

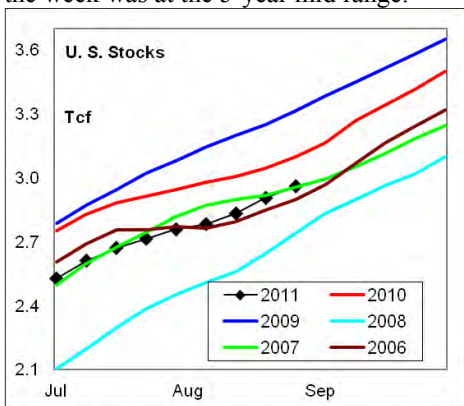
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

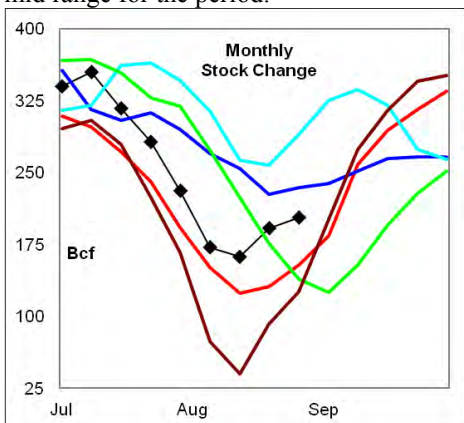
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, September 02, 2011



Summary¹ The stock build of +55 Bcf for the week was at the 5-year mid range.



The latest 4-wk stock build was above the mid range for the period.



In the East Region stocks increased +54 Bcf for the period, a level above the mid range. Stocks increased +4 Bcf in the West Region, a level below the 5-year mid range. The stock draw of -3 Bcf in the Producing Region was slightly less than the highest draw of the last 5-years for this time of year.

Cooling degree days were +16% above normal in the East Region, +51% above normal in the West Region and +37% above normal in the Producing Region for the week ending 27Aug11.

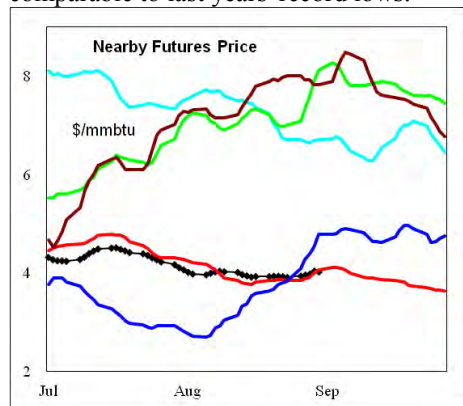
Heating degree days were +28% above normal for the week ended 27Aug11, and forecast to be +29% above normal for the week ending 03Sep11.

The 6-10 day NWS forecast for the

week ending 11Sep11 is for significantly below normal cooling degree days in the eastern 1/2 of the country and much above normal cooling degree days in the west.

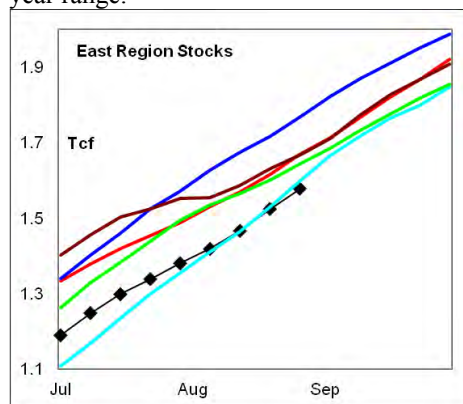
The 8-14 day NWS forecast for the week ending 15Sep11 is for below normal cooling degree days in the eastern 1/2 of the country and above normal in intermountain and west region.

Prices: Nearby gas futures prices increased +\$0.31/mmbtu for the week ending 02Sep11. Price levels ended the week comparable to last years' record lows.



The 1st - 4th month forward price curve trended lower for the week ending 02Sep11. The spread ended the week above the mid range for this time of year.

East Region stocks increased +54 Bcf last week, a level at the upper end of the historic region. The latest 4-wk stock build was above the mid range for this time of year. Stock levels were below the 5-year range.

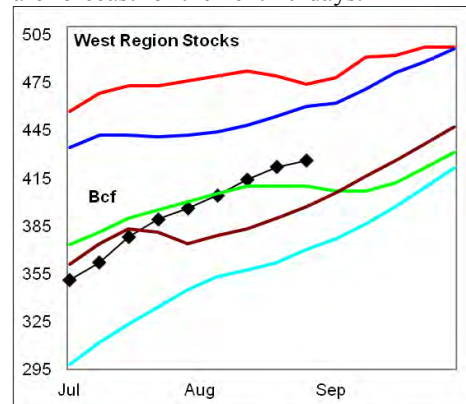


Cooling degree days in the region were +16% above normal for the week ending 27Aug11, and forecast to be +22% above normal for the week ending 03Sep11. Much below normal cooling degree days are forecast for the next 10-days.

