

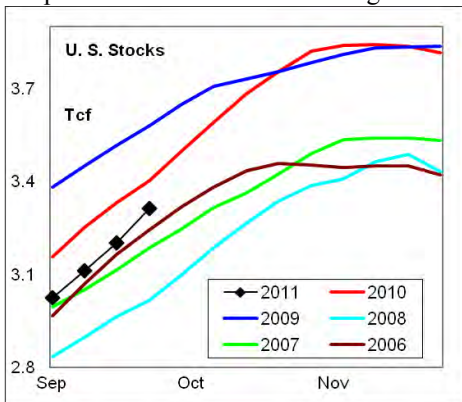
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

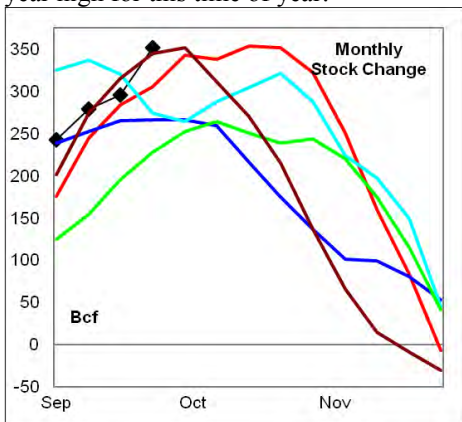
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Sunday, October 02, 2011



Summary¹ The stock build of +111 Bcf for the week was a record build for the early fall season; driven by unusually mild temperatures and weak economic growth.



The latest 4-wk stock build matched the 5-year high for this time of year.



In the East Region stocks increased +67 Bcf for the period, a record build for the week. Stocks increased +11 Bcf in the West Region, a level near the 5-year high for this week. The stock build of +33 Bcf in the Producing Region was also a record build for the period.

Cooling degree days were normal in the East Region, +54% above normal in the West Region and +2% above normal in the Producing Region for the week ending 24Sep11.

Cooling degree days were +13% above normal for the week ended 24Sep11, and forecast to be +50% above normal for the week ending 01Oct11.

¹ Related Web Sites:

[Data Source is EIA Weekly Statistics](#)

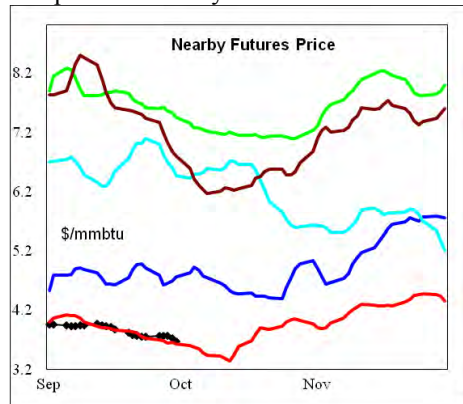
[National Weather Service 6-10 Day](#)

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

The 6-10 day NWS forecast for the week ending 11Oct11 is for sharply above normal cooling degree days in the eastern 2/3rds of the country, with below normal cooling degree days in the western 1/3rd.

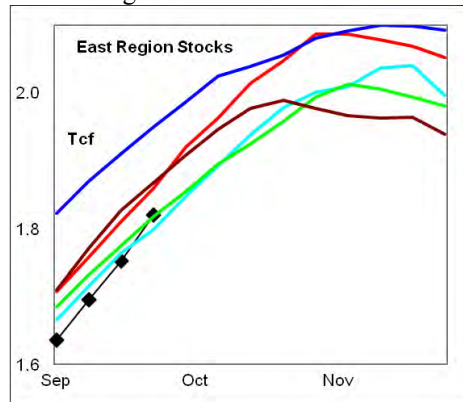
The 8-14 day NWS forecast for the week ending 15Oct11 is for above normal cooling degree days across nearly the entire country.

Prices: Nearby gas futures prices decreased -\$0.03/mmbtu for the week ending 30Sep11. Price levels ended the week comparable to last years' record lows.



The 1st - 4th month forward price curve traded sideways for the week ending 30Sep11. The spread ended the week below the mid range for this time of year.

East Region stocks increased +67 Bcf last week, the 2nd consecutive record weekly build. The latest 4-wk stock build was also a record high.

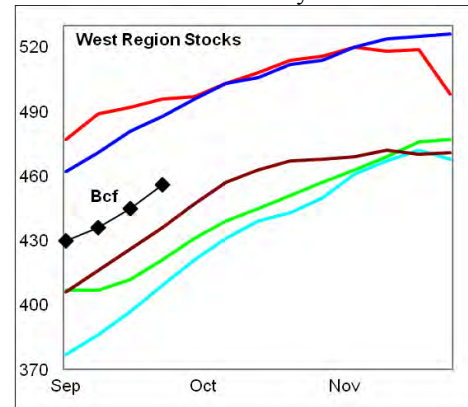


Cooling degree days in the region were normal for the week ending 24Sep11, and forecast to be +47% above normal for the week ending 01Oct11. Much above normal cooling degree days are forecast for the next 10-days.

