



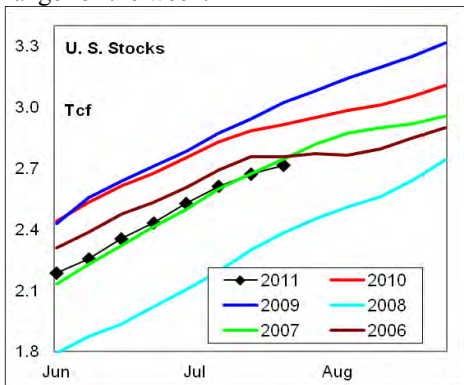
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

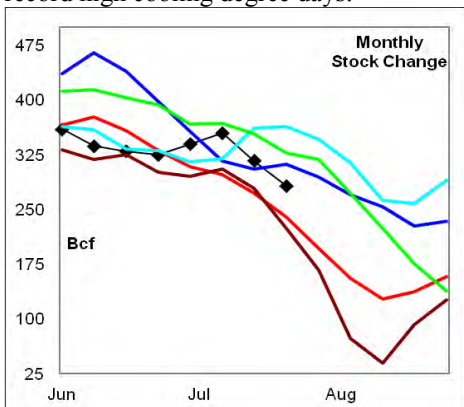
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, July 28, 2011



Summary¹ The stock build of +43 Bcf for the week was at the low end of the historic range for the week.



The latest 4-wk stock build fell below the mid range, less than expected based on record high cooling degree days.



In the East Region stocks increased +40 Bcf for the period, a level below the mid range for the week. Stocks increased +11 Bcf in the West Region, a level that matched the 5-year high for the week. The stock draw of -8 Bcf in the Producing Region was at the high end of stock draws for the period.

Cooling degree days were +61% above normal in the East Region, +1% above normal in the West Region and +22% above normal in the Producing Region for the week ending 23Jul11.

Heating degree days were +41% above normal for the week ended 23Jul11, and forecast to be +31% above normal for the week ending 30Jul11.

¹ Related Web Sites:

[Data Source is EIA Weekly Statistics](#)

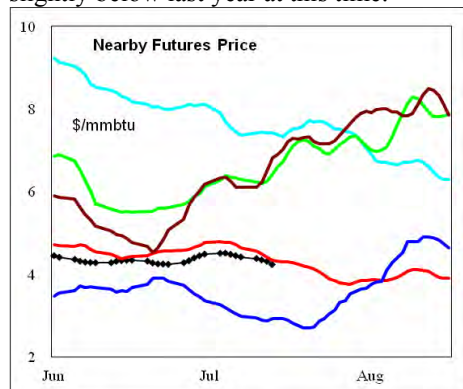
[National Weather Service 6-10 Day](#)

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

The 6-10 day NWS forecast for the week ending 06Aug11 is for much above normal temperatures across the eastern 2/3rds of the country and cooler than normal in the western 1/3rd of the country.

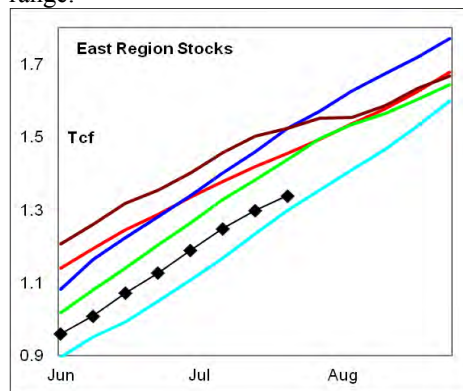
The 8-14 day NWS forecast for the week ending 10Aug11 is for above normal cooling degree days across east, central plains and southern areas of the country. Below normal cooling degree days are forecast for the northwest and near normal across the northern tier states.

Prices: Nearby gas futures prices decreased -\$0.17/mmbtu for the week ending 28Jul11. Price levels ended the week slightly below last year at this time.



The 1st - 4th month forward price curve trended lower for the week ending 28Jul11. The spread ended the week nearly flat across the curve.

East Region stocks increased +40 Bcf last week, a level below the mid range. The latest 4-wk stock build dropped below the mid range for this time of year. Stock levels were at the low end of the historic range.

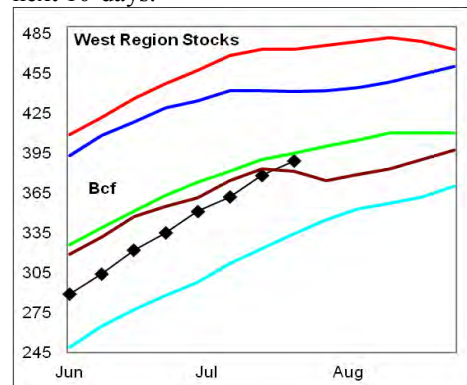


Cooling degree days in the region were +61% above normal for the week ending 23Jul11, and forecast to be +41% above normal for the week ending 30Jul11. Much above normal cooling degree days are forecast for the next 10-days.

