

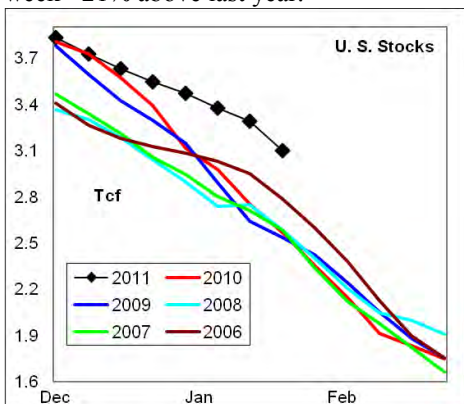
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

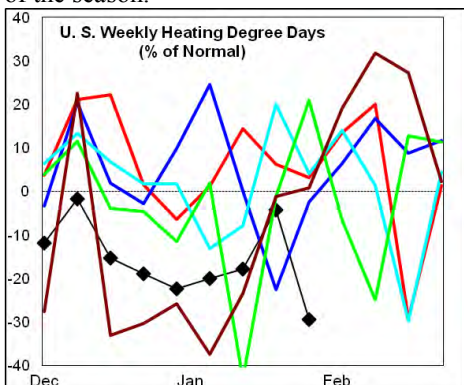
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, January 26, 2012



Summary¹ The stock draw of -192 Bcf for the week matched last years' record draw for the period. Stock levels ended the week +21% above last year.



Heating degree days for last week were -4% below normal, underlying the large stock draw for the week. HDD's are forecast to be -29% below normal for the current week, the largest % below normal of the season.



In the East Region stocks decreased -122 Bcf for the week, a record draw for the period. Stocks declined -27 Bcf in the West Region, a draw greater than the average. The stock draw of -43 Bcf in the Producing Region matched the mid range.

Heating degree days were -1% below normal in the East Region, equal to normal in the West Region and -29% below normal in the Producing Region for the week ending 21Jan12.

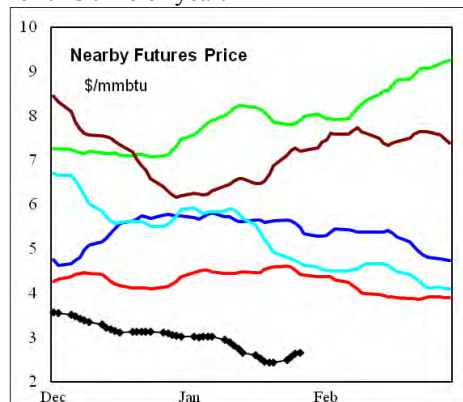
Heating degree days were -4% below normal for the week ended 21Jan12, and

forecast to be -29% below normal for the week ending 28Jan12.

The 6-10 day NWS forecast for the week ending 04Feb12 is for below normal heating degree days across the country.

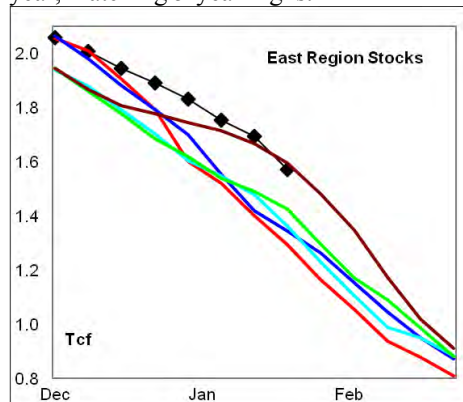
The 8-14 day NWS forecast for the week ending 08Feb12 is for an extension of the 6-10 day outlook: warmer than normal over nearly the entire country.

Prices: Nearby gas futures prices bounced +\$0.33/mmbtu higher for the week ending 26Jan12. The current price is - \$1.85/mmbtu below the prior 5-year low for this time of year.



The 1st - 4th month forward price curve increased last week, for the period ending 26Jan12; with the level below the 5-year range.

East Region stocks decreased -122 Bcf for the week, a record draw for the week. The current stock level was +21% above last year, matching 5-year highs.

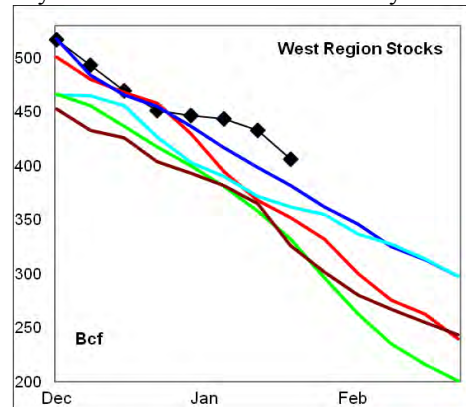


Heating degree days in the region were -1% below normal for the week ending 21Jan12, and forecast to be -29% below normal for the week ending 28Jan12. Below normal heating degree days are forecast for the next 10-days.

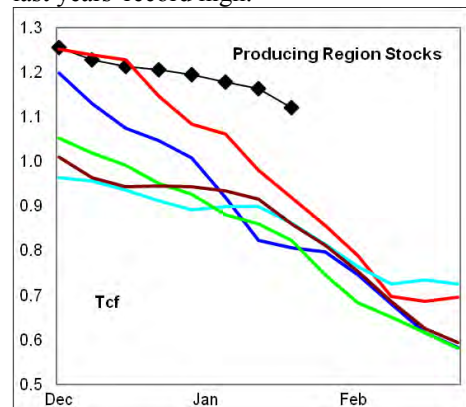
West Region stocks decreased -27 Bcf on the week, a larger than average draw. Stock levels ended the week +15% above last year and above the 5-year range. The

latest 4-wk stock draw was the smallest of the last 5-years.

