

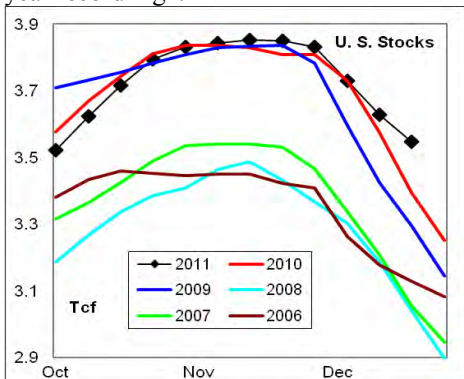
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

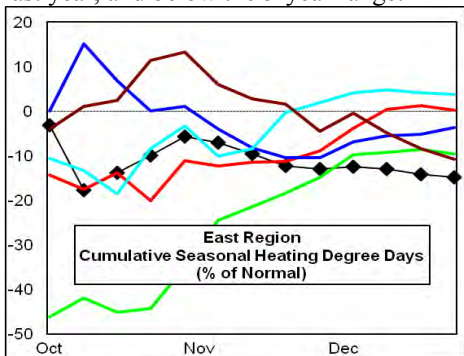
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, December 29, 2011



Summary¹ The stock draw of -81 Bcf for the week was near the lowest draw of the last 5-years for the week. Stock levels ended the week +4.5% above the prior 5-year record high.



Cumulative heating degree days for the key East Region market were -15% below last year, and below the 5-year range.



In the East Region stocks decreased -53 Bcf for the week, a draw near the lowest draw of the last 5-years. Stocks declined -19 Bcf in the West Region, a draw that matched the historic mid range. The stock draw of -9 Bcf in the Producing Region was near the lowest draw of the last 5-years.

Heating degree days were -23% below normal in the East Region, +36% above normal in the West Region and -3% below normal in the Producing Region for the week ending 24Dec11.

Heating degree days were -15% below normal for the week ended 24Dec11, and forecast to be -17% below normal for the week ending 31Dec11.

¹ Related Web Sites:

[Data Source is EIA Weekly Statistics](#)

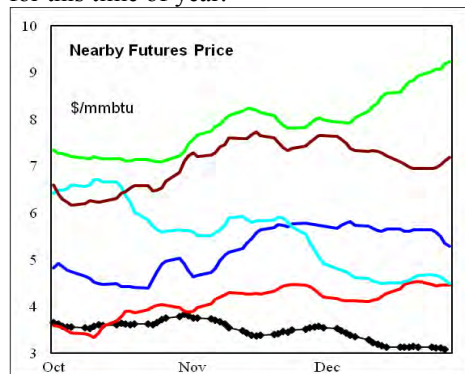
[National Weather Service 6-10 Day](#)

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

The 6-10 day NWS forecast for the week ending 07Jan12 is for significantly below normal heating degree days across the western 2/3rds of the country, and colder than normal in the eastern 1/3rd of the country.

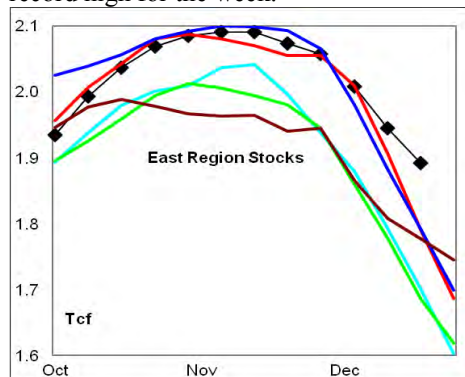
The 8-14 day NWS forecast for the week ending 11Jan12 is for an extension of the 6-10 day outlook - below normal heating degrees across the western 2/3rds of the country, and slightly colder than normal along the east coast.

Prices: Nearby gas futures prices decreased -\$0.09/mmbtu for the week ending 29Dec11. The current price is -\$1.25/mmbtu below the prior 5-year low for this time of year.



The 1st - 4th month forward price curve traded sideways for the week ending 29Dec11 at a level well below the last 2-years.

East Region stocks decreased -53 Bcf for the week, a draw near the lowest draw of the last 5-years for the period. The current stock level was +5.6% above the previous record high for the week.

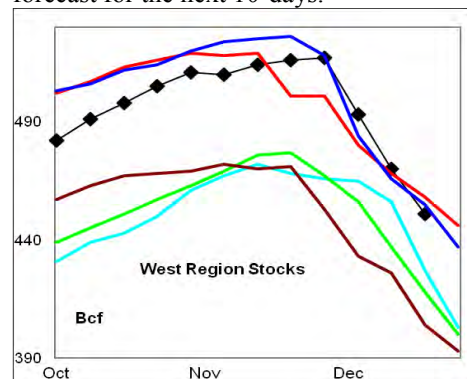


Heating degree days in the region were -23% below normal for the week ending 24Dec11, and forecast to be -20% below normal for the week ending 31Dec11. Below normal heating degree days are forecast for the next 10-days.

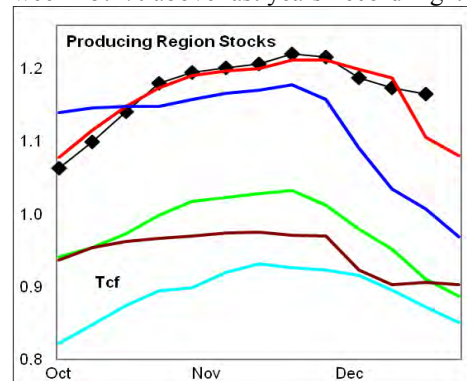
West Region stocks decreased -19 Bcf on the week, a draw that matched the mid

range for the week. Stock levels ended the week -1.5% below the prior record high. The latest 4-wk stock build was at the low end of the historic range.