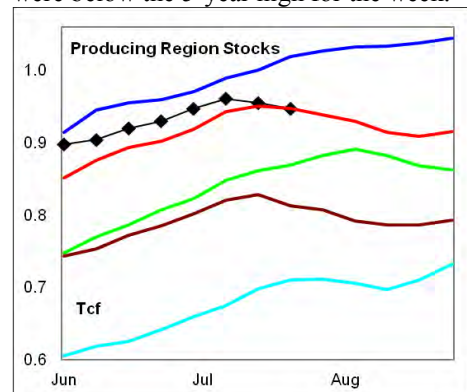
West Region stocks increased +11 Bcf on

the week, a level that matched the 5-year high for the period. Stock levels ended the week near the mid range. The latest 4-wk stock build was a record high for this time of year for the 5th consecutive week.

Cooling degree days were +1% above normal for the week ending 23Jul11, and forecast to be +16% above normal for the week ending 30Jul11. Below normal cooling degree days are forecast for the next 10-days.



Producing Region stocks experienced a draw of -8 Bcf on the week, a level at the high end of stock draws for the period. The monthly stock build was also a record low build for the period. Stock levels were below the 5-year high for the week.



Cooling degree days were +22% above normal for the week ending 23Jul11, and forecast to be +19% above normal for the week ending 30Jul11. 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: Unusually high cooling degree days through month end should continue to support prices. In the absence of hurricane disruptions, expect price weakness on any forecast of below normal cooling degree days; driven by high production and weak non electric power demand.



NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: July 28, 2011

For the week ending: 22-Jul-11

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

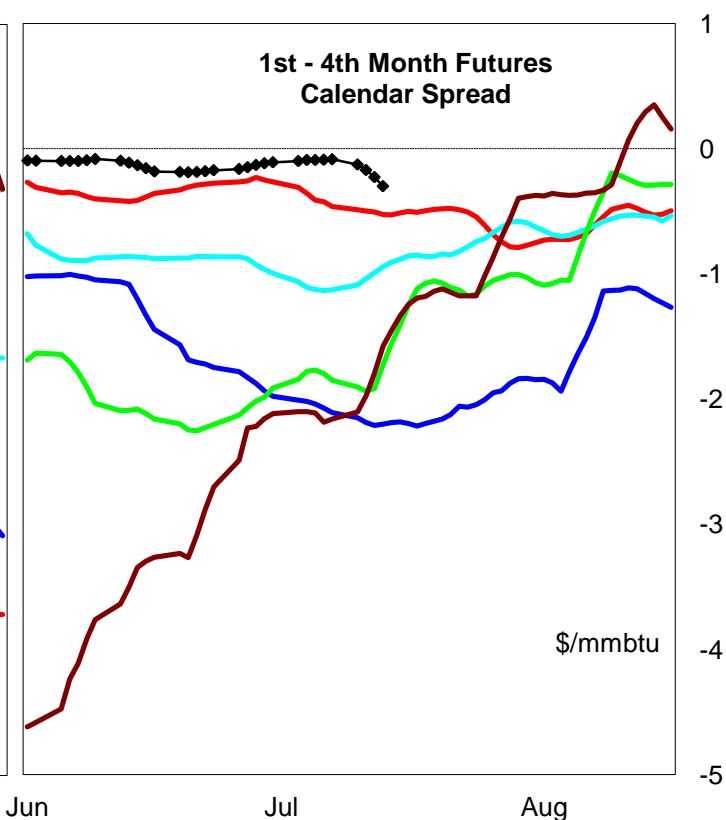
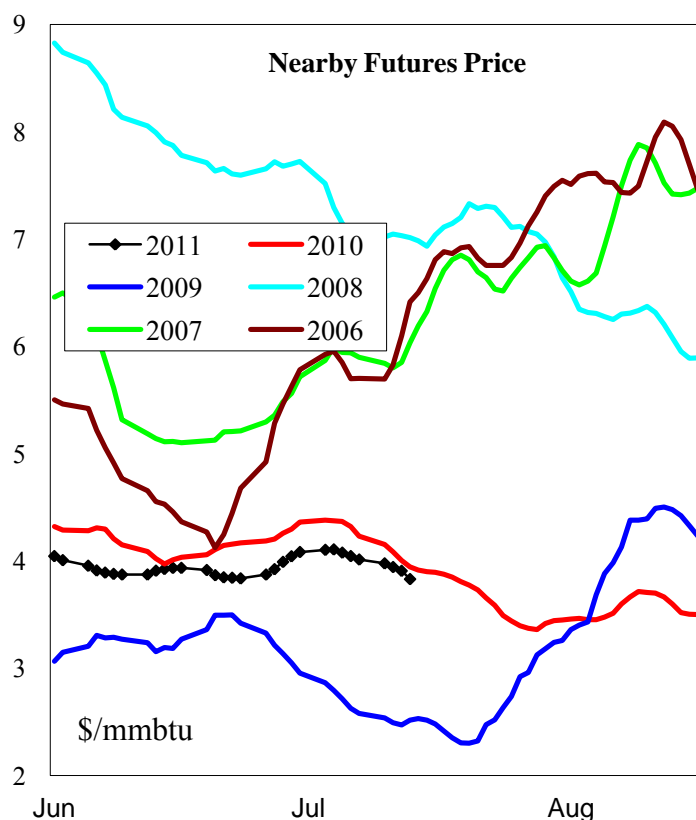
Week ending:	22-Jul-11			16-Jul-11		23-Jul-11		30-Jul-11	
Region	Weekly Stocks			Weekly Cooling Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,714	43	-6.9	-4	13%	23	41%	-8	31%
East	1,338	40	-8.0	3	20%	33	61%	-15	41%
West	389	11	-17.8	-30	-25%	16	1%	7	16%
Producing	987	-8	-0.1	9	26%	-3	22%	-3	19%

