

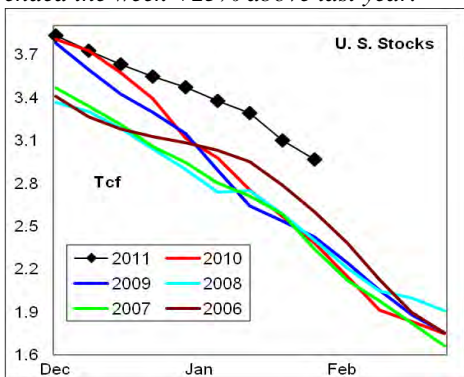
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

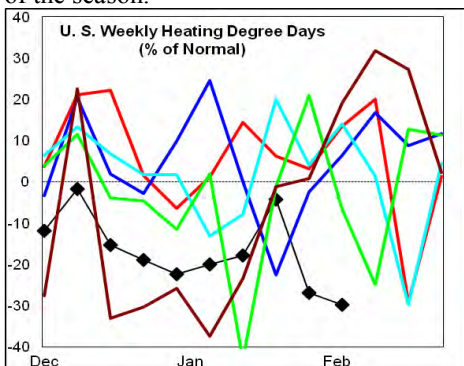
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, February 02, 2012



Summary¹ The stock draw of -132 Bcf for the week was the 2nd smallest draw of the last 5-years for the period. *Stock levels ended the week +25% above last year.*



Heating degree days for last week were -27% below normal, underlying the small stock draw for the week. HDD's are forecast to be -30% below normal for the current week, the largest % below normal of the season.



In the East Region stocks decreased -100 Bcf for the week, a smaller draw than four of the last 5-years. Stocks declined -10 Bcf in the West Region, a draw that matched the smallest draw of the 1st 5-years. The stock draw of -22 Bcf in the Producing Region was a smaller draw than four of the last 5-years.

Heating degree days were -26% below normal in the East Region, -15% below normal in the West Region and -38% below normal in the Producing Region for the week ending 28Jan12.

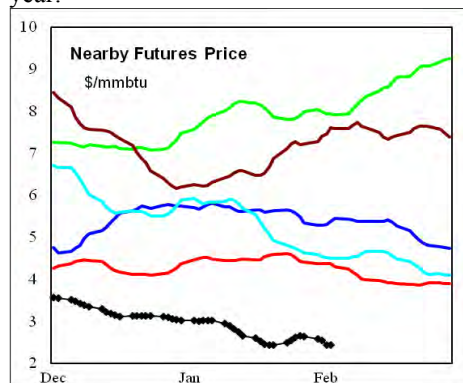
Heating degree days were -27% below

normal for the week ended 28Jan12, and forecast to be -30% below normal for the week ending 04Feb12.

The 6-10 day NWS forecast for the week ending 11Feb12 is for below normal heating degree days across the western 1/2 of the country and near normal in the eastern 1/2.

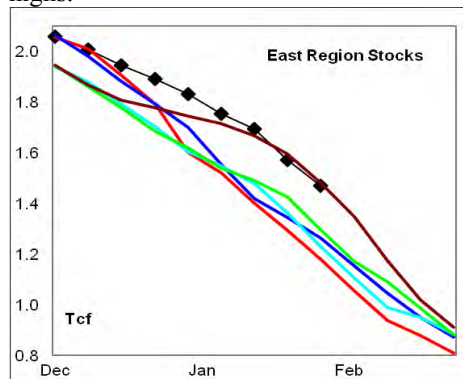
The 8-14 day NWS forecast for the week ending 15Feb12 is for an extension of the 6-10 day outlook: near normal in the eastern 1/2 of the country and warmer than normal in the western 1/2.

Prices: Nearby gas futures prices decreased -\$0.15/mmbtu higher for the week ending 02Feb12. The current price is -\$2/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 02Feb12; with a 'carry' greater than any time during the last 5-years for this period.

East Region stocks decreased -100 Bcf for the week, a smaller draw than four of the last 5-years. The current stock level was +25% above last year, matching 5-year highs.

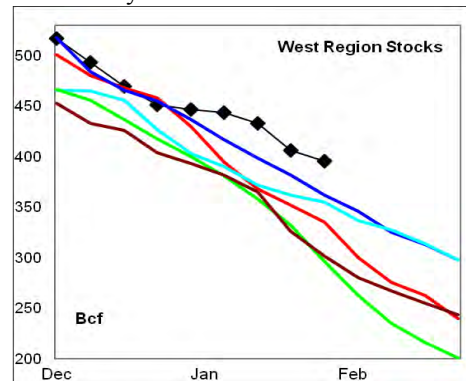


Heating degree days in the region were -26% below normal for the week ending 28Jan12, and forecast to be -29% below normal for the week ending 04Feb12. Near normal heating degree days are forecast for the next 10-days.

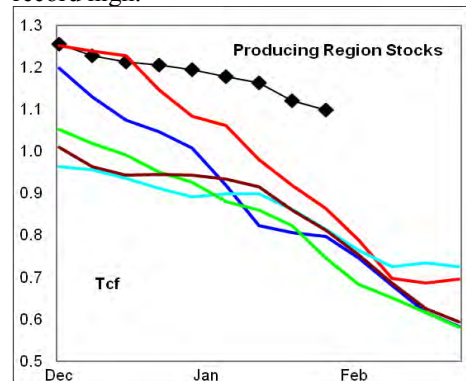
West Region stocks decreased -10 Bcf on

the week, a draw that matched the 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 matched the smallest of the last 5-years.

