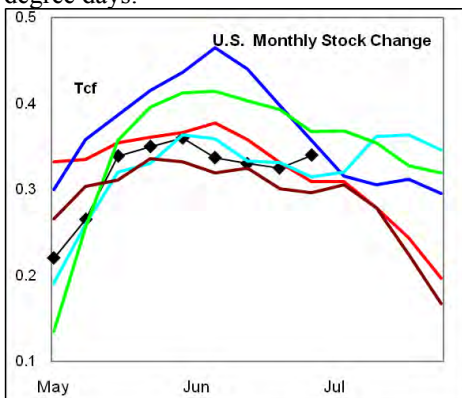
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, July 08, 2011



Summary¹ The stock build of +95 Bcf for the week was a record build for the period. Stock levels ended the week below the 5-year mid range.



The latest 4-wk stock build was above the last 2-years, even with very high cooling degree days.



In the East Region stocks increased +62 Bcf for the period, a level above the historic range for the week. Stocks increased +16 Bcf in the West Region, the 3rd consecutive record weekly build. The stock build of +17 Bcf in the Producing Region was at the mid range for this time of year.

Heating degree days were +28% above normal in the East Region, -54% below normal in the West Region and -100% below normal in the Producing Region for the week ending 02Jul11.

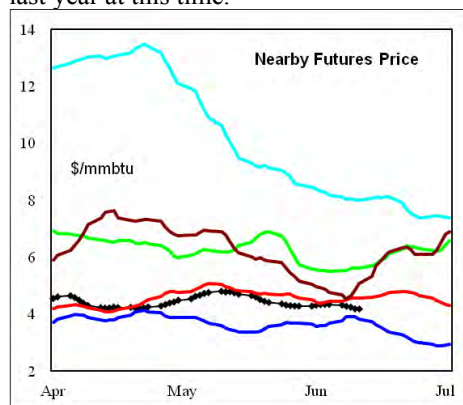
Heating degree days were -19% below normal for the week ended 02Jul11, and

forecast to be -96% below normal for the week ending 09Jul11.

The 6-10 day NWS forecast for the week ending 17Jul11 is for warmer than normal temperatures across the eastern 2/3rds of the country and cooler than normal in the western 1/3rd of the country.

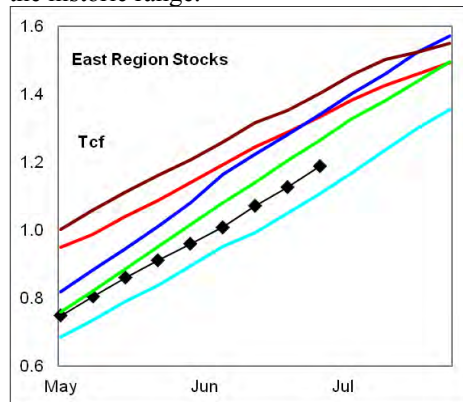
The 8-14 day NWS forecast for the week ending 21Jul11 is for an extension of the 6010 day forecast.

Prices: Nearby gas futures prices decreased -\$0.20/mmbtu for the week ending 08Jul11 on above average stock builds. Price levels ended the week comparable below last year at this time.



The 1st - 4th month forward price curve trended lower for the week ending 08Jul11. The spread ended the week at a record low carry.

East Region stocks increased +62 Bcf last week, a level above the historic range. The latest 4-wk build was above the 5-year mid range. Stock levels were at the low end of the historic range.

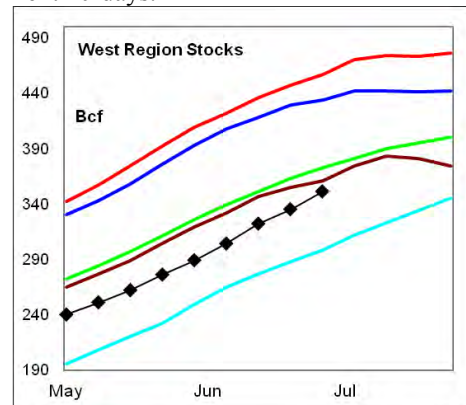


Heating degree days in the region were +28% above normal for the week ending 02Jul11 and forecast to be -93% below normal for the week ending 09Jul11. Much above normal cooling degree days are forecast for the next 10-days.

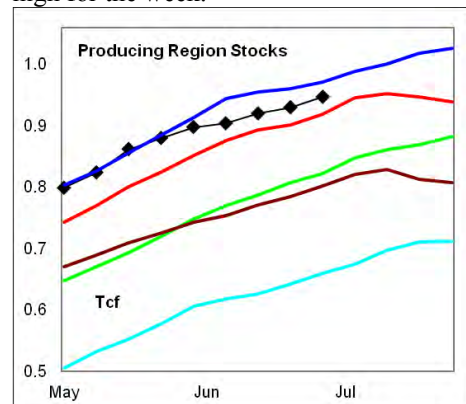
West Region stocks increased +16 Bcf on the week, the 3rd consecutive record

weekly build. Stock levels ended the week below the mid range. The latest 4-wk stock build was above the historic range for this period.

Heating degree days were -54% below normal for the week ending 02Jul11 and forecast to be -93% below normal for the week ending 09Jul11. Below normal cooling degree days are forecast for the next 10-days.



Producing Region stocks saw a build of +17 Bcf on the week, a level that matched the mid range. The monthly stock build was a record low for the 3rd consecutive week. Stock levels were below the 5-year high for the week.



