

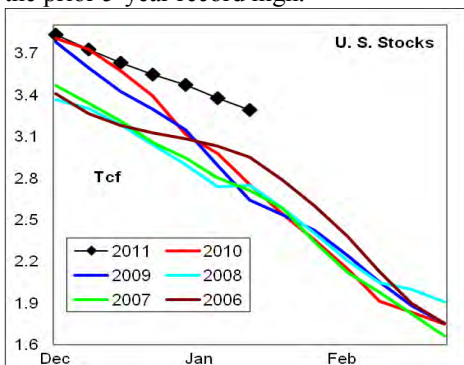
## WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

### A Fundamental Petroleum Trends Weekly Report

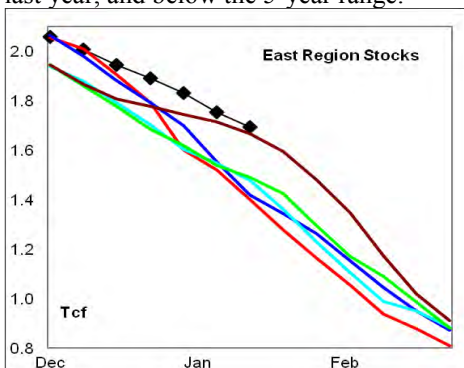
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Sunday, January 22, 2012



**Summary**<sup>1</sup> The stock draw of -87 Bcf for the week matched the historic mid range. Stock levels ended the week +20% 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 -61 Bcf for the week, a draw that was less than the mid range. Stocks declined -11 Bcf in the West Region, the 3rd consecutive weekly smallest draw of the last 5-years. The stock draw of -15 Bcf in the Producing Region was less than the average draw for the last 5-years.

Heating degree days were -18% below normal in the East Region, -17% below normal in the West Region and -16% below normal in the Producing Region for the week ending 14Jan12.

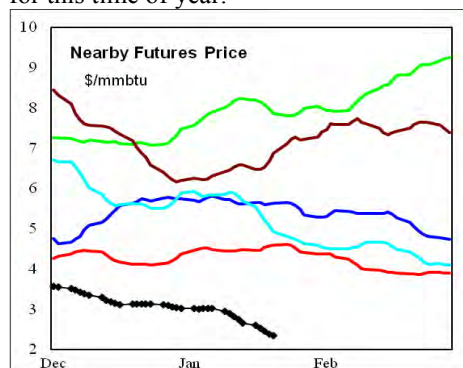
**Heating degree days** were -18% below normal for the week ended 14Jan12, and estimated to be -15% below normal for the week ending 21Jan12.

The 6-10 day NWS forecast for the

week ending 01Feb12 is for below normal heating degree days across the northeast 1/3rd of the country and southwest 1/3rd, with other regions near normal.

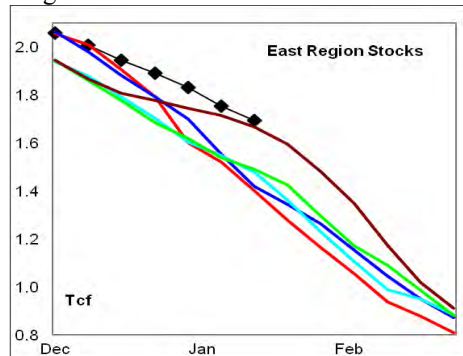
The 8-14 day NWS forecast for the week ending 05Feb12 is for an extension of the 6-10 day outlook: warmer than normal in the Northeast 1/3rd and southwest 1/3rd of the country and near normal elsewhere.

**Prices:** Nearby gas futures prices fell +\$0.33/mmbtu for the week ending 20Jan12. The current price is - \$2.20/mmbtu below the prior 5-year low for this time of year.



The 1<sup>st</sup> - 4<sup>th</sup> month forward price curve fell sharply last week, for the period ending 20Jan12; to a level below the 5-year range. Extreme over supply has led to a steep forward carry in the market.

**East Region** stocks decreased -61 Bcf for the week, a draw that was less than the mid range. The current stock level was +21% above last year, and above the historic range.

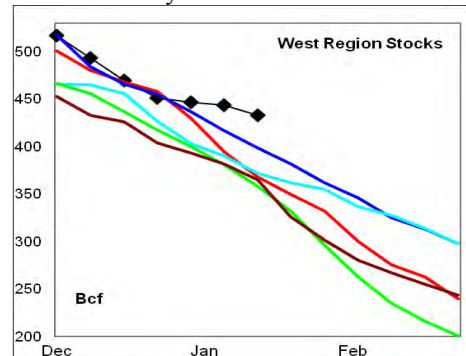


Heating degree days in the region were -18% below normal for the week ending 14Jan12, and estimated to be -11% below normal for the week ending 21Jan12. Much below normal heating degree days are forecast for the next 10-days.

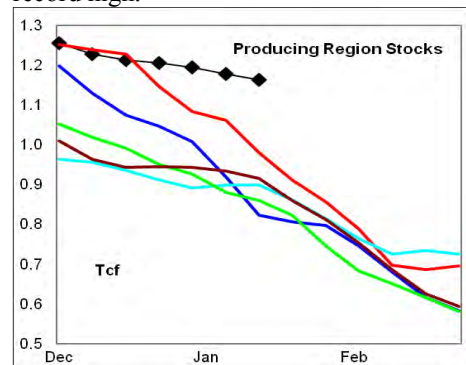
**West Region** stocks decreased -11 Bcf on the week, the 3rd consecutive weekly smallest draw of the last 5-years. Stock levels ended the week +18% above last

year and above the 5-year range. The latest 4-wk stock draw was the smallest of the last 5-years.