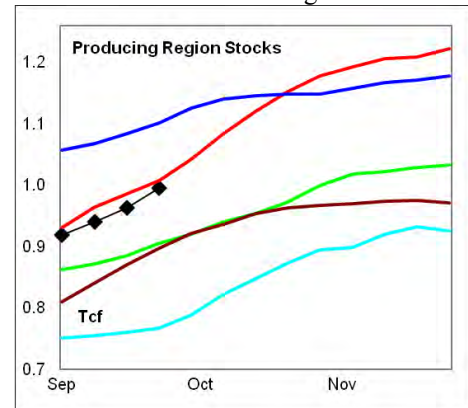
West Region stocks increased +11 Bcf on the week, a level near the 5-year high for the period. Stock levels ended the week well above the mid range. The latest 4-wk stock build matched the mid range for this

time of year.

Cooling degree days were +54% above normal for the week ending 24Sep11, and forecast to be +59% above normal for the week ending 01Oct11. Below normal cooling degree days are forecast for the next 10-days.



Producing Region stocks experienced a build of +33 Bcf on the week, a record build for the period. The monthly stock build was well above the mid range. Stock levels ended the week near last year, and well above the mid range.



Cooling degree days were +2% above normal for the week ending 24Sep11, and forecast to be +50% above normal. 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: Extremely mild temperatures continue across most the country and are forecast to extend into mid October. Combined with above average stock levels, weak economic growth and excess production capacity, price weakness should continue.



NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: October 2, 2011

For the week ending: 23-Sep-11

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

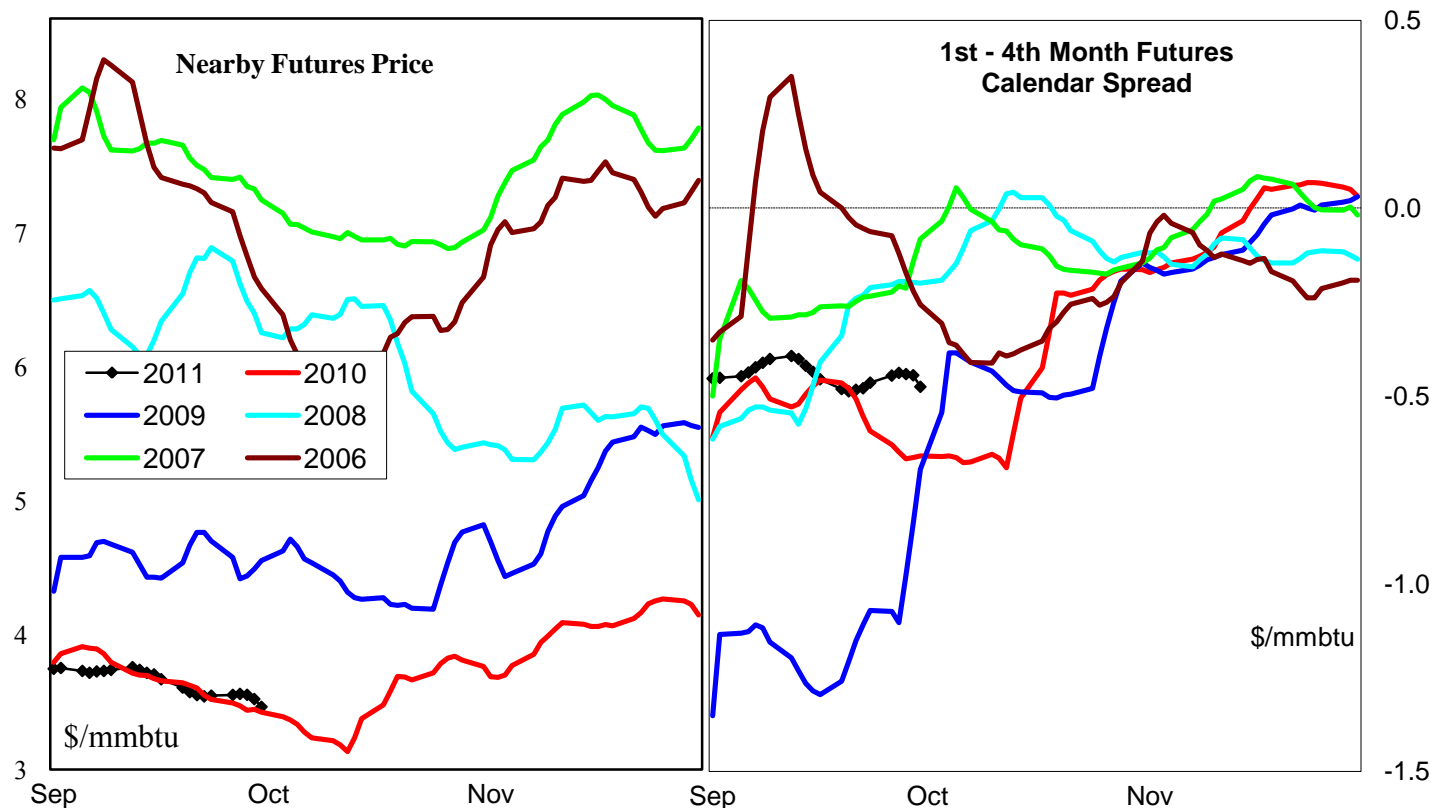
Week ending:	23-Sep-11			17-Sep-11		24-Sep-11		1-Oct-11	
Region	Weekly Stocks			Weekly Cooling Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,312	111	-2.7	-5	-1%	-4	13%	1	50%
East	1,820	67	-2.2	-3	1%	-8	0%	3	47%
West	456	11	-8.1	-32	-18%	16	54%	-11	59%
Producing	1,036	33	-1.1	25	8%	-18	2%	12	50%

