



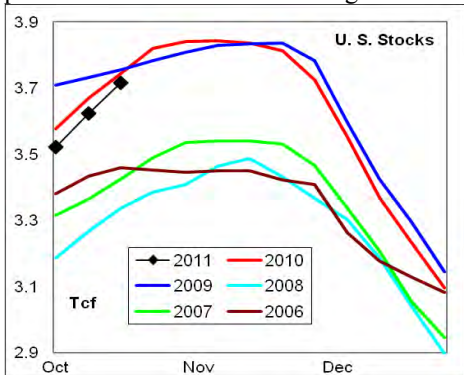
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

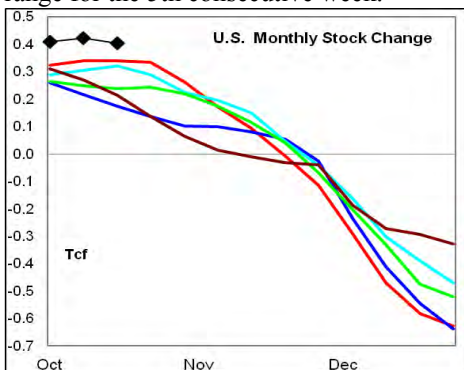
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Sunday, October 30, 2011



Summary¹ The stock build of +92 Bcf for the week was above the 5-year range for the 5th consecutive week; driven by unusually mild temperatures, high production and weak economic growth.



The latest 4-wk stock build was a record for this time of year; above the historic range for the 5th consecutive week.



In the East Region stocks increased +44 Bcf for the period, the 6th consecutive week that the build was above the historic range. Stocks increased +7 Bcf in the West Region, a level that exceeded the 5-year range. The stock build of +41 Bcf in the Producing Region was a 5-year high for the period.

Heating degree days were -2% below normal in the East Region, -12% below normal in the West Region and +91% above normal in the Producing Region for the week ending 22Oct11.

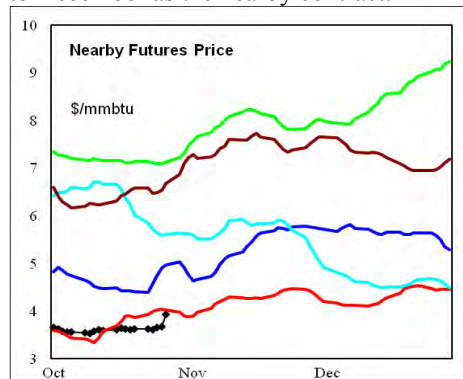
Heating degree days were +3% above normal for the week ended 22Oct11, and -19% below normal for the week ending

29Oct11.

The 6-10 day NWS forecast for the week ending 09Nov11 is for above normal heating degree days in the western 1/3rd of the country and well below normal heating degree days in the eastern 2/3rds of the country.

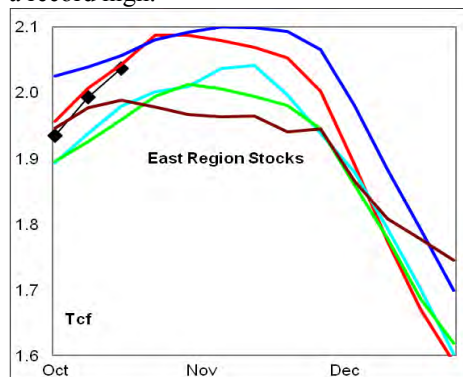
The 8-14 day NWS forecast for the week ending 13Nov11 is for above normal heating degree days from the western 1/3rd of the country and below normal heating degree days in the eastern 2/3rds of the country.

Prices: Nearby gas futures prices increased +\$0.29/mmbtu for the week ending 28Oct11. The price jump was driven by an early snowfall in the Northeast and the roll to December as the nearby contract.



The 1st - 4th month forward price curve trended sharply higher for the week ending 28Oct11 on the roll from November to December as the prompt contract.

East Region stocks increased +44 Bcf last week, the 6th consecutive record weekly build. The latest 4-wk stock build was also a record high.

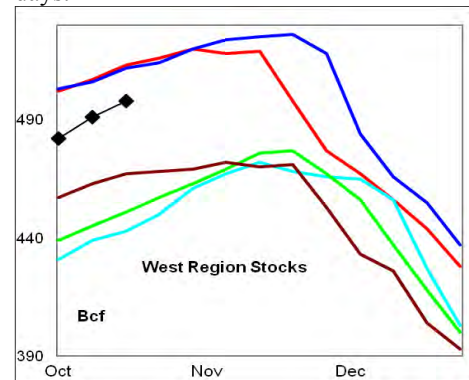


Heating degree days in the region were -2% below normal for the week ending 21Oct11, and -16% below normal for the week ending 29Oct11. Much below normal heating degree days are forecast for the next 10-days.