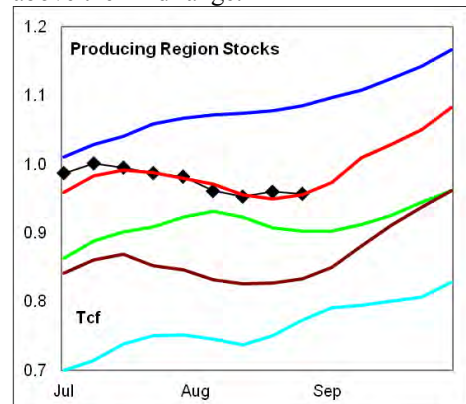
West Region stocks increased +4 Bcf on the week, a level below the mid range. Stock levels ended the week well above

the mid range. The latest 4-wk stock build exceeded the historic range.

Cooling degree days were +51% above normal for the week ending 27Aug11, and forecast to be +45% above normal for the week ending 03Sep11. Much above normal cooling degree days are forecast for the next 10-days.



Producing Region stocks experienced a draw of -3 Bcf on the week, a level that was slightly less than the record draw of the last 5-years. The monthly stock change was a near record draw for the period. Stock levels match a year ago, and were above the mid range.



Cooling degree days were +37% above normal for the week ending 27Aug11, and forecast to be +32% above normal for the week ending 03Sep11. Below 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: A sharp decline in cooling degree days is forecast for the eastern 1/2 of the country during the next 10-days. In the absence of hurricane disruptions on the Gulf, the below normal cooling degree days should pressure prices lower in the 1st half of September.

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: September 2, 2011

For the week ending: 26-Aug-11

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

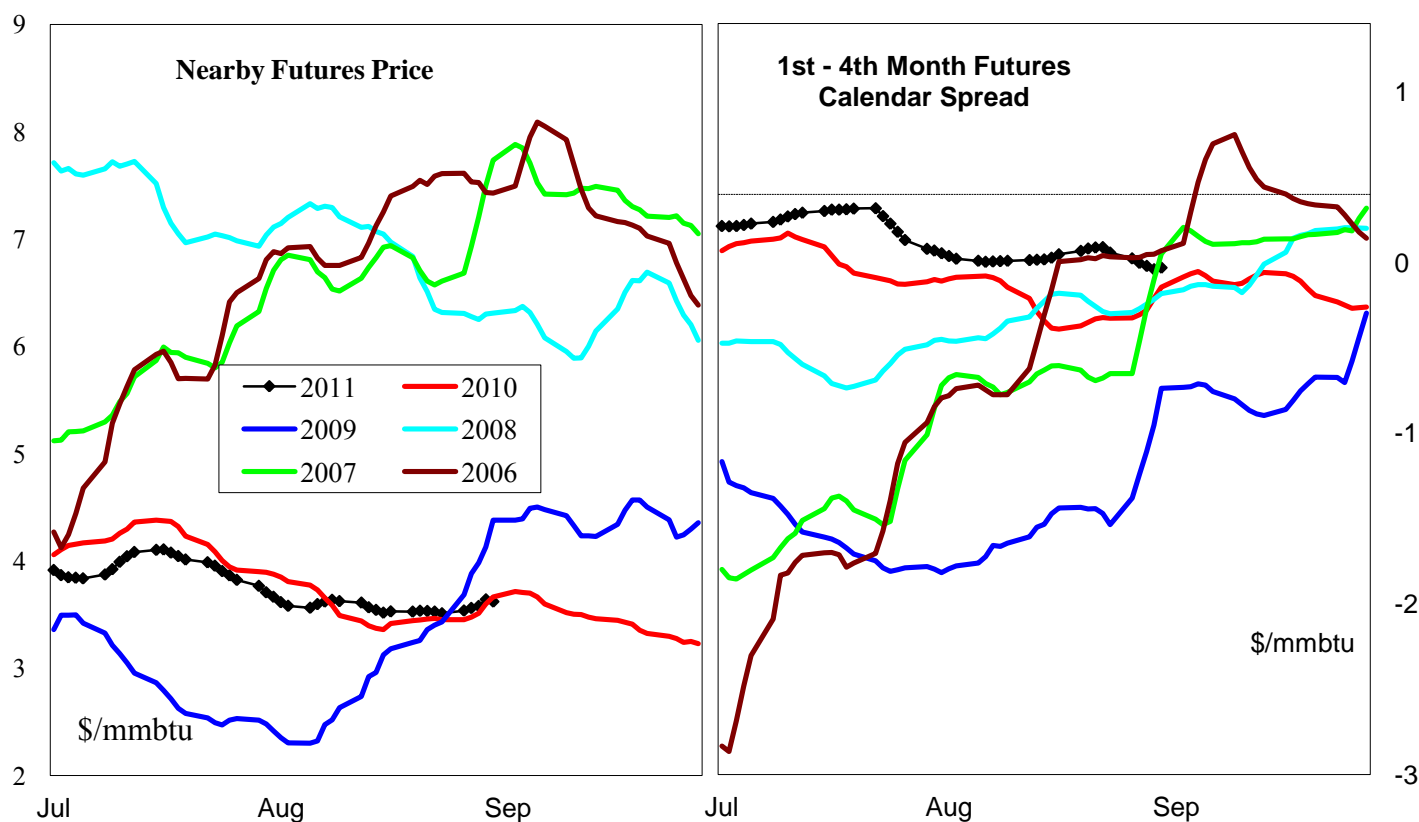
Week ending:	26-Aug-11			20-Aug-11		27-Aug-11		3-Sep-11	
Region	Weekly Stocks			Weekly Cooling Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,961	55	-4.4	-6	9%	5	28%	-8	29%
East	1,578	54	-5.5	-11	1%	0	16%	-6	22%
West	426	4	-10.1	8	8%	16	51%	-11	45%
Producing	957	-3	0.2	-4	26%	5	37%	-15	32%

