

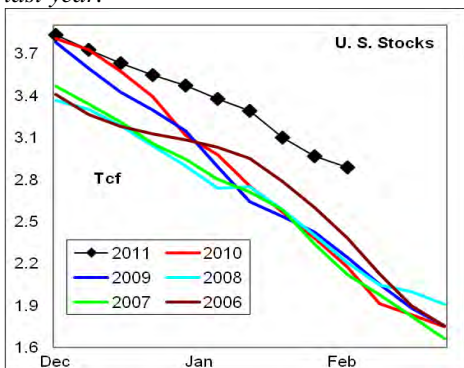
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

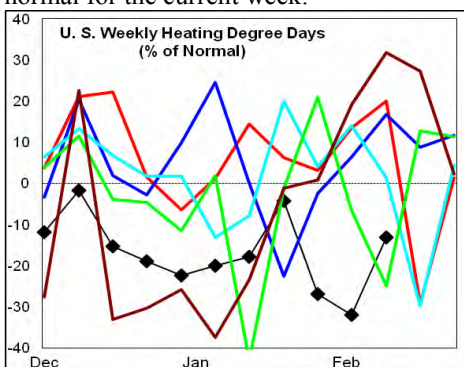
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, February 09, 2012



Summary¹ The stock draw of -78 Bcf for the week was a record low draw for the period (just 1/2 the next lowest draw). *Stock levels ended the week +33% above last year.*



Heating degree days for last week were -32% below normal, underlying the extremel small stock draw for the week. HDD's are forecast to be -13% below normal for the current week.



In the East Region stocks decreased -59 Bcf for the week, the smallest draw of the last 5-years. Stocks declined -8 Bcf in the West Region, also the smallest draw of the last 5-years. The stock draw of -11 Bcf in the Producing Region compares to the next smallest draw of -50 Bcf during the last 5-years.

Heating degree days were -32% below normal in the East Region, -19% below normal in the West Region and -44% below normal in the Producing Region for the week ending 04Feb12.

Heating degree days were -32% below normal for the week ended 04Feb12, and

¹ Related Web Sites:

[Data Source is EIA Weekly Statistics](#)

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

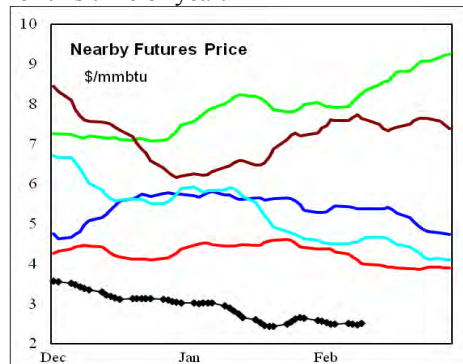
[National Weather Service 10-14 Day](#)

forecast to be -13% below normal for the week ending 11Feb12.

The 6-10 day NWS forecast for the week ending 18Feb12 is for below normal heating degree days across the eastern 1/2 of the country and colder than normal in the western 1/2.

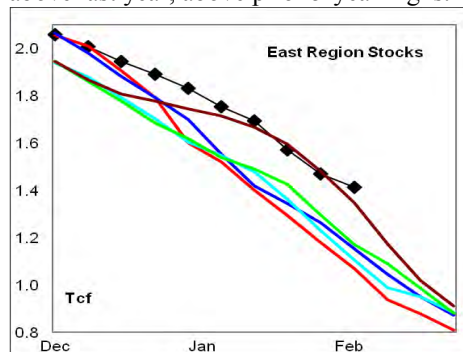
The 8-14 day NWS forecast for the week ending 22Feb12 is for below normal heating degree days in the northeast and great lakes regions, near normal in central states and colder than normal in the southwest.

Prices: Nearby gas futures prices decreased -\$0.03/mmbtu for the week ending 09Feb12. The current price is - \$1.40/mmbtu below the prior 5-year low for this time of year.



The 1st - 4th month forward price curve decreased slightly last week ending 08Feb12; with a 'carry' greater than at any time during the last 5-years for this period.