Seasonal Trends in Stocks and Cooling Degree Days

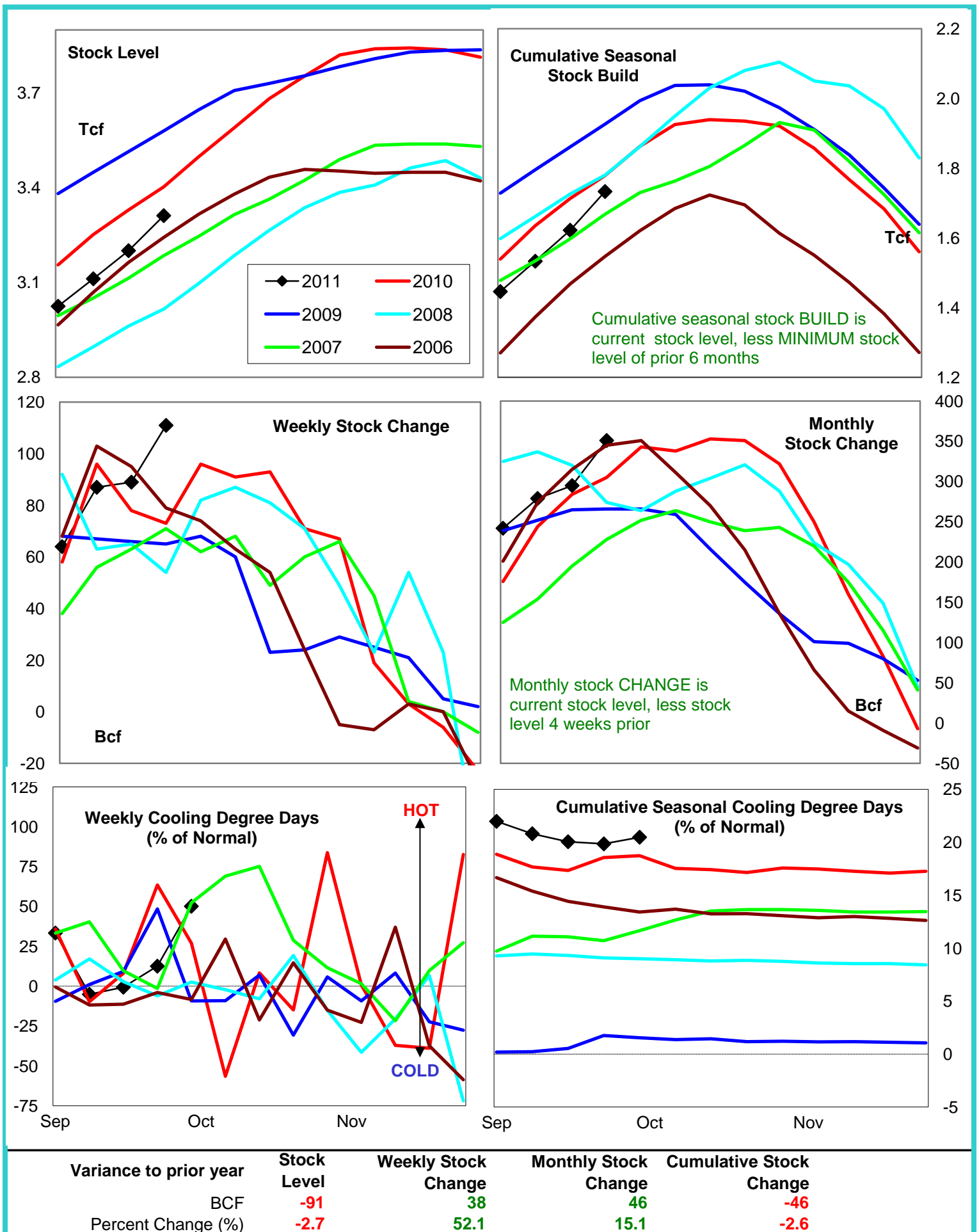
	Cumulative Stock change			Cumulative Cooling Degree Days					
	Bcf	Change vs prior year Bcf	%	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal
U.S. Total	1,733	-46	-2.7	227	20%	231	20%	243	20%
East	1,204	94	7.8	564	24%	565	23%	591	23%
West	240	29	12.1	-23	-3%	-8	-1%	5	1%
Producing	321	-148	-46.1	564	28%	565	27%	591	28%