Heating degree days were -16% below normal for the week ending 14Jan12, and estimated to be -6% below normal for the week ending 21Jan12. Slightly below normal heating degree days are forecast for the next 10-days.



**Producing Region** stocks experienced a draw of -15 Bcf on the week, less than the average draw of the last 5-years. The monthly stock draw was near the lowest draw of the last 5-years. Stock levels ended the week +19% above last years' record high.



Heating degree days were -16% below normal for the week ending 14Jan12, and estimated to be -41% below normal for the week ending 21Jan12. 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:** Stock levels are now +20% above a year ago and +15% above the prior 5-year high. With moderate temperatures forecast for key heating markets, the market will become even more over supplied. Expect production to be shut in to control stock levels, with continued price weakness.

#### <sup>1</sup> Related Web Sites:

[Data Source is EIA Weekly Statistics](http://Data Source is EIA Weekly Statistics)

[National Weather Service 6-10 Day](http://National Weather Service 6-10 Day)

[National Weather Service 10-14 Day](http://National Weather Service 10-14 Day)



## NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: January 22, 2012

For the week ending: 13-Jan-12

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

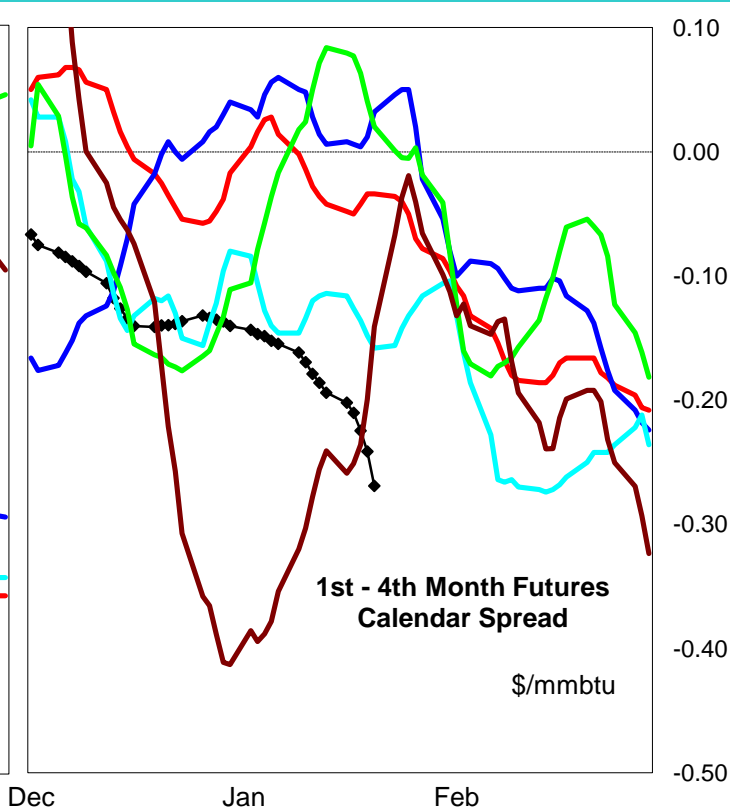
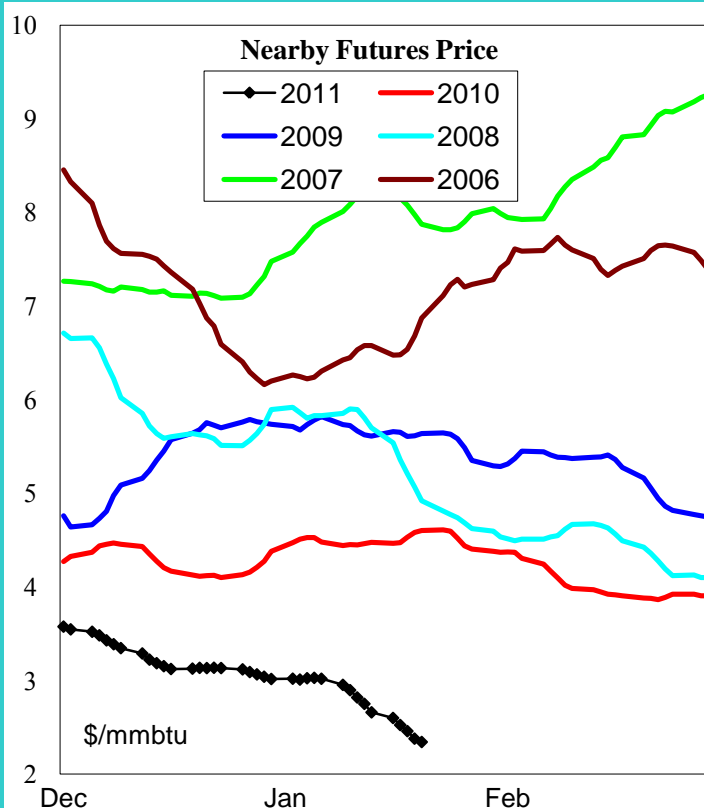
Week ending:	13-Jan-12			7-Jan-12		14-Jan-12		21-Jan-12	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,290	-87	19.6	10	-20%	8	-18%	7	-15%
East	1,693	-61	20.8	19	-18%	2	-18%	19	-11%
West	433	-11	17.7	-11	-30%	30	-17%	20	-6%
Producing	1,164	-15	18.7	-8	-25%	16	-16%	-43	-41%