East Region stocks decreased -59 Bcf for the week, the smallest draw of the last 5-years. The current stock level was +32% above last year, above prior 5-year highs.

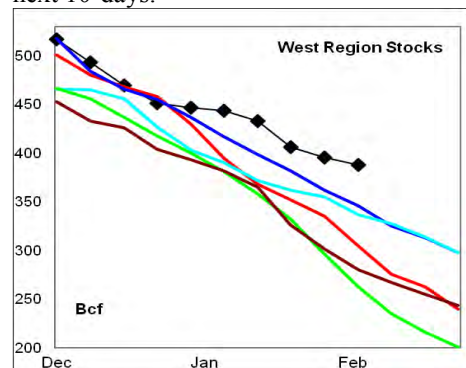


Heating degree days in the region were -32% below normal for the week ending 04Feb12, and forecast to be -17% below normal for the week ending 11Feb12. Below normal heating degree days are forecast for the next 10-days.

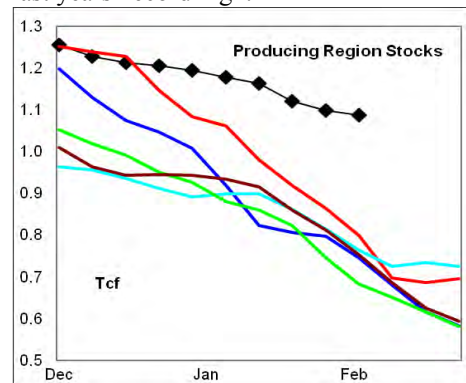
West Region stocks decreased -8 Bcf on the week, the smallest draw of the last 5-years for the period. Stock levels ended

the week +27% 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 -19% below normal for the week ending 04Feb12, and forecast to be -4% below normal for the week ending 11Feb12. Above normal heating degree days are forecast for the next 10-days.



Producing Region stocks experienced a draw of -11 Bcf on the week, the smallest draw of the last 5-years for the period. The monthly stock draw was less than at any time in the last 5-years for the period. Stock levels ended the week +36% above last years' record high.



Heating degree days were -44% below normal for the week ending 04Feb12, and forecast to be +2% above normal for the week ending 11Feb12. 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: Stocks are +33% above a year ago - pointing to extremely high carryout at end of the heating season. Containment problems will force meaningful cuts in production during the 3rd quarter of this year. There is risk prices will drop below earlier record low levels.



NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: February 9, 2012

For the week ending: 3-Feb-12

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

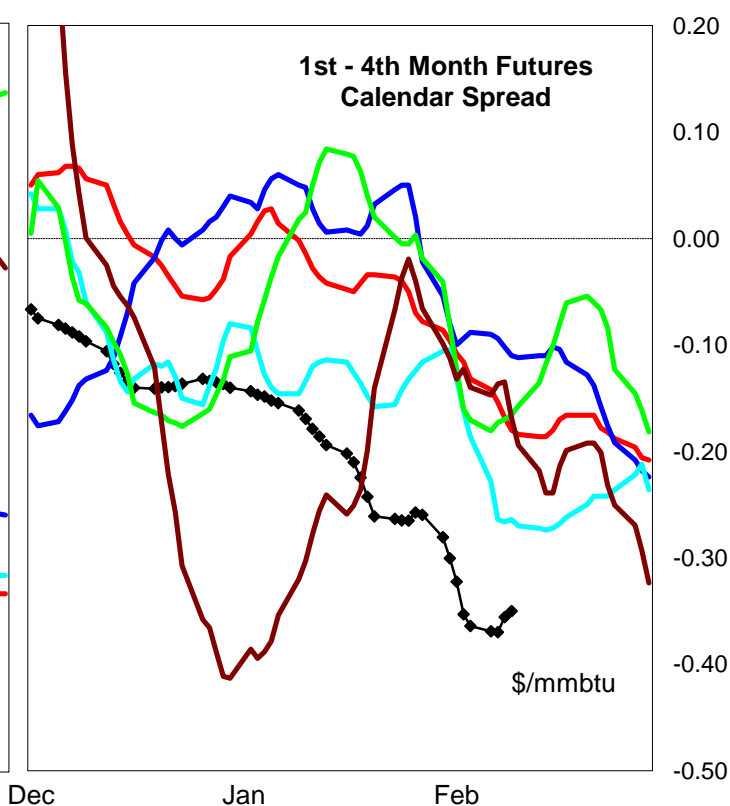
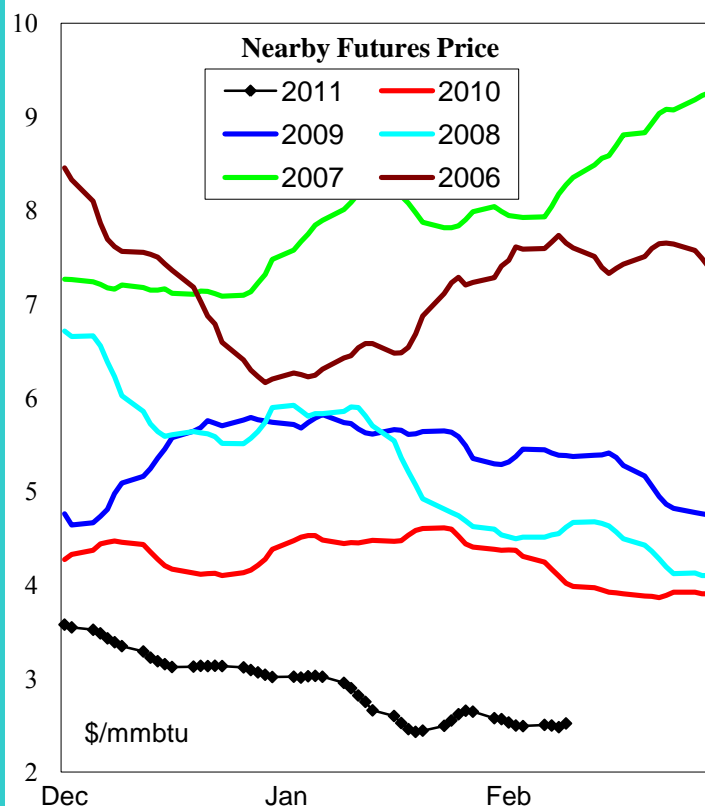
Week ending:	3-Feb-12			28-Jan-12		4-Feb-12		11-Feb-12	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,888	-78	32.8	-56	-27%	-16	-32%	36	-13%
East	1,412	-59	31.8	-70	-26%	-17	-32%	31	-17%
West	388	-8	27.2	-38	-15%	-13	-19%	23	-4%
Producing	1,088	-11	36.2	-19	-38%	-13	-44%	58	2%