Seasonal Trends in Stocks and Cooling Degree Days

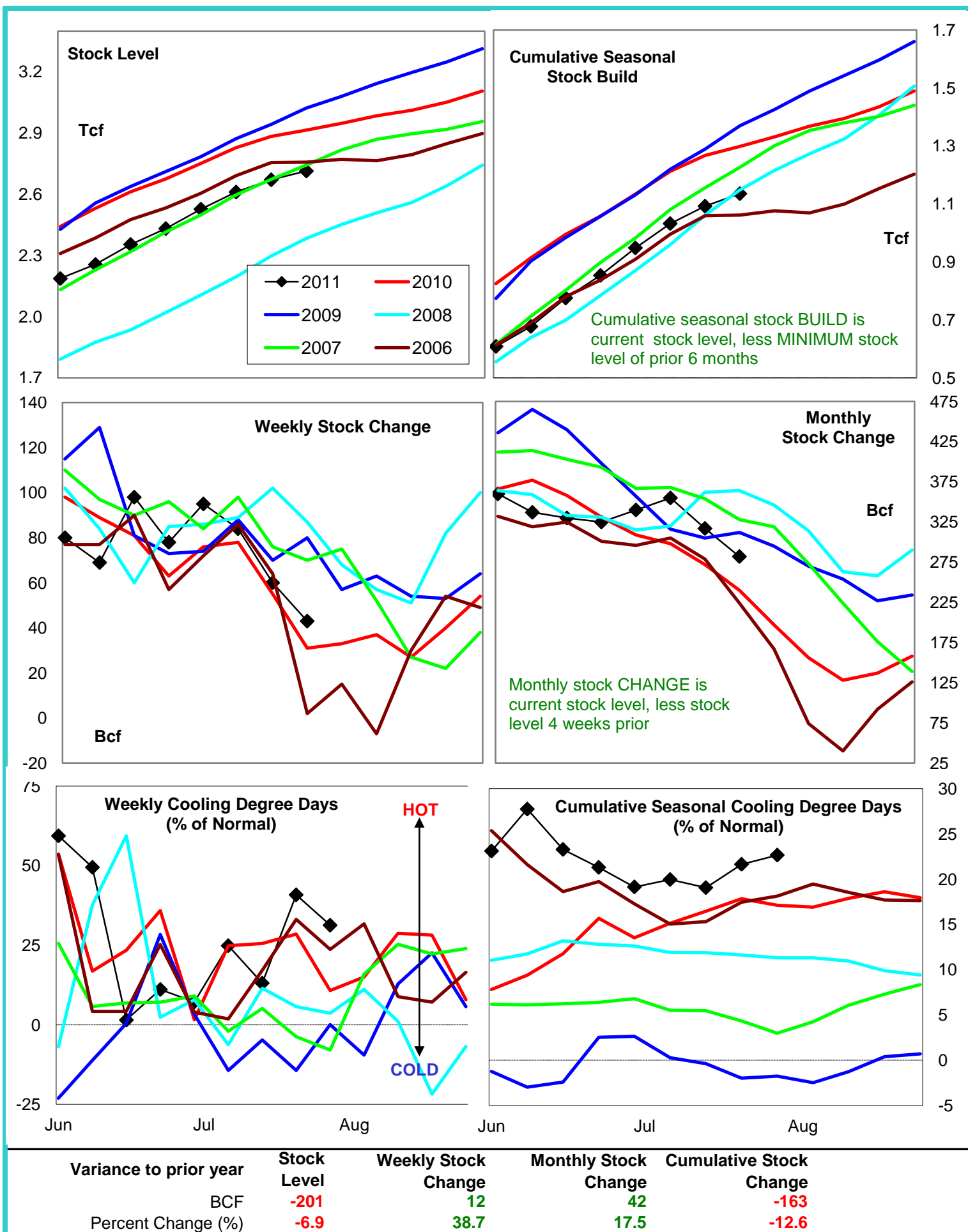
	Cumulative Stock change			Cumulative Cooling Degree Days					
	Bcf	Change vs prior year		CCDD's vs normal	% of normal	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal
		Bcf	%						
U.S. Total	1,135	-163	-14.4	107	19%	138	22%	162	23%
East	722	18	2.5	351	24%	378	29%	400	30%
West	173	-16	-9.2	-82	-21%	-82	-18%	-73	-15%
Producing	300	-135	-45.0	351	34%	378	32%	400	31%