Futures Market Price Trends

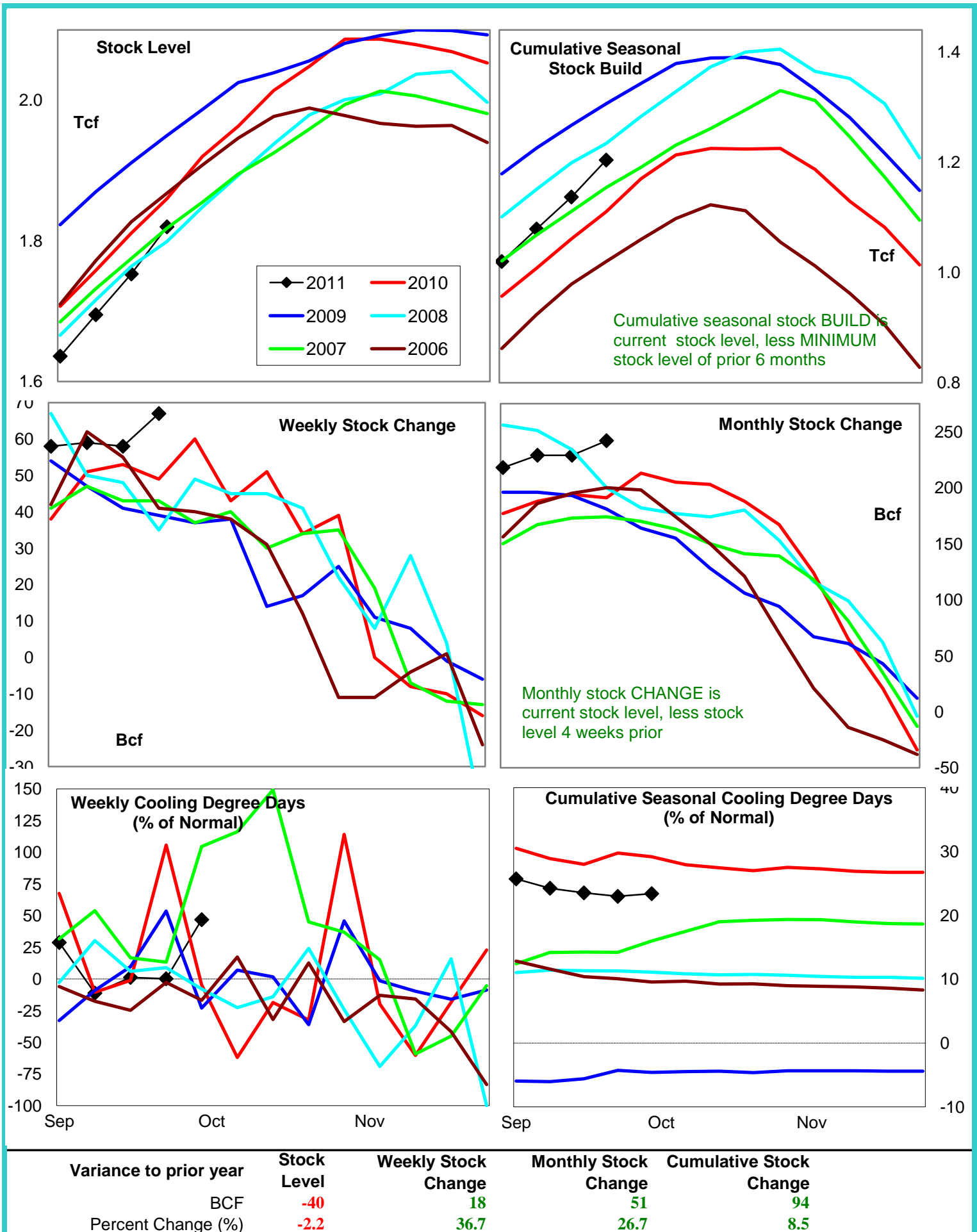
Date:	30-Sep-11	Change vs prior week, month, year		
		26-Sep-11	2-Sep-11	22-Sep-10
1st month Futures	3.67	-0.11	-0.20	0.01
% change	xxxxx	-3.0	-5.3	0.2