Heating degree days were -15% below normal for the week ending 28Jan12, and forecast to be -23% below normal for the week ending 04Feb12. Below normal heating degree days are forecast for the next 10-days.



Producing Region stocks experienced a draw of -10 Bcf on the week, a smaller draw than four of the last 5-years. The monthly stock draw was near the lowest draw of the last 5-years. Stock levels ended the week +27% above last years' record high.



Heating degree days were -38% below normal for the week ending 28Jan12, and forecast to be -39% below normal for the week ending 04Feb12. 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: Extreme over supply due to record production and warm temperatures has pushed stock levels to +25% above last year. Heating season carryout stocks will be extremely high. There is risk prices will drop below earlier record low levels.

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: February 2, 2012

For the week ending: 27-Jan-12

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

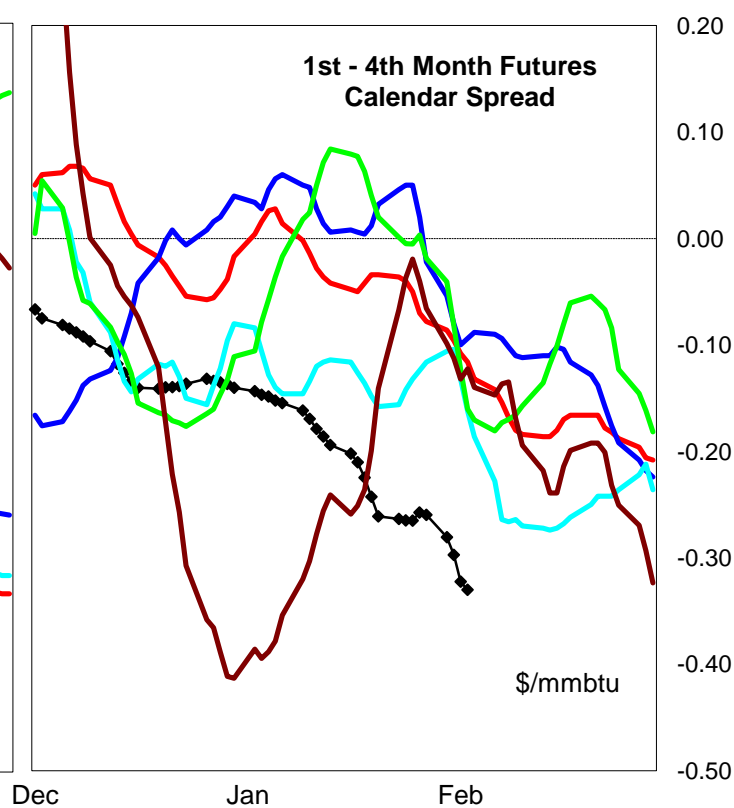
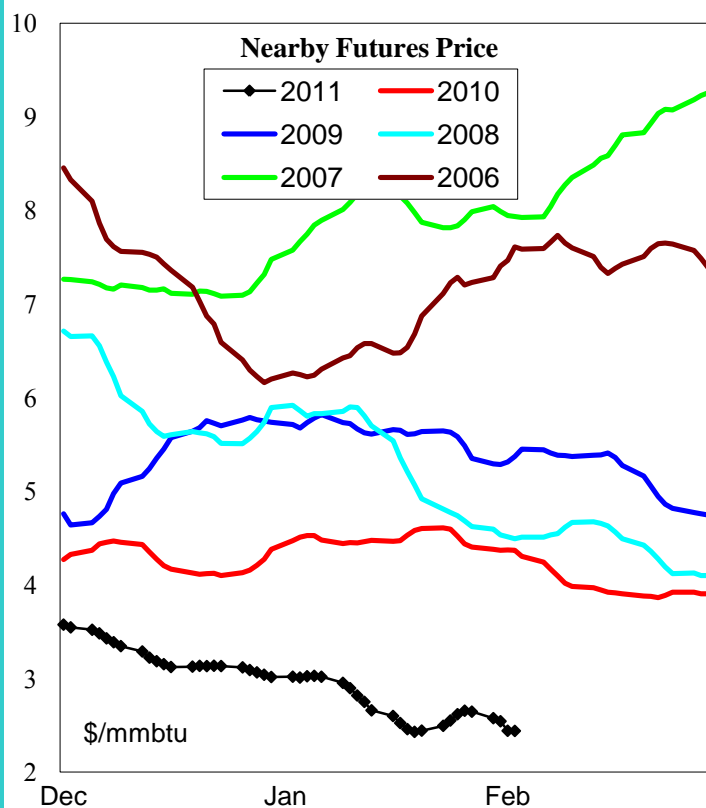
Week ending:	27-Jan-12			21-Jan-12		28-Jan-12		4-Feb-12	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,966	-132	24.6	32	-4%	-56	-27%	-11	-30%
East	1,471	-100	24.6	47	-1%	-70	-26%	-11	-29%
West	396	-10	18.2	34	0%	-38	-15%	-22	-23%
Producing	1,099	-22	27.2	-23	-29%	-19	-38%	-5	-39%