Heating degree days were normal for the week ending 21Jan12, and forecast to be -17% below normal for the week ending 28Jan12. Below normal heating degree days are forecast for the next 10-days.



Producing Region stocks experienced a draw of -43 Bcf on the week, matching the mid range. The monthly stock draw was near the lowest draw of the last 5-years. Stock levels ended the week +22% above last years' record high.



Heating degree days were -29% below normal for the week ending 21Jan12, and forecast to be -43% below normal for the week ending 28Jan12. 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: Several drilling companies have announced cuts in drilling for gas because of oversupply, which will impact longer term supplies. HDD's are forecast to be -29% below normal for the current week, the lowest of the winter season. Regional markets remain extremely over supplied, with risk of another downtrend in prices during the current heating season.

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: January 26, 2012

For the week ending: 20-Jan-12

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

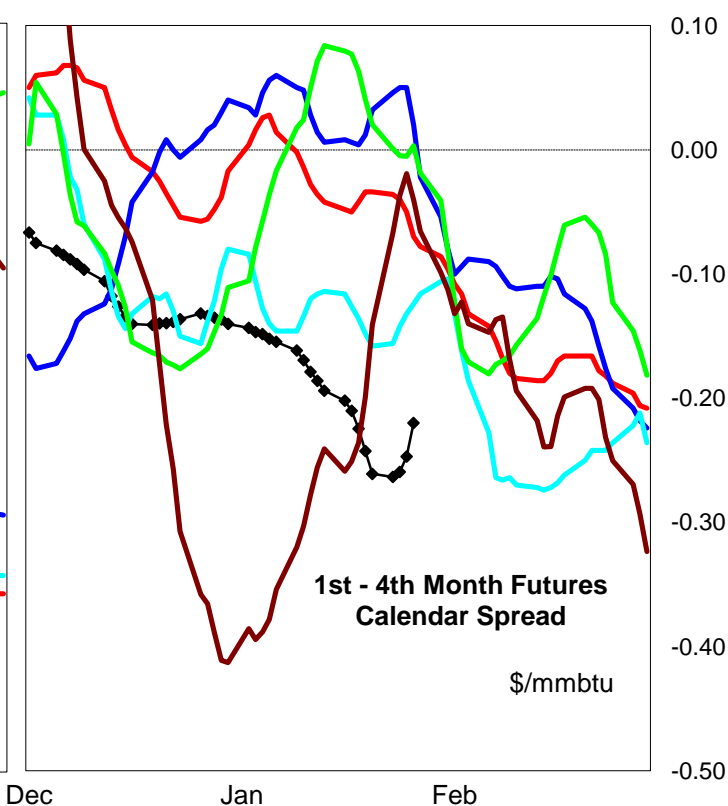
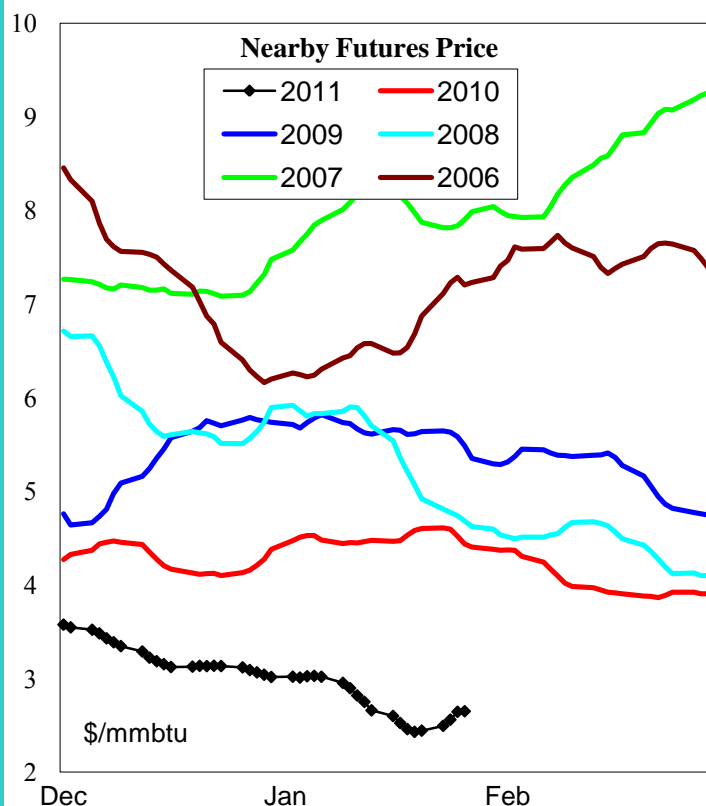
Week ending:	20-Jan-12			14-Jan-12		21-Jan-12		28-Jan-12	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,098	-192	20.7	8	-18%	32	-4%	-63	-29%
East	1,571	-122	21.3	2	-18%	47	-1%	-77	-29%
West	406	-27	15.3	30	-17%	34	0%	-41	-17%
Producing	1,121	-43	21.8	16	-16%	-23	-29%	-26	-43%