### Seasonal Trends in Stocks and Heating Degree Days

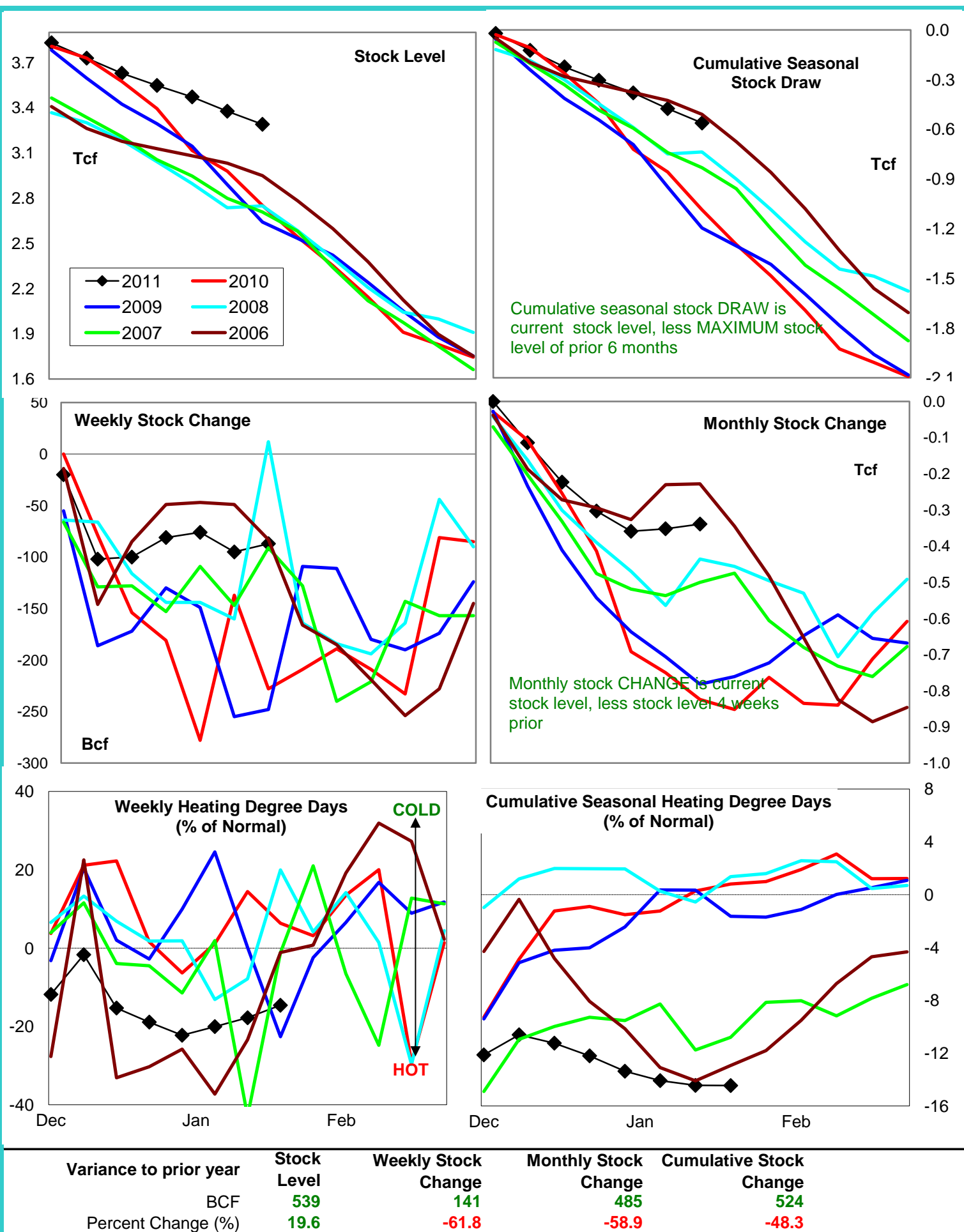
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
<b>U.S. Total</b>	<b>-562</b>	<b>524</b>	<b>-93.2</b>	<b>188</b>	<b>-14.1</b>	<b>196</b>	<b>-14.4</b>	<b>203</b>	<b>-14.5</b>
<b>East</b>	<b>-398</b>	<b>287</b>	<b>-72.1</b>	<b>214</b>	<b>-15.4</b>	<b>216</b>	<b>-15.7</b>	<b>235</b>	<b>-15.3</b>
<b>West</b>	<b>-84</b>	<b>67</b>	<b>-79.8</b>	<b>150</b>	<b>-11.3</b>	<b>180</b>	<b>-11.8</b>	<b>200</b>	<b>-11.4</b>
<b>Producing</b>	<b>-97</b>	<b>174</b>	<b>-179.4</b>	<b>123</b>	<b>-8.4</b>	<b>139</b>	<b>-9.2</b>	<b>96</b>	<b>-12.3</b>