Seasonal Trends in Stocks and Heating Degree Days

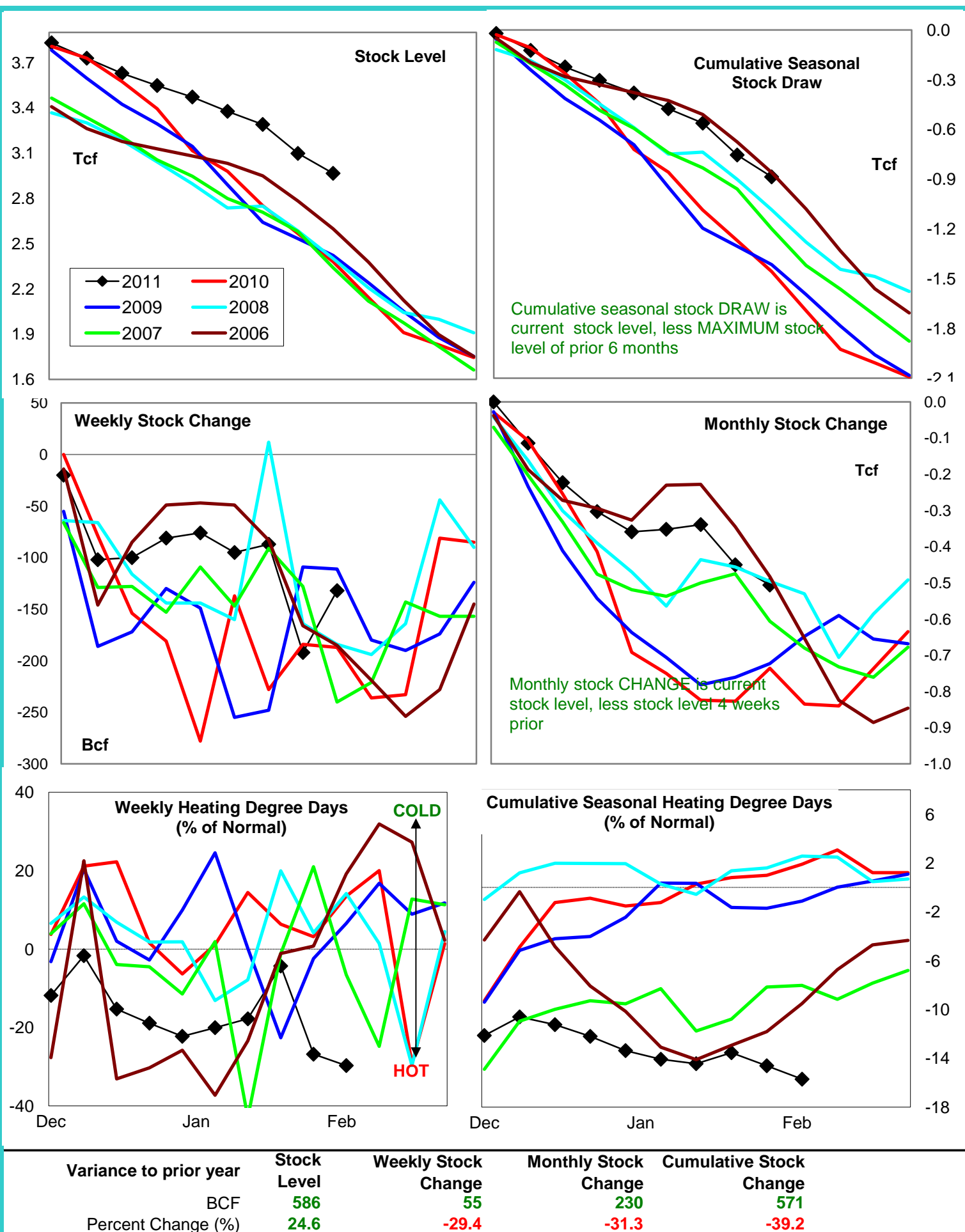
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	-886	571	-64.4	228	-13.5	172	-14.6	161	-15.7
East	-620	286	-46.1	263	-14.4	194	-15.3	182	-16.3
West	-121	63	-52.1	214	-10.8	176	-11.2	155	-11.9
Producing	-162	226	-139.5	116	-11.1	97	-13.5	93	-15.4