Seasonal Trends in Stocks and Heating Degree Days

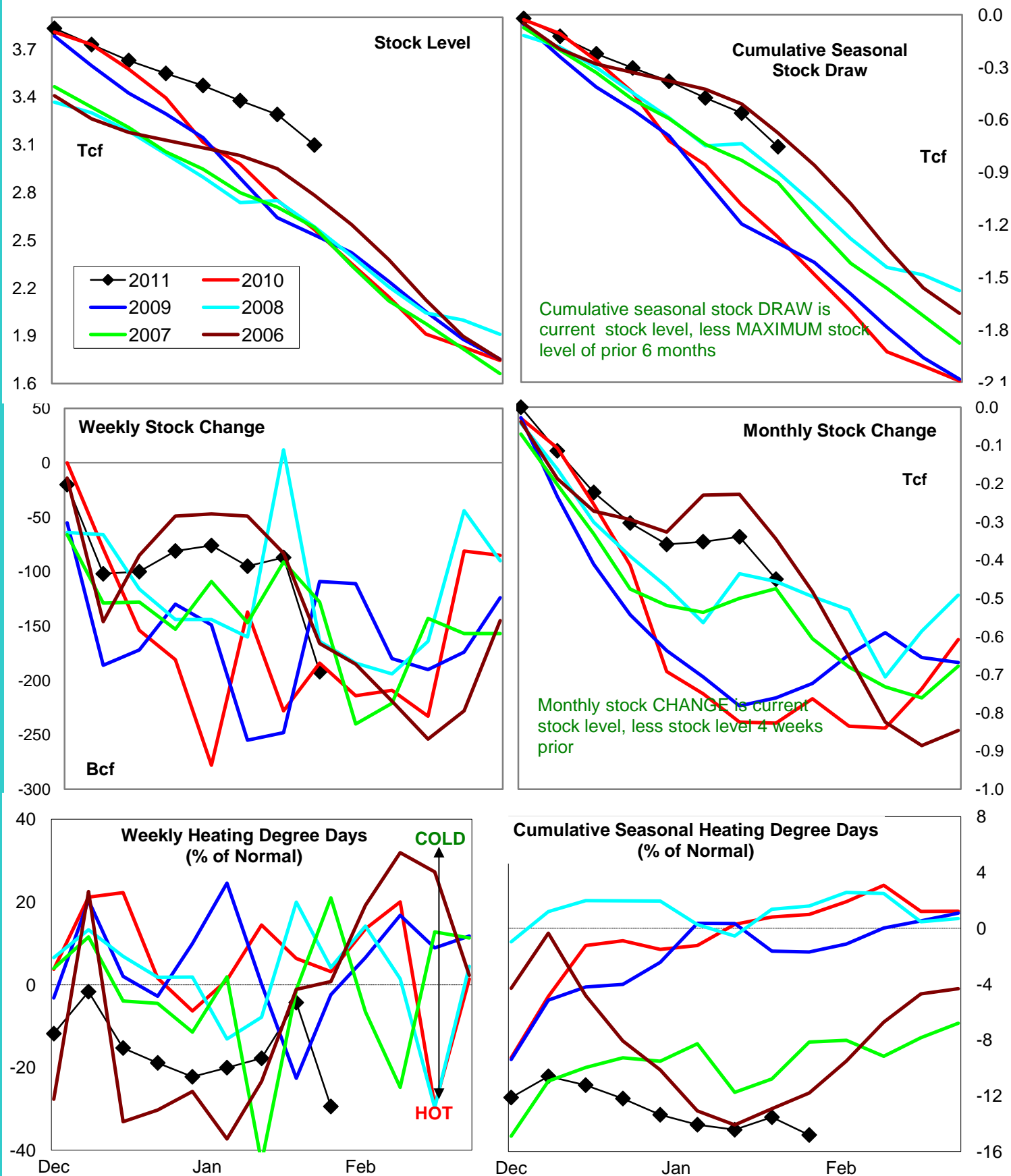
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	-754	516	-68.4	196	-14.4	228	-13.5	166	-14.8
East	-520	272	-52.3	216	-15.7	263	-14.4	186	-15.5
West	-111	56	-50.5	180	-11.8	214	-10.8	174	-11.2
Producing	-140	192	-137.1	139	-9.2	116	-11.1	91	-13.8

Futures Market Price Trends

Date:	26-Jan-12	Change vs prior week, month, year		
		20-Jan-12	28-Dec-11	25-Jan-11
1st month Futures	2.65	0.31	-0.34	-1.39
% change	xxxxx	13.1	-11.3	-34.4