Heating degree days were -100% below normal last week and forecast to remain so for this week. Much above 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: Stock builds increased to above average rates during the past 3-wks on cooler temperatures. Much above normal cooling degree days are forecast in the eastern 2/3rds of the country for the next 2-wks. Expect modest price strength as summer electric utility demand peaks for the balance of the month.

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: July 8, 2011

For the week ending: 29-Jul-11

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

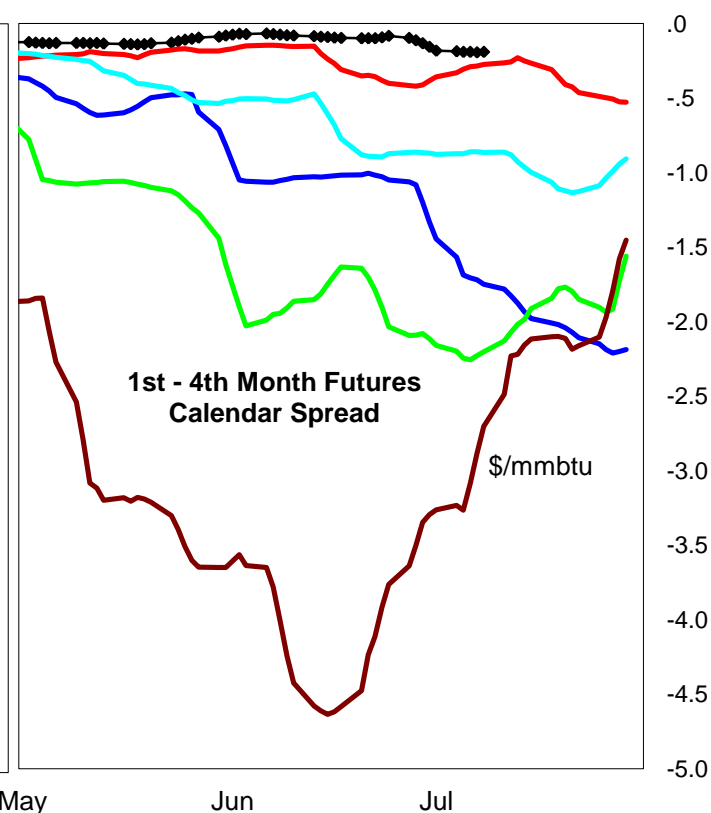
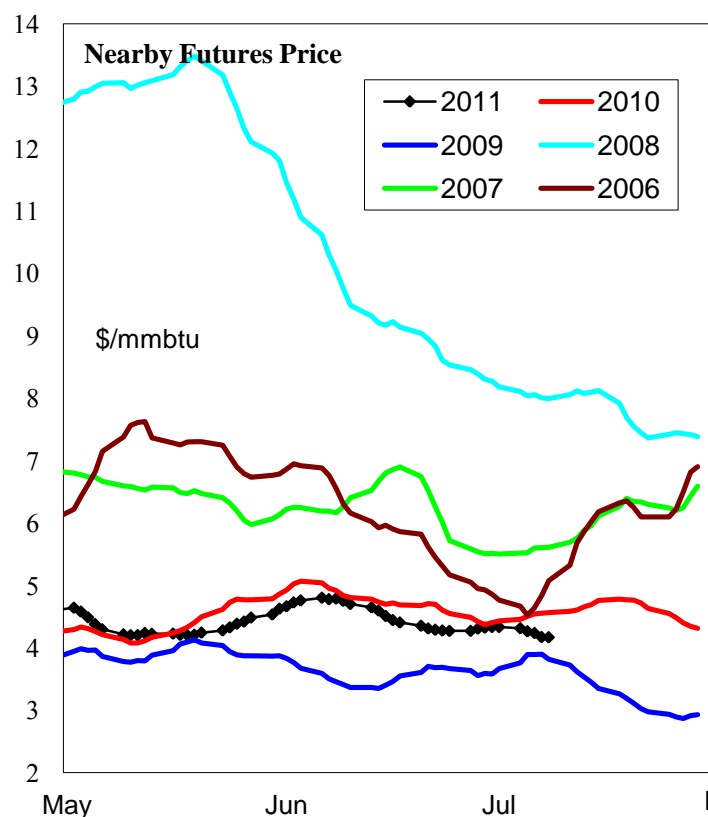
| Week ending: | 29-Jul-11 | | | 25-Jun-11 | | 2-Jul-11 | | 9-Jul-11 | |
|--------------|---------------|------------------|----------|----------------------------|-------------|----------------------|-------------|----------------------|-------------|
| Region | Weekly Stocks | | | Weekly Heating Degree 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 | 2,527 | 95 | -8.1 | -5 | 3% | -3 | -19% | -2 | -96% |
| East | 1,189 | 62 | -10.9 | -7 | 13% | -2 | 28% | -2 | -100% |
| West | 351 | 16 | -23.2 | -4 | -6% | -9 | -54% | -5 | -93% |
| Producing | 987 | 17 | 2.9 | 0 | -100% | 0 | -100% | 0 | -100% |

