

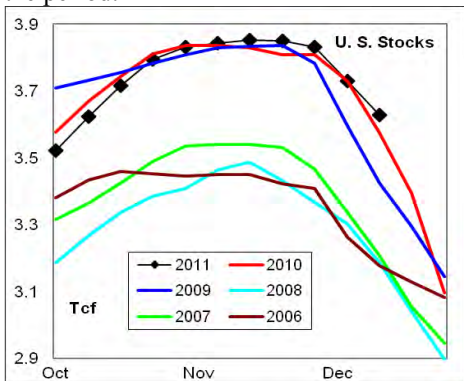
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

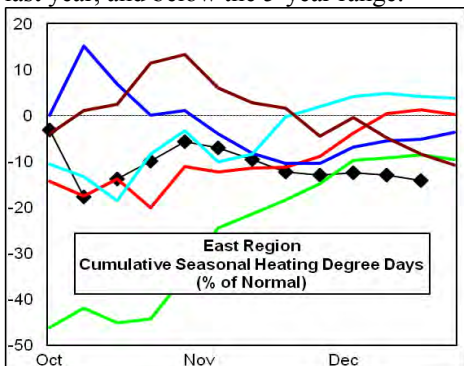
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, December 22, 2011



Summary¹ The stock draw of -100 Bcf for the week was near the lowest draw of the last 5-years for the week. Stock levels ended the week at a new 5-year high for the period.



Cumulative heating degree days for the key East Region market were -14% below last year, and below the 5-year range.



In the East Region stocks decreased -63 Bcf for the week, a draw matched the lowest draw for the week during the last 5-years. Stocks declined -23 Bcf in the West Region, a record draw for the week. The stock draw of -14 Bcf in the Producing Region matched the lowest draw for the last 5-years, for this time of year.

Heating degree days were -16% below normal in the East Region, +35% above normal in the West Region and -11% below normal in the Producing Region for the week ending 17Dec11.

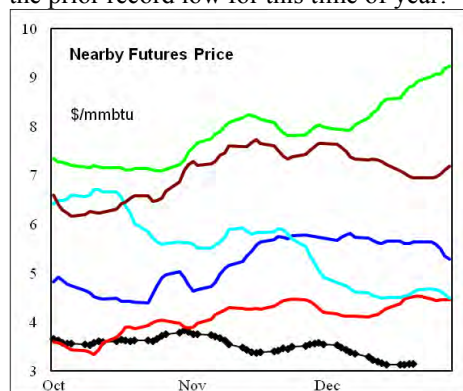
Heating degree days were -11% below normal for the week ended 17Dec11, and forecast to be -16% below normal for the

week ending 24Dec11.

The 6-10 day NWS forecast for the week ending 31Dec11 is for significantly below normal heating degree days across the northern 2/3rds of the country, and near normal in the south.

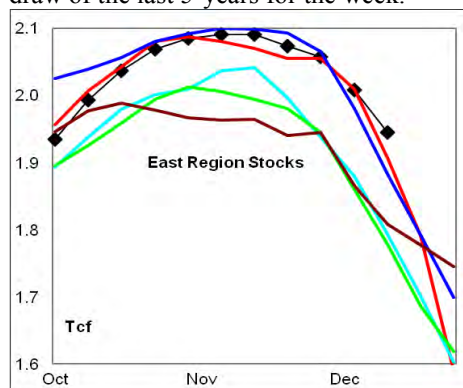
The 8-14 day NWS forecast for the week ending 04Jan11 is for an extension of the 6-10 day outlook - below normal heating degrees across the northern 2/3rds of the country, and near normal in the south.

Prices: Nearby gas futures prices were unchanged 22Dec11; at -\$1/mmbtu below the prior record low for this time of year.



The 1st - 4th month forward price curve traded sideways for the week ending 22Dec11 at a level well below the last 2-years.

East Region stocks decreased -63 Bcf for the week, a draw that matched the lowest draw of the last 5-years for the period. The latest 4-wk stock draw matched the lowest draw of the last 5-years for the week.

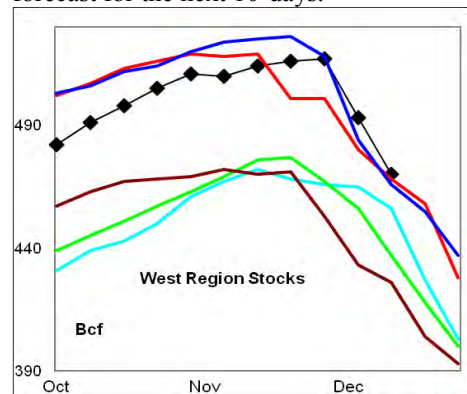


Heating degree days in the region were -11% below normal for the week ending 17Dec11, and forecast to be -23% below normal for the week ending 24Dec11. Below normal heating degree days are forecast for the next 10-days.