Seasonal Trends in Stocks and Heating Degree Days

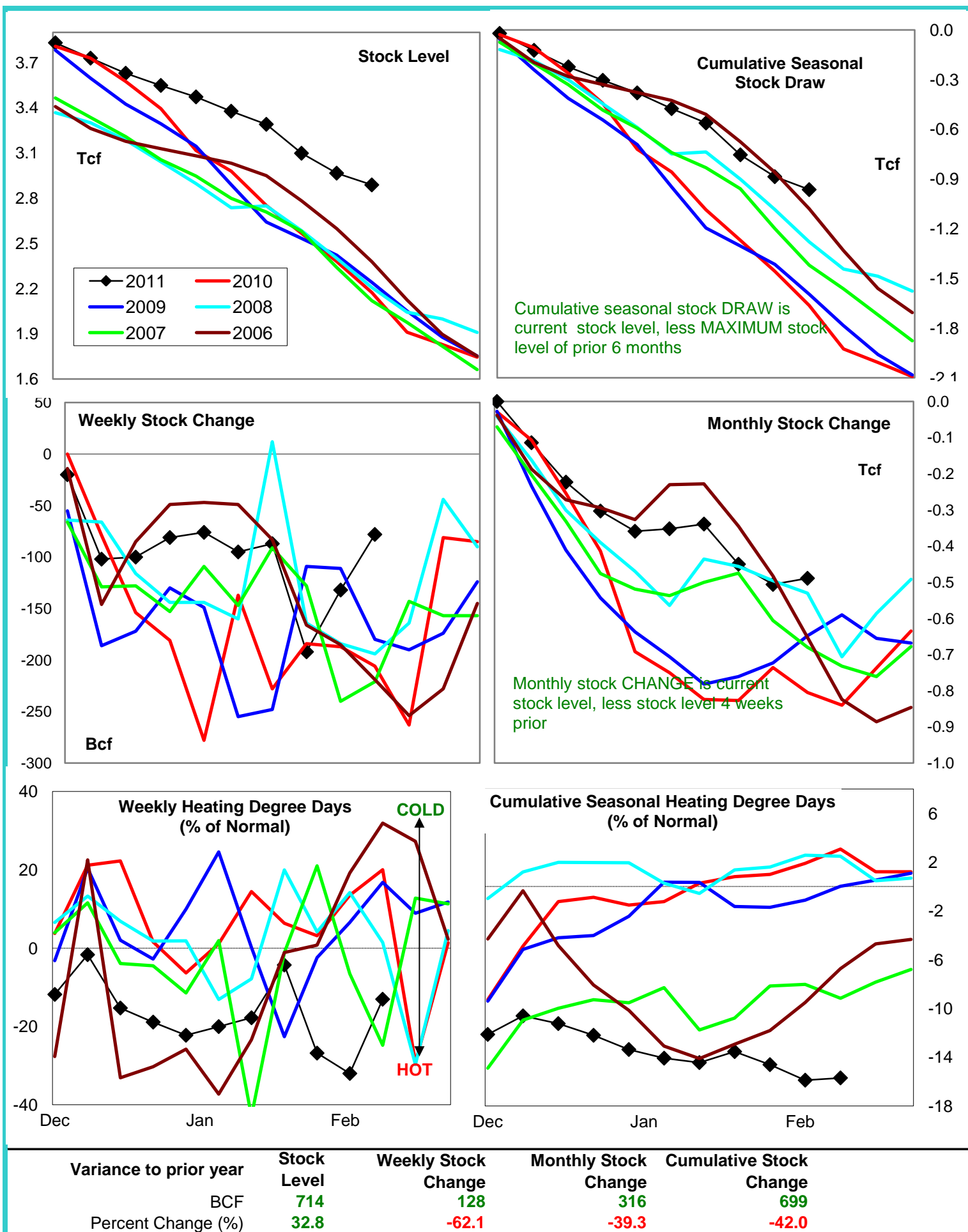
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	-964	699	-72.5	172	-14.6	157	-15.9	192	-15.7
East	-679	337	-49.6	194	-15.3	176	-16.5	208	-16.5
West	-129	85	-65.9	176	-11.2	163	-11.7	186	-11.2
Producing	-173	280	-161.8	97	-13.5	85	-15.8	143	-14.6