Futures Market Price Trends

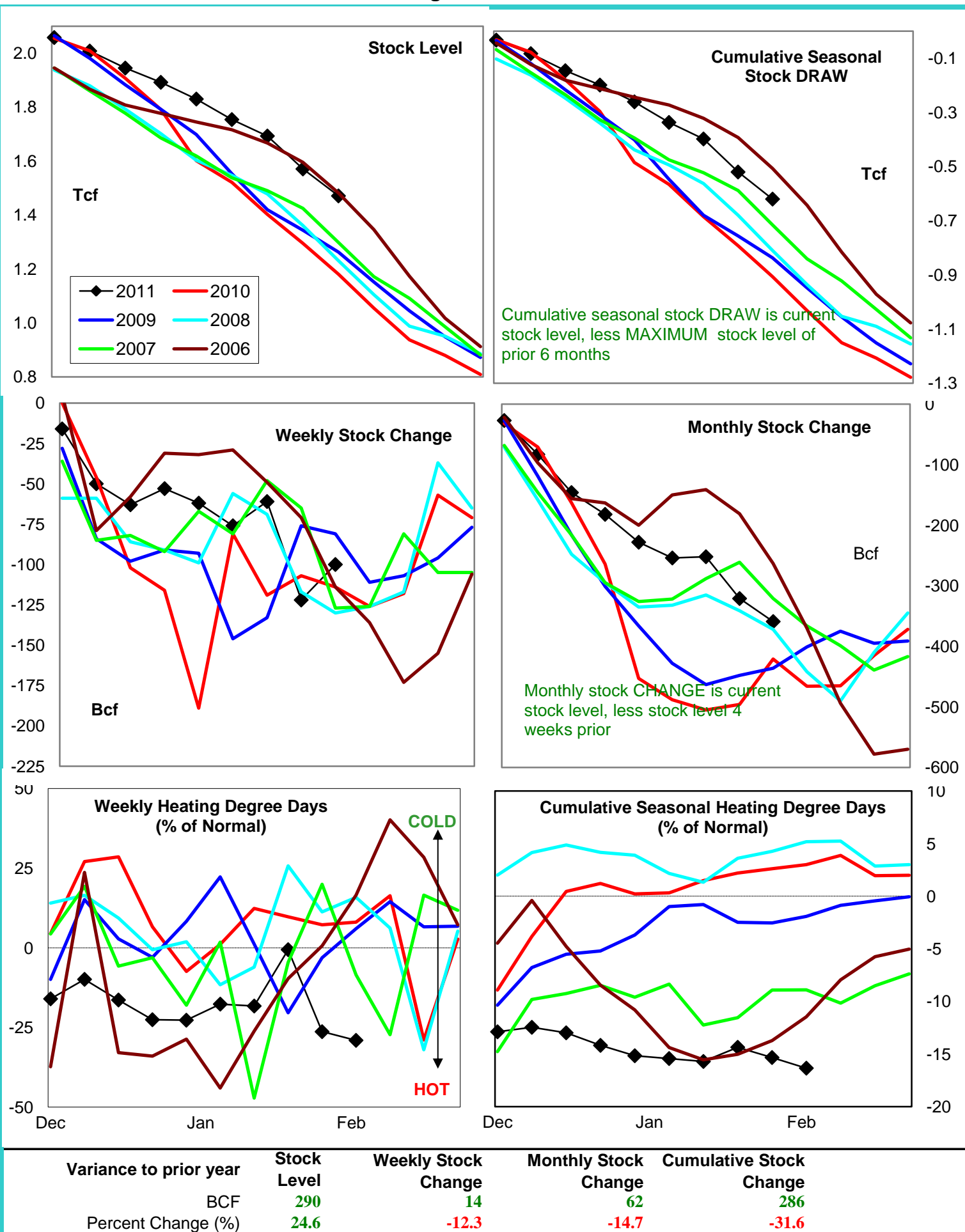
Date:	2-Feb-12	Change vs prior week, month, year		
		27-Jan-12	5-Jan-12	1-Feb-11
1st month Futures	2.44	-0.24	-0.62	-1.48
% change	xxxxx	-8.9	-20.3	-37.8