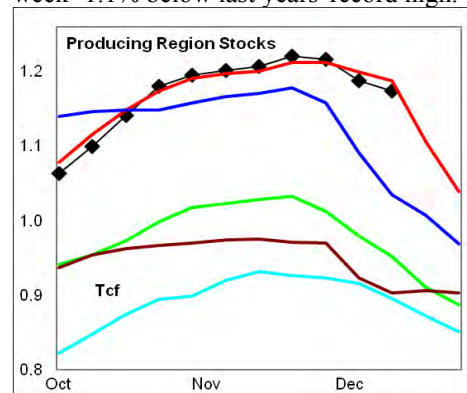
West Region stocks decreased -23 Bcf on the week, a record draw for the week. Stock levels ended the week +0.4% above

the prior record high. The latest 4-wk stock build was at the mid range for the week.

Heating degree days were +35% above normal for the week ending 17Dec11, and forecast to be +32% above normal for the week ending 24Dec11. Below normal heating degree days are forecast for the next 10-days.



Producing Region stocks experienced a draw of -14 Bcf on the week, a draw that matched the lowest for the week. The monthly stock draw was near historic lows for the period. Stock levels ended the week -1.1% below last years' record high.



Heating degree days were -11% below normal for the week ending 17Dec11, and forecast to be -10% below normal for the week ending 24Dec11. Near 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: Temperatures are forecast to remain above normal across much of the country into the 1st week of January, leading to extremely low snowpack in northern regions. This weather condition should points to lower than normal heating degree days for the 1st quarter, and continued weak natural gas prices.

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: December 22, 2011

For the week ending: 16-Dec-11

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

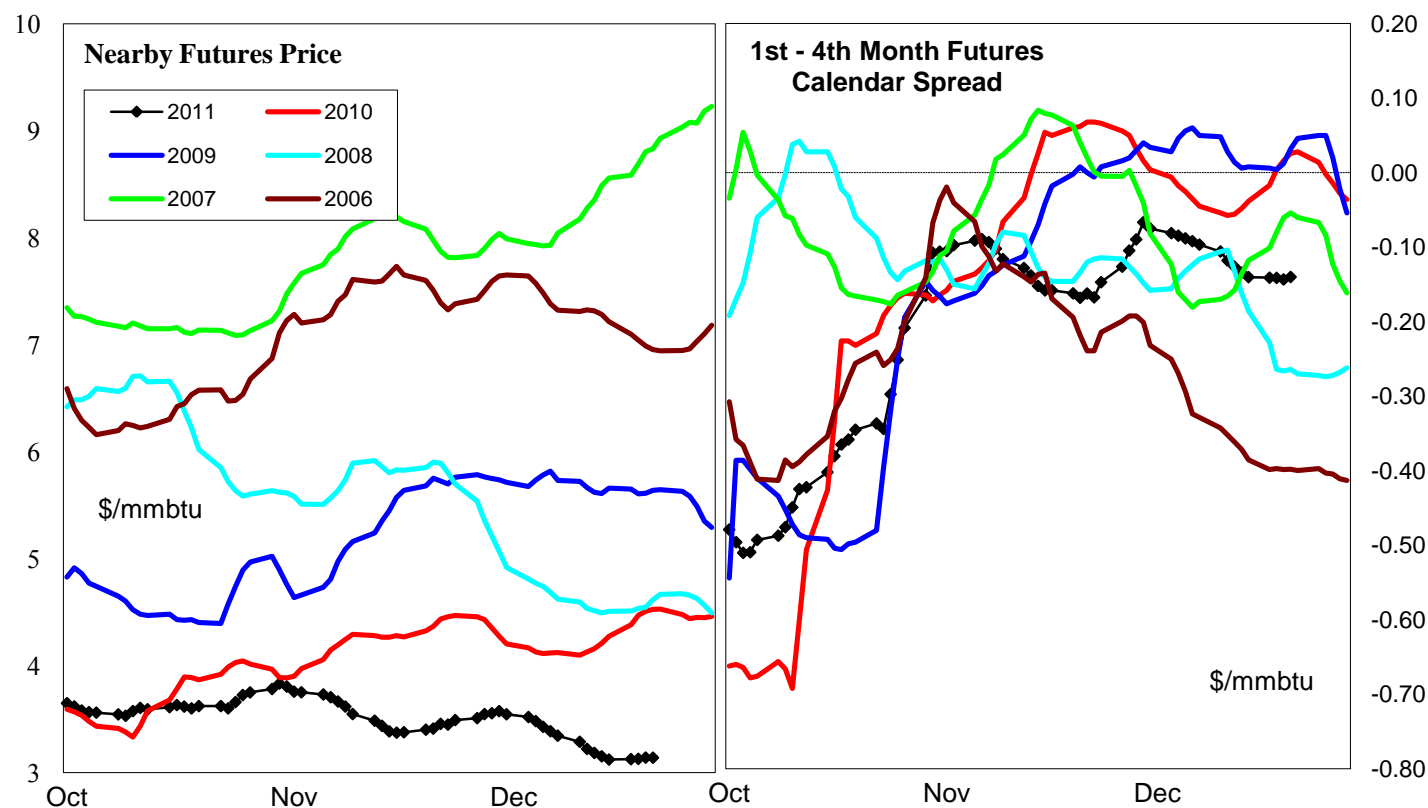
Week ending:	16-Dec-11			10-Dec-11		17-Dec-11		24-Dec-11	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,629	-100	1.5	33	3%	-14	-11%	0	-16%
East	1,945	-63	2.0	27	-10%	0	-16%	-4	-23%
West	470	-23	0.4	56	50%	-21	35%	1	32%
Producing	1,214	-14	-1.1	39	48%	-58	-11%	15	-10%