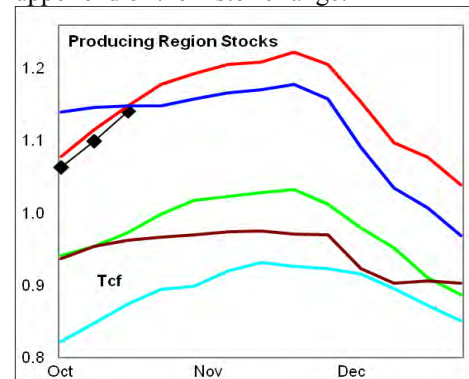
West Region stocks increased +7 Bcf on the week, a level that was a 5-year high for

the week. Stock levels ended the week -2.9% below the 5-year high. The latest 4-wk stock build was a record high for the season.

Heating degree days were -12% below normal for the week ending 21Oct11, and -26% below normal for the week ending 29Oct11. Well above normal heating degree days are forecast for the next 10-days.



Producing Region stocks experienced a build of +41 Bcf on the week, a record high for the week. The monthly stock build was also a record high for this time of year. Stock levels ended the week at the upper end of the historic range.



Heating degree days were +91% above normal for the week ending 21Oct11, and -26% below normal for the week ending 29Oct11. Well below normal heating 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 continue at a record high on mild temperatures, weak economic growth and high production rates. Stock levels are likely to make a new record high by early November. A return to below normal heating degree days in the eastern 2/3rds of the country should constrain prices into mid November.

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: October 30, 2011

For the week ending: 21-Oct-11

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

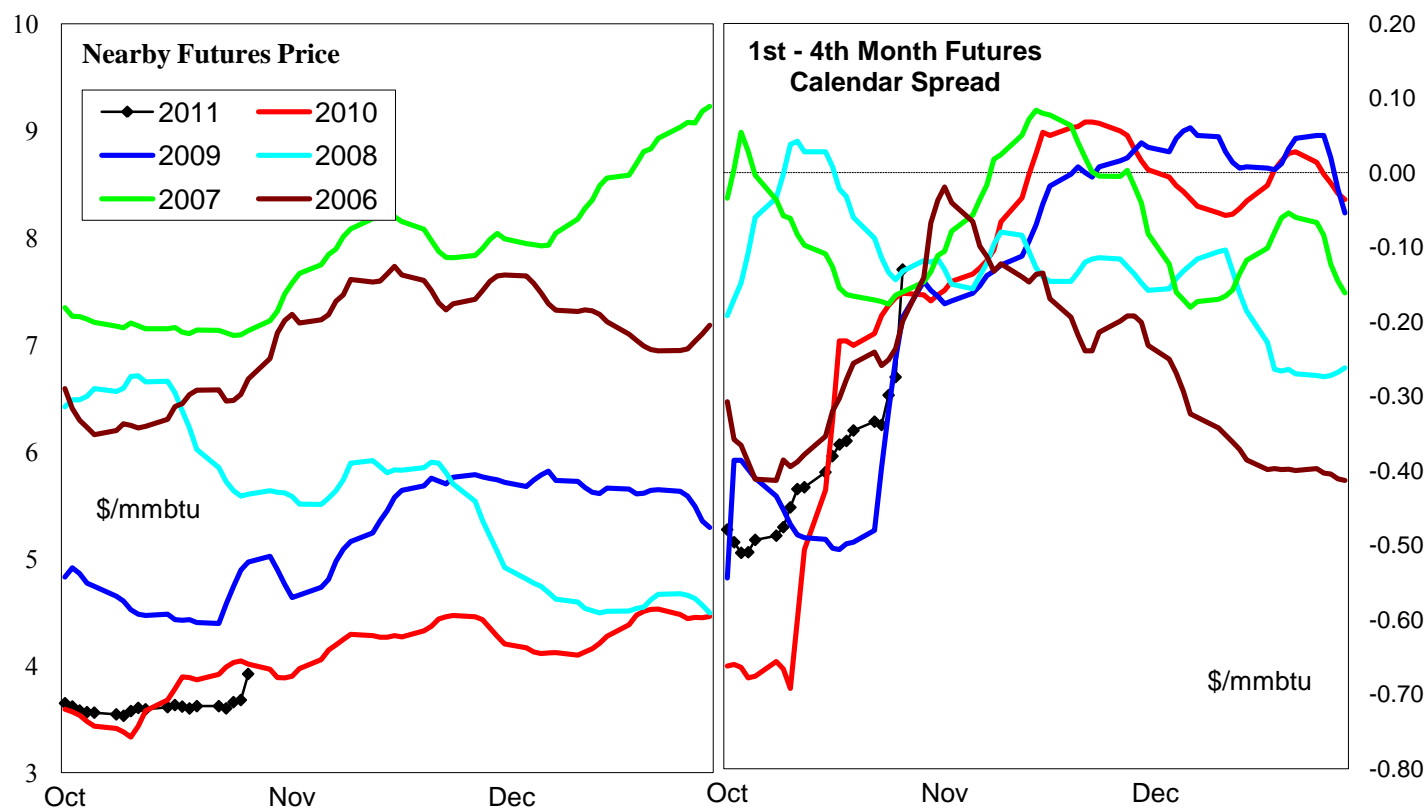
Week ending:	21-Oct-11			15-Oct-11		22-Oct-11		29-Oct-11	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,716	92	-0.7	-13	-50%	47	3%	-1	-19%
East	2,037	44	-0.3	-19	-55%	56	-2%	0	-16%
West	498	7	-2.9	0	-21%	19	-12%	8	-26%
Producing	1,181	41	-0.6	1	-36%	32	91%	-12	-26%