Seasonal Trends in Stocks and Heating Degree Days

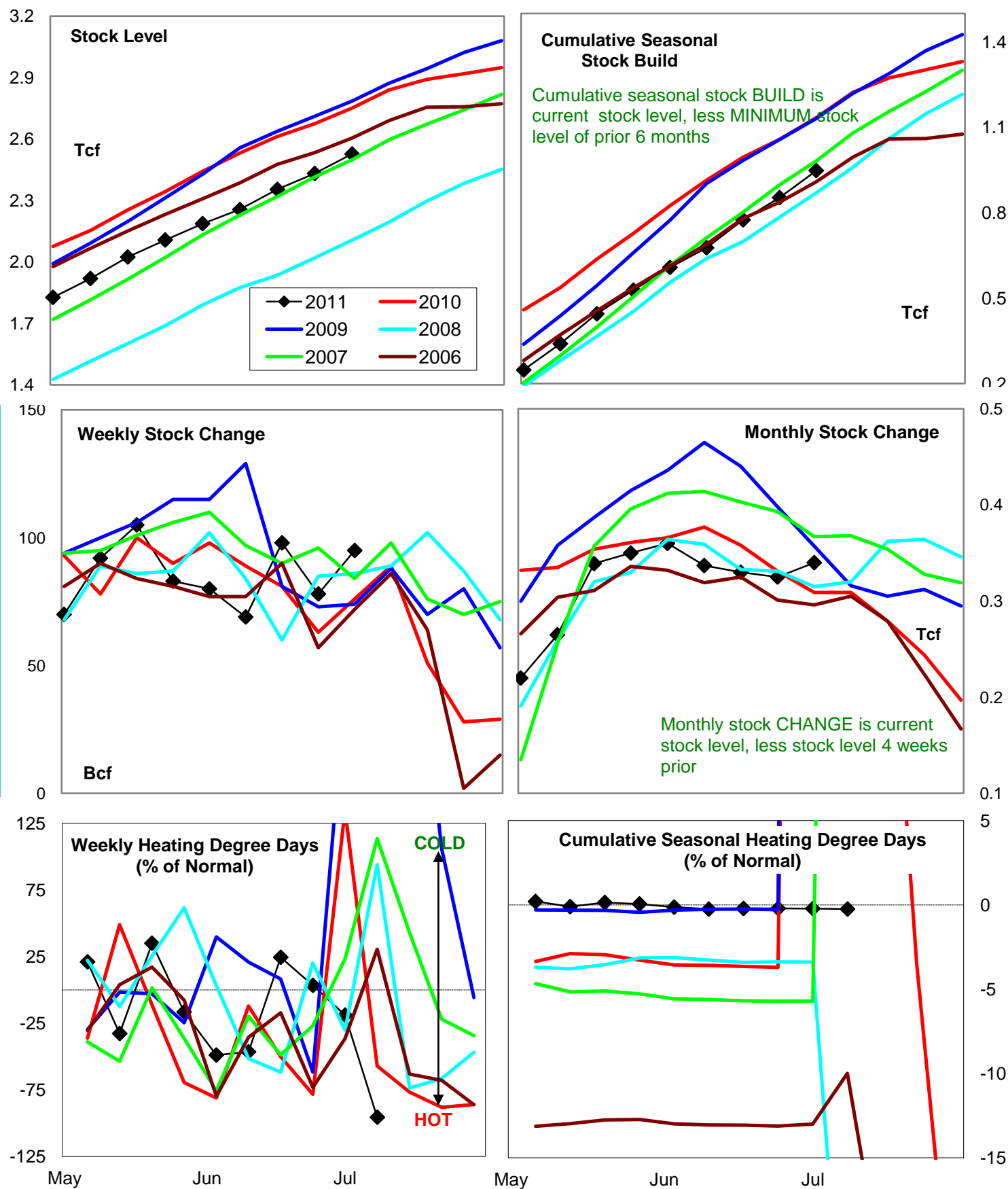
| | Cumulative Stock Draw | | | Cumulative Heating Degree Days | | | | | |
|-------------------|-----------------------|-----------------------------|--------------|--------------------------------|----------------|---------------------|----------------|---------------------|----------------|
| | Bcf | 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 | 948 | -186 | -19.6 | 5 | -0.2 | 2 | -0.2 | 0 | -0.2 |
| East | 573 | -11 | -1.9 | 4 | 0.1 | 2 | 0.1 | 0 | 0.1 |
| West | 135 | -38 | -28.1 | 15 | 0.2 | 5 | 0.1 | 1 | -0.1 |
| Producing | 300 | -106 | -35.3 | 0 | -2.5 | 0 | -2.5 | 0 | -2.5 |

Futures Market Price Trends

| Date: | 8-Jul-11 | Change vs prior week, month, year | | |
|------------------------------|--------------|-----------------------------------|--------------|--------------|
| | | 1-Jul-11 | 10-Jun-11 | 8-Jul-10 |
| 1st month Futures | 4.17 | -0.14 | -0.48 | -0.47 |
| % change | xxxxx | -3.2 | -10.3 | -10.1 |



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 (%)