Seasonal Trends in Stocks and Heating Degree Days

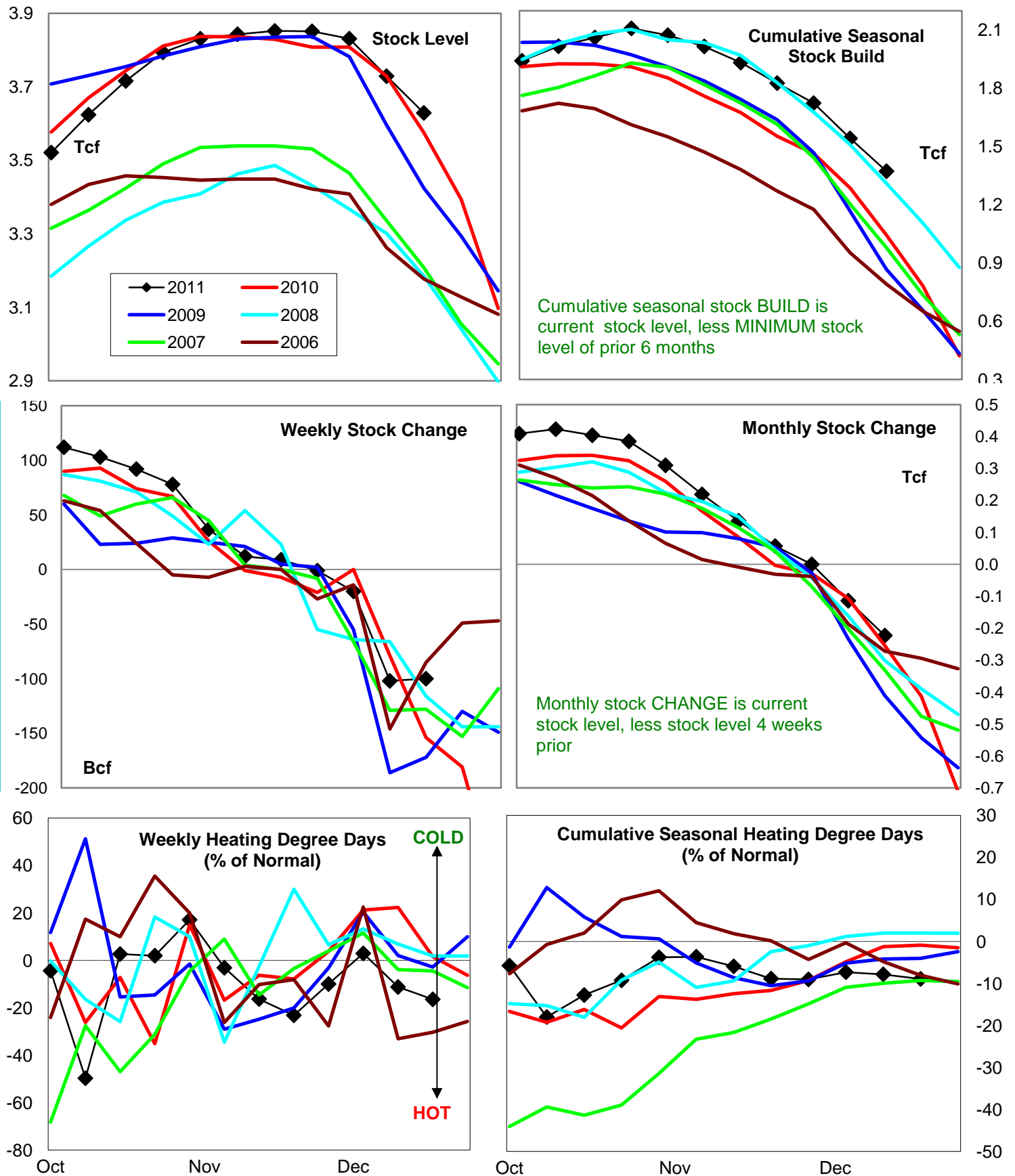
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	1,373	329	24.0	189	-7.3	175	-7.8	175	-8.9
East	937	223	23.8	189	-12.5	189	-13.0	185	-14.2
West	166	120	72.3	219	7.3	198	10.2	200	12.3
Producing	270	-42	-15.6	172	17.3	114	12.5	128	8.9