Seasonal Trends in Stocks and Heating Degree Days

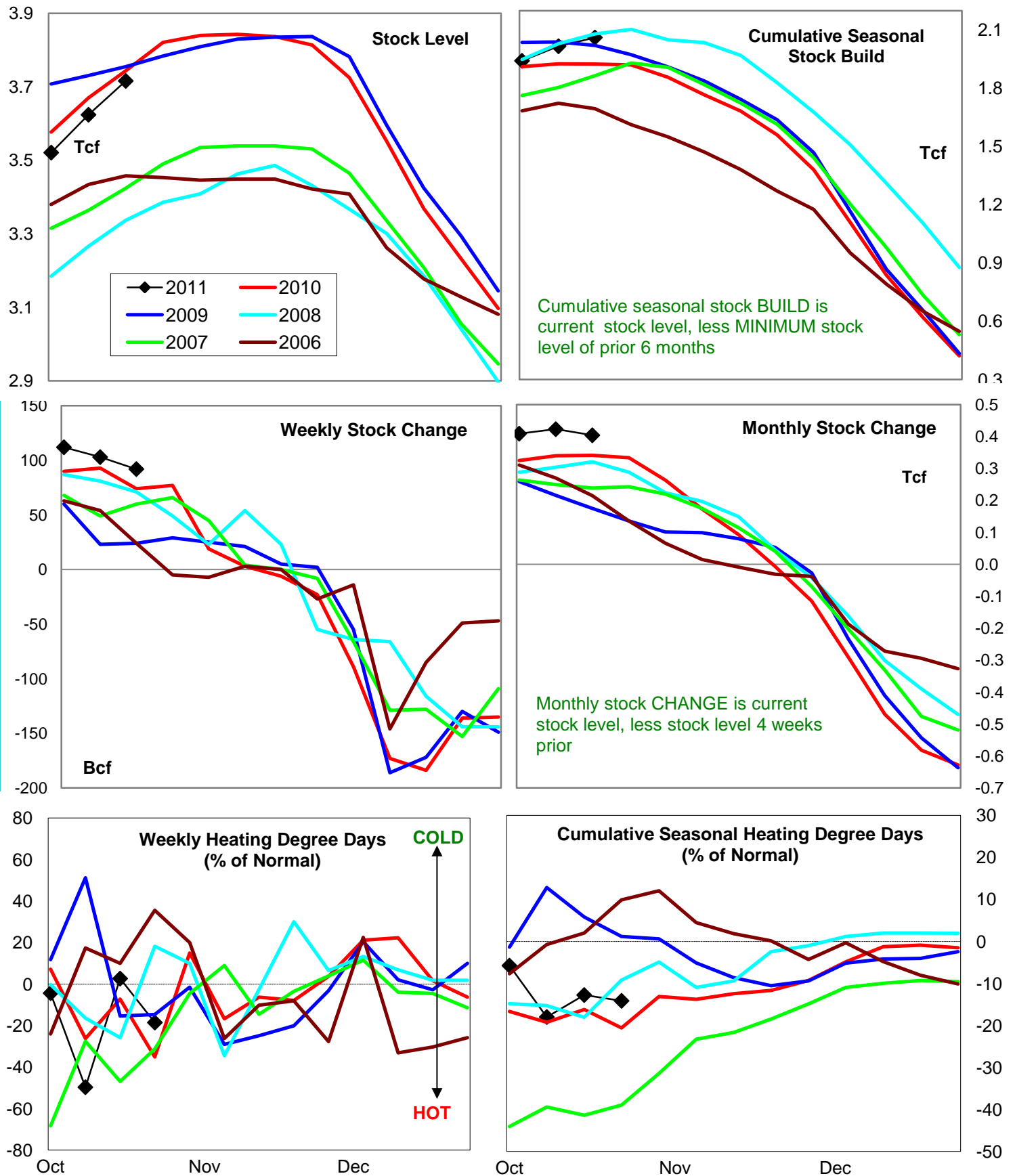
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	2,062	137	6.6	32	-18.0	79	-12.8	78	-14.1
East	1,385	166	12.0	34	-17.7	90	-13.7	90	-14.3
West	276	66	23.9	49	-26.2	68	-23.2	76	-23.7
Producing	401	-95	-23.7	14	3.5	47	30.5	35	9.3