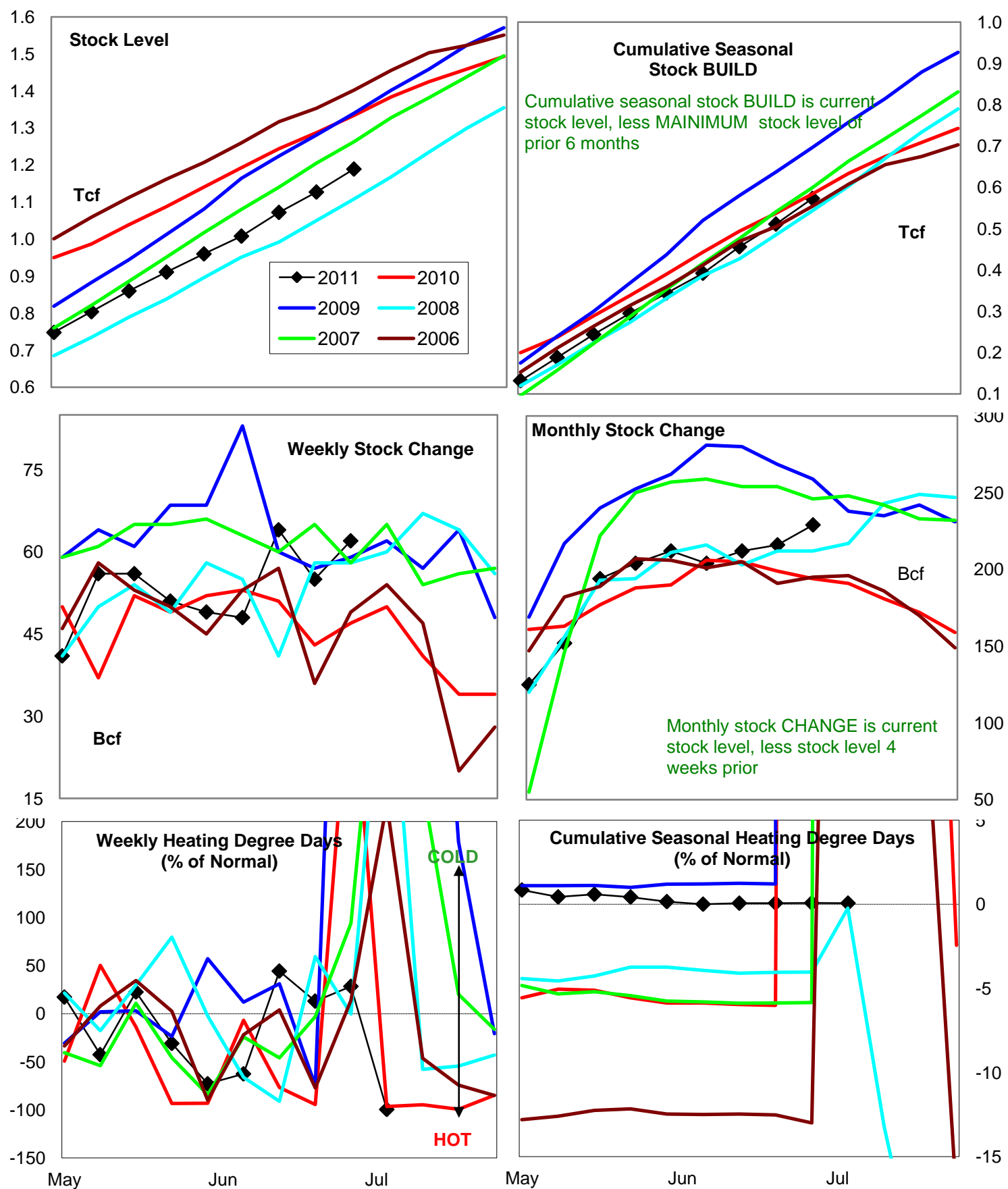
-224
-8.1

19
25.0

31
10.0

-186
-16.4

Natural Gas East Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
Change

BCF

-145

15

35

-11

Percent Change (%)