### Futures Market Price Trends

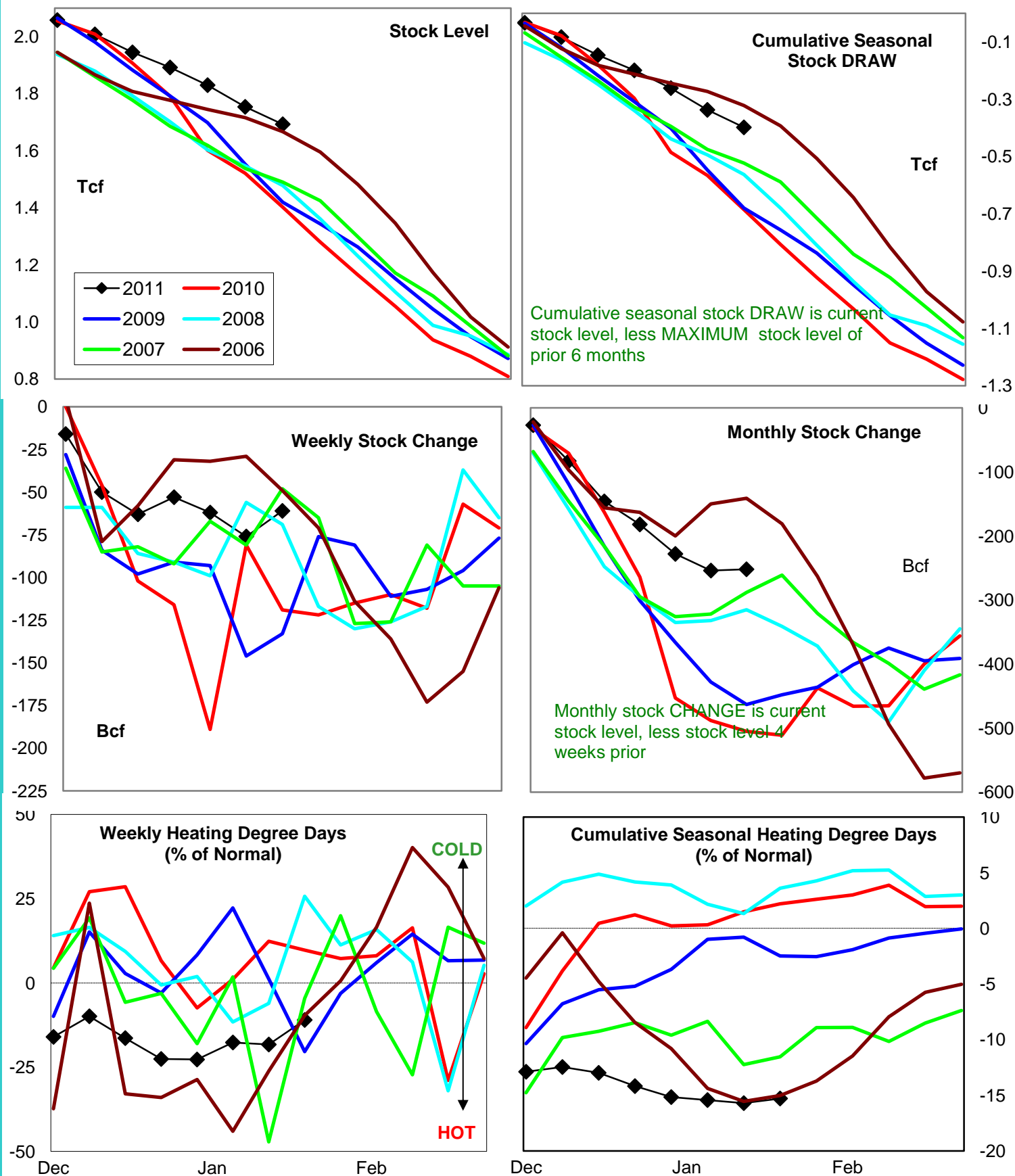
Date:	20-Jan-12	Change vs prior week, month, year		
		13-Jan-12	21-Dec-11	19-Jan-11
<b>1st month Futures</b>	<b>2.34</b>	<b>-0.33</b>	<b>-0.77</b>	<b>-2.00</b>
<b>% change</b>	xxxxx	<b>-12.2</b>	<b>-24.8</b>	<b>-46.0</b>