Futures Market Price Trends

Date:	28-Oct-11	Change vs prior week, month, year		
		24-Oct-11	3-Oct-11	28-Oct-10
1st month Futures	3.92	0.32	0.31	-0.01
% change	xxxxx	9.0	8.5	-0.2



United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
Change

BCF

-28

18

63

137

Percent Change (%)

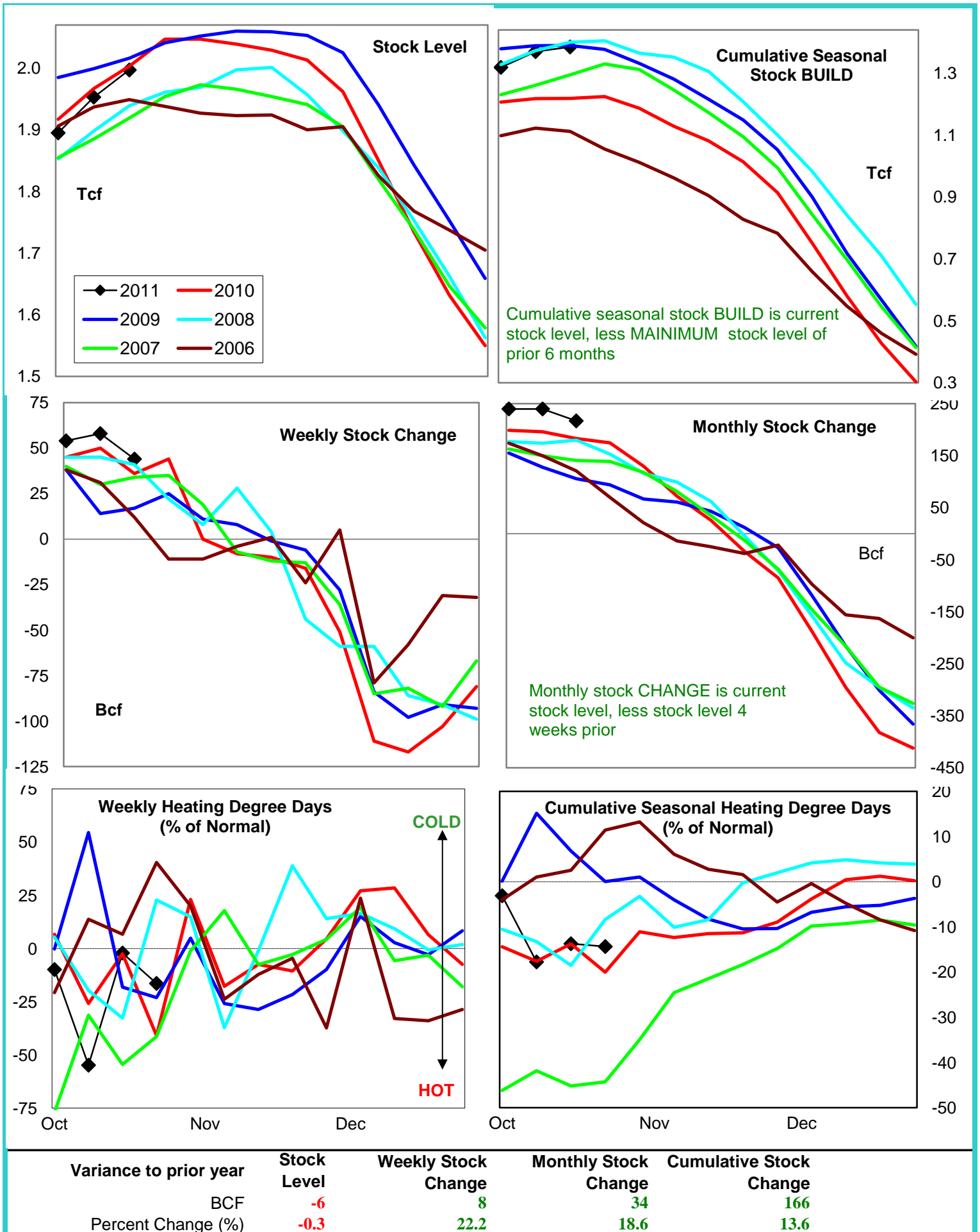
-0.7

24.3

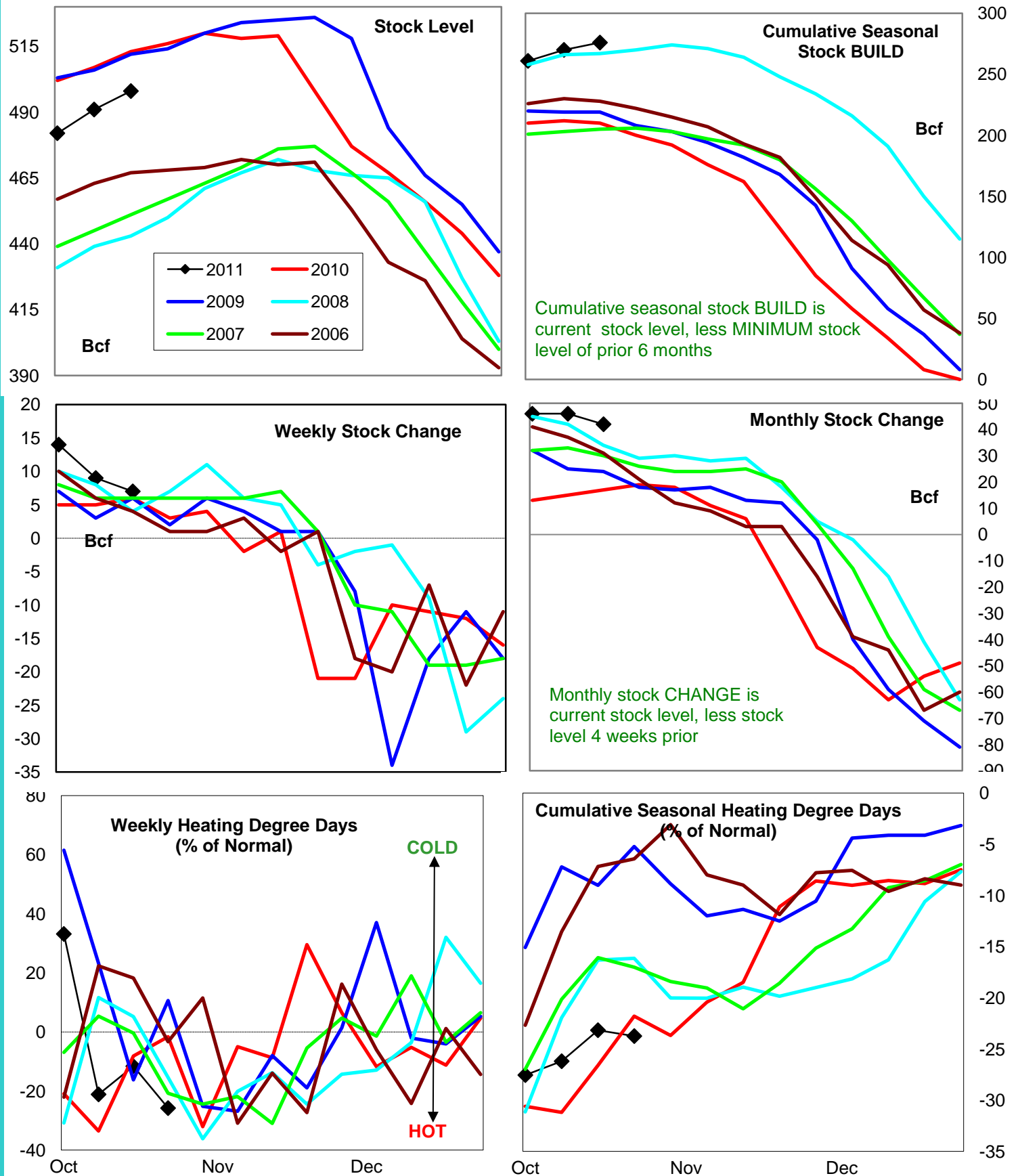
18.5

7.1

Natural Gas East Region Stock and Weather Trends

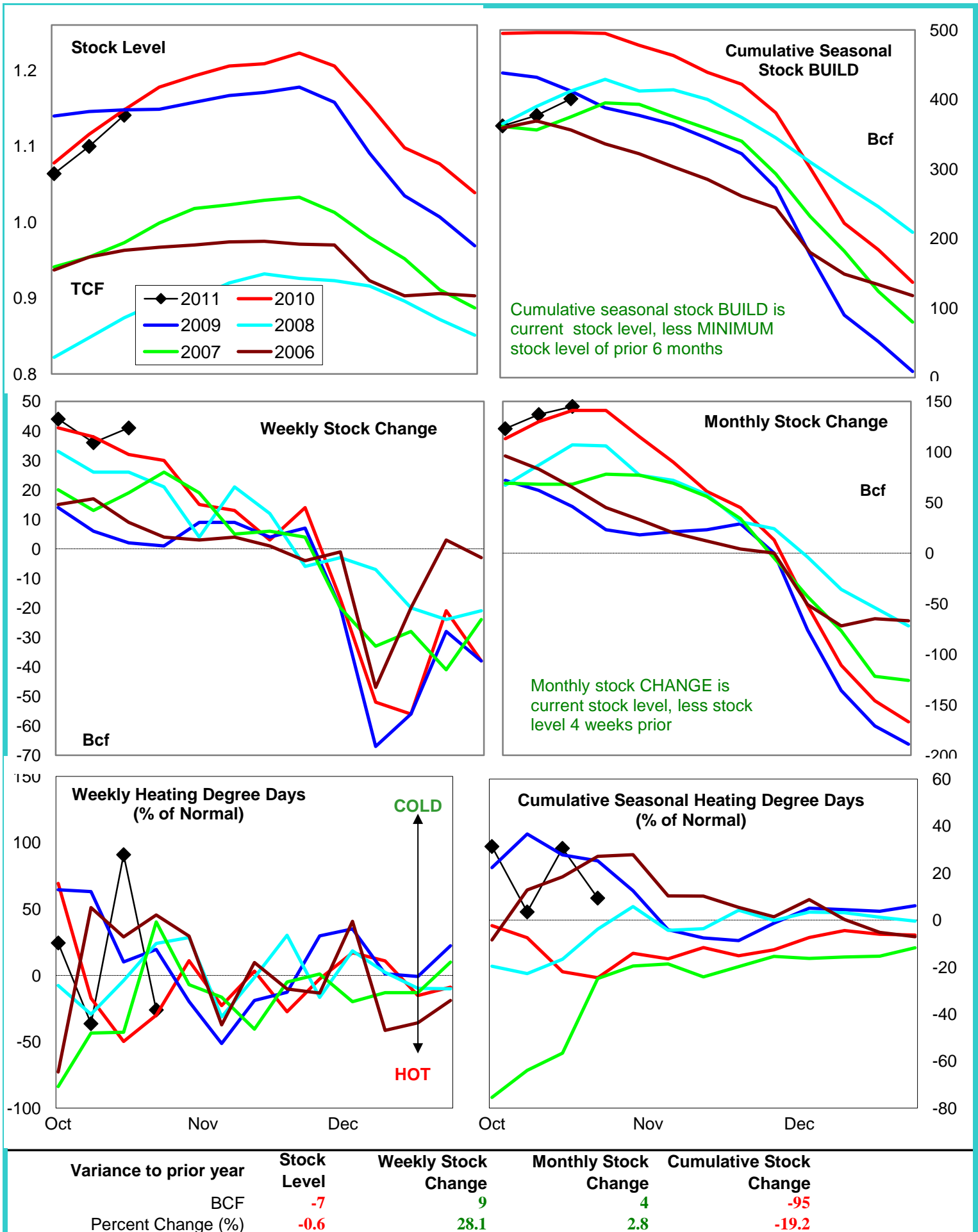