Seasonal Trends in Stocks and Cooling Degree Days

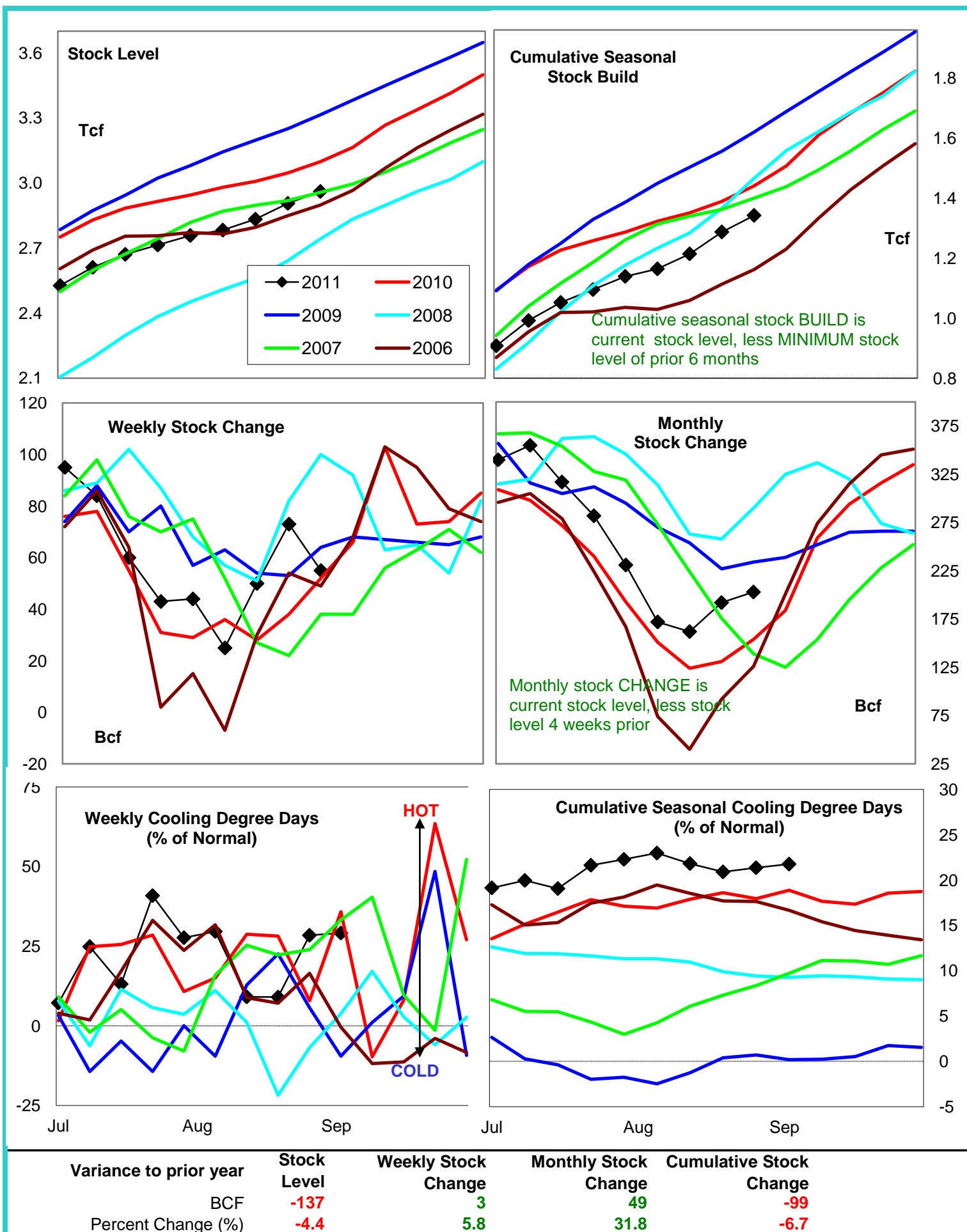
	Cumulative Stock change			Cumulative Cooling Degree Days					
	Bcf	Change vs prior year Bcf	%	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal
U.S. Total	1,382	-99	-7.2	194	21%	211	21%	227	22%
East	962	43	4.5	505	26%	545	26%	577	25%
West	210	20	9.5	-75	-11%	-51	-7%	-32	-4%
Producing	270	-132	-48.9	505	31%	545	31%	577	31%