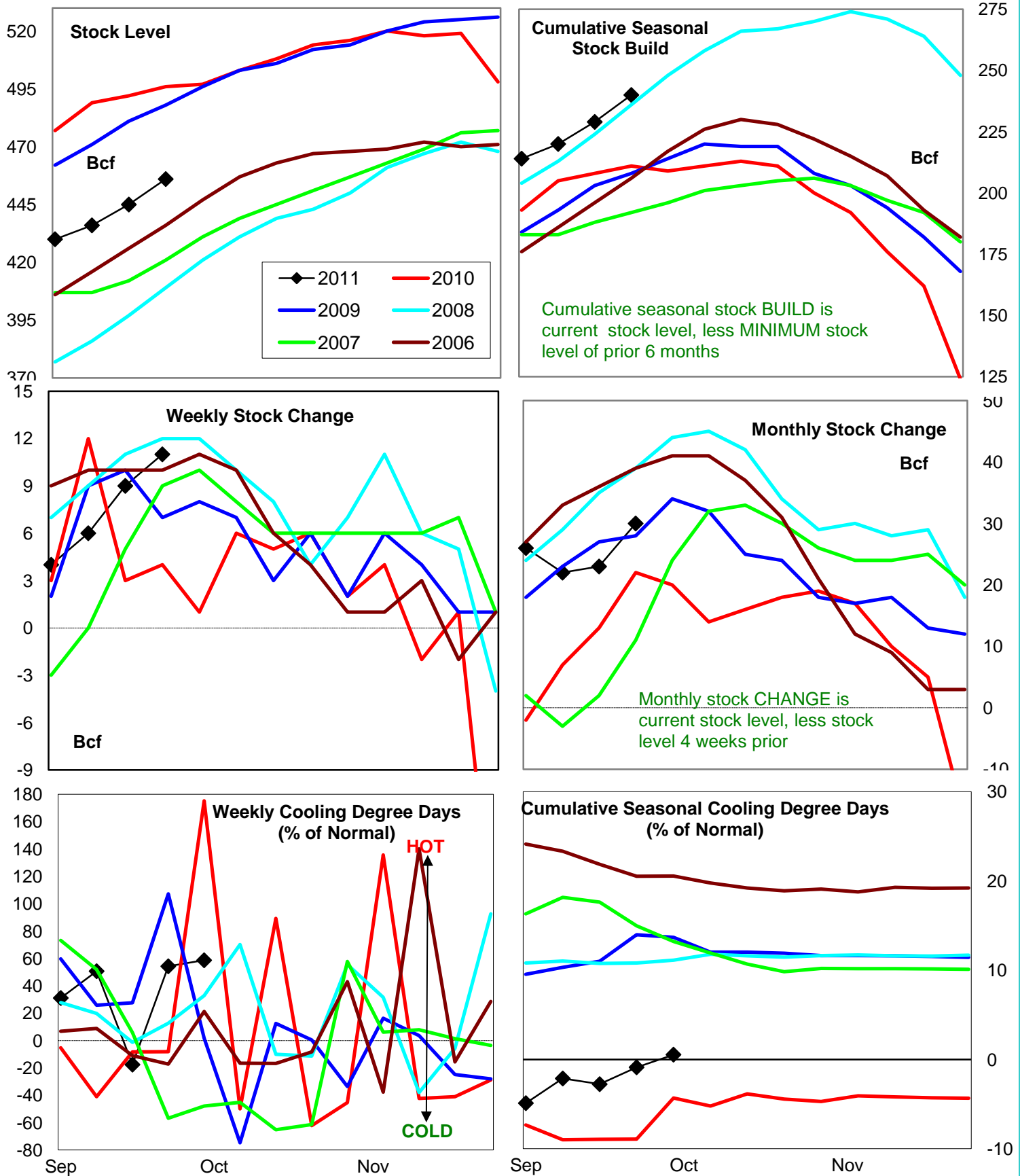
United States Natural Gas Stock and Weather Trends