Heating degree days were +36% above normal for the week ending 24Dec11, and forecast to be -5% below normal for the week ending 31Dec11. Well below normal heating degree days are forecast for the next 10-days.



Producing Region stocks experienced a draw of -9 Bcf on the week, a draw near the lowest level of the last 5-years. The monthly stock draw was near historic lows for the period. Stock levels ended the week +5.1% above last years' record high.



Heating degree days were -3% below normal for the week ending 24Dec11, and forecast to be -7% below normal for the week ending 31Dec11. 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: Temperatures are forecast to remain above normal across much of the country into the 2nd week of January, leading to extremely low snowpack in northern regions. This weather condition points to lower than normal heating degree days for the 1st quarter, and continued weak natural gas prices.



NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: December 29, 2011

For the week ending: 23-Dec-11

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

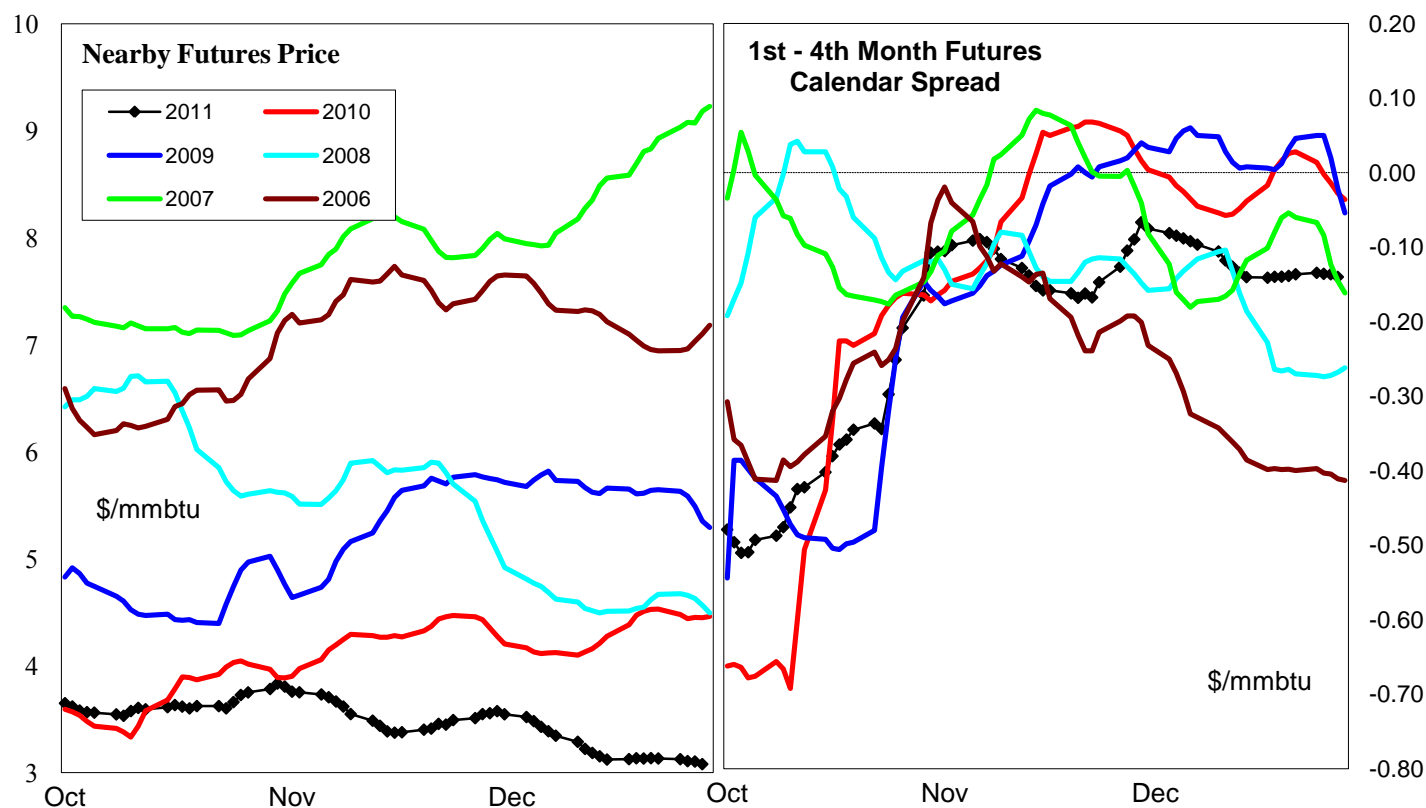
Week ending:	23-Dec-11			17-Dec-11		24-Dec-11		31-Dec-11	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,548	-81	4.5	-14	-11%	3	-15%	4	-17%
East	1,892	-53	5.6	0	-16%	-3	-23%	13	-20%
West	451	-19	-1.5	-21	35%	2	36%	-38	-5%
Producing	1,205	-9	5.1	-58	-11%	23	-3%	-5	-7%