Futures Market Price Trends

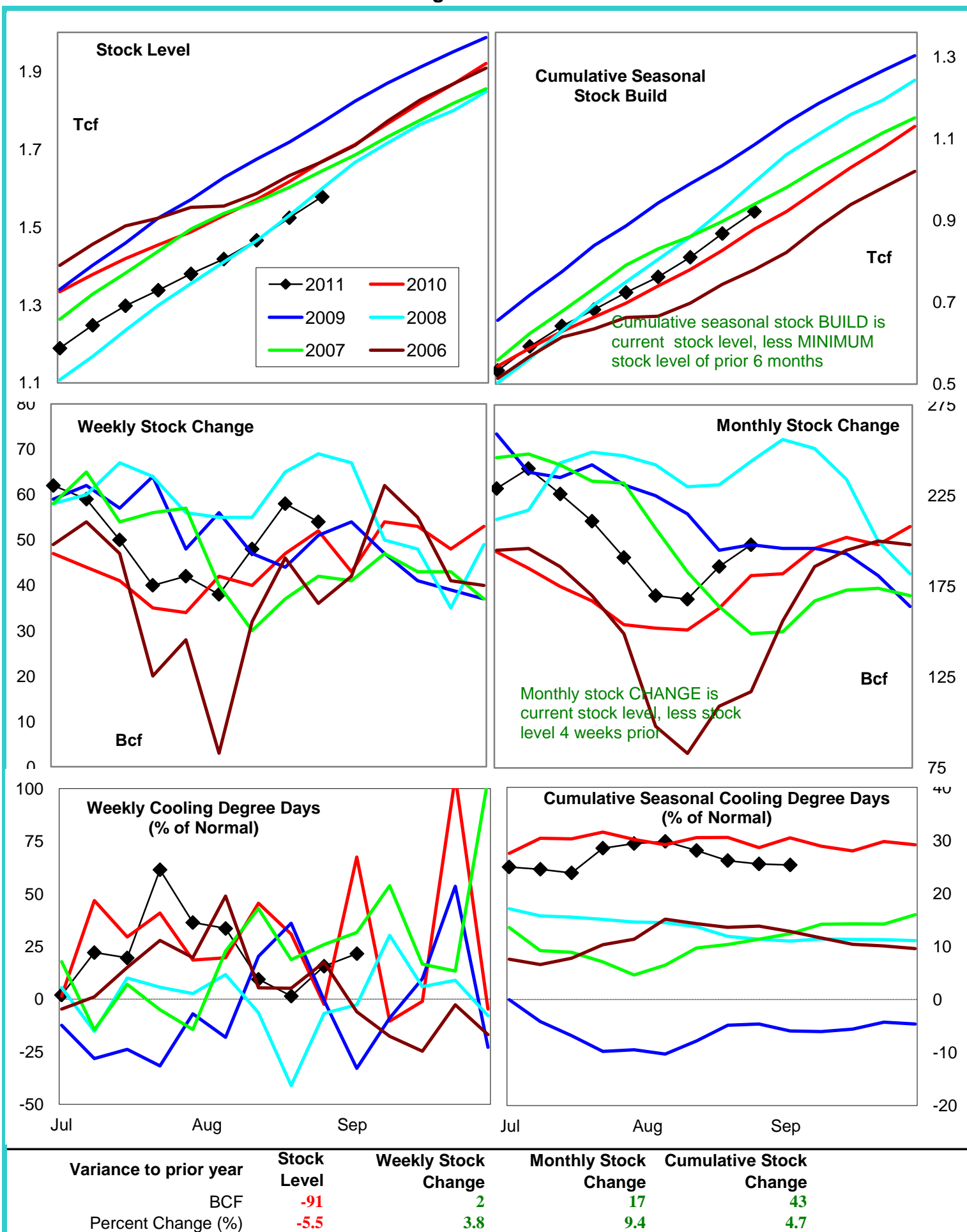
Date:	2-Sep-11	Change vs prior week, month, year		
		29-Aug-11	8-Aug-11	25-Aug-10
1st month Futures	4.02	0.16	0.08	-0.18
% change	xxxxx	4.1	2.0	-4.3