Futures Market Price Trends

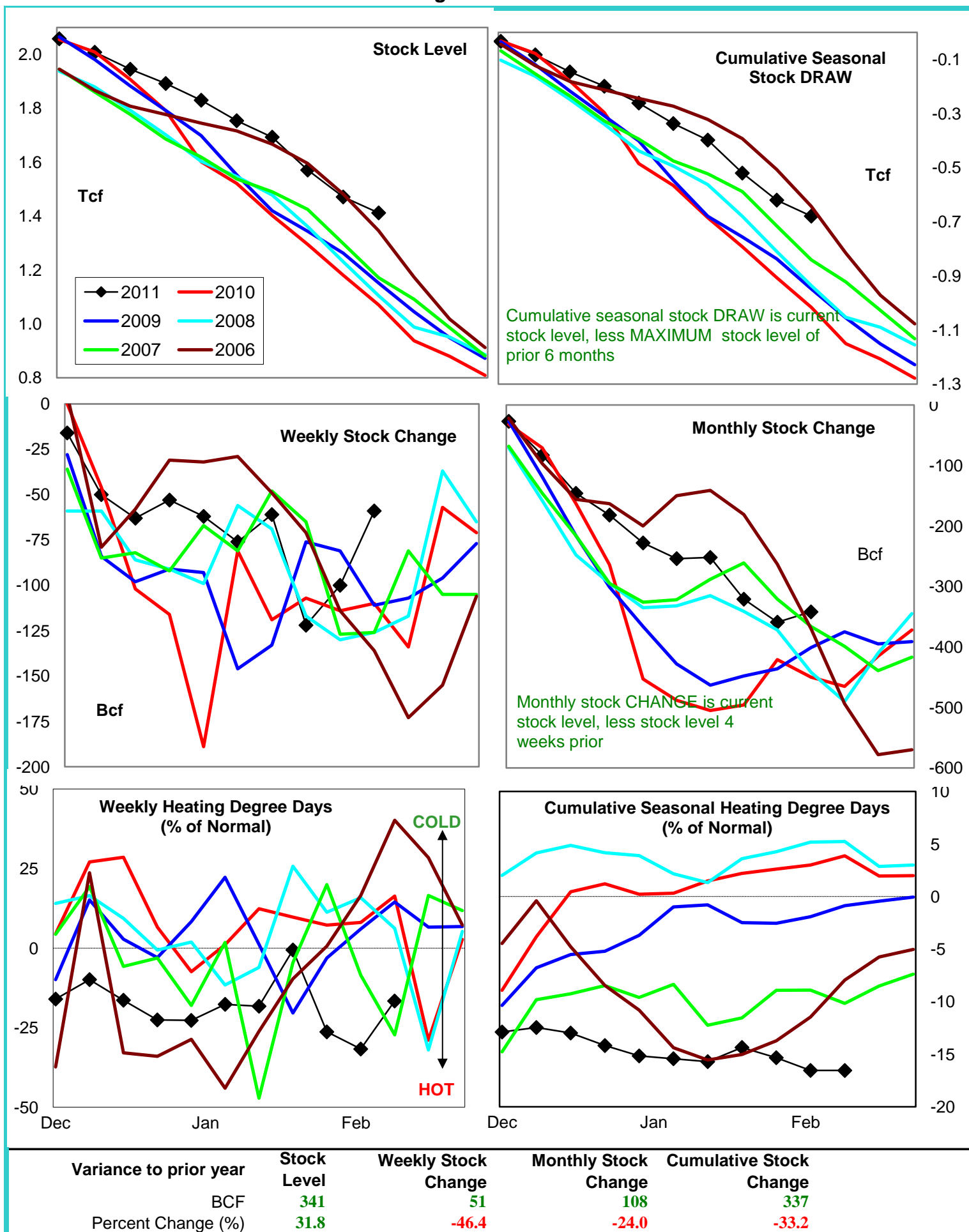
Date:	9-Feb-12	Change vs prior week, month, year		
		3-Feb-12	12-Jan-12	8-Feb-11
1st month Futures	2.52	0.02	-0.15	-1.38
% change	xxxxx	0.8	-5.6	-35.4