Seasonal Trends in Stocks and Heating Degree Days

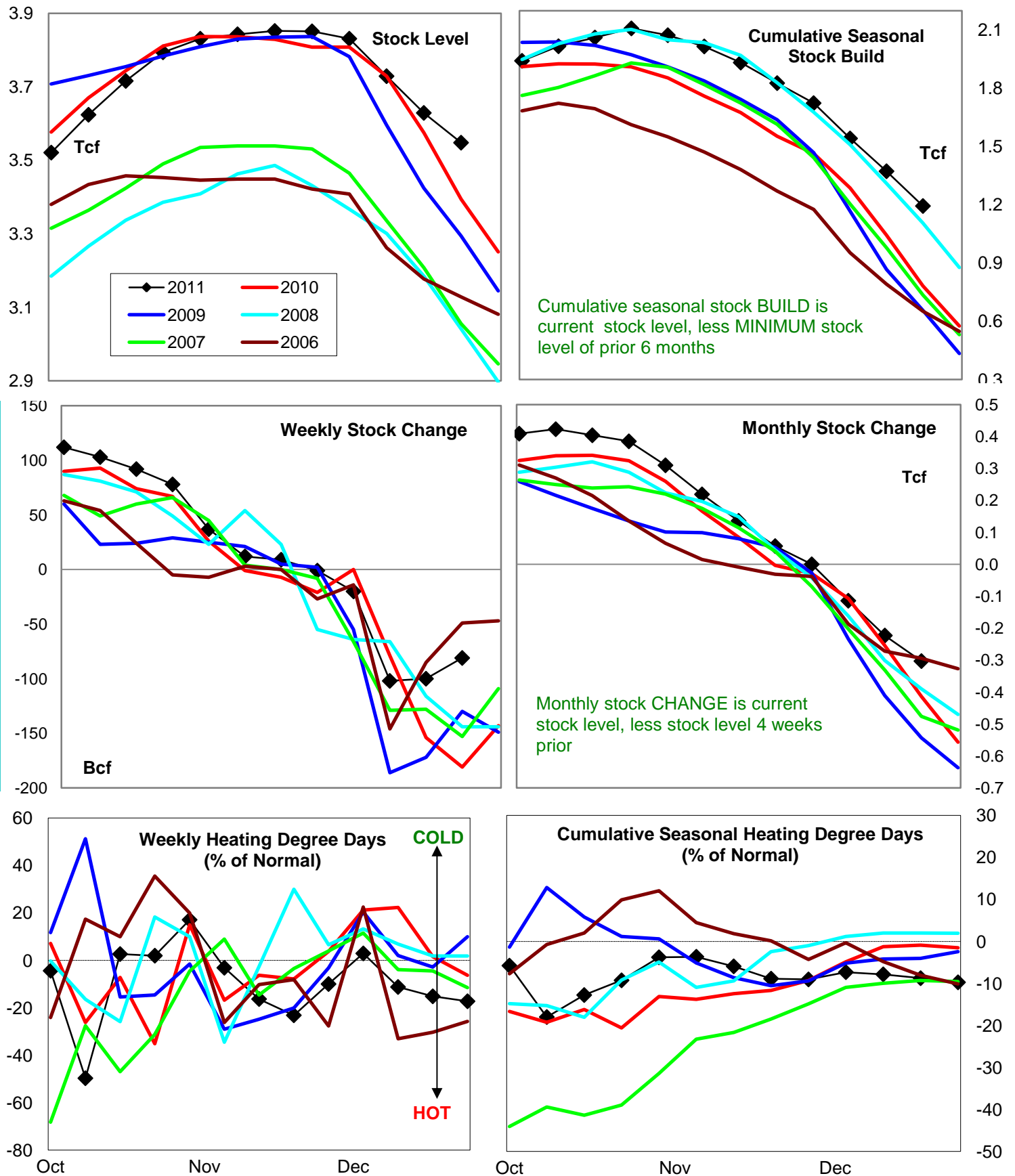
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	1,194	412	34.5	175	-7.8	178	-8.8	182	-9.7
East	820	273	33.3	189	-13.0	186	-14.2	199	-14.9
West	129	107	82.9	198	10.2	200	12.7	162	10.9
Producing	252	39	15.5	114	12.5	136	10.1	131	7.7

Futures Market Price Trends

Date:	30-Dec-11	Change vs prior week, month, year		
		26-Dec-11	5-Dec-11	31-Dec-10
1st month Futures	3.08	-0.03	-0.50	-1.45
% change	xxxxx	-1.1	-14.1	-32.0