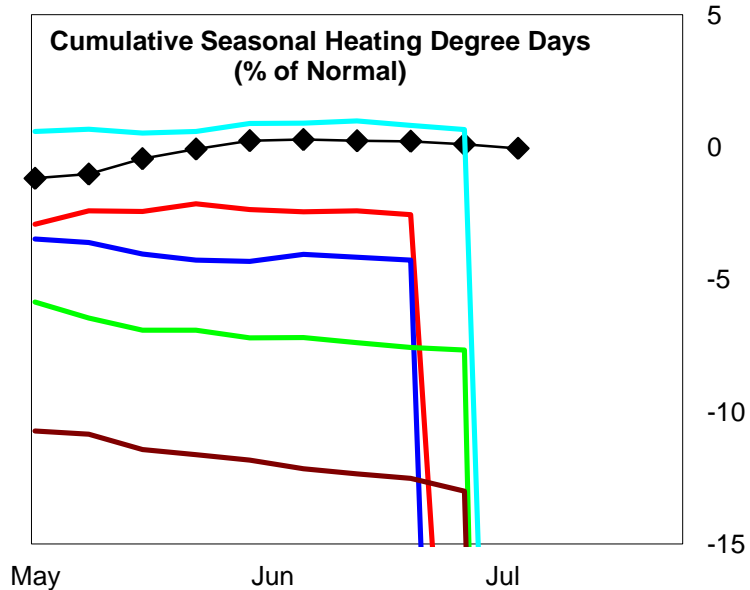
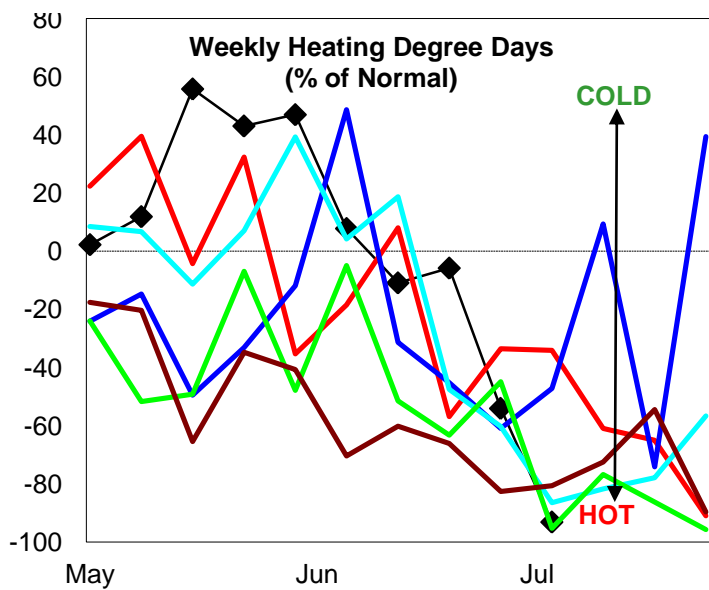
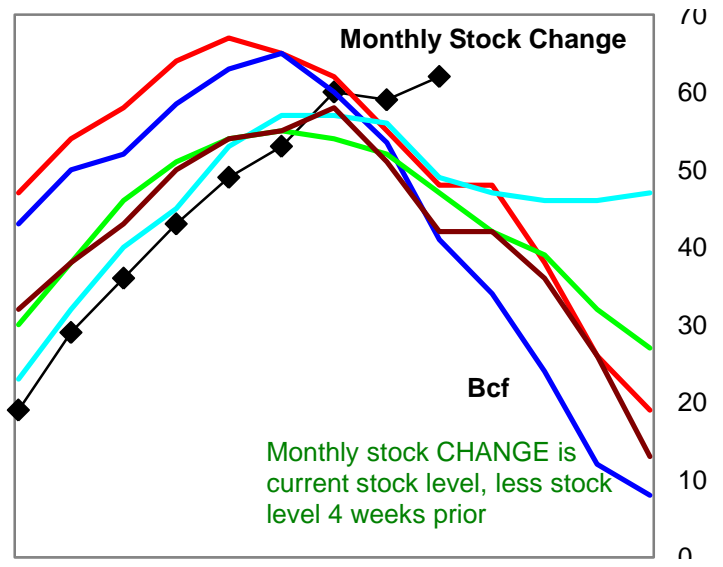
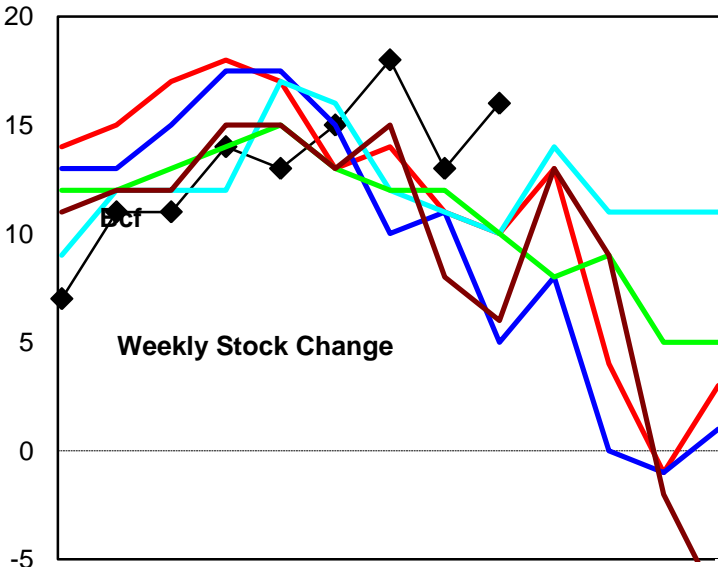
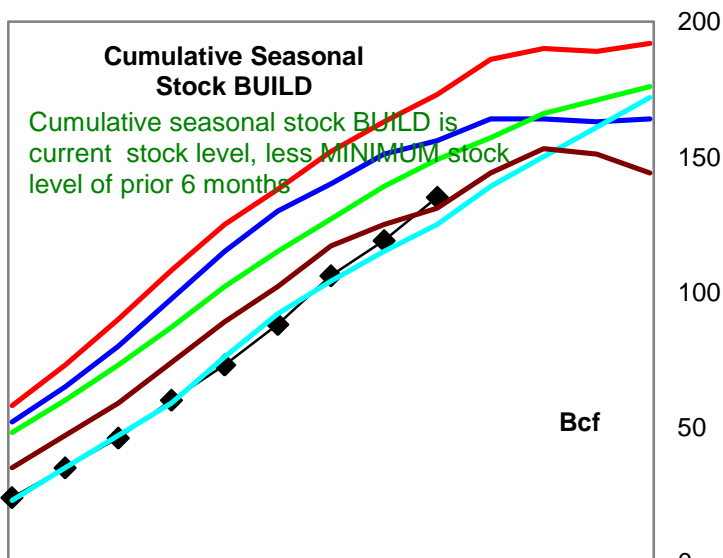
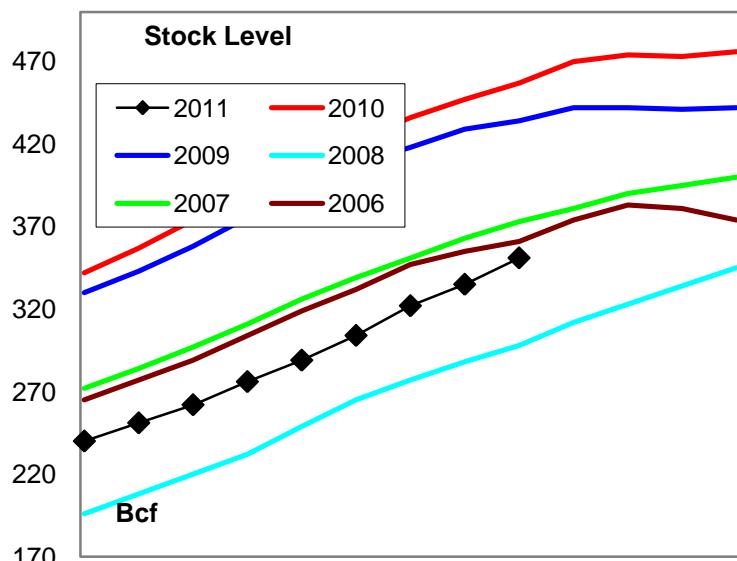
-10.9