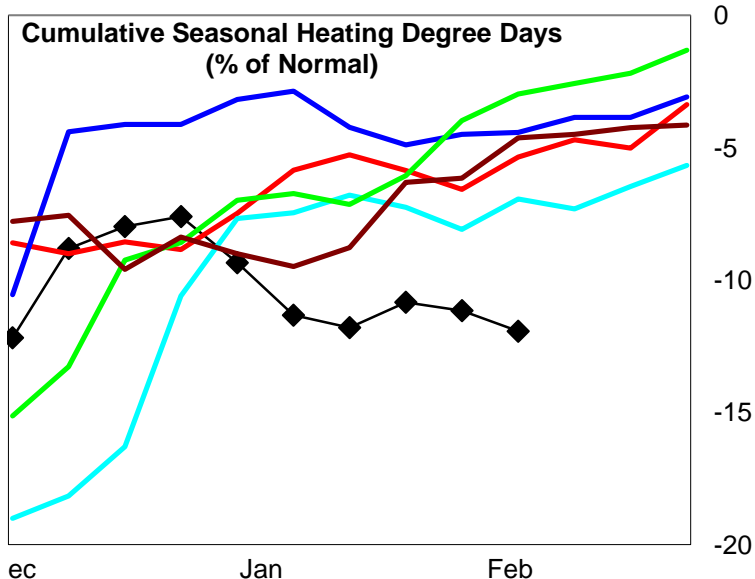
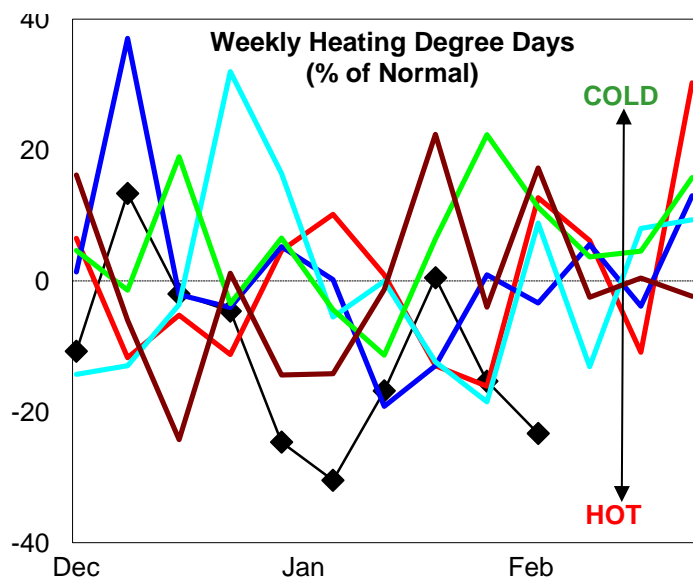
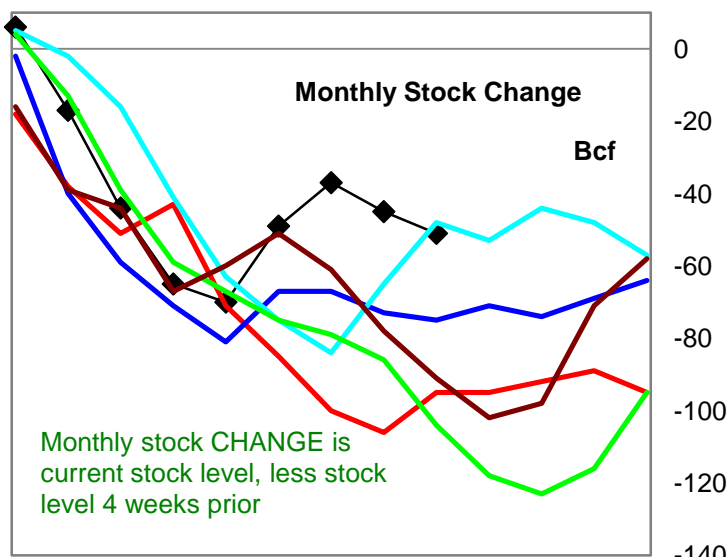
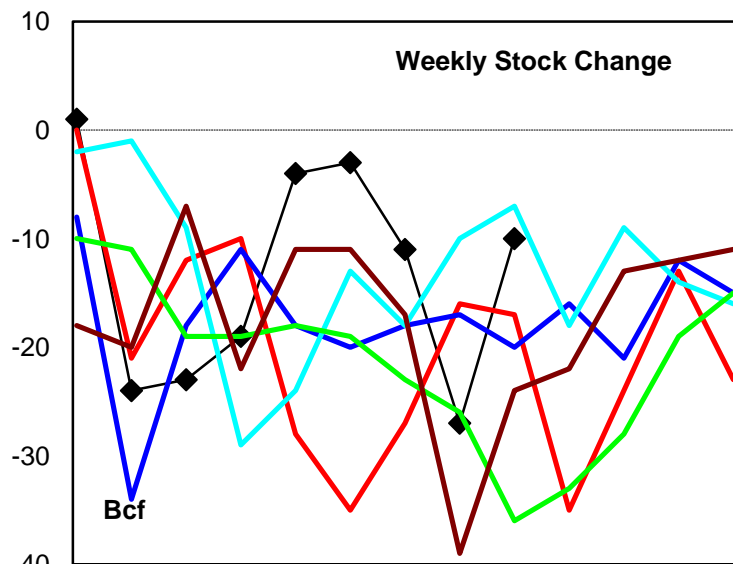