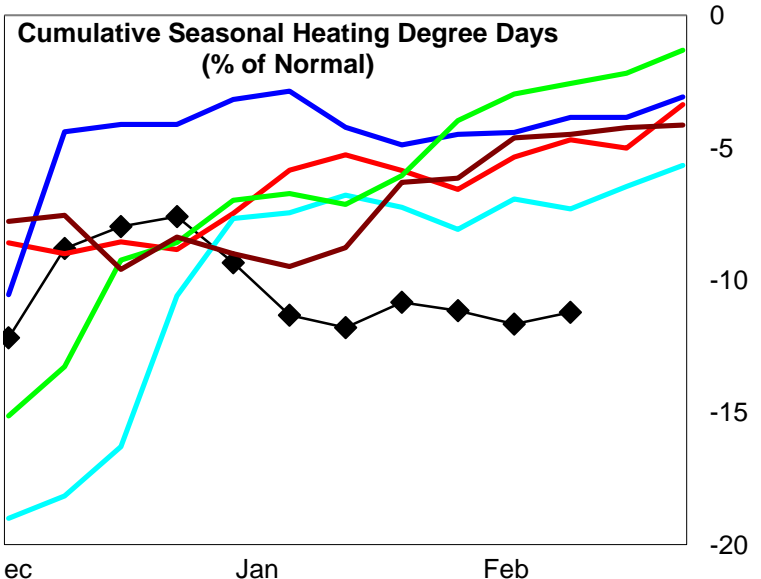
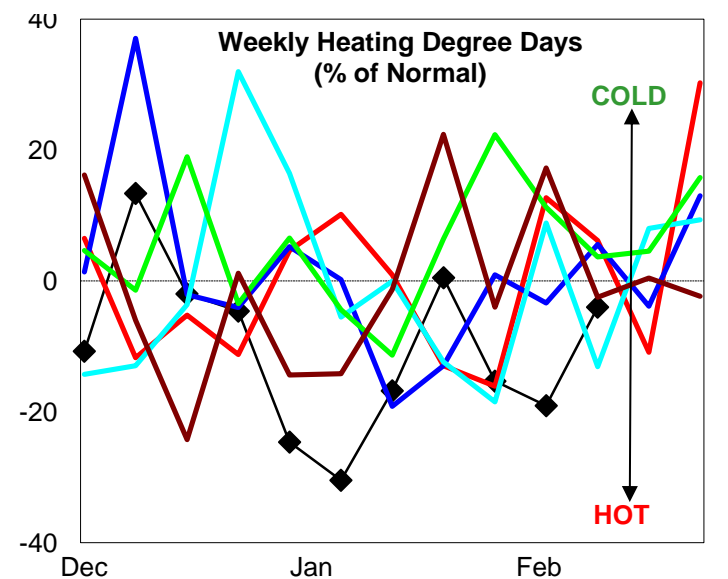
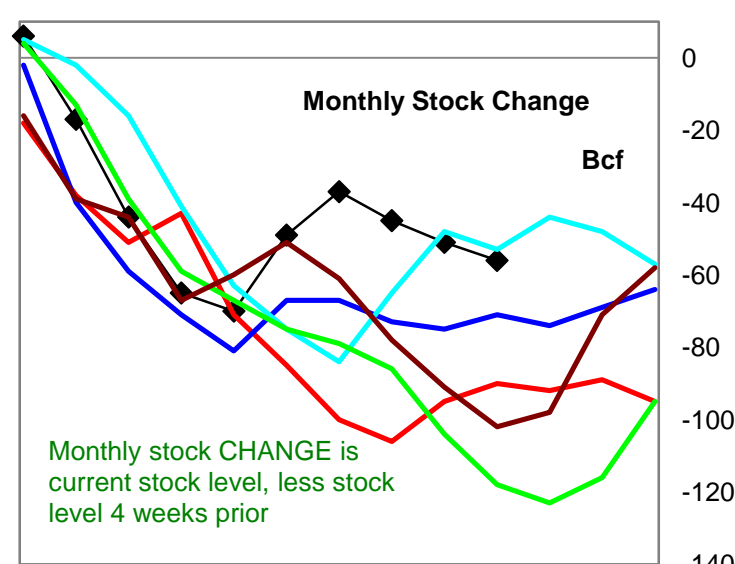
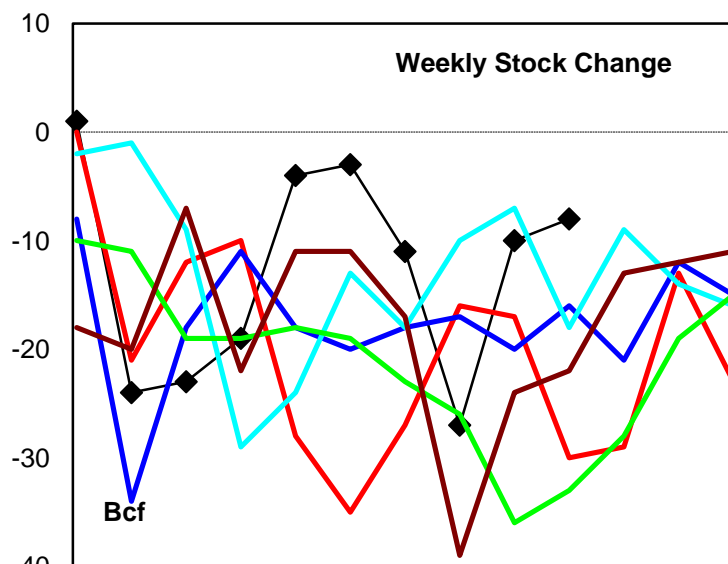