# United States Natural Gas Stock and Weather Trends



# Natural Gas East Region Stock and Weather Trends



Variance to prior year

Stock Level

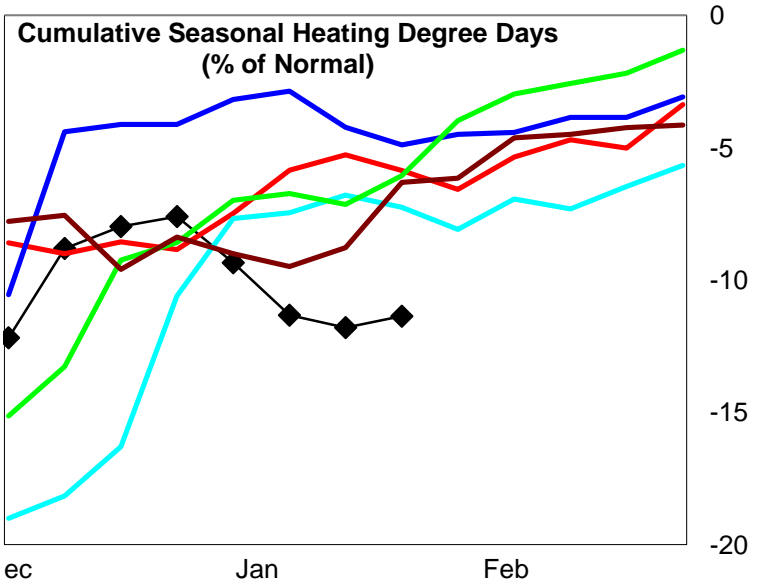
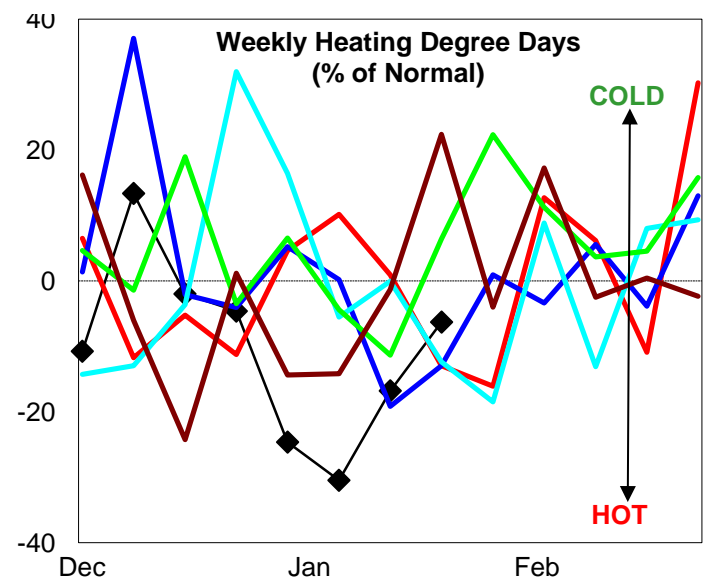
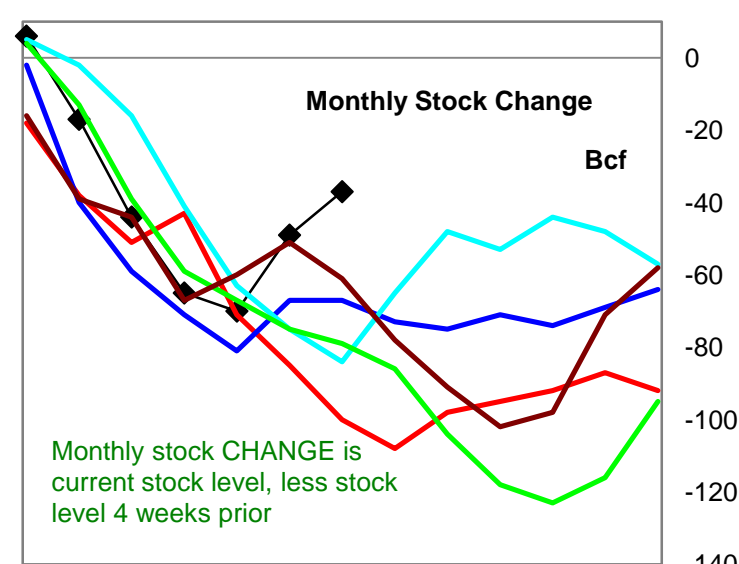