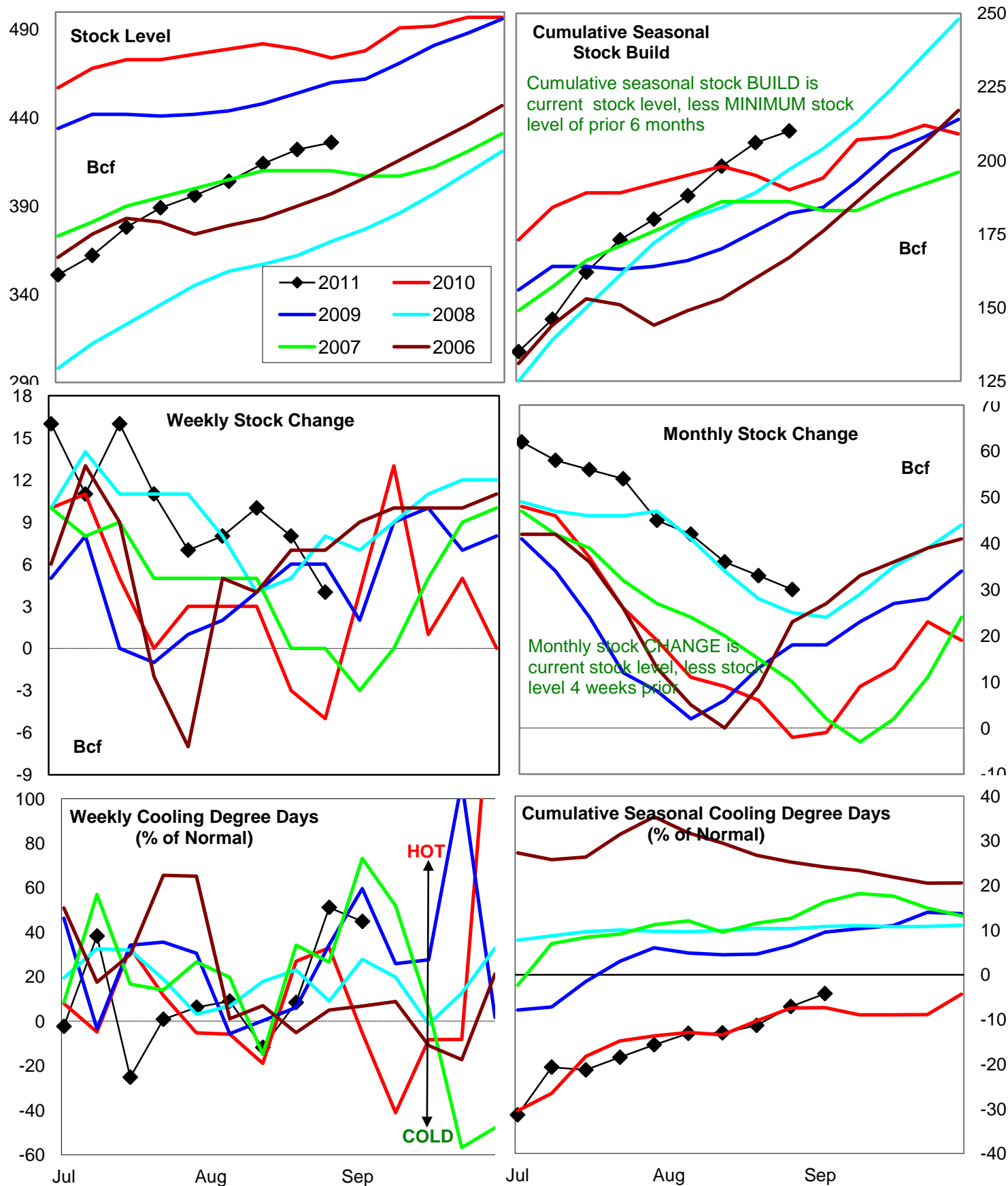
United States Natural Gas Stock and Weather Trends



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

-48

9

32

20

Percent Change (%)