Futures Market Price Trends

Date:	22-Dec-11	Change vs prior week, month, year		
		16-Dec-11	25-Nov-11	22-Dec-10
1st month Futures	3.14	0.01	-0.40	-1.33
% change	xxxxx	0.4	-11.3	-29.8



United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)

54

54

31

329

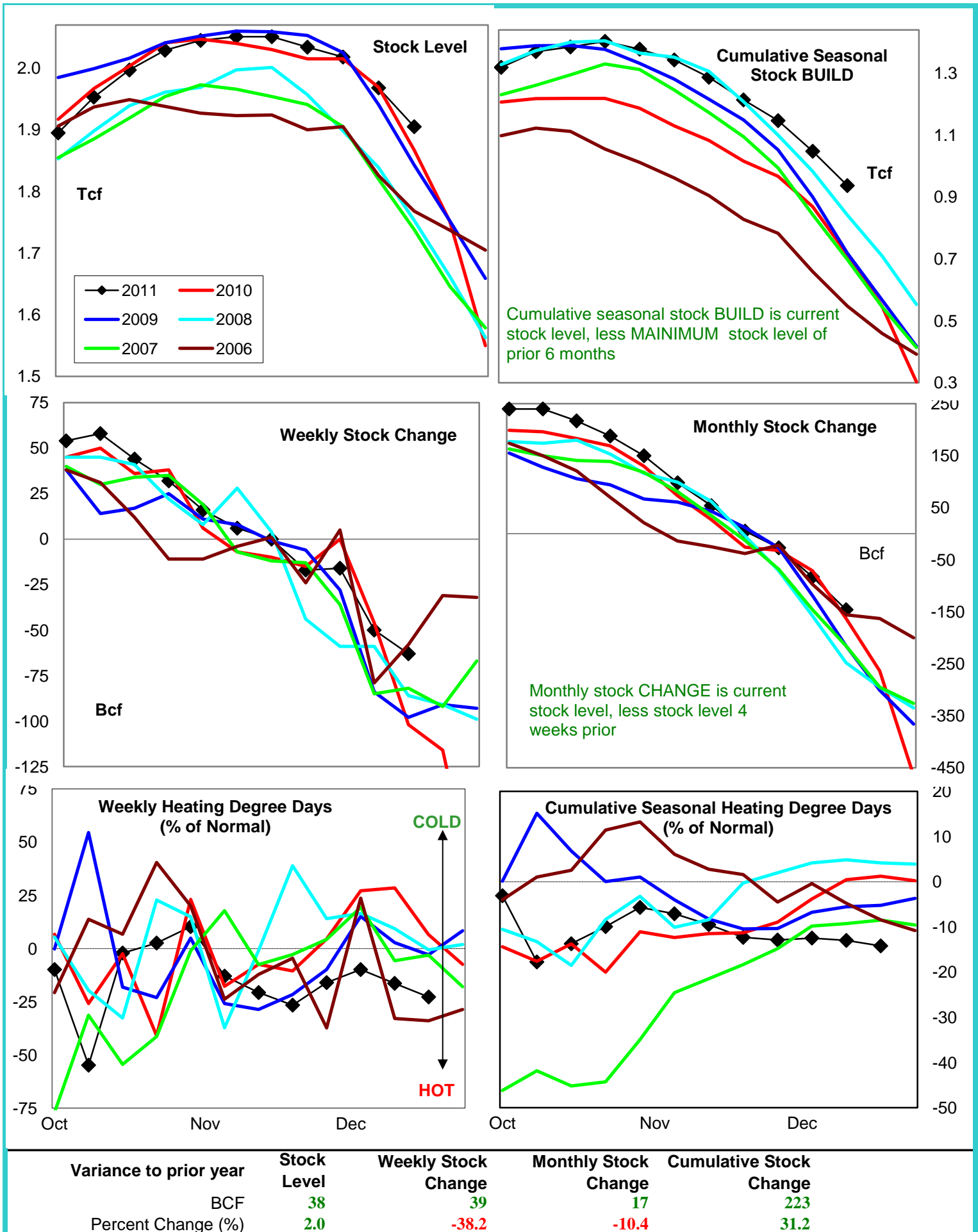
1.5

-35.1

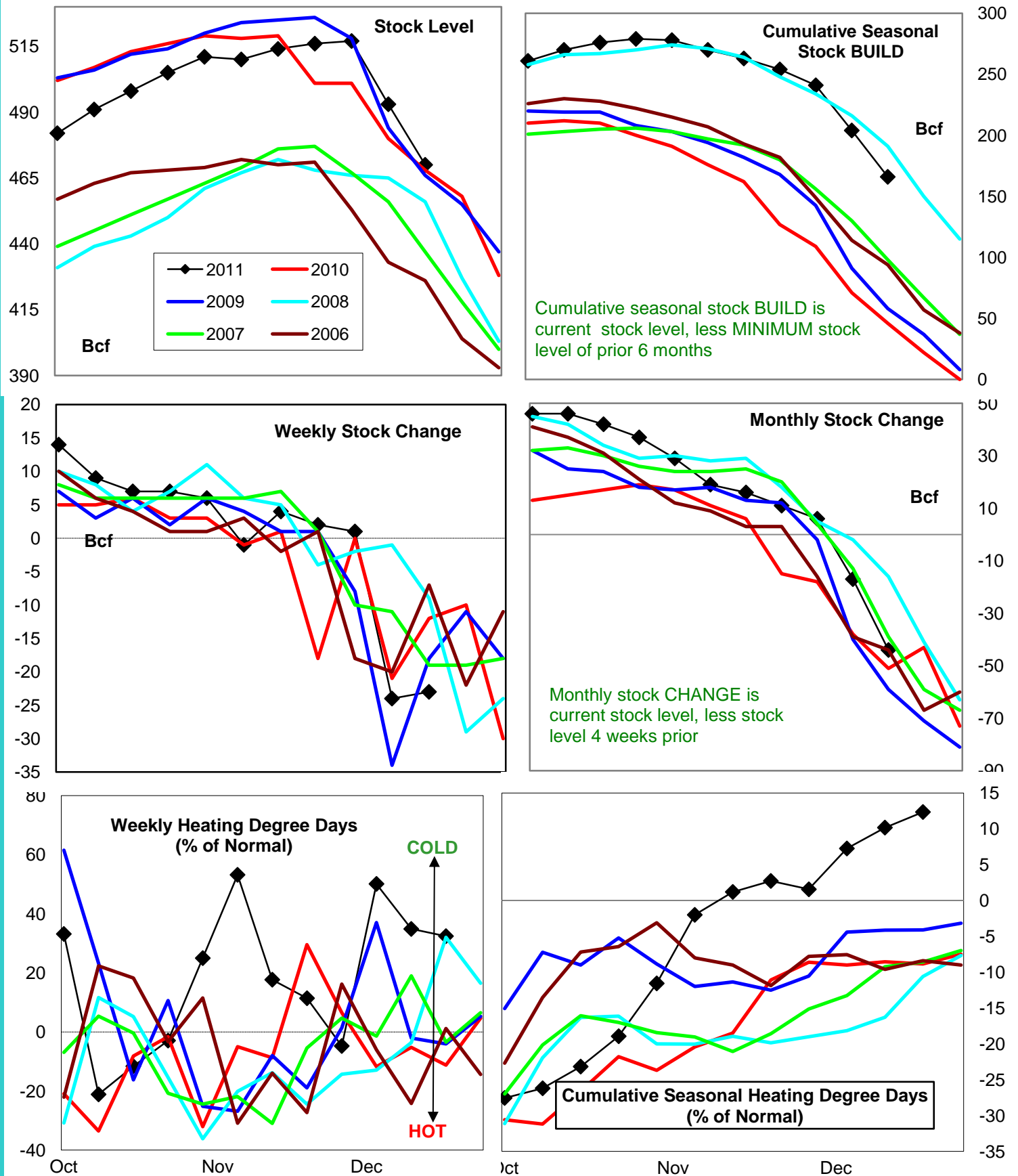
-12.2

31.5

Natural Gas East Region Stock and Weather Trends



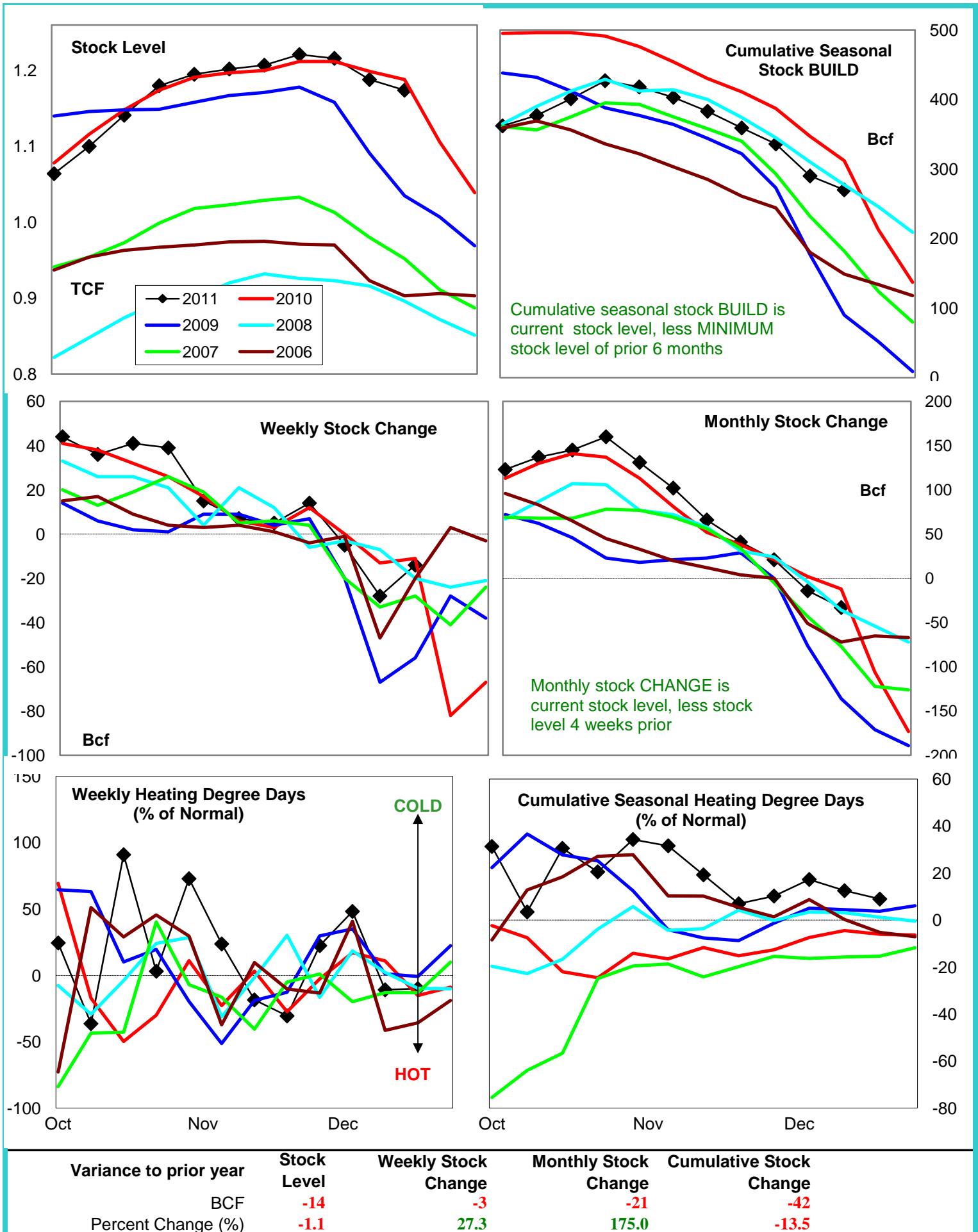
Natural Gas West Region Stock and Weather Trends