Natural Gas East Region Stock and Weather Trends



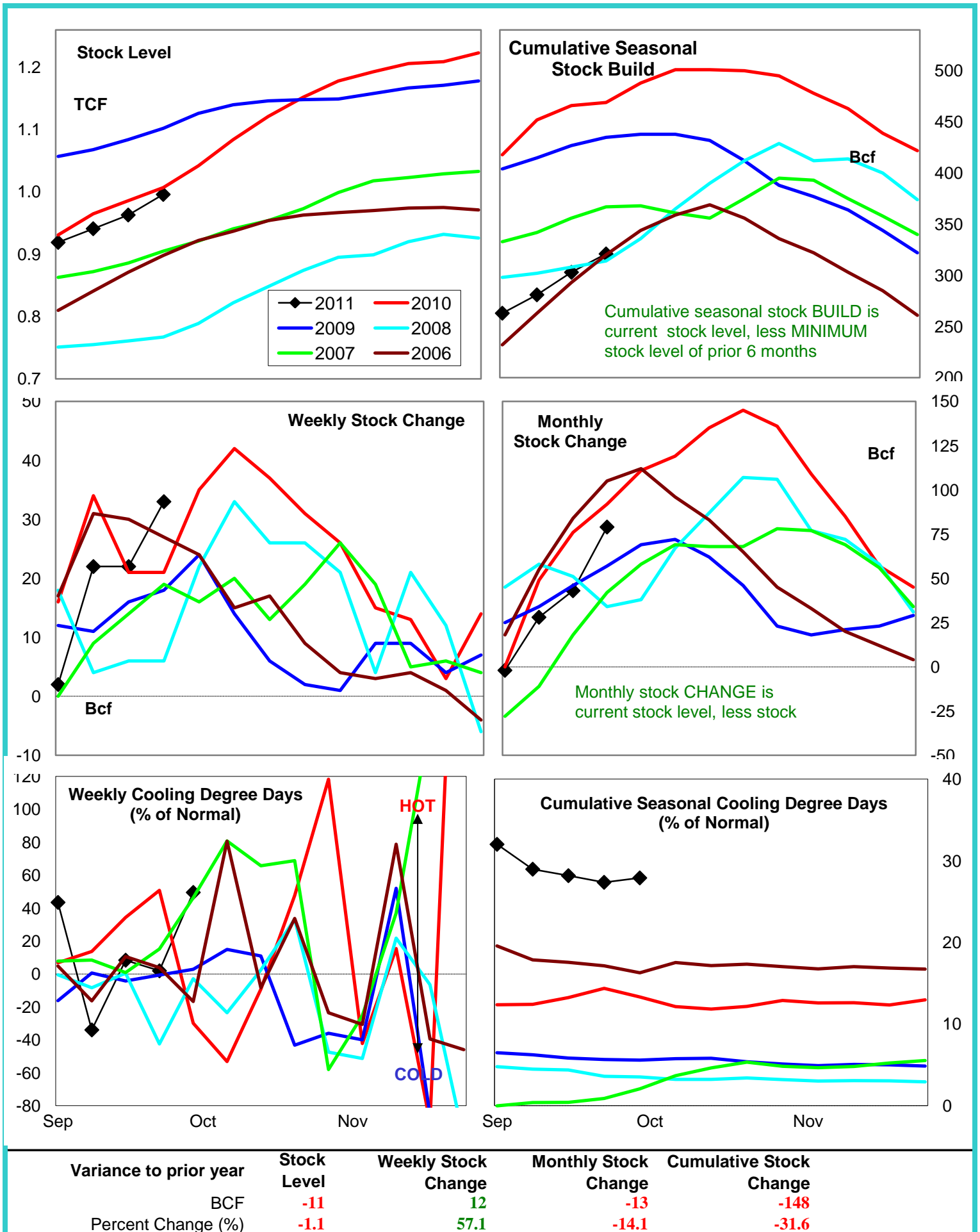
Natural Gas West Region Stock and Weather Trends