United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock Level

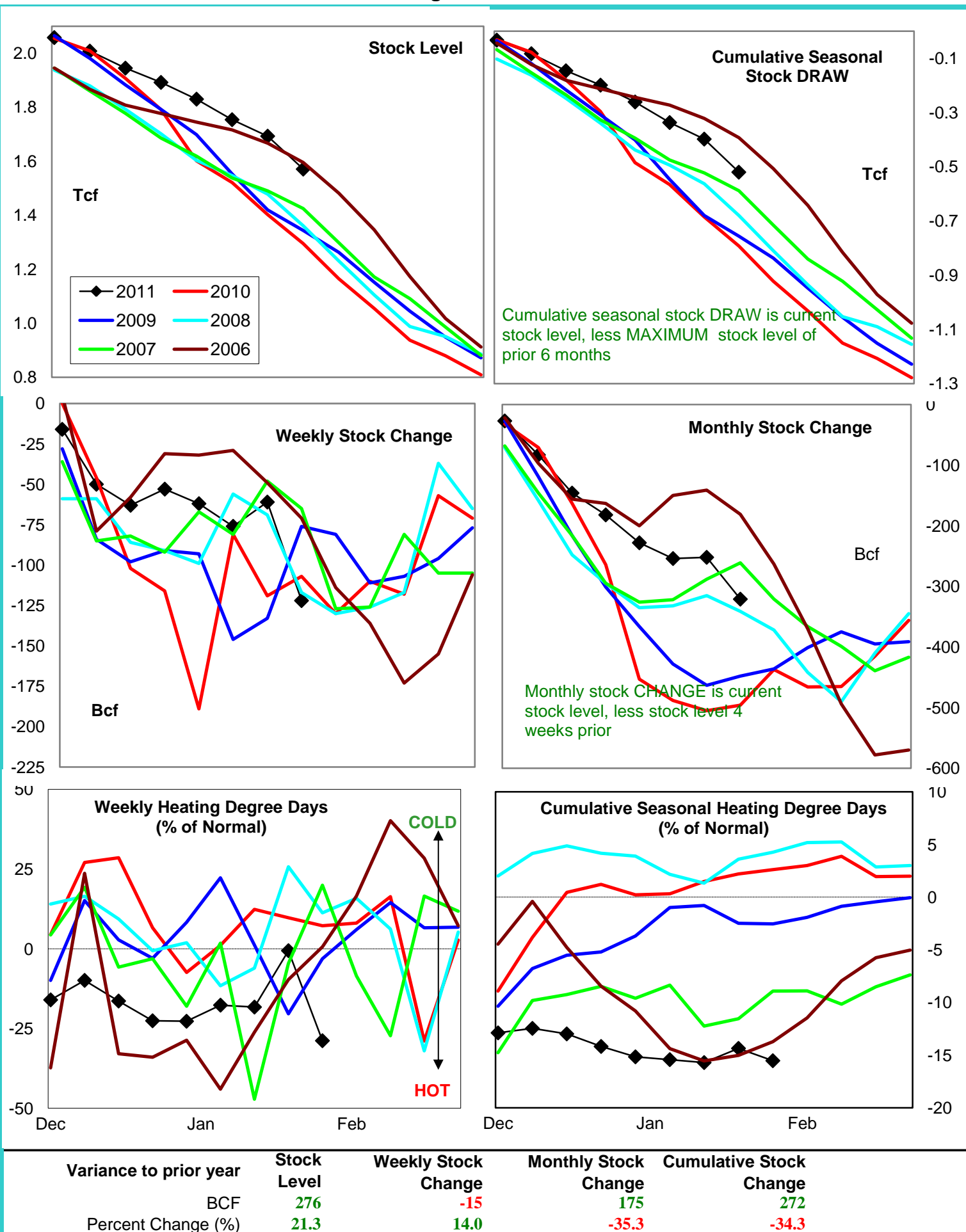
Weekly Stock Change

Monthly Stock Change

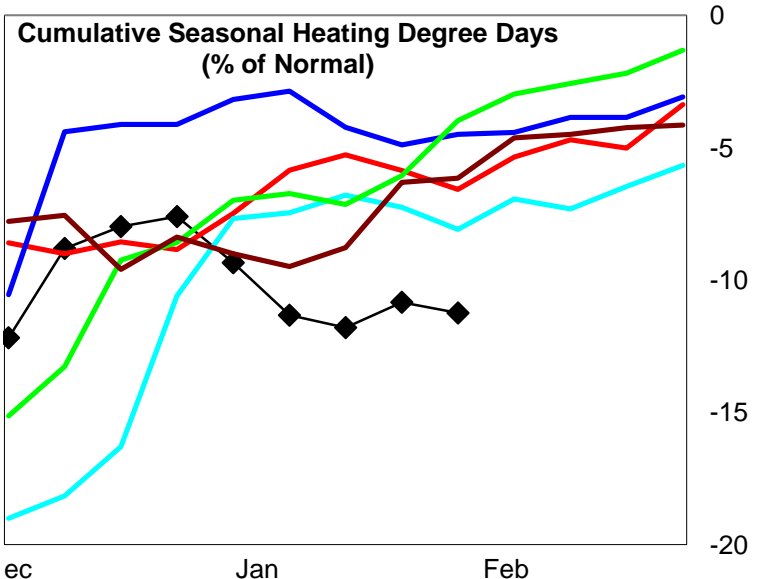