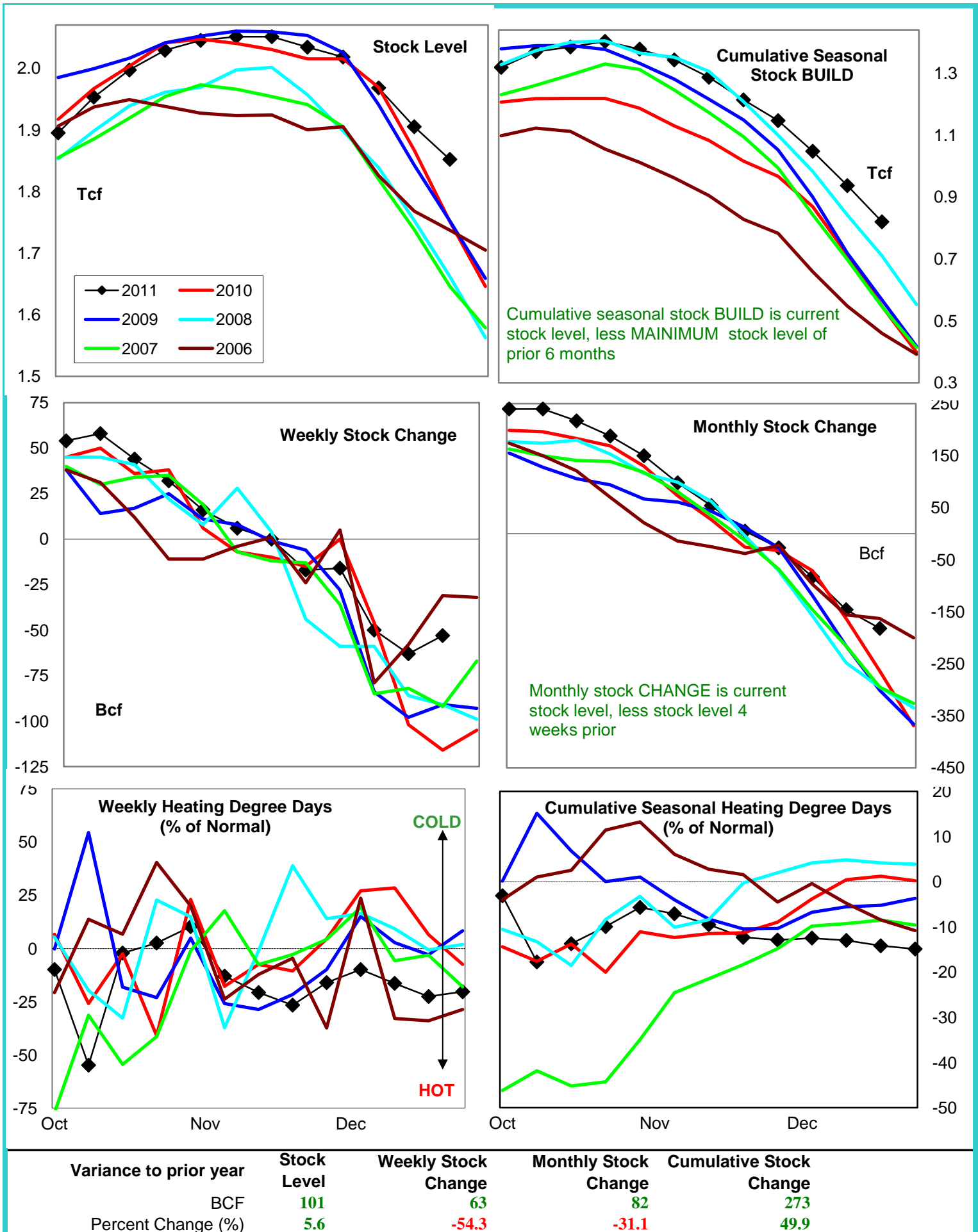
United States Natural Gas Stock and Weather Trends