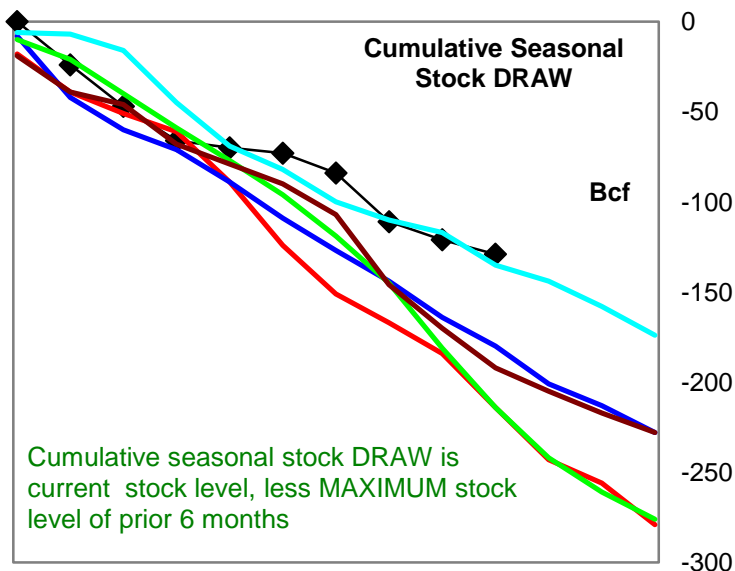
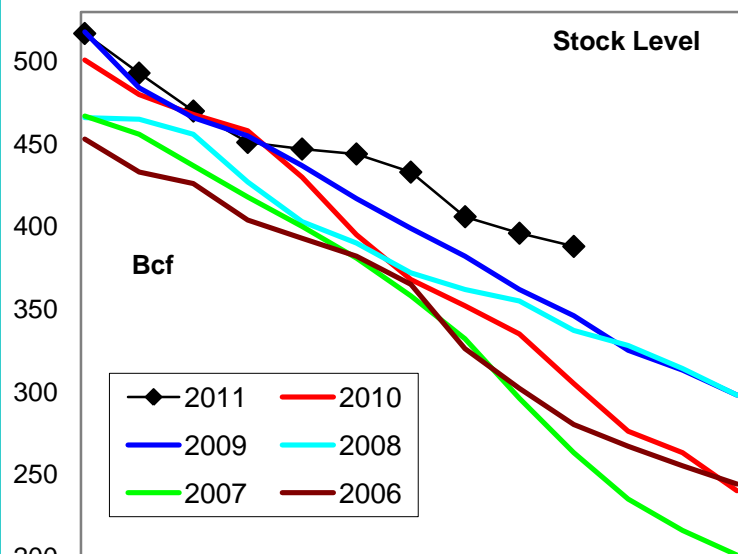
United States Natural Gas Stock and Weather Trends