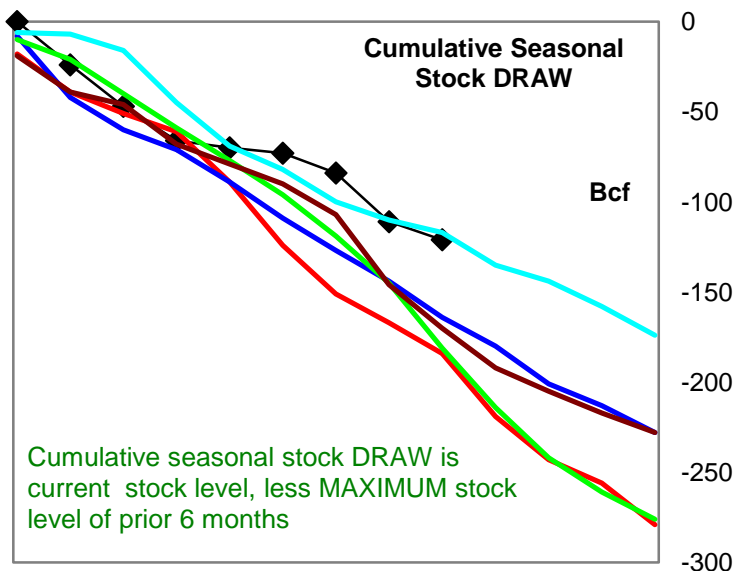
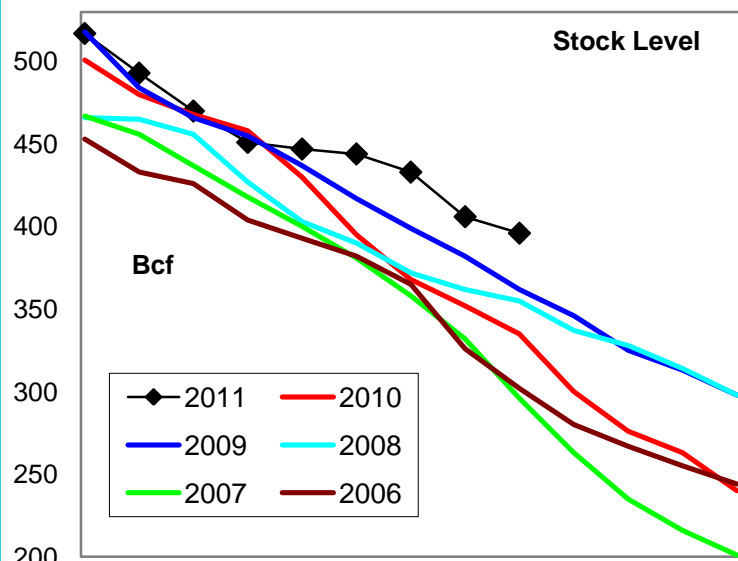
United States Natural Gas Stock and Weather Trends