Futures Market Price Trends

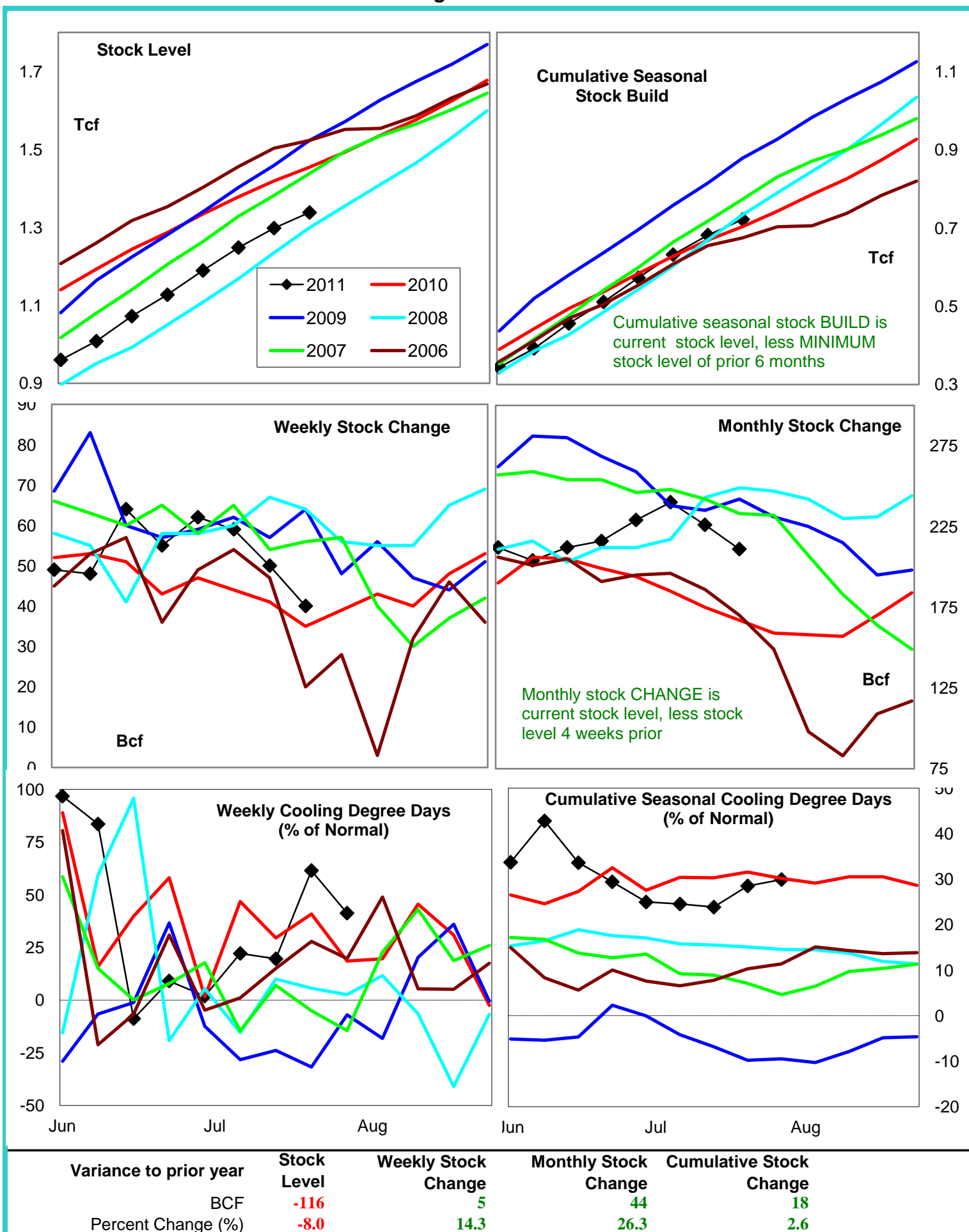
Date:	28-Jul-11	Change vs prior week, month, year		
		22-Jul-11	30-Jun-11	20-Jul-10
1st month Futures	4.23	-0.17	-0.08	-0.10
% change	xxxxx	-3.9	-1.9	-2.3



United States Natural Gas Stock and Weather Trends



Natural Gas East Region Stock and Weather Trends



The figure consists of two side-by-side line charts. The left chart, titled 'Stock Level', shows the stock level in Bcf (Billion Cubic Feet) on the y-axis (ranging from 250 to 500) against time on the x-axis. It features six data series for the years 2006 through 2011. The right chart, titled 'Cumulative Seasonal Stock Build', shows the cumulative seasonal stock build in Bcf on the y-axis (ranging from 70 to 195) against time on the x-axis. It features the same six data series for the years 2006 through 2011. A legend is provided in the left chart, and a text box in the right chart explains that the cumulative seasonal stock build is the current stock level minus the minimum stock level of the prior 6 months.