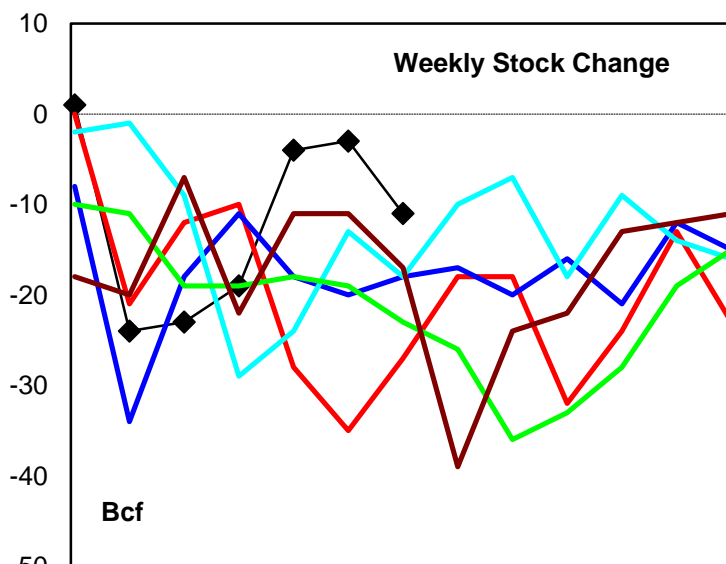
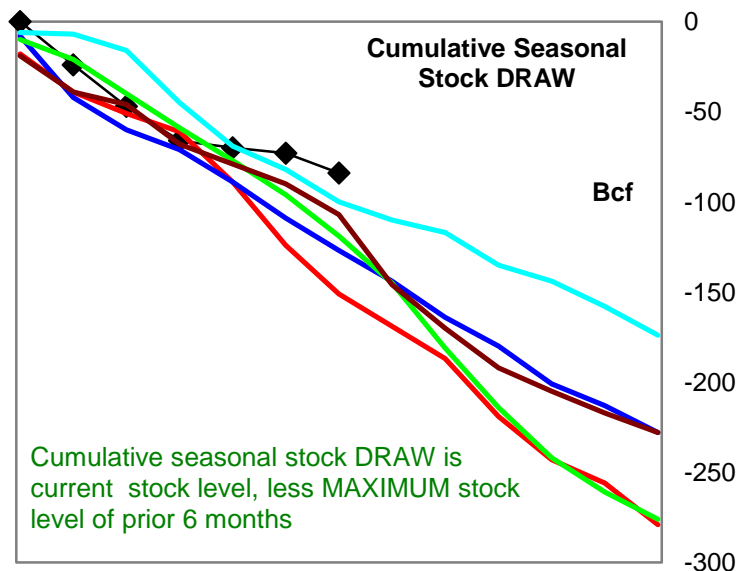
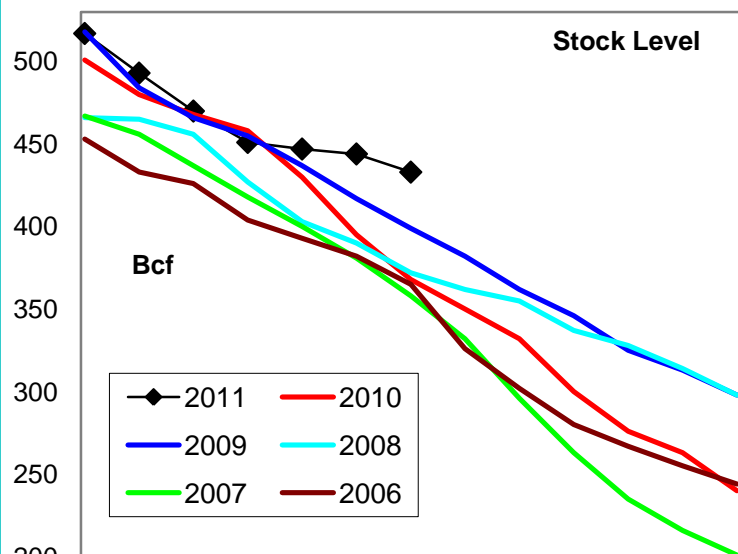
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF  
Percent Change (%)291  
20.858  
-48.7253  
-50.1287  
-41.9

# Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

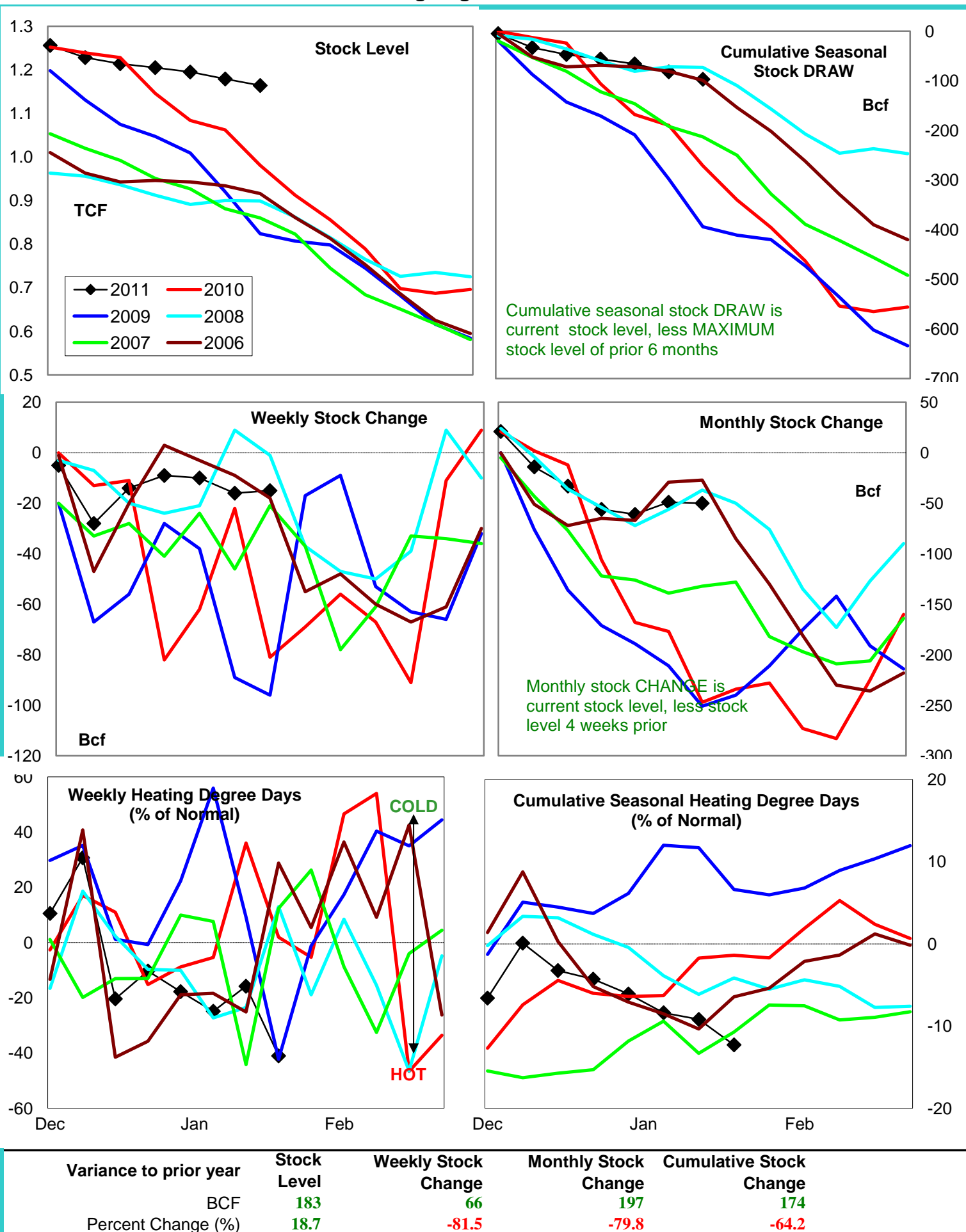
Monthly Stock Change

Cumulative Stock Change

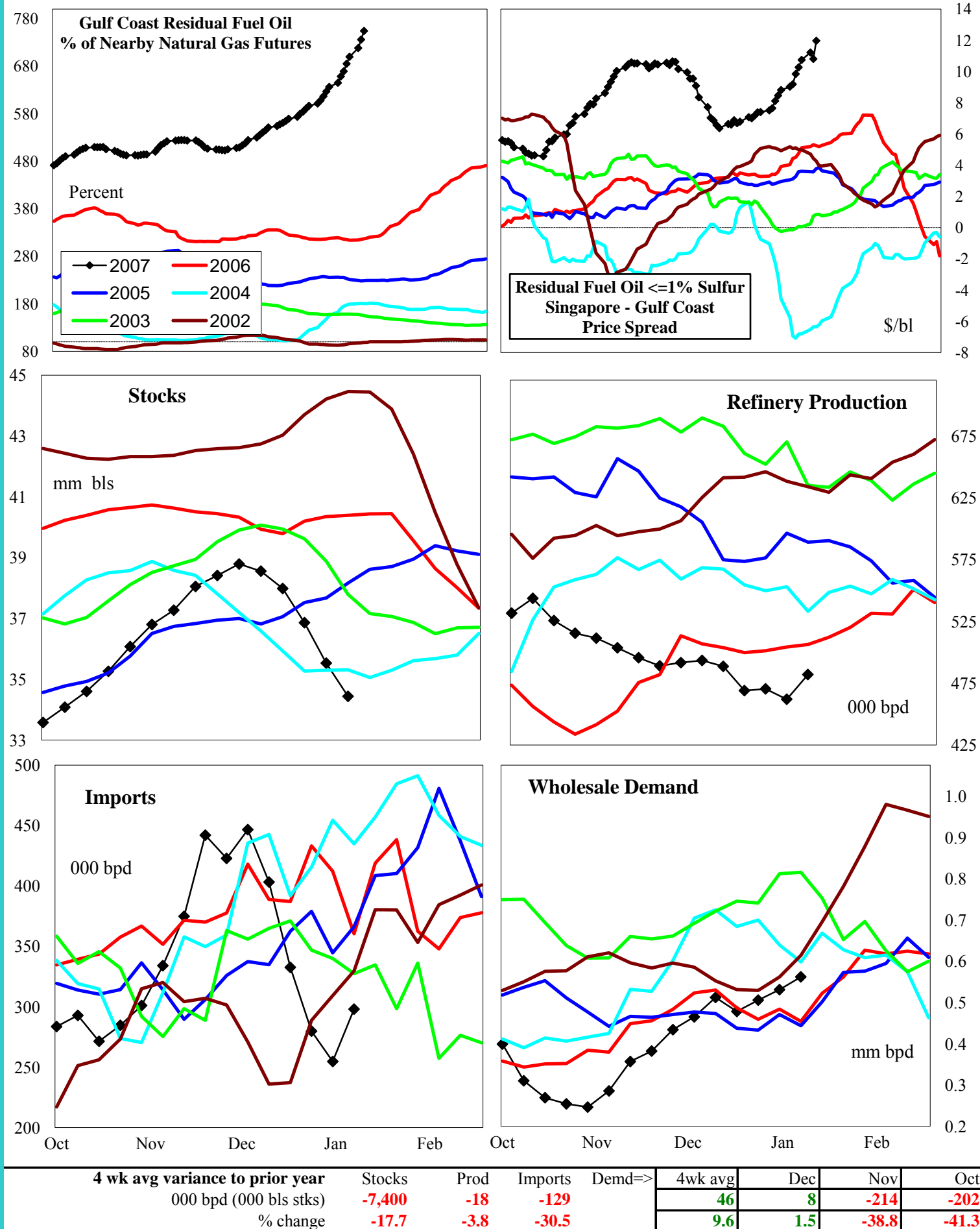
BCF  
Percent Change (%)65  
17.716  
-59.363  
-63.067  
-44.4