Natural Gas West Region Stock and Weather Trends

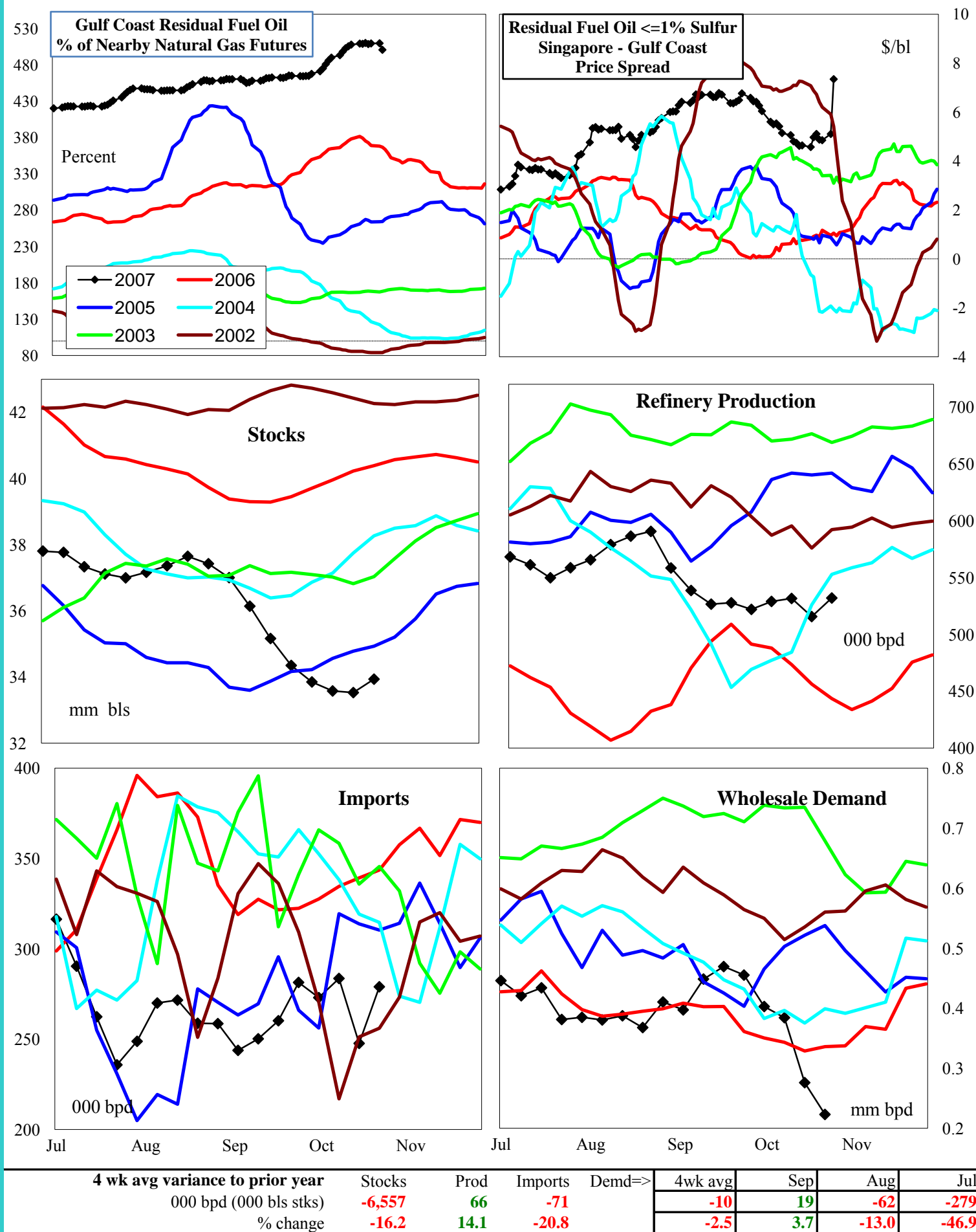


Variance to prior year	Stock Level	Weekly Stock Change	Monthly Stock Change	Cumulative Stock Change
BCF	-15	1	25	66
Percent Change (%)	-2.9	16.7	147.1	31.4