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

61

7

44

63

Percent Change (%)

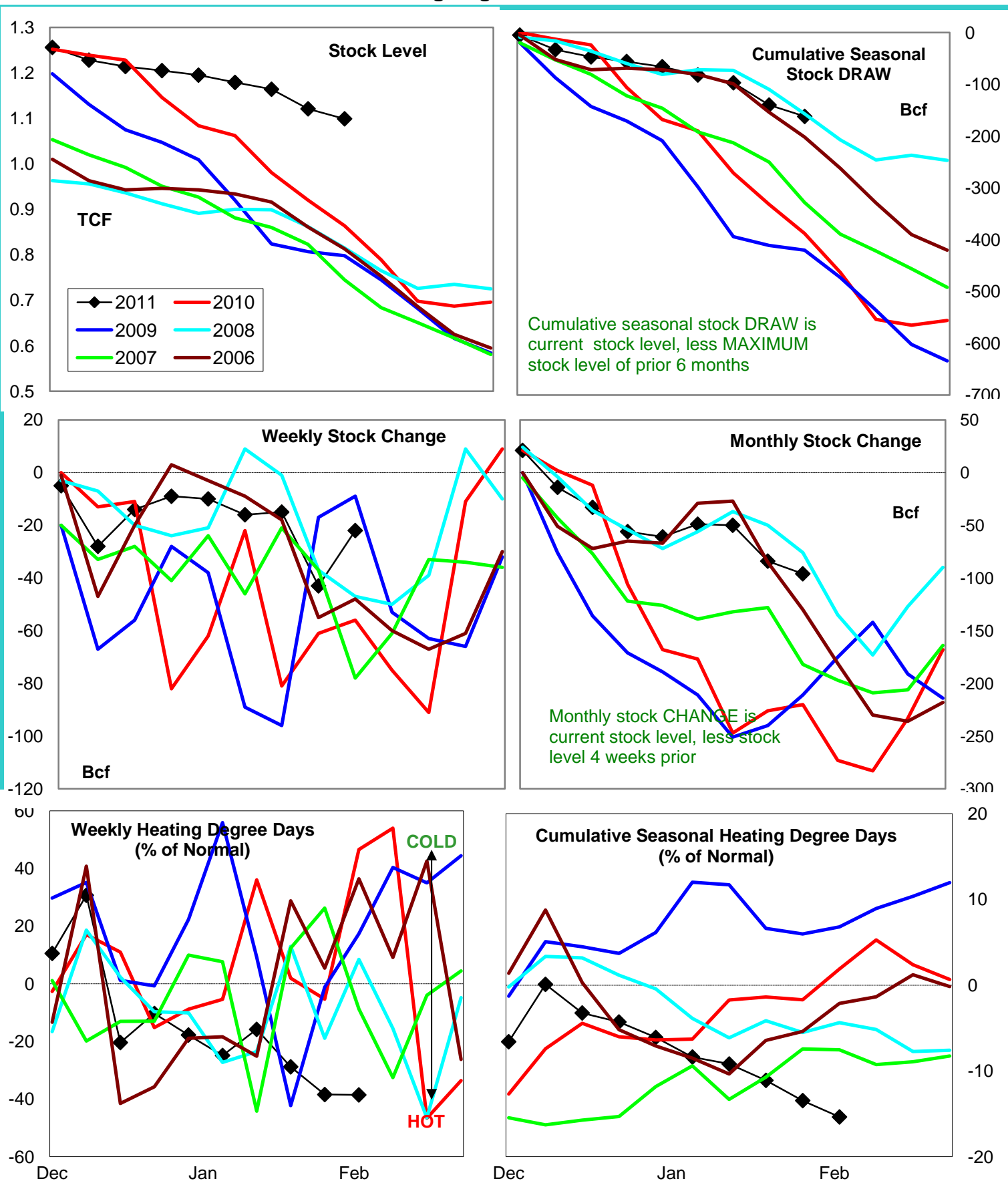
18.2

-41.2

-46.3

-34.2

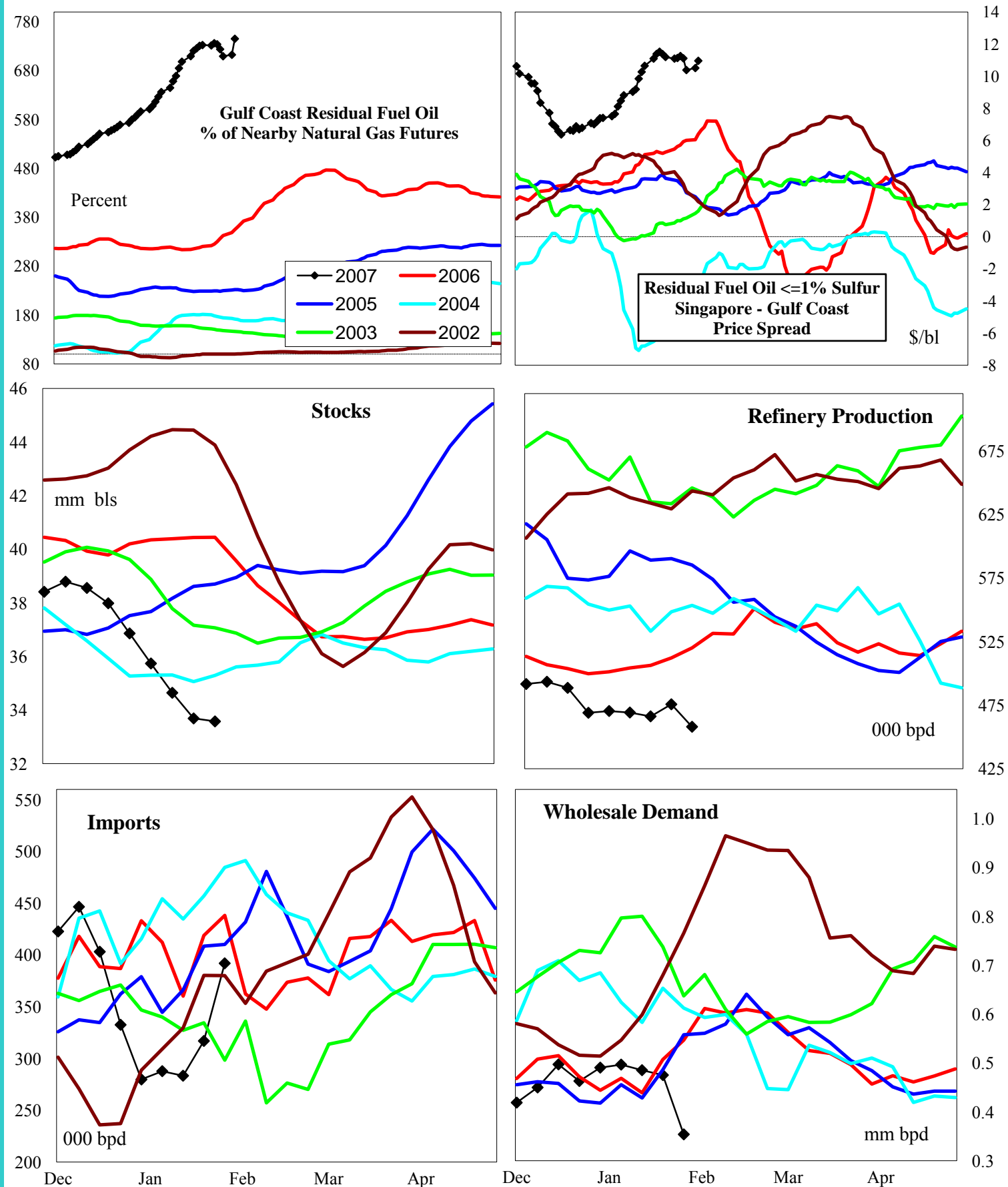
Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)235
27.234
-60.7124
-56.4226
-58.2