31.9

18.0

-1.9

Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF

-106

6

14

-38

Percent Change (%)

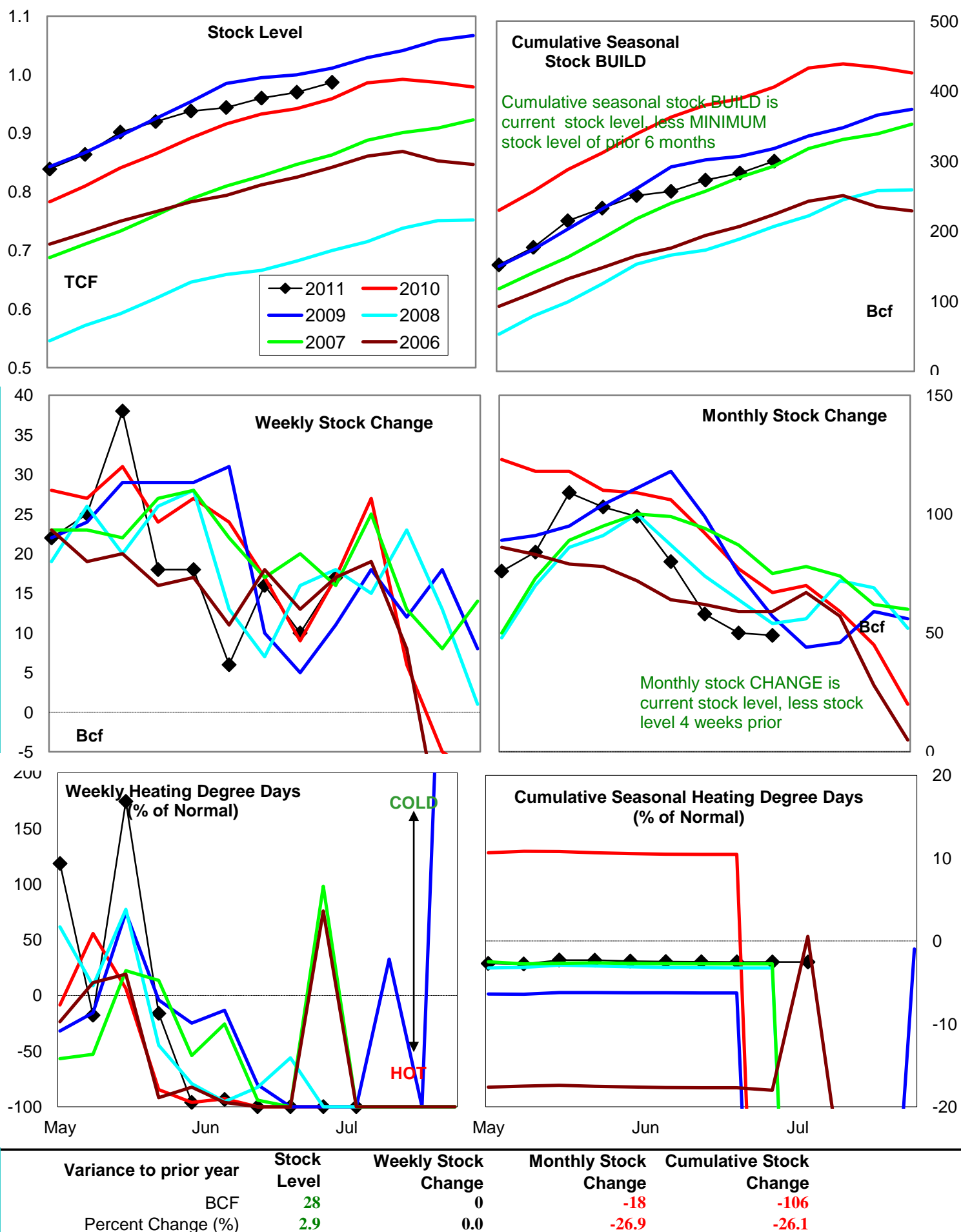
-23.2

60.0

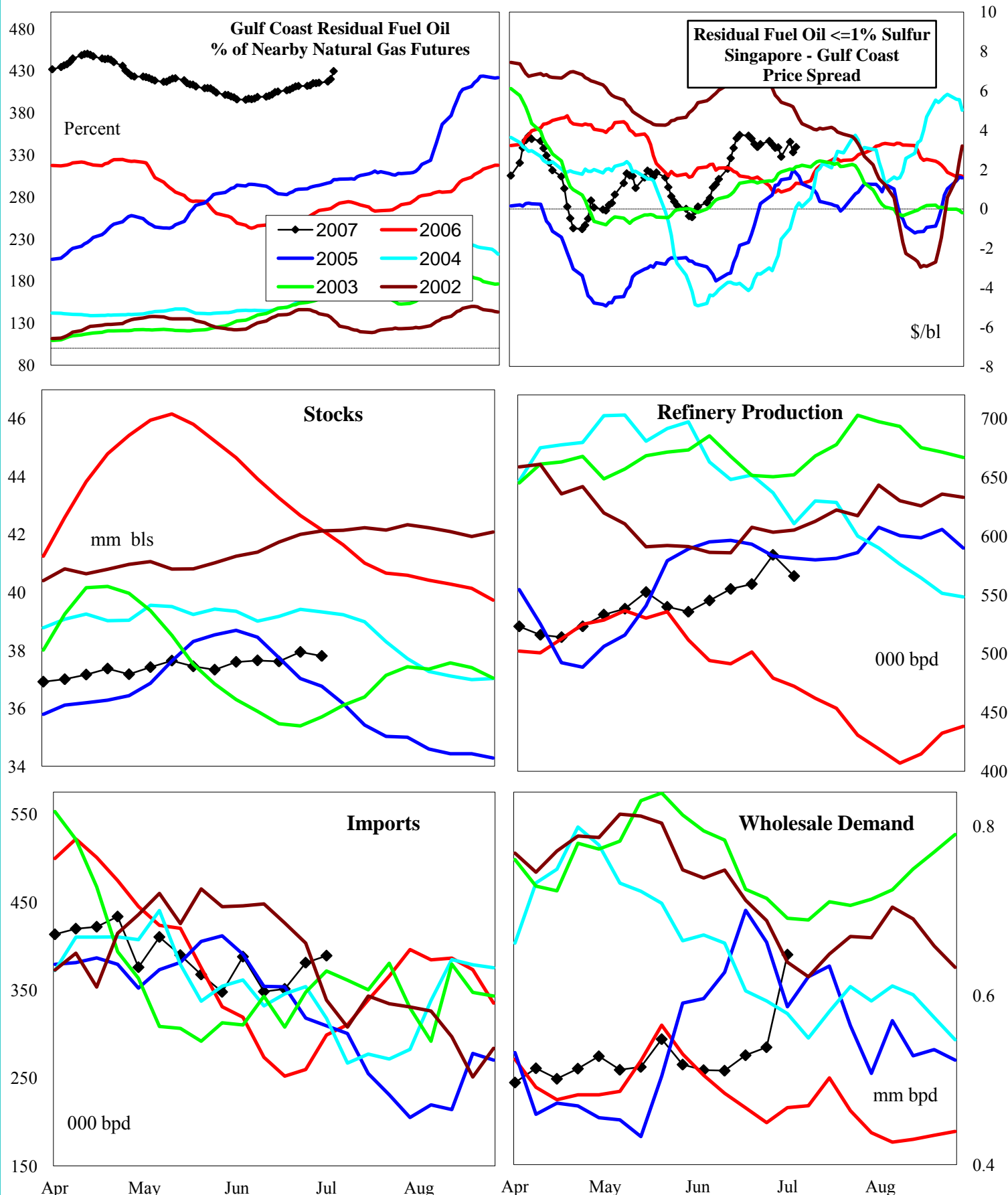
29.2

-22.0

Natural Gas Producing Region Stock and Weather Trends