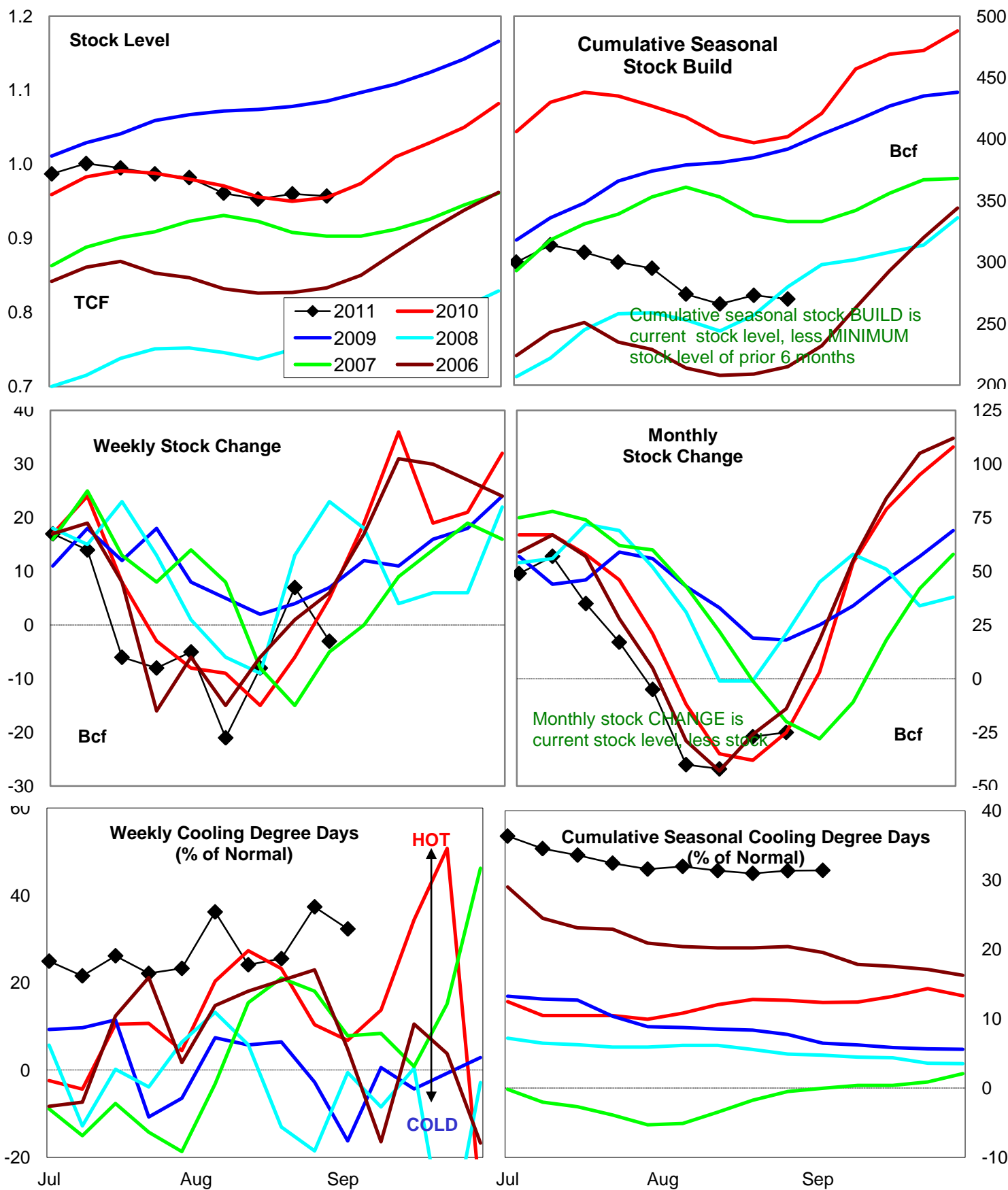
-10.1

-180.0

-1,600.0

10.5

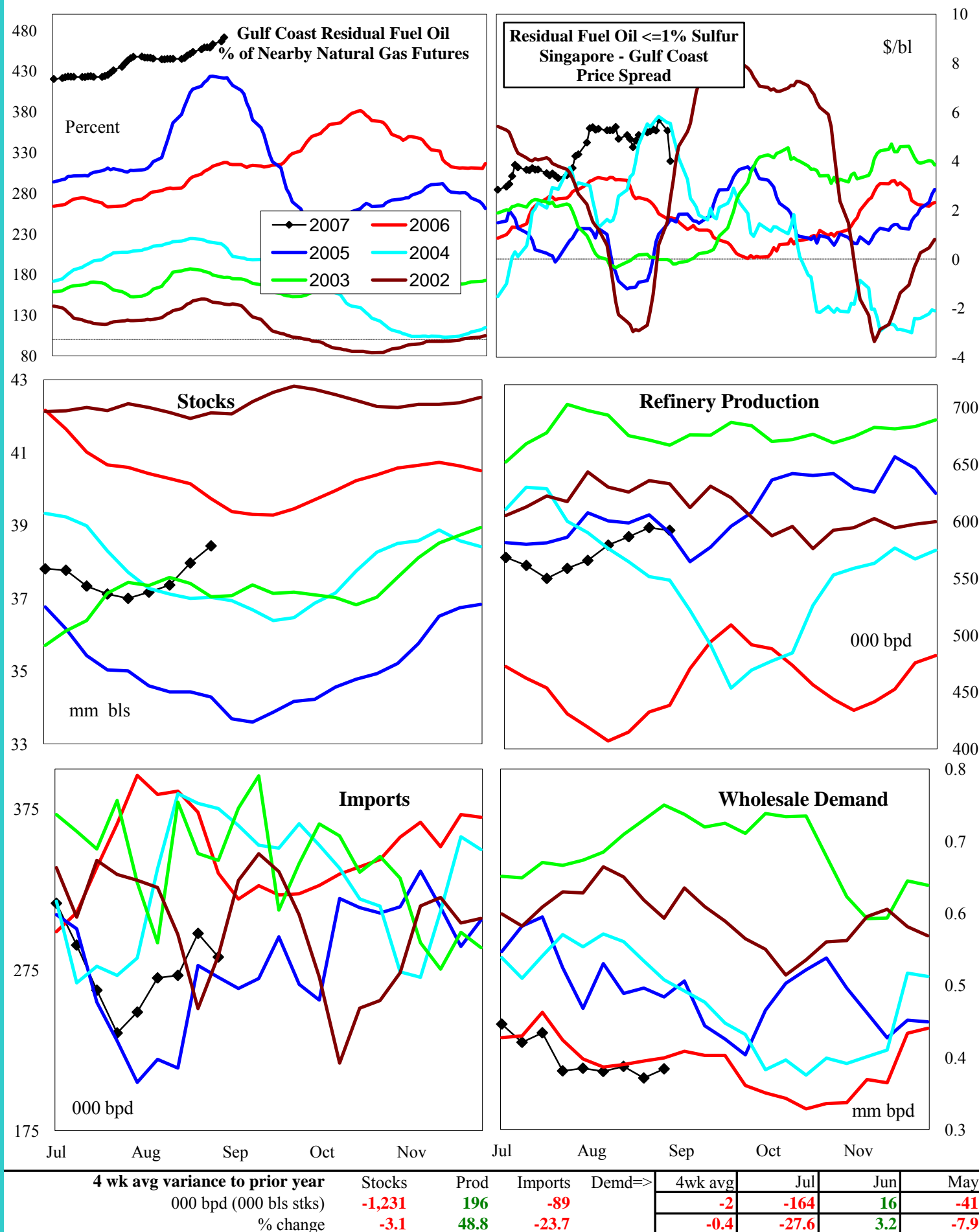
Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