Stock Level

Bcf

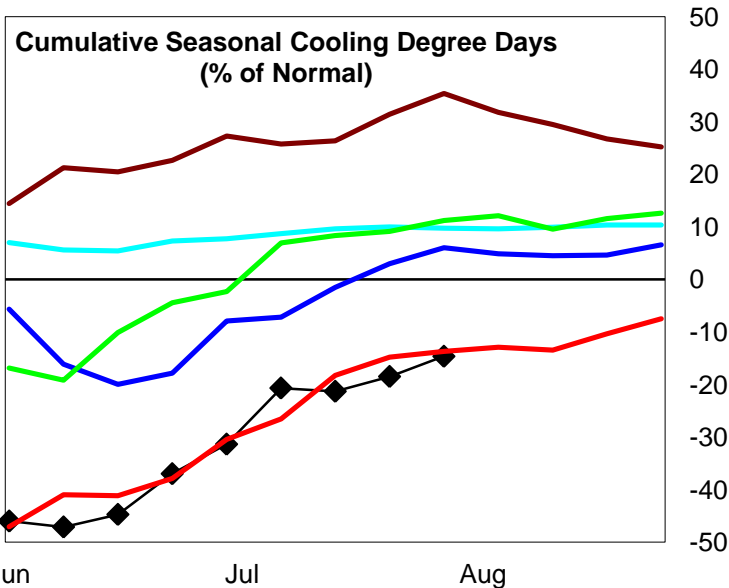
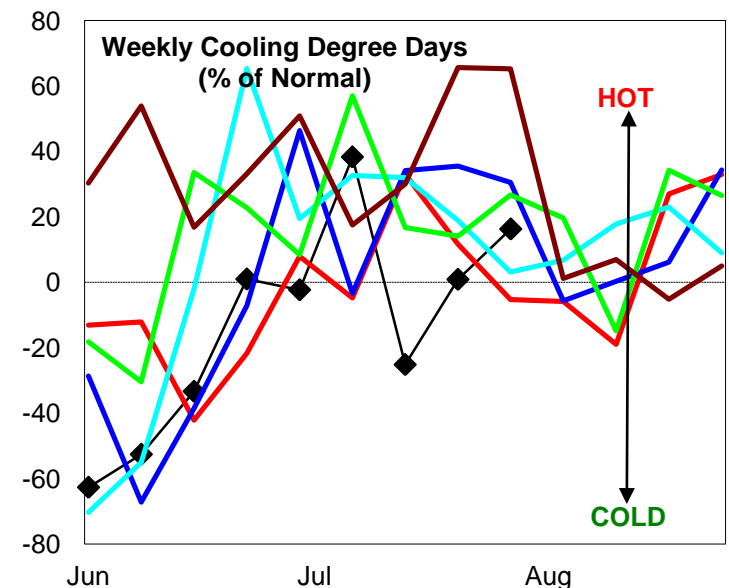
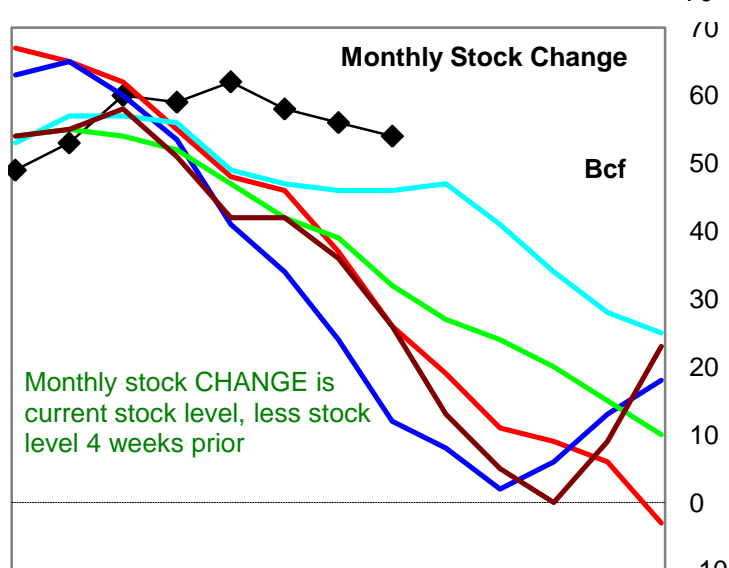
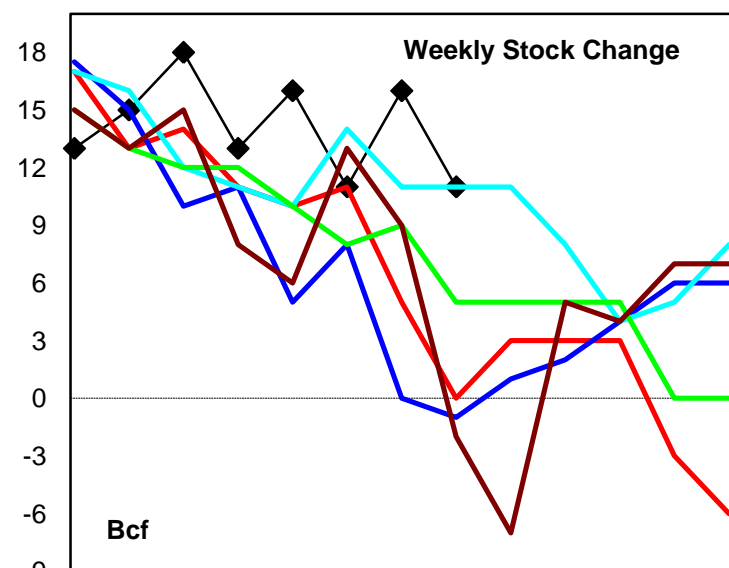
Legend:

- 2011 (Black line with diamond markers)
- 2010 (Red line)
- 2009 (Blue line)
- 2008 (Cyan line)
- 2007 (Green line)
- 2006 (Brown line)