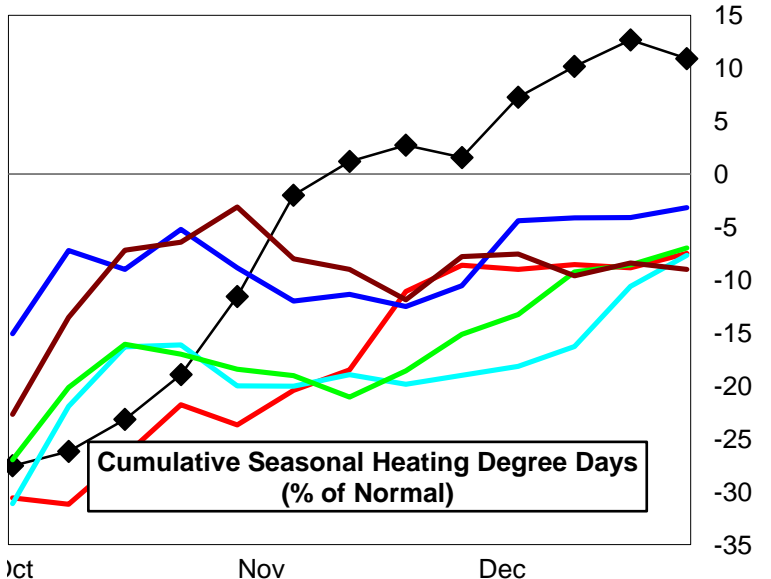
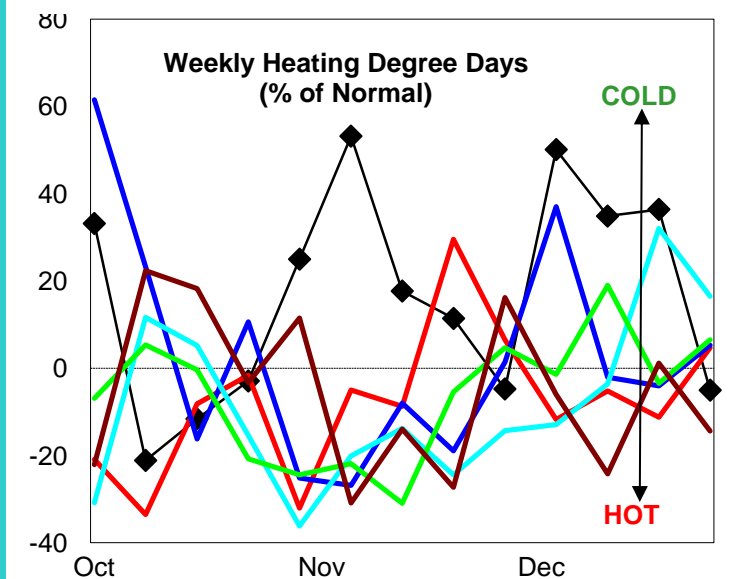
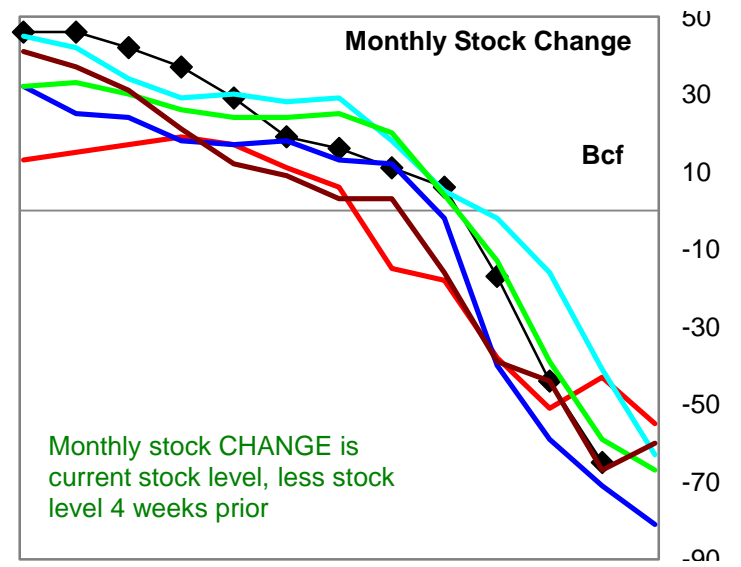
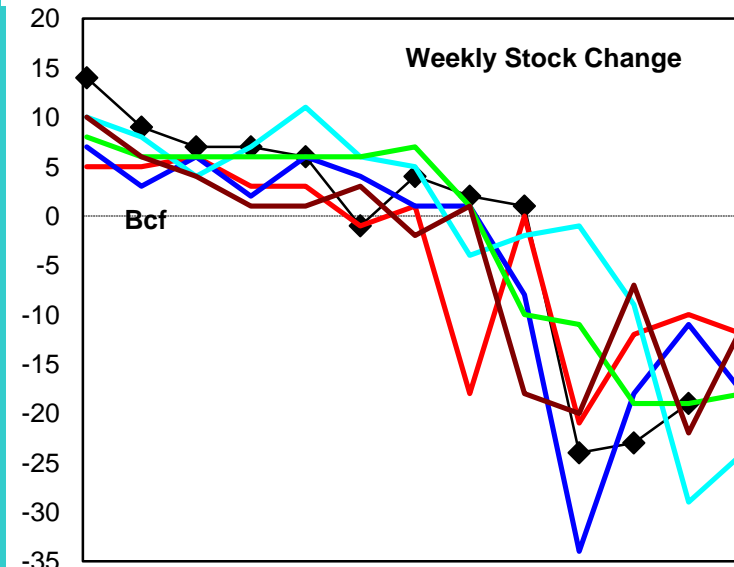
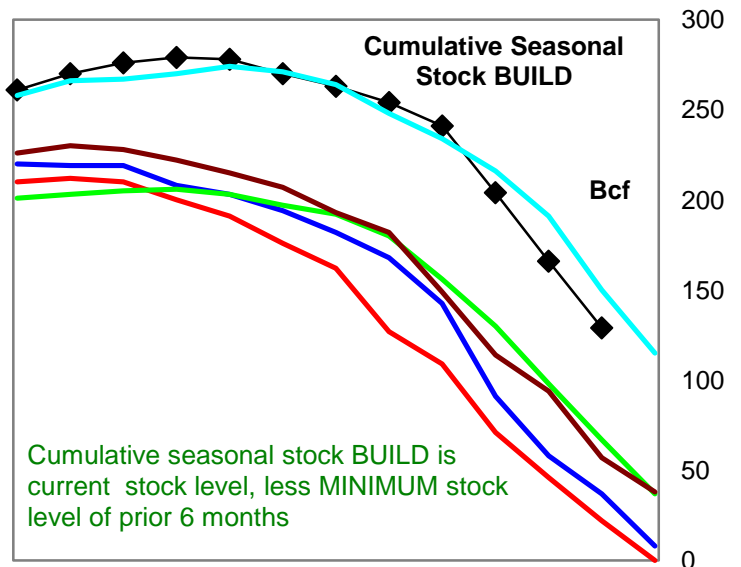
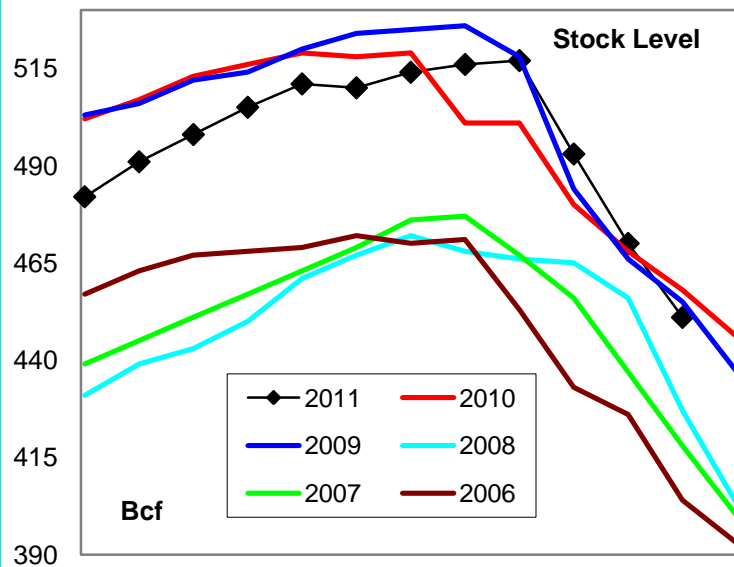
Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)154
4.5100
-55.2111
-26.8412
52.7