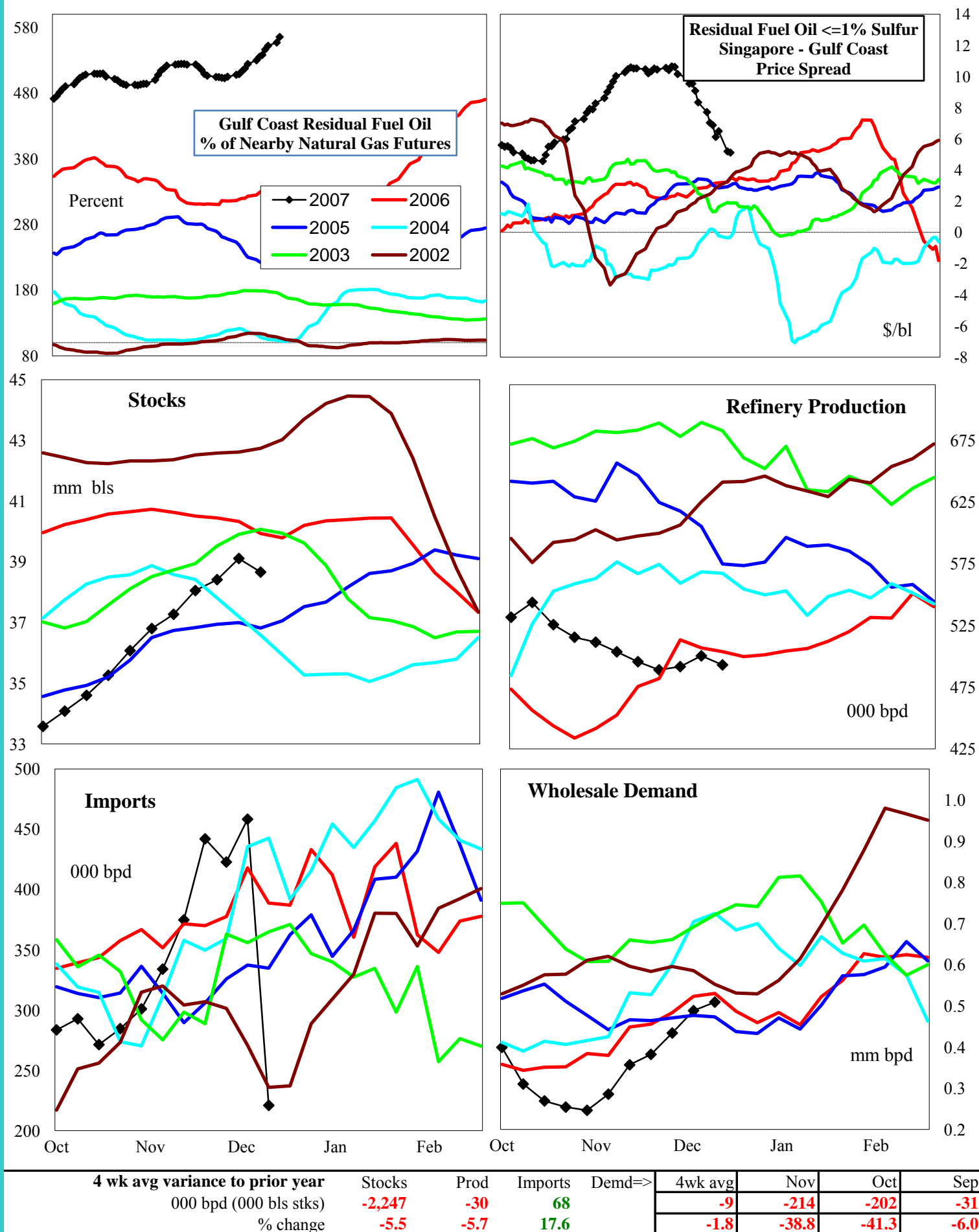
Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)2
0.4-11
91.77
-13.7120
260.9