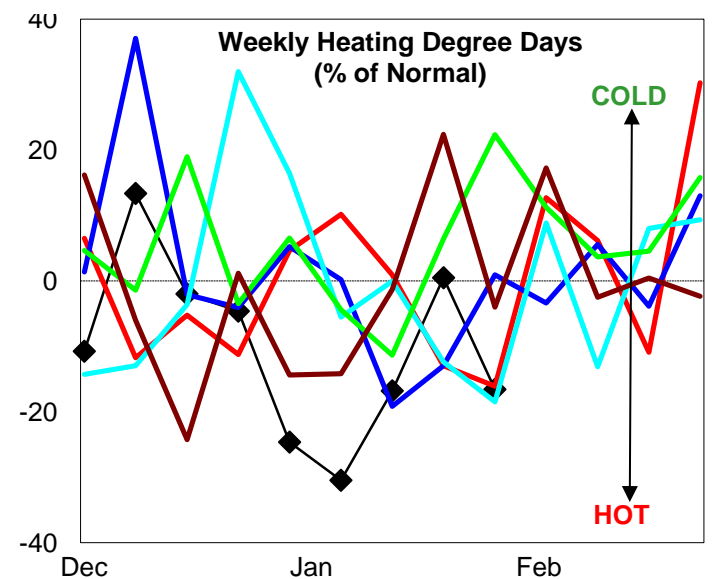
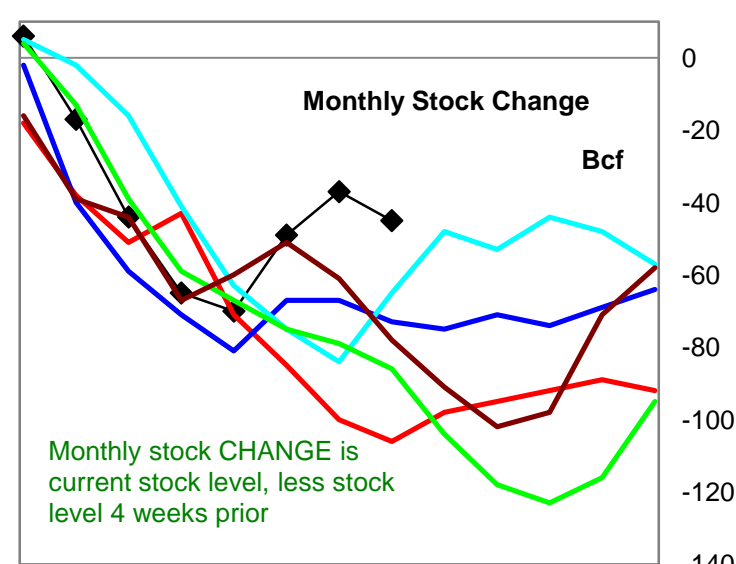
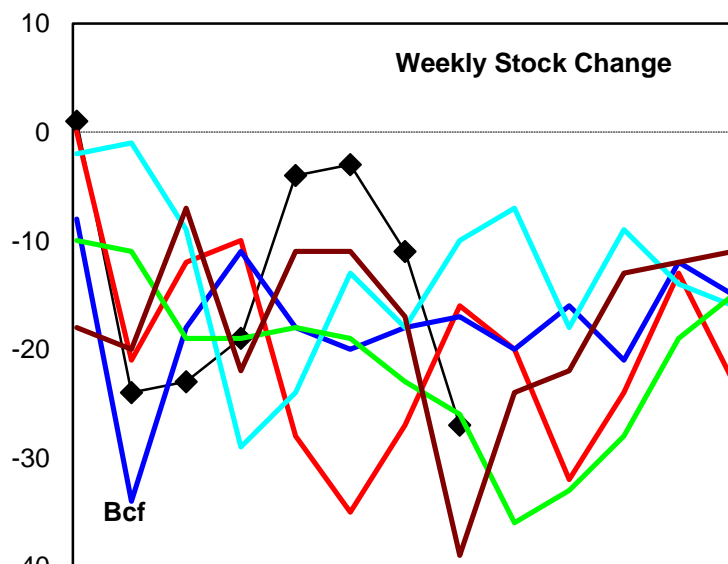
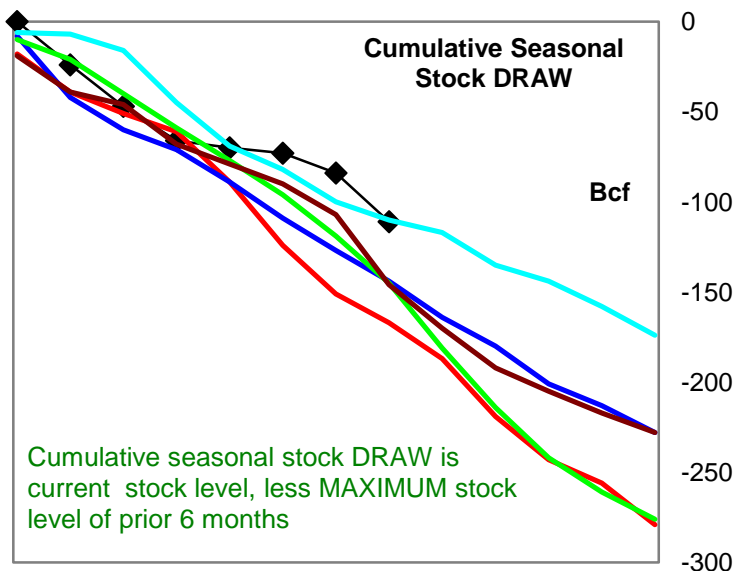
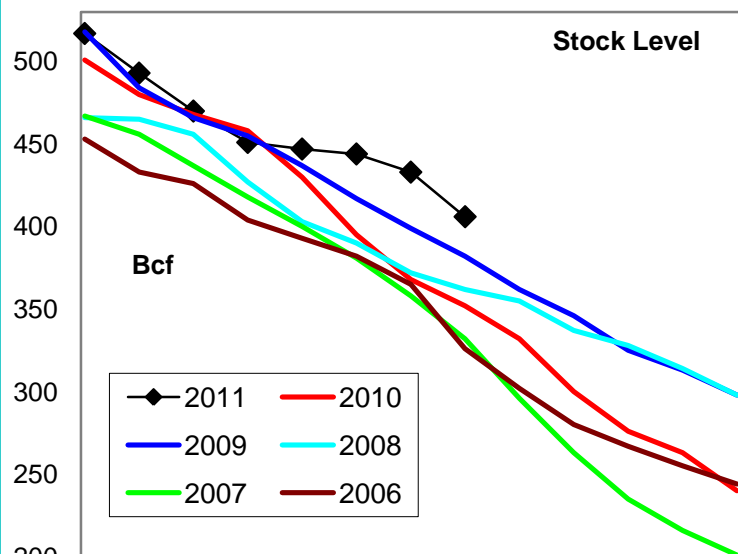
Cumulative Stock Change