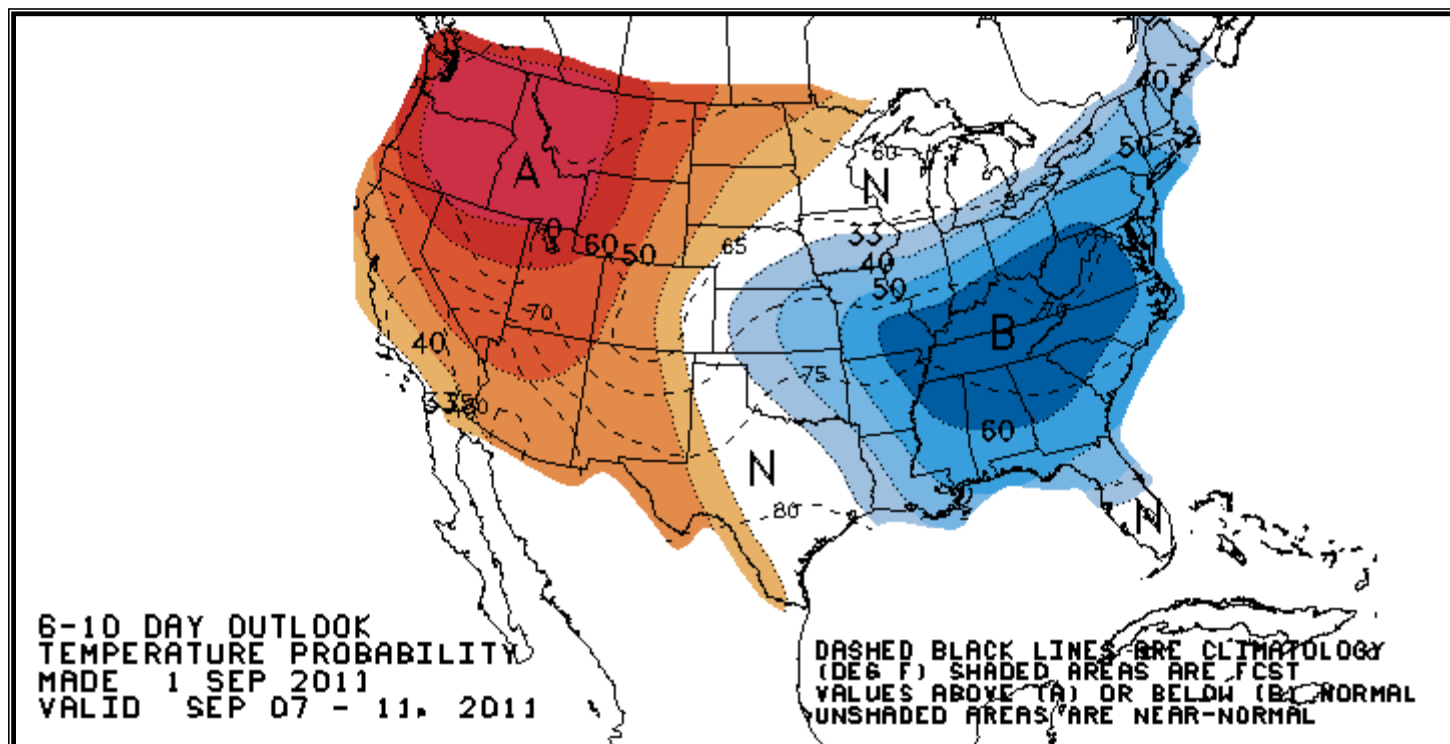
Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)2
0.2-8
-160.00
0.0-132
-32.8