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
Percent Change (%)

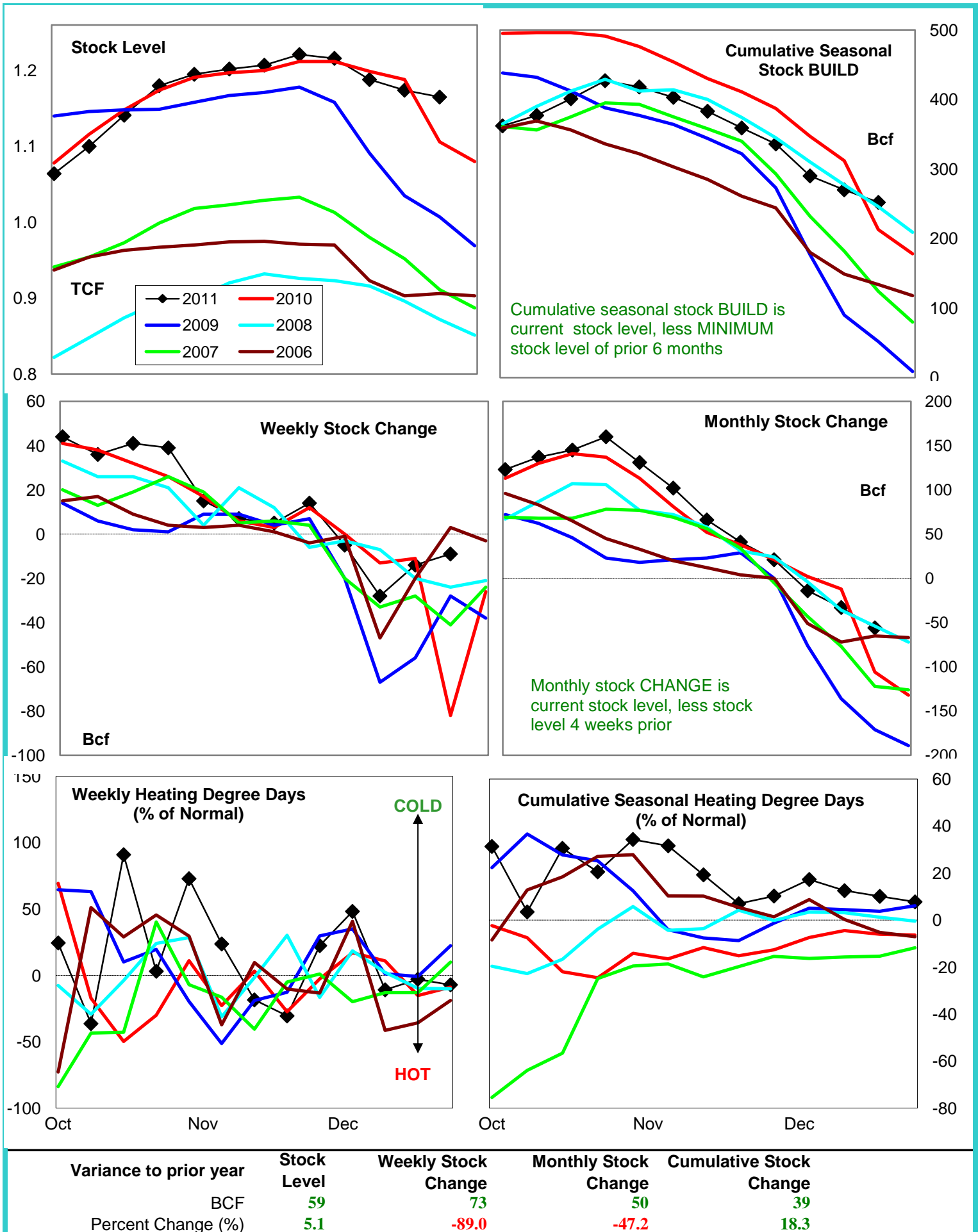
-7
-1.5

-9
90.0

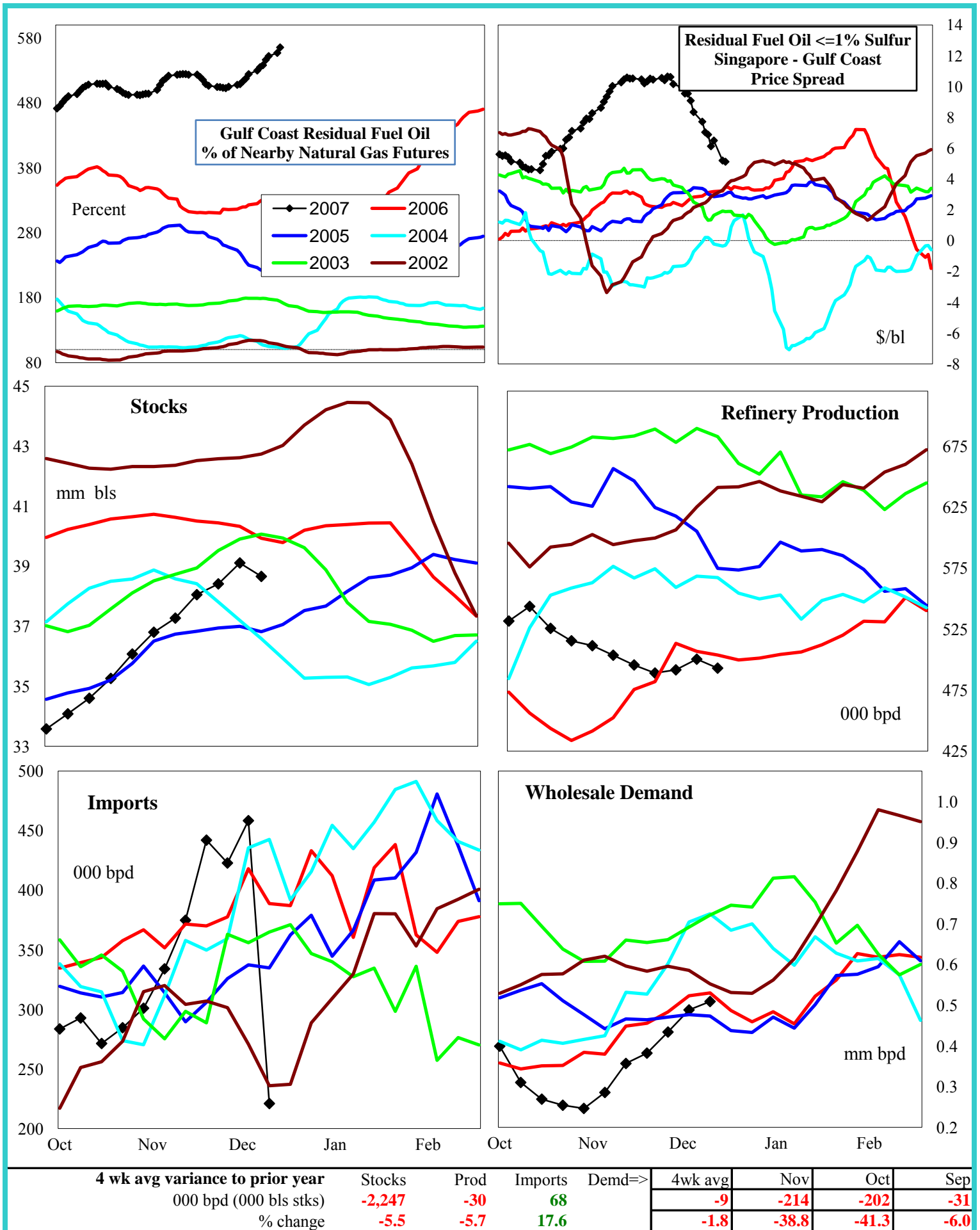
-22
51.2

107
486.4