BCF
Percent Change (%)531
20.7-8
4.3377
-45.6516
-40.6

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

54

-11

61

56

Percent Change (%)

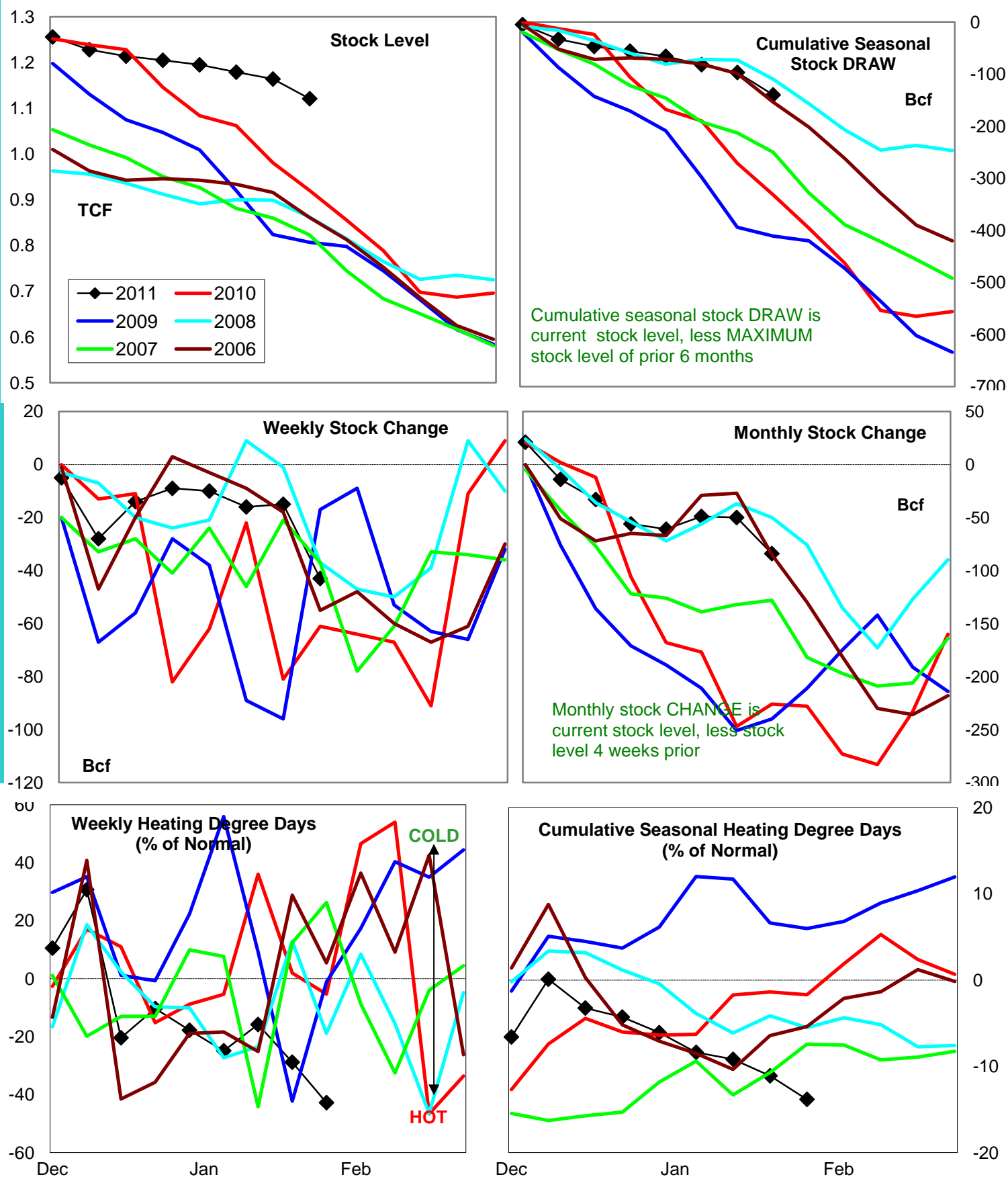
15.3

68.8

-57.5

-33.5

Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

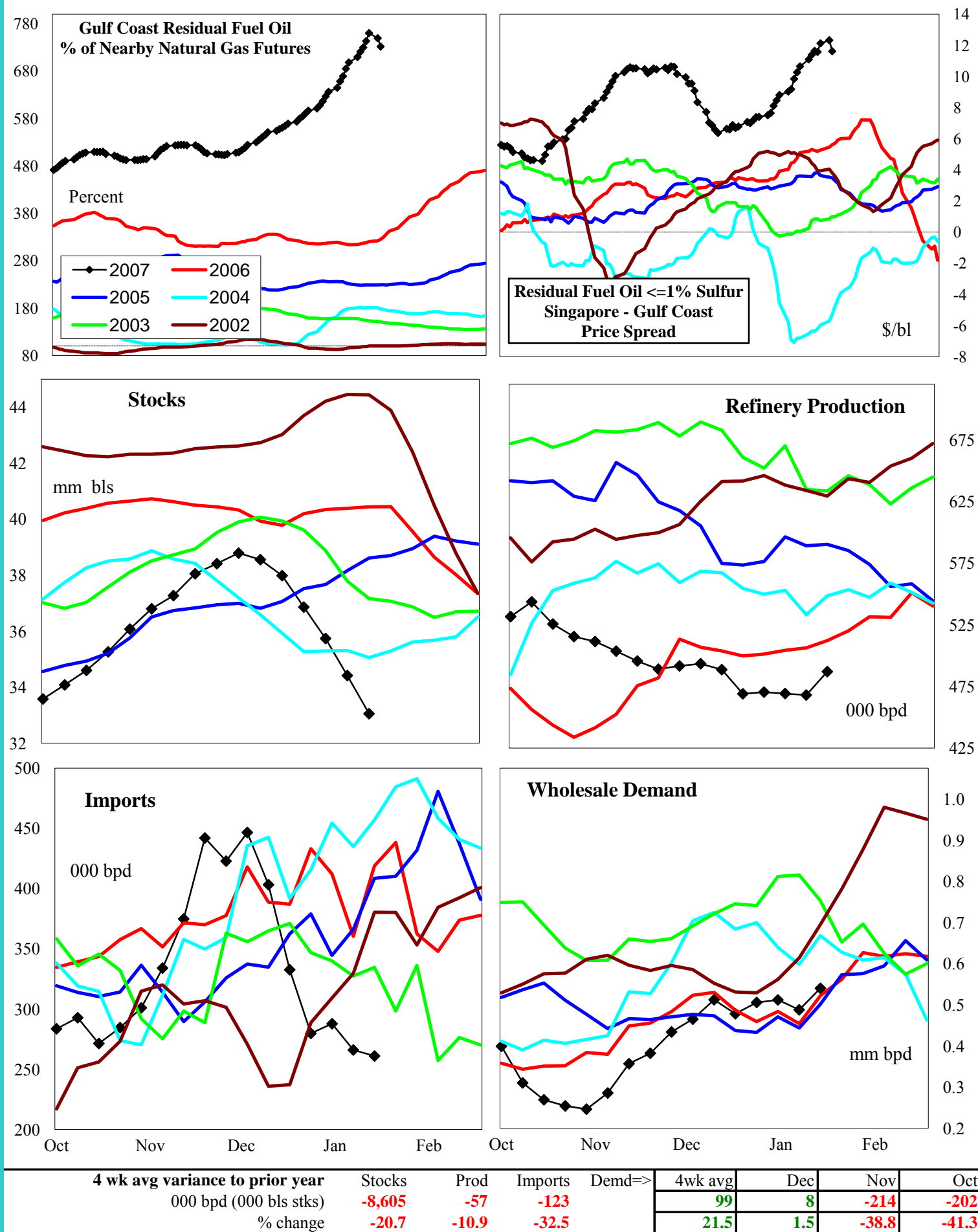
Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

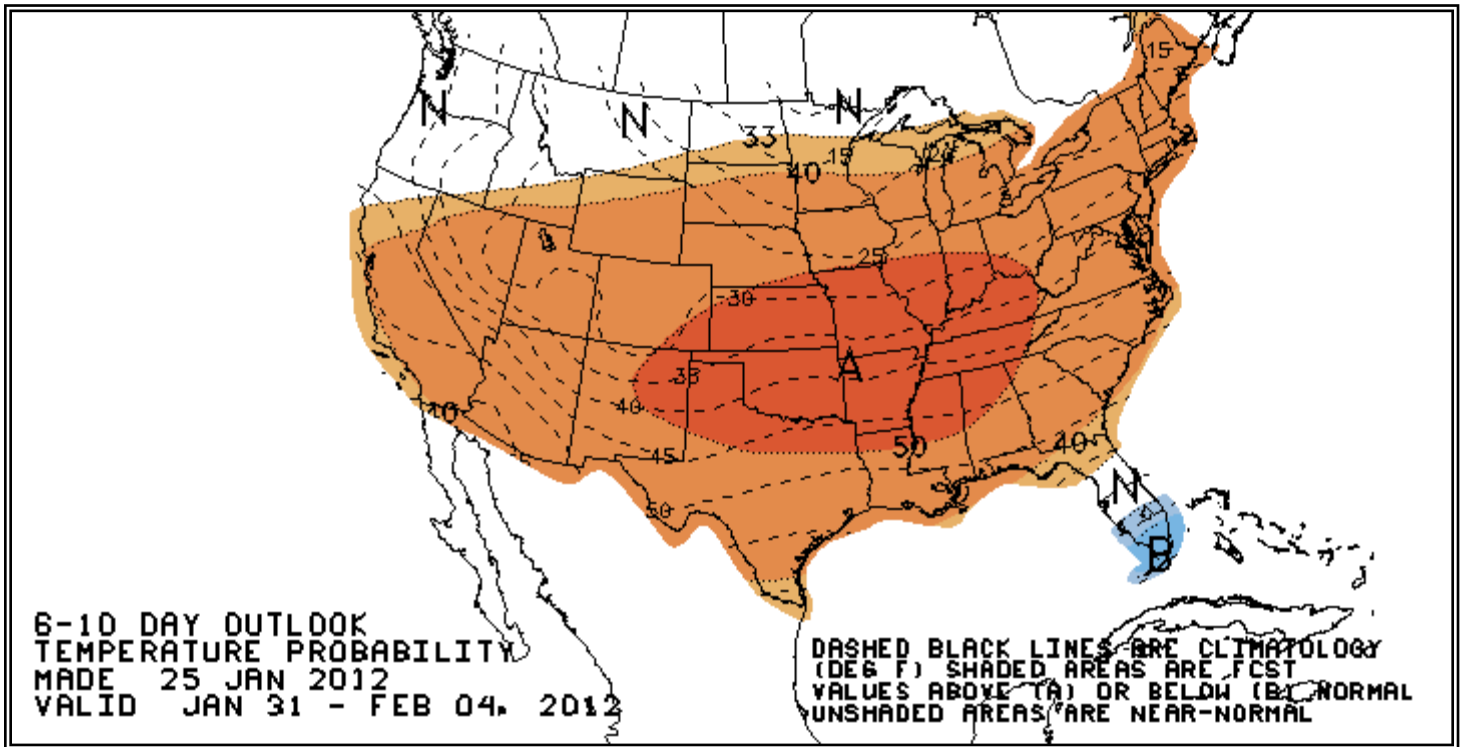
BCF
Percent Change (%)201
21.818
-29.5142
-62.8192
-57.8