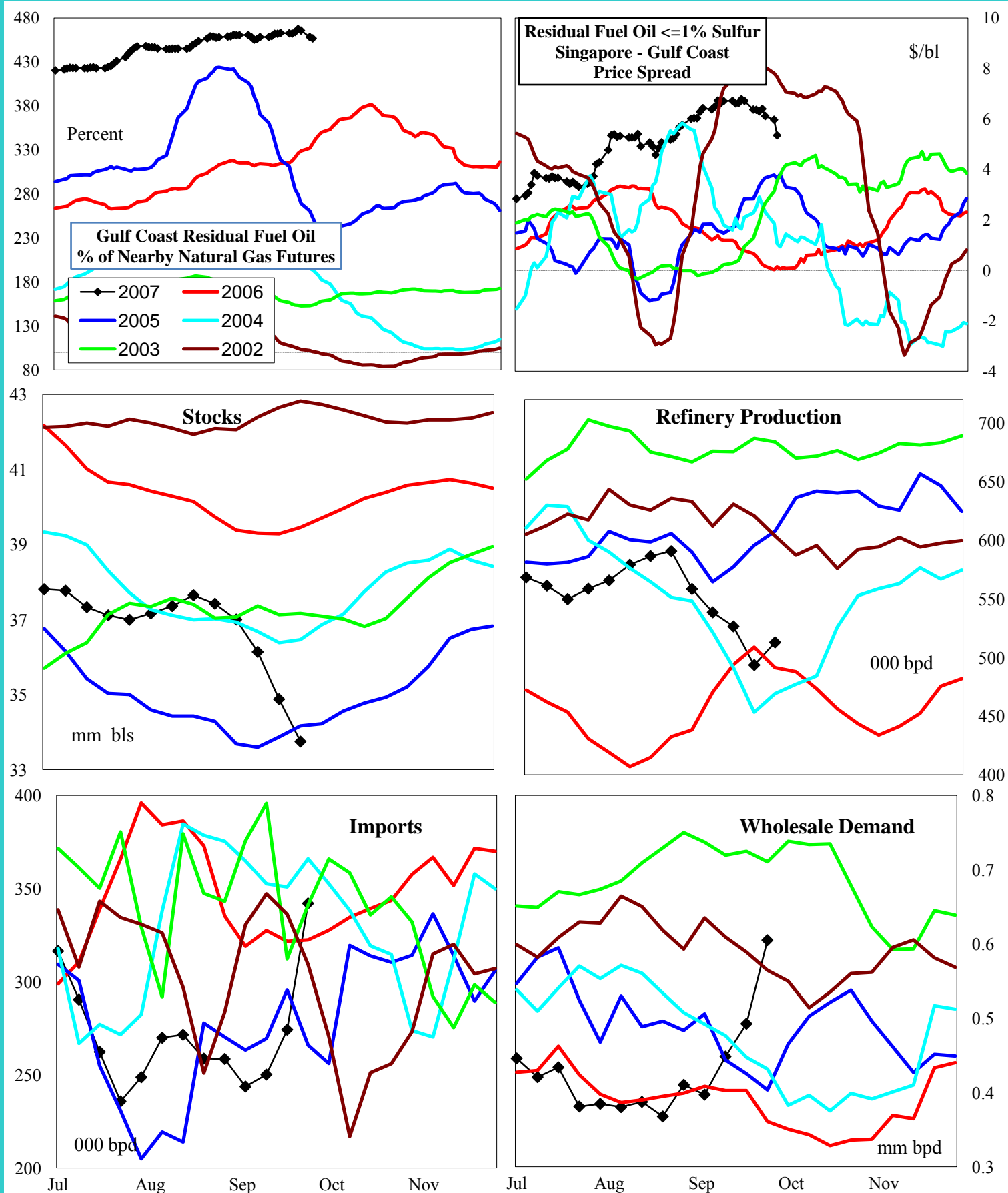
Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)-40
-8.17
175.08
36.429
13.7