Cumulative Seasonal Stock Build

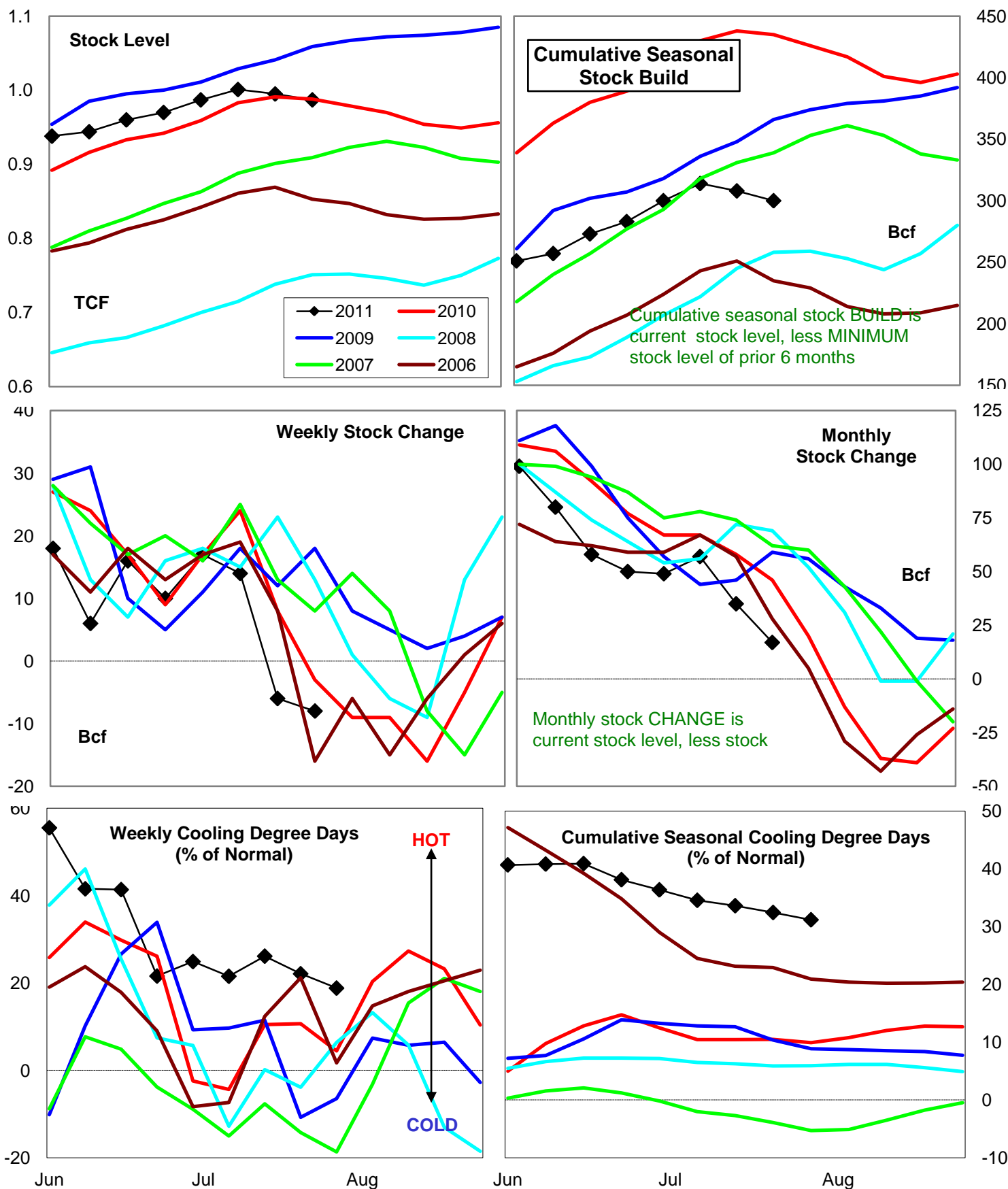
Bcf

Cumulative seasonal stock BUILD is current stock level, less MINIMUM stock level of prior 6 months



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Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
Change

BCF

-1

-5

-29

-135

Percent Change (%)