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



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-4,843

-11.4

Prod

84

17.2

Imports

97

38.2

Demd=>

4wk avg

89

20.7

May

25

4.9

Apr

-85

-14.7

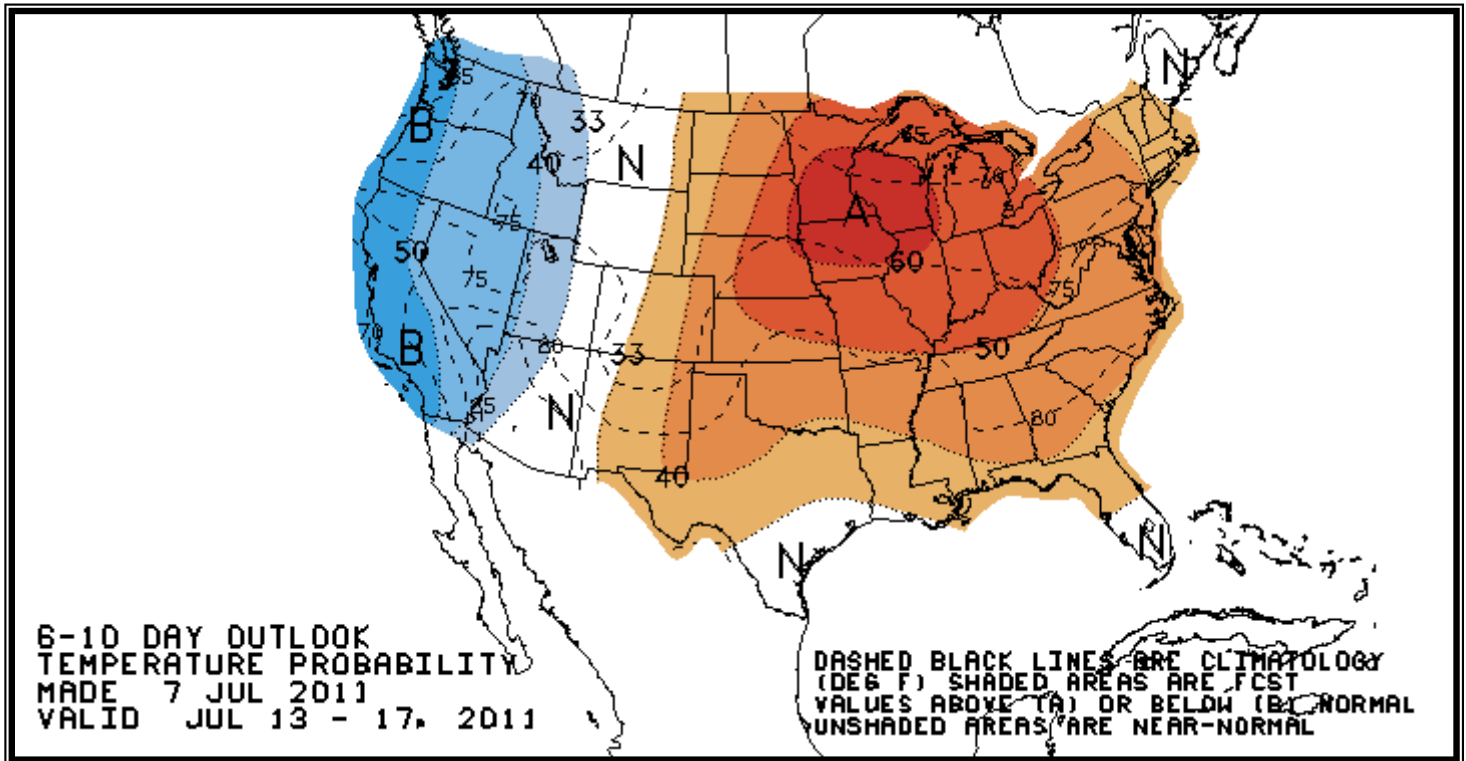
Mar

21

3.9