Natural Gas Producing Region Stock and Weather Trends

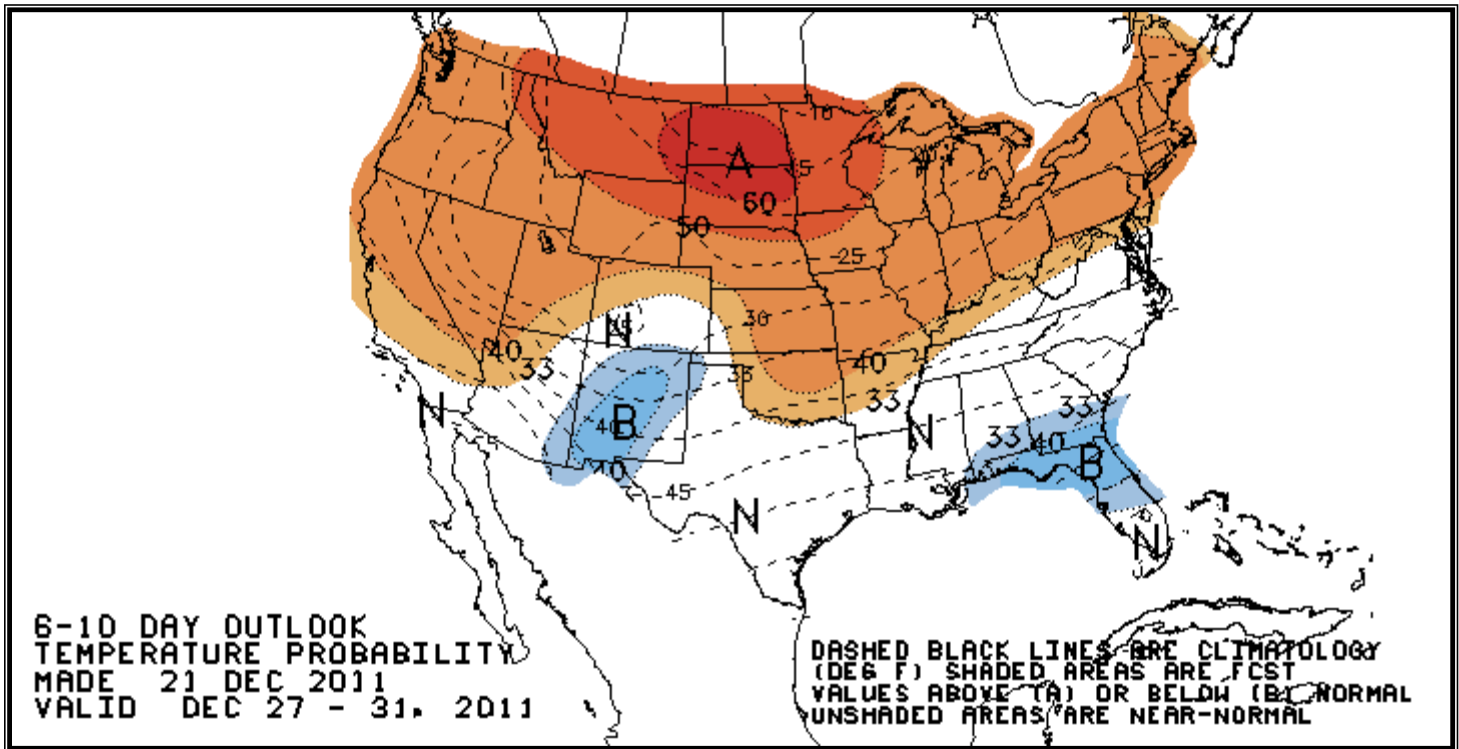


U.S. Residual Fuel Oil Price Spreads and Supply Balance



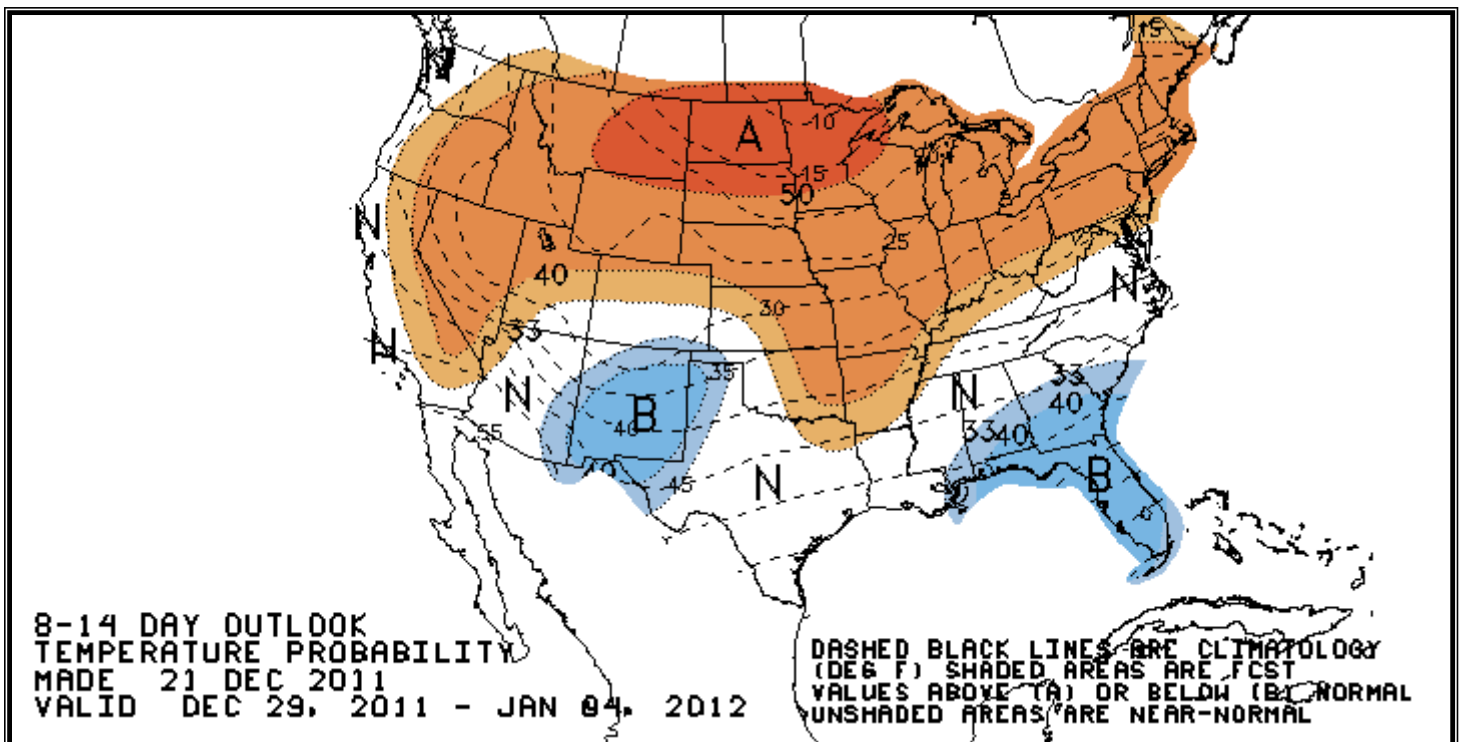
National Weather Service Climate Prediction Center

Degree Days 6 - 10 Day Temperature Forecast



National Weather Service Climate Prediction Center

Degree Days 8 - 14 Day Temperature Forecast



American Gas Association Regions