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 bbls stks)
% change

Stocks
-5,545
-14.1

Prod
6
1.1

Imports
-82
-25.2

Demd=>
4wk avg
54
11.9

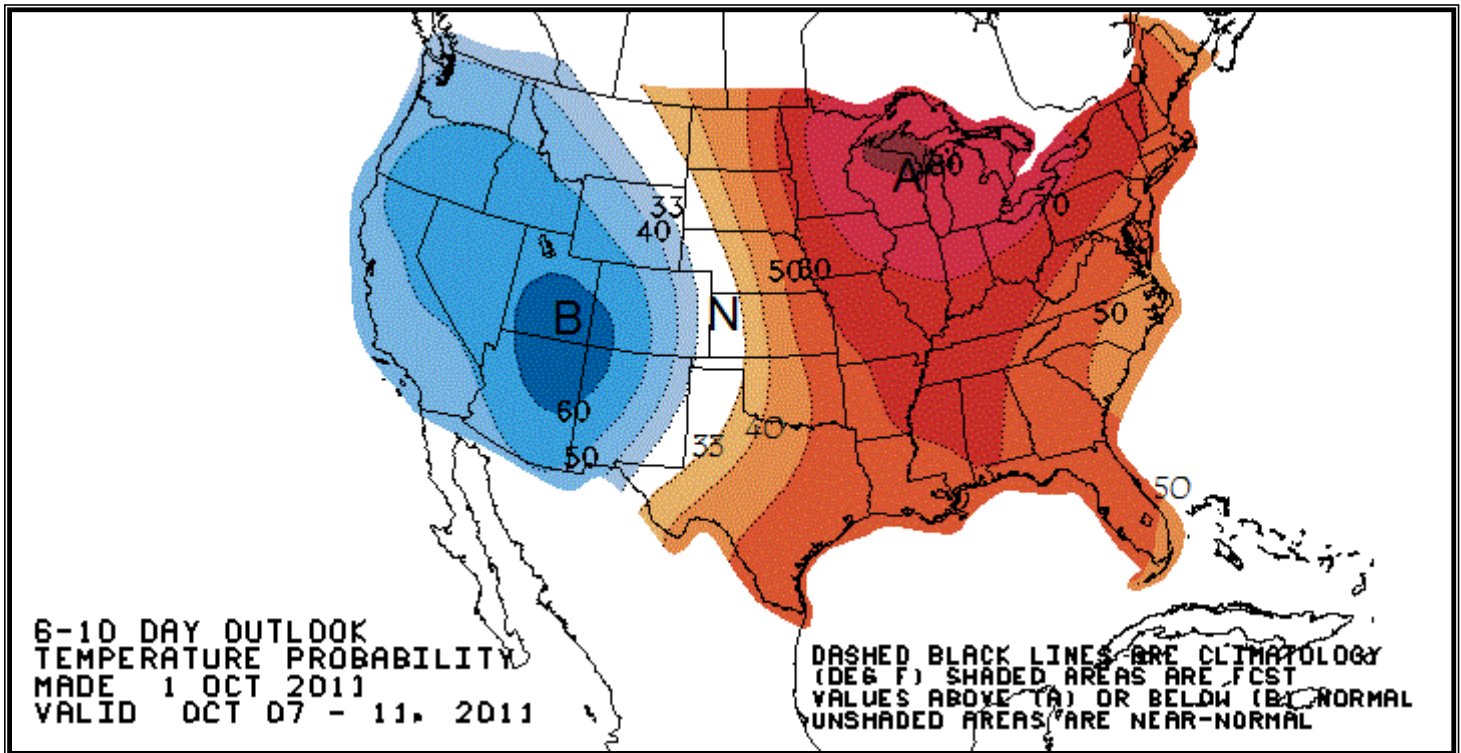
Aug
-62
-13.0

Jul
-164
-27.6

Jun
-29
-5.8

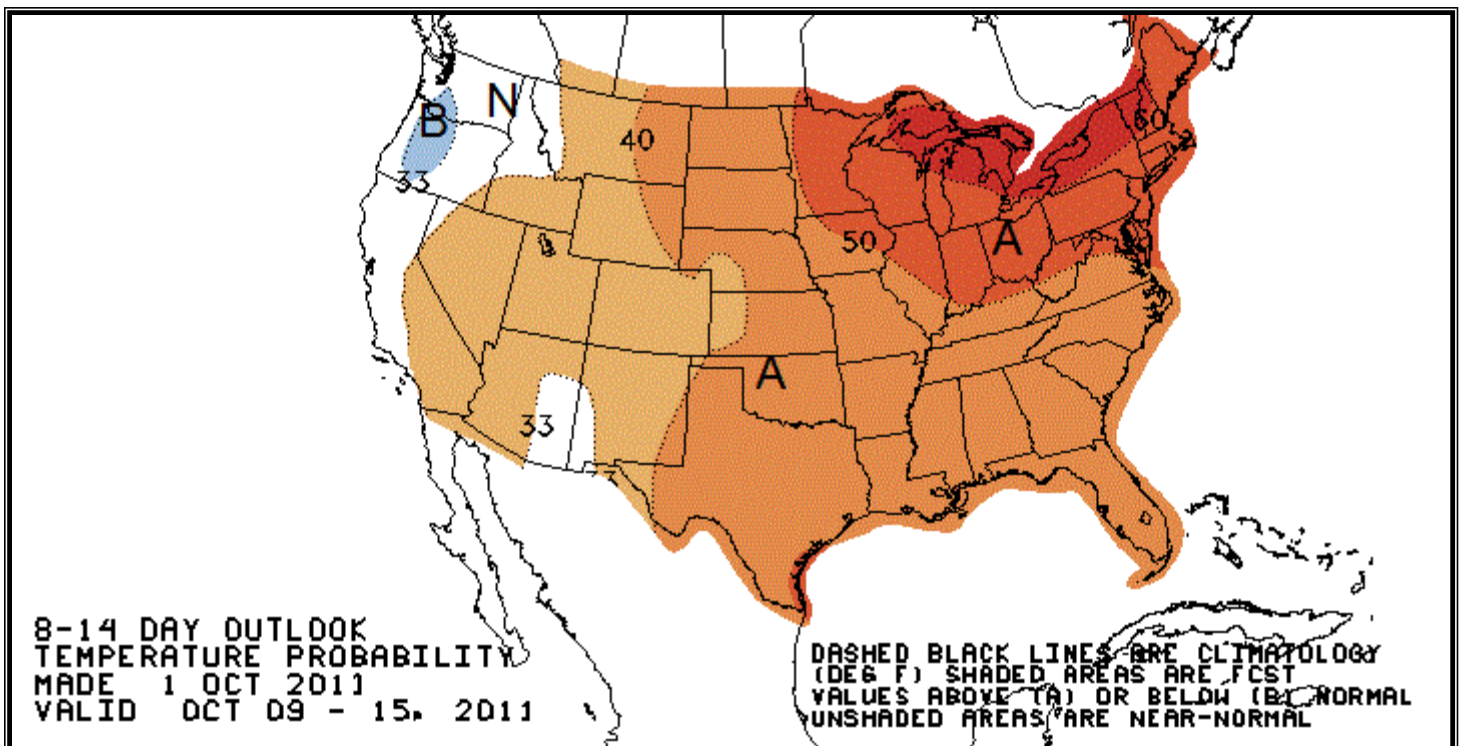
National Weather Service Climate Prediction Center

Degree Days 6 - 10 Day Temperature Forecast



National Weather Service Climate Prediction Center

Degree Days 8 - 14 Day Temperature Forecast



American Gas Association Regions