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



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-6,566

-16.4

Prod

-39

-7.7

Imports

-112

-27.3

Demd=>

4wk avg

-8

-1.7

Dec

8

1.5

Nov

-214

-38.8

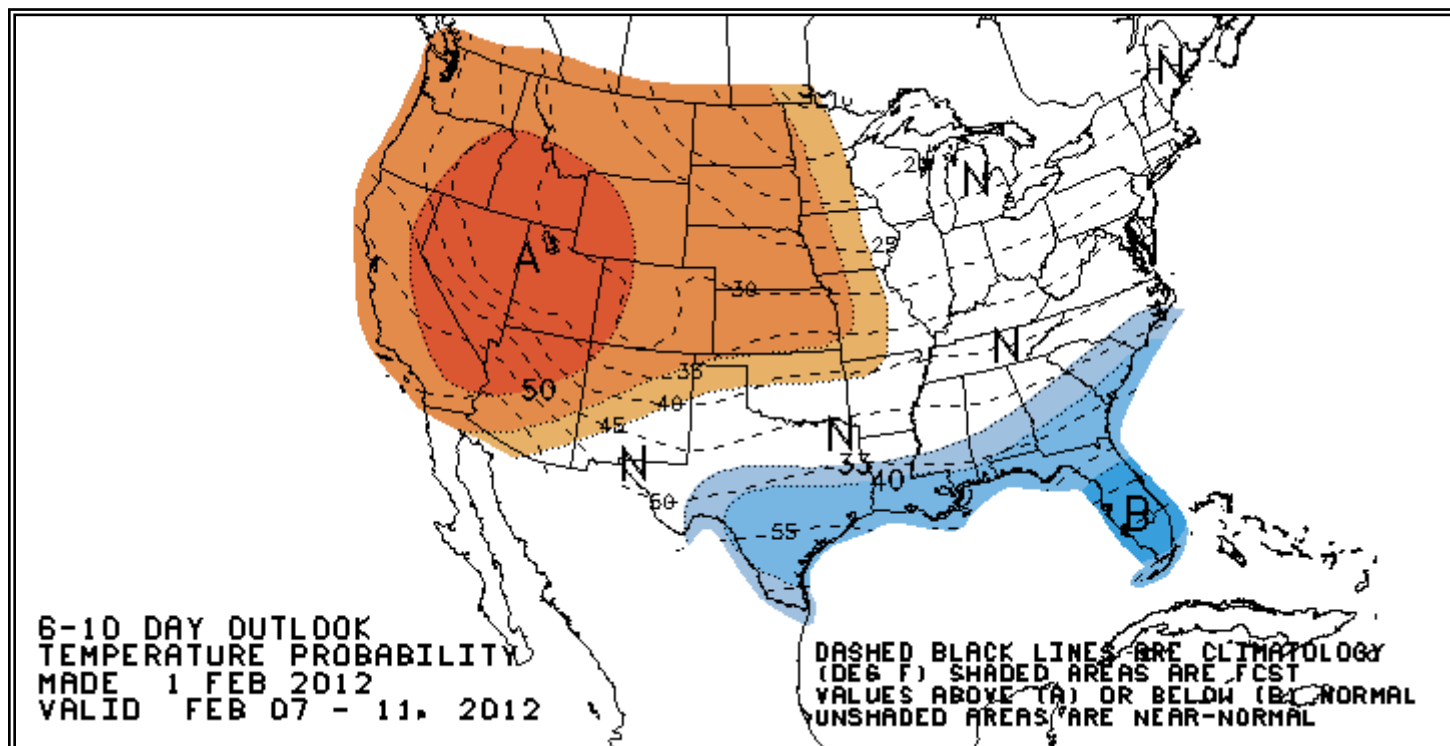
Oct

-202

-41.3

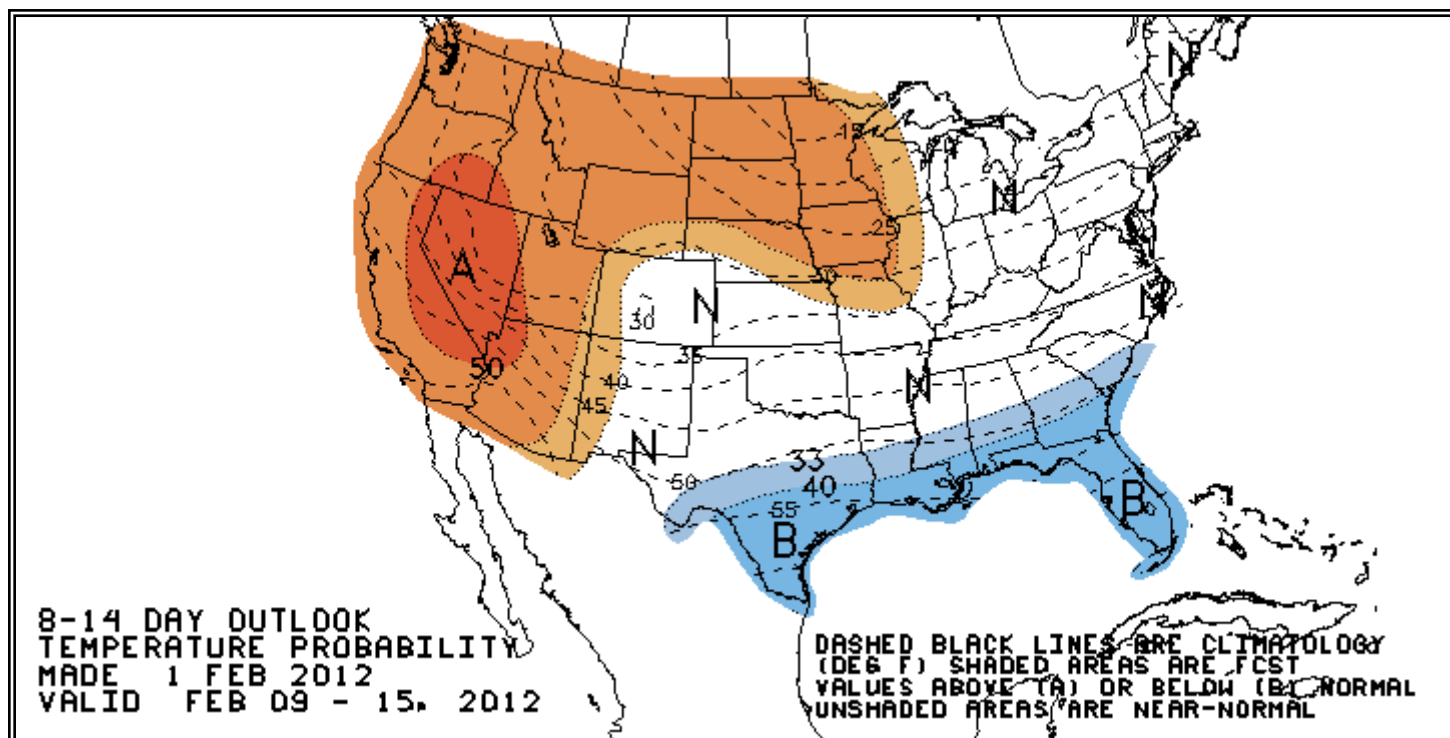
National Weather Service Climate Prediction Center

Degree Days 6 - 10 Day Temperature Forecast



National Weather Service Climate Prediction Center

Degree Days 8 - 14 Day Temperature Forecast



American Gas Association Regions