Natural Gas Producing Region Stock and Weather Trends

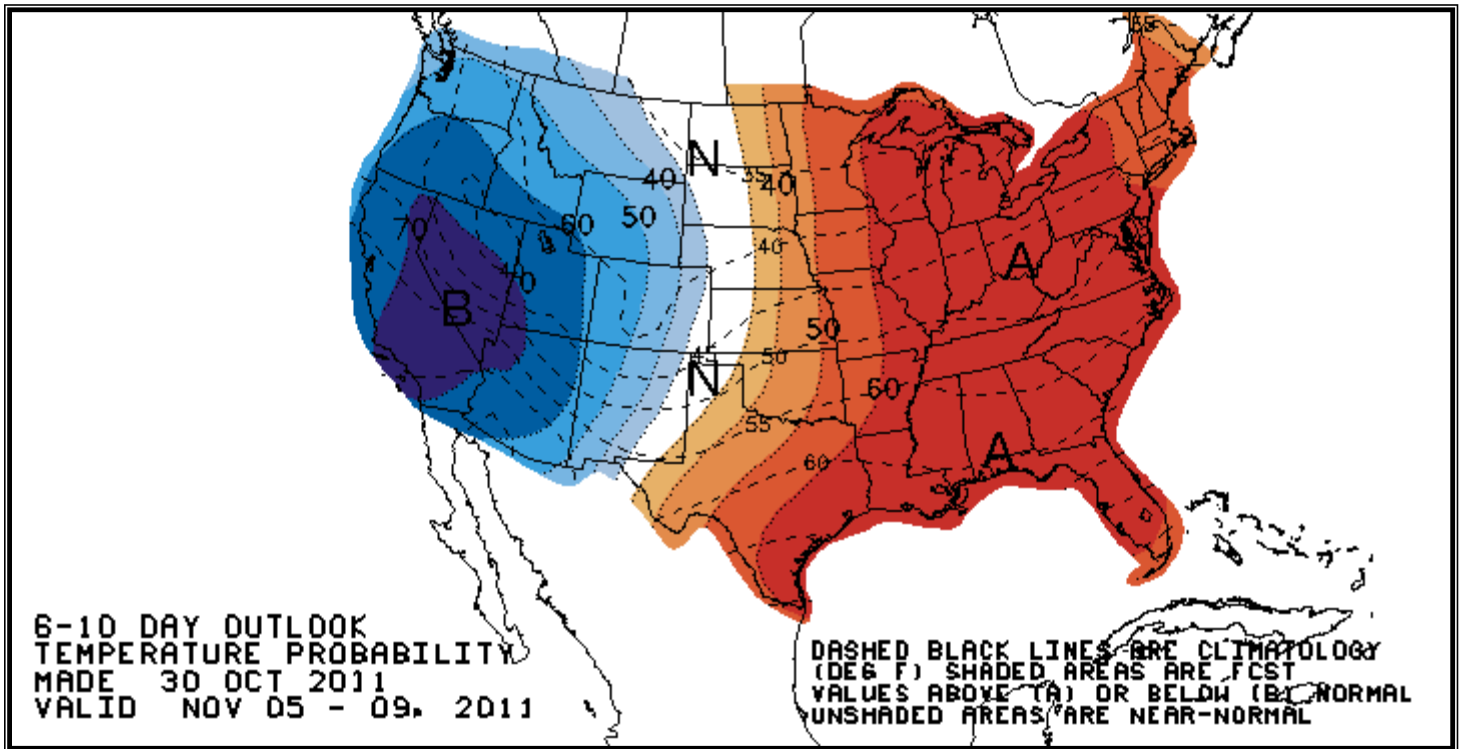


U.S. Residual Fuel Oil Price Spreads and Supply Balance



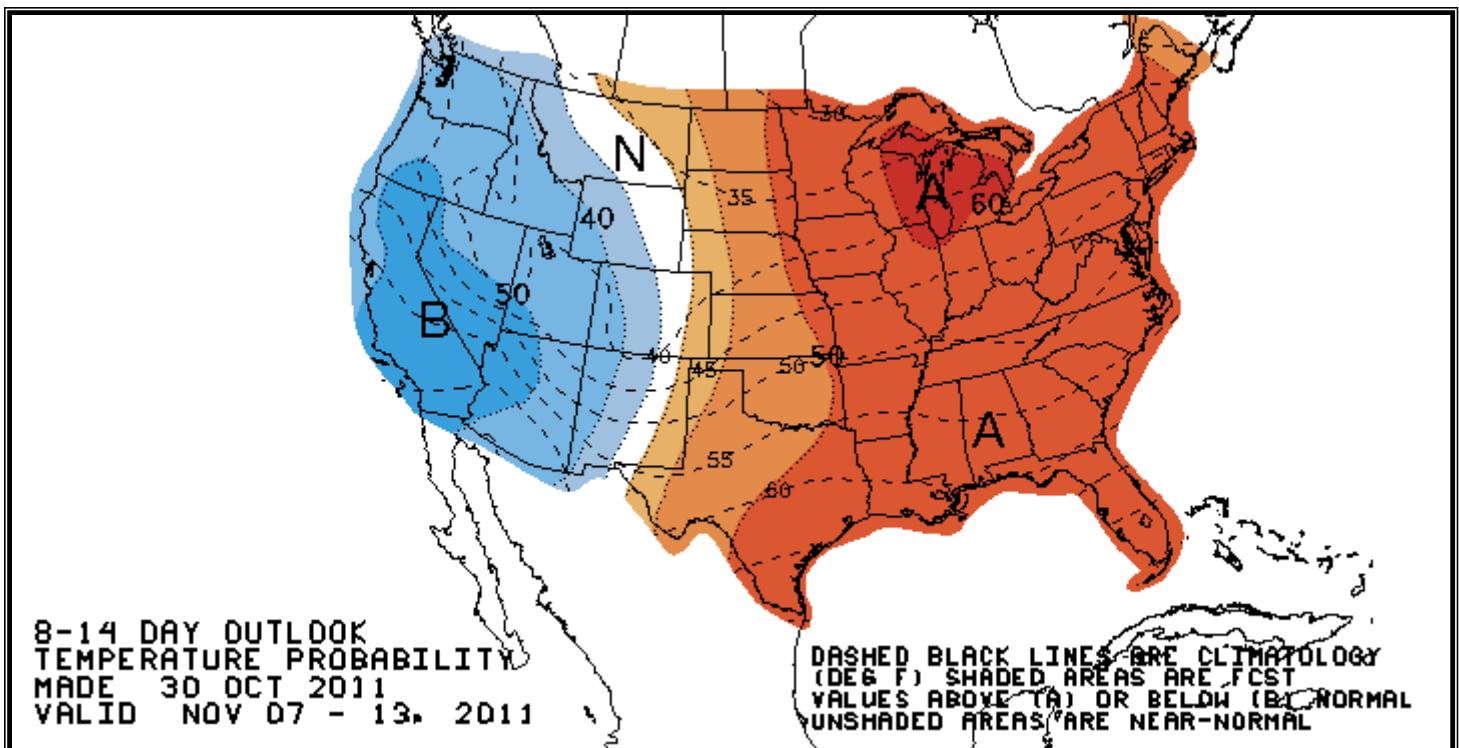
National Weather Service Climate Prediction Center

Degree Days 6 - 10 Day Temperature Forecast



National Weather Service Climate Prediction Center

Degree Days 8 - 14 Day Temperature Forecast



American Gas Association Regions