# Natural Gas Producing Region Stock and Weather Trends

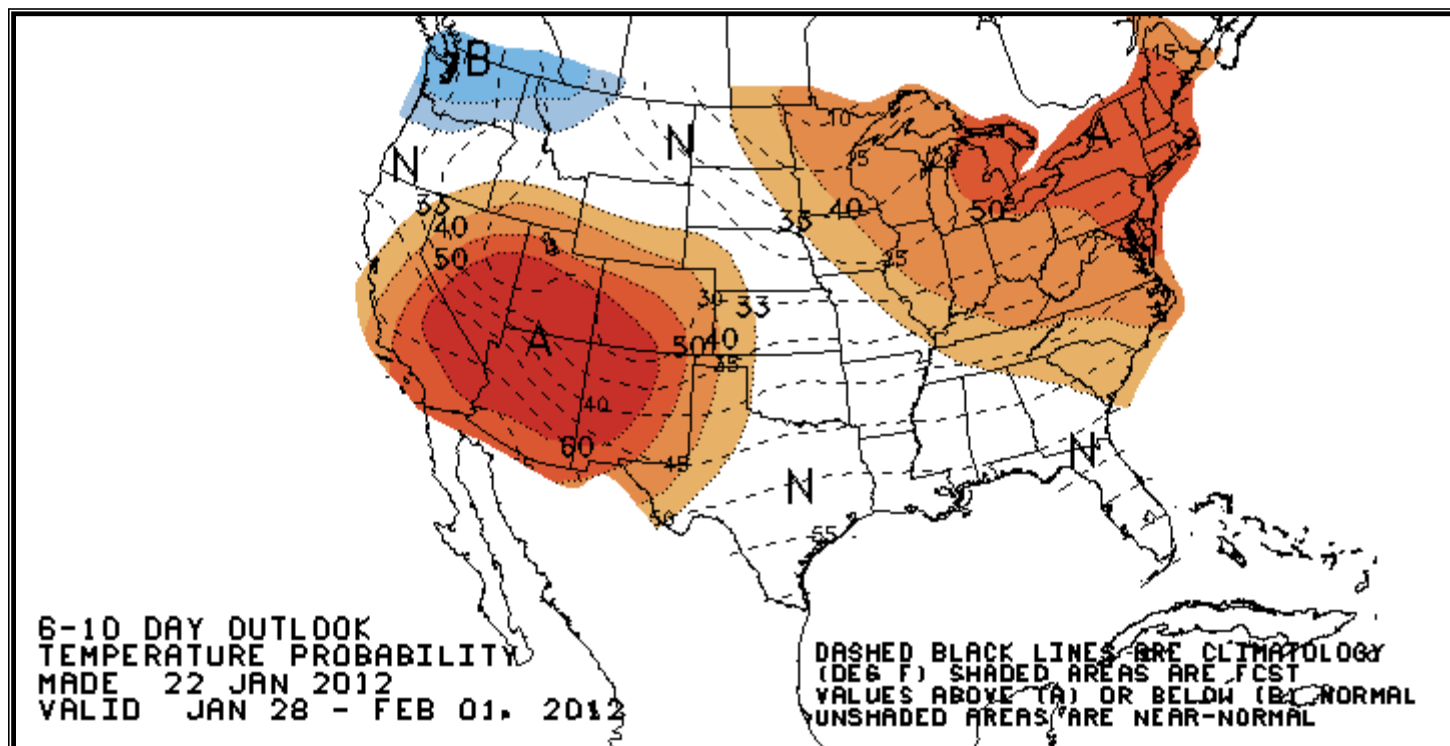


# U.S. Residual Fuel Oil Price Spreads and Supply Balance



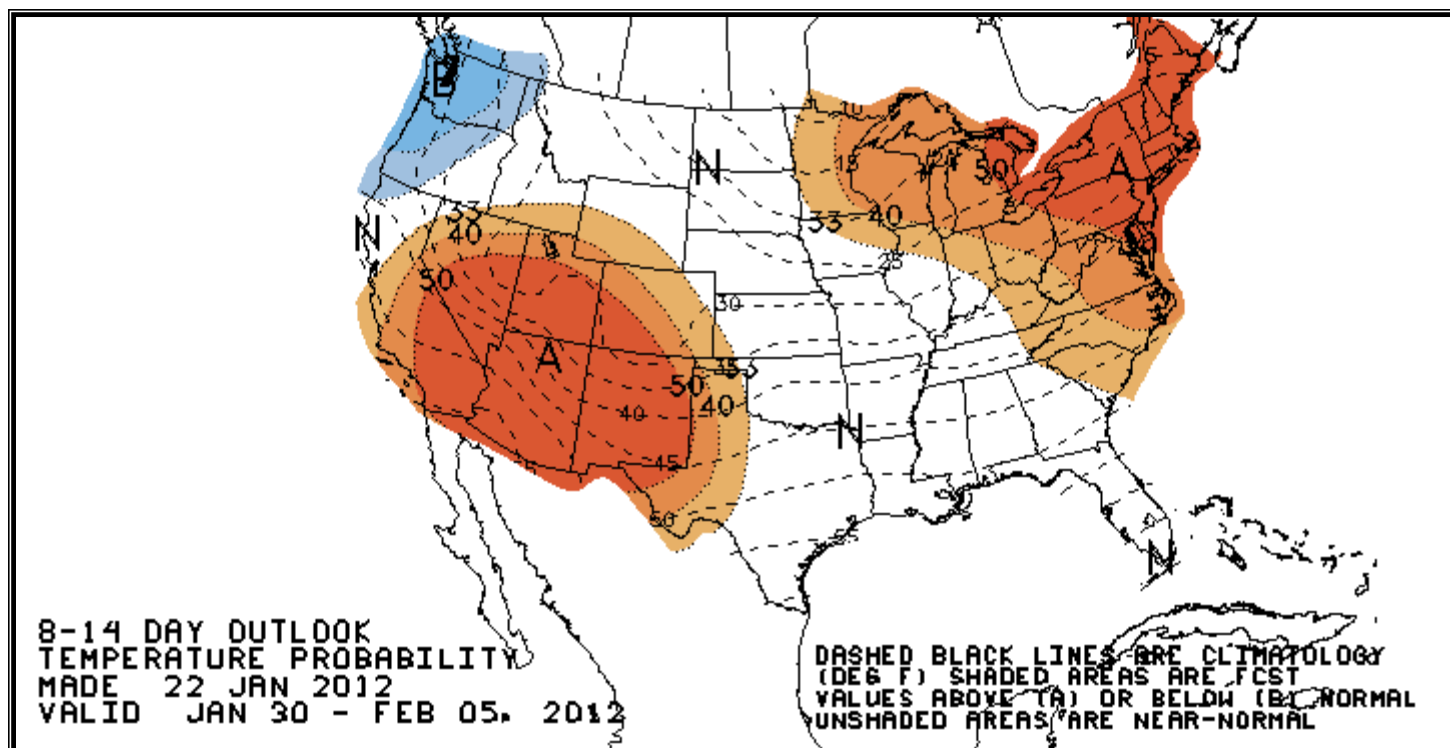
## National Weather Service Climate Prediction Center

## Degree Days 6 - 10 Day Temperature Forecast



## National Weather Service Climate Prediction Center

## Degree Days 8 - 14 Day Temperature Forecast





# American Gas Association Regions