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



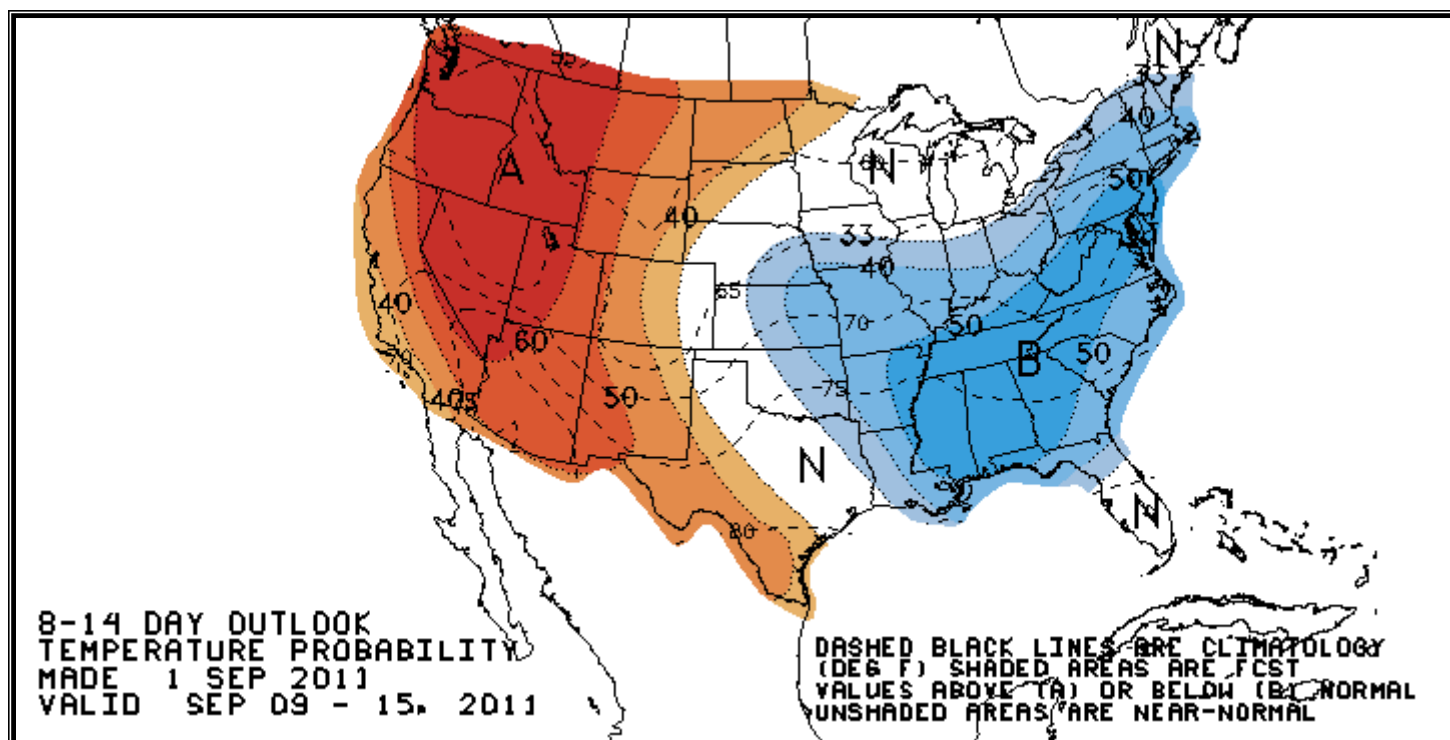
National Weather Service Climate Prediction Center

Degree Days 6 - 10 Day Temperature Forecast



National Weather Service Climate Prediction Center

Degree Days 8 - 14 Day Temperature Forecast



American Gas Association Regions