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



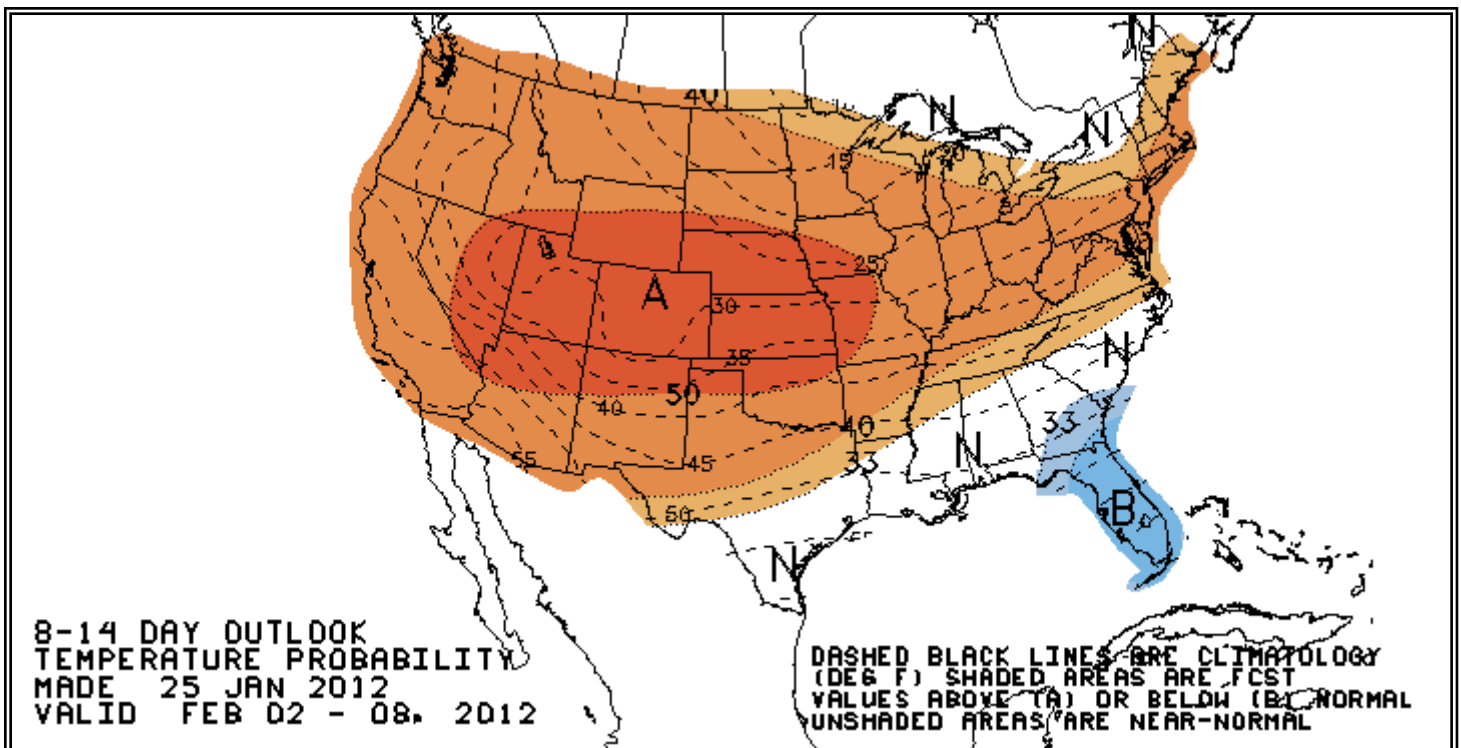
National Weather Service Climate Prediction Center

Degree Days 6 - 10 Day Temperature Forecast



National Weather Service Climate Prediction Center

Degree Days 8 - 14 Day Temperature Forecast



American Gas Association Regions