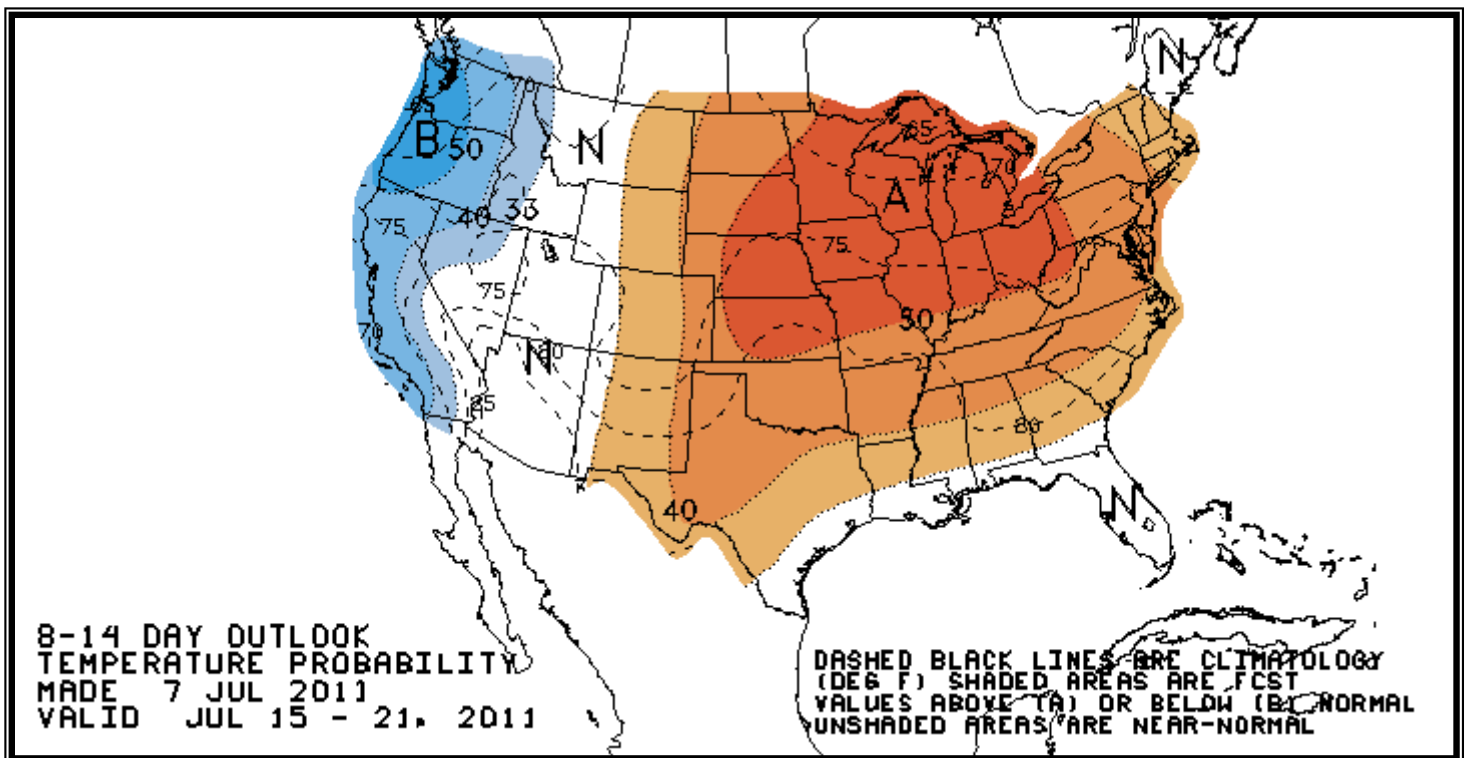
National Weather Service Climate Prediction Center

Degree Days 6 - 10 Day Temperature Forecast



National Weather Service Climate Prediction Center

Degree Days 8 - 14 Day Temperature Forecast



American Gas Association Regions