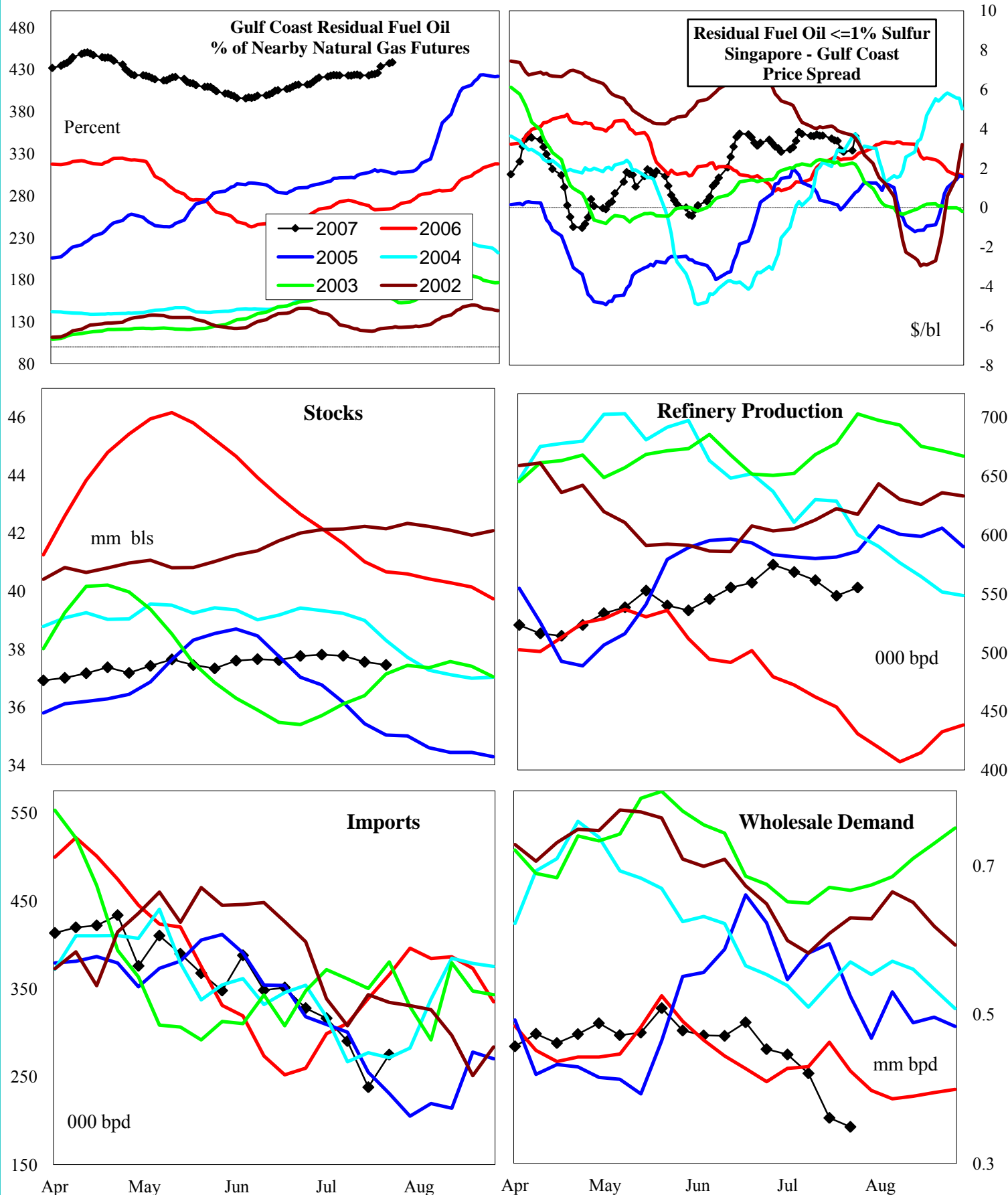
-0.1

166.7

-63.0

-31.0

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


4 wk avg variance to prior year

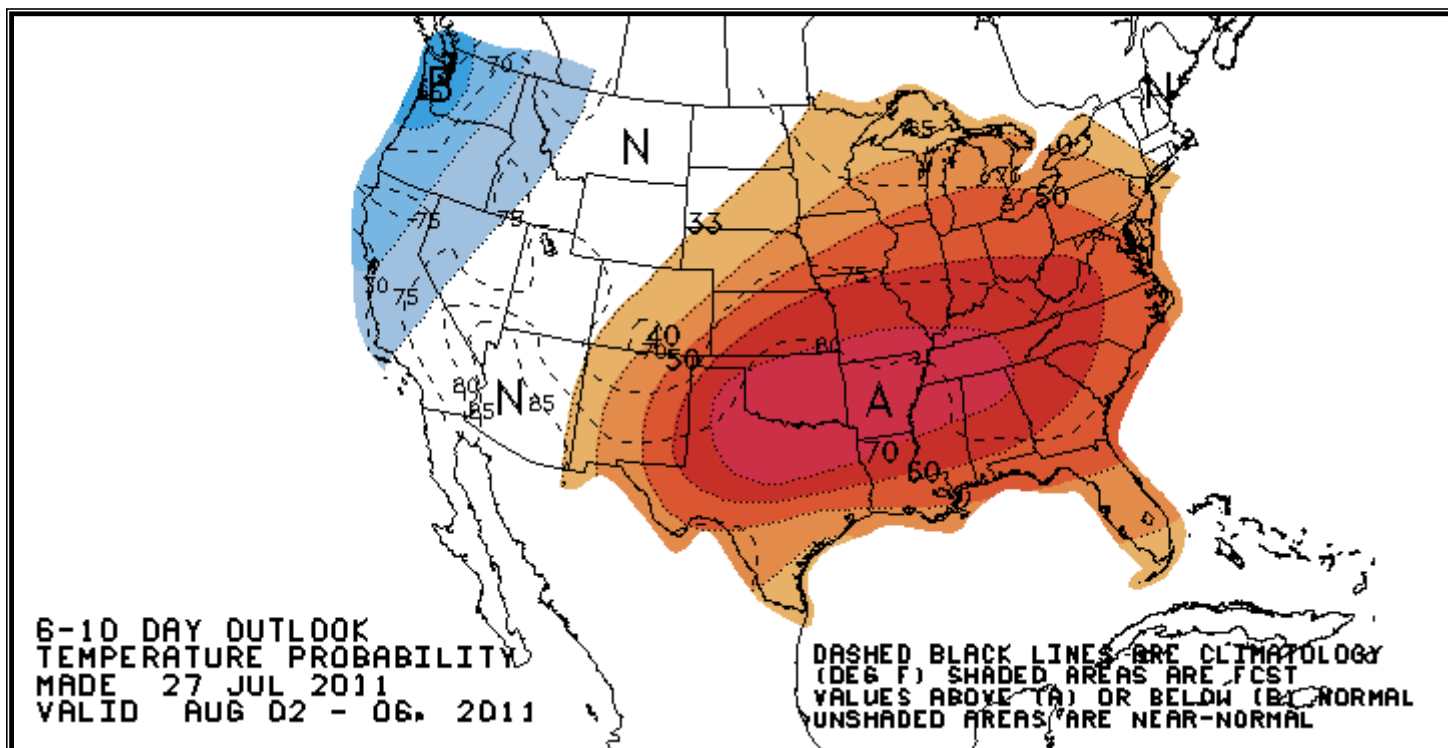
000 bpd (000 bls stks)