Natural Gas Producing Region Stock and Weather Trends

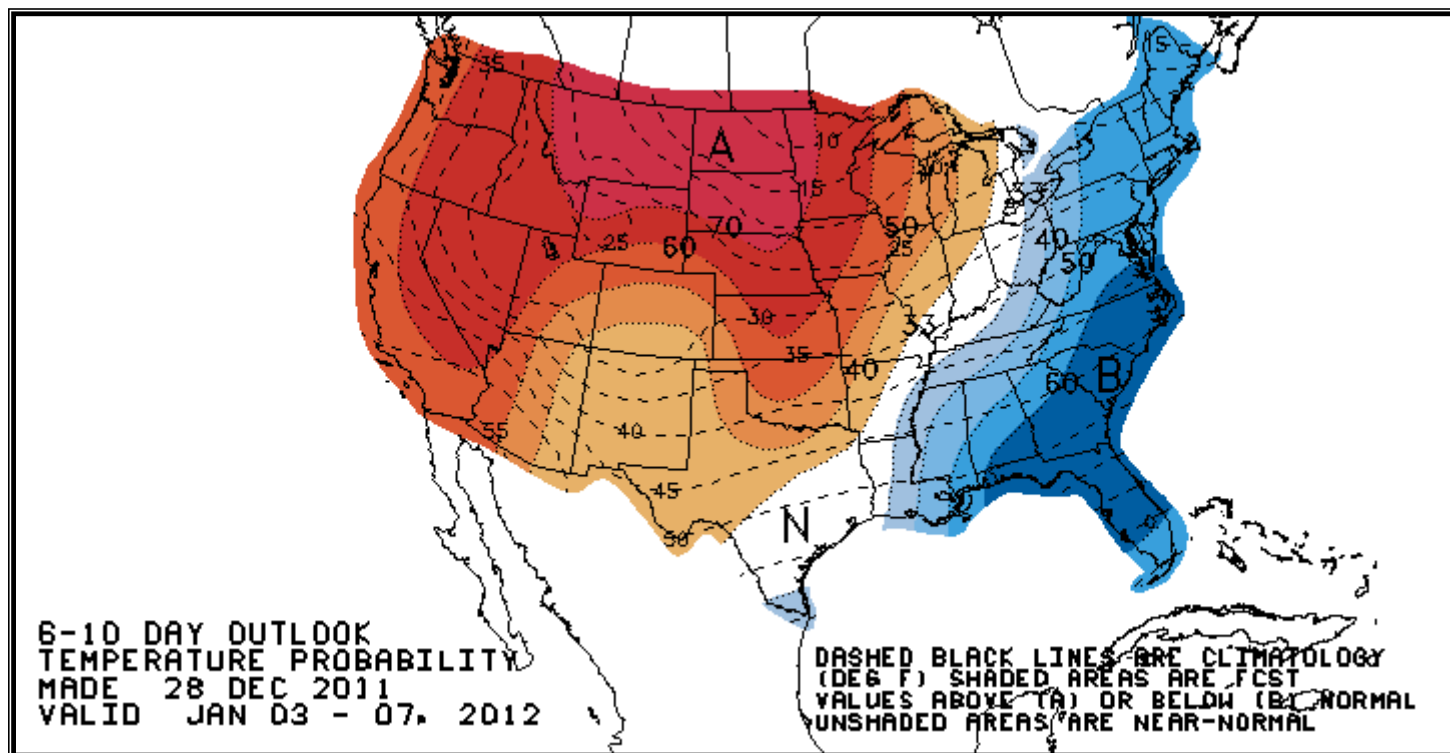


U.S. Residual Fuel Oil Price Spreads and Supply Balance



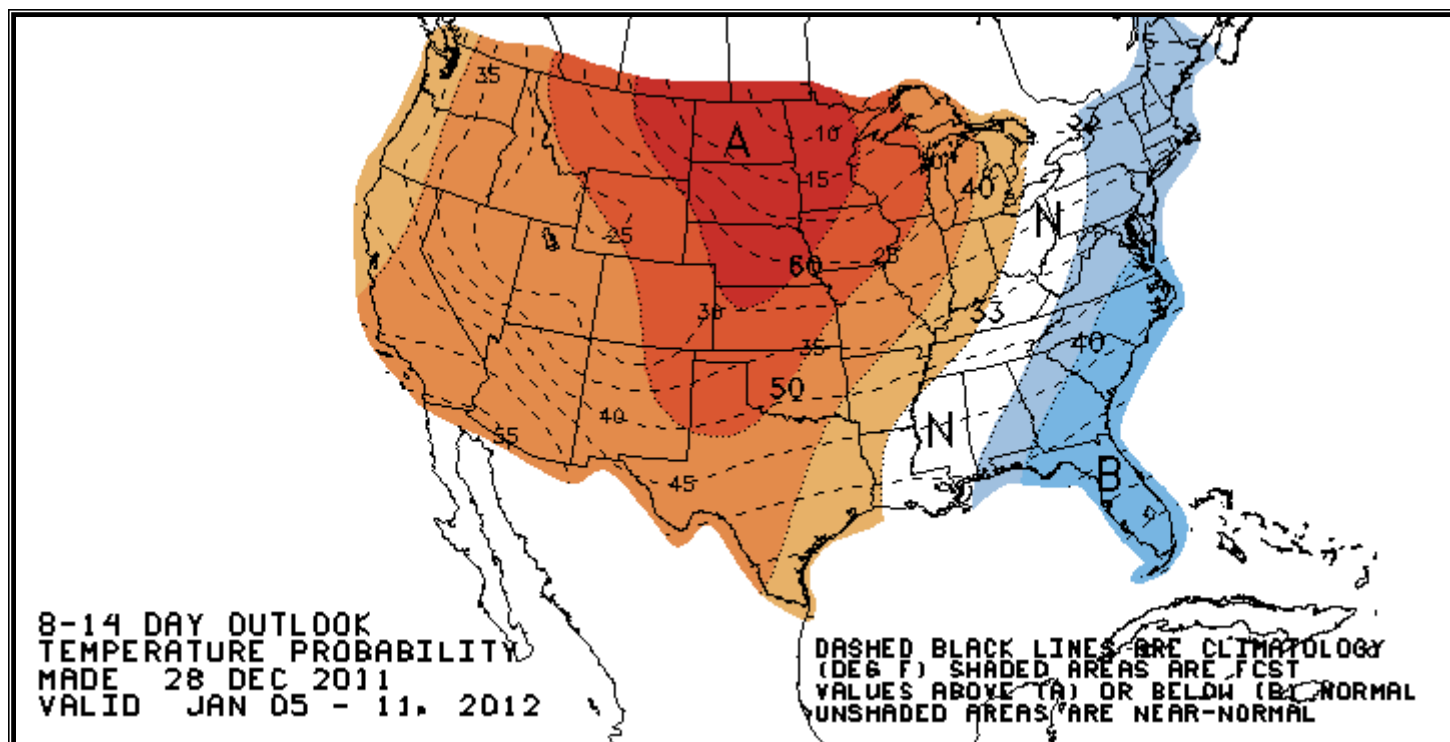
National Weather Service Climate Prediction Center

Degree Days 6 - 10 Day Temperature Forecast



National Weather Service Climate Prediction Center

Degree Days 8 - 14 Day Temperature Forecast



American Gas Association Regions