% change

Stocks
-2,888
-7.2
Prod
102
22.6
Imports
-42
-13.1
Demd=>
4wk avg
-34
-6.8
Jun
11
2.2
May
25
4.9
Apr
-85
-14.7

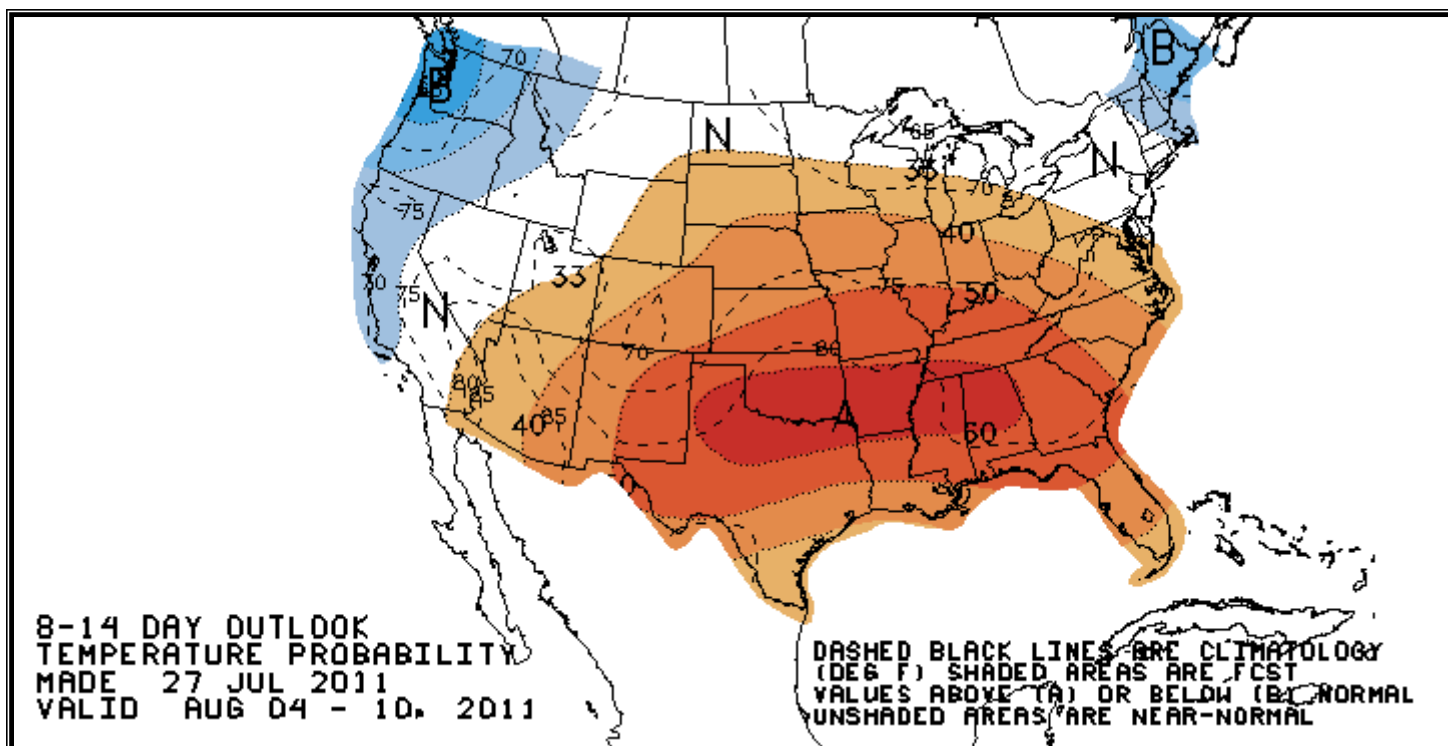
National Weather Service Climate Prediction Center

Degree Days 6 - 10 Day Temperature Forecast



National Weather Service Climate Prediction Center

Degree Days 8 - 14 Day Temperature Forecast



American Gas Association Regions