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

83

22

34

85

Percent Change (%)

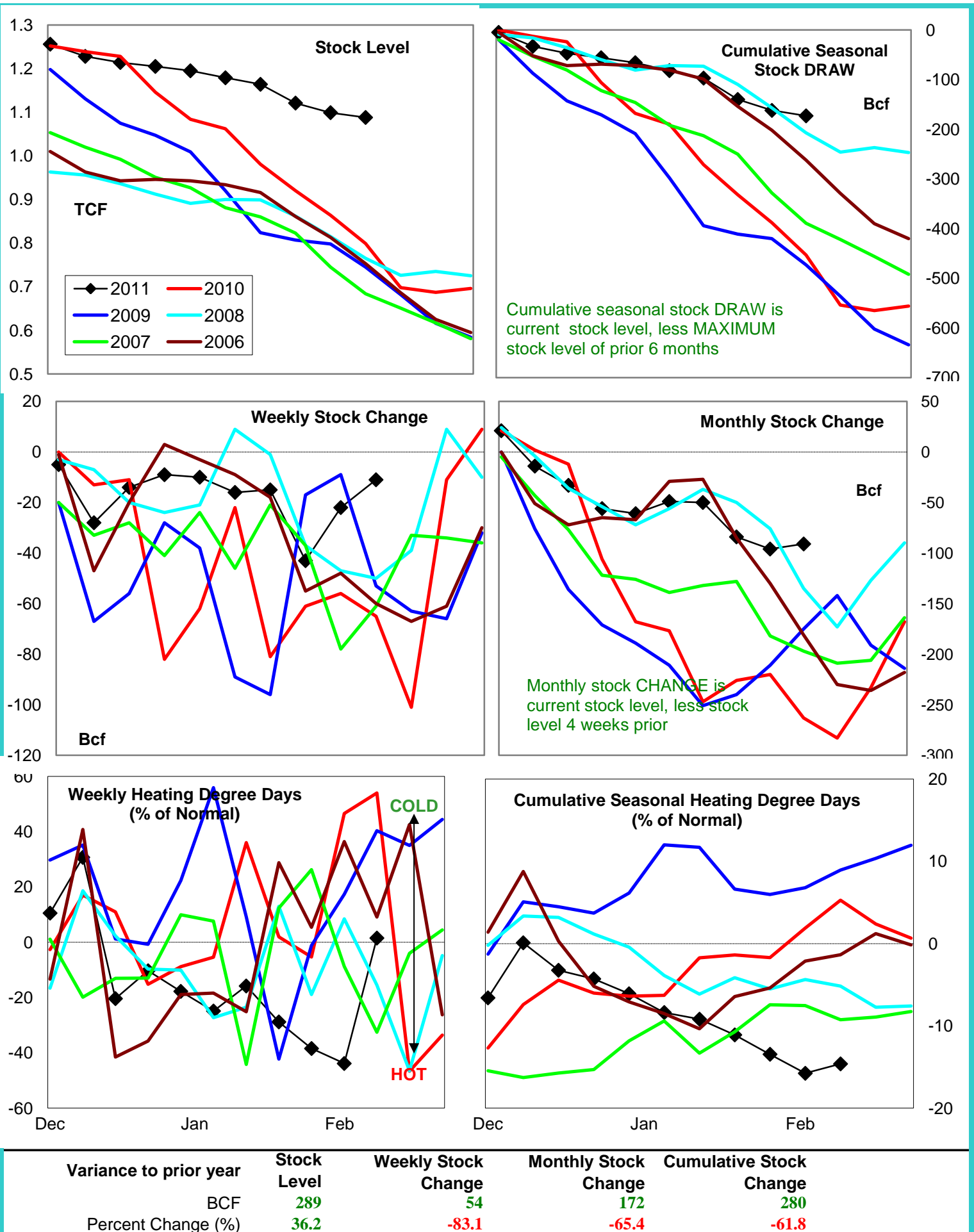
27.2

-73.3

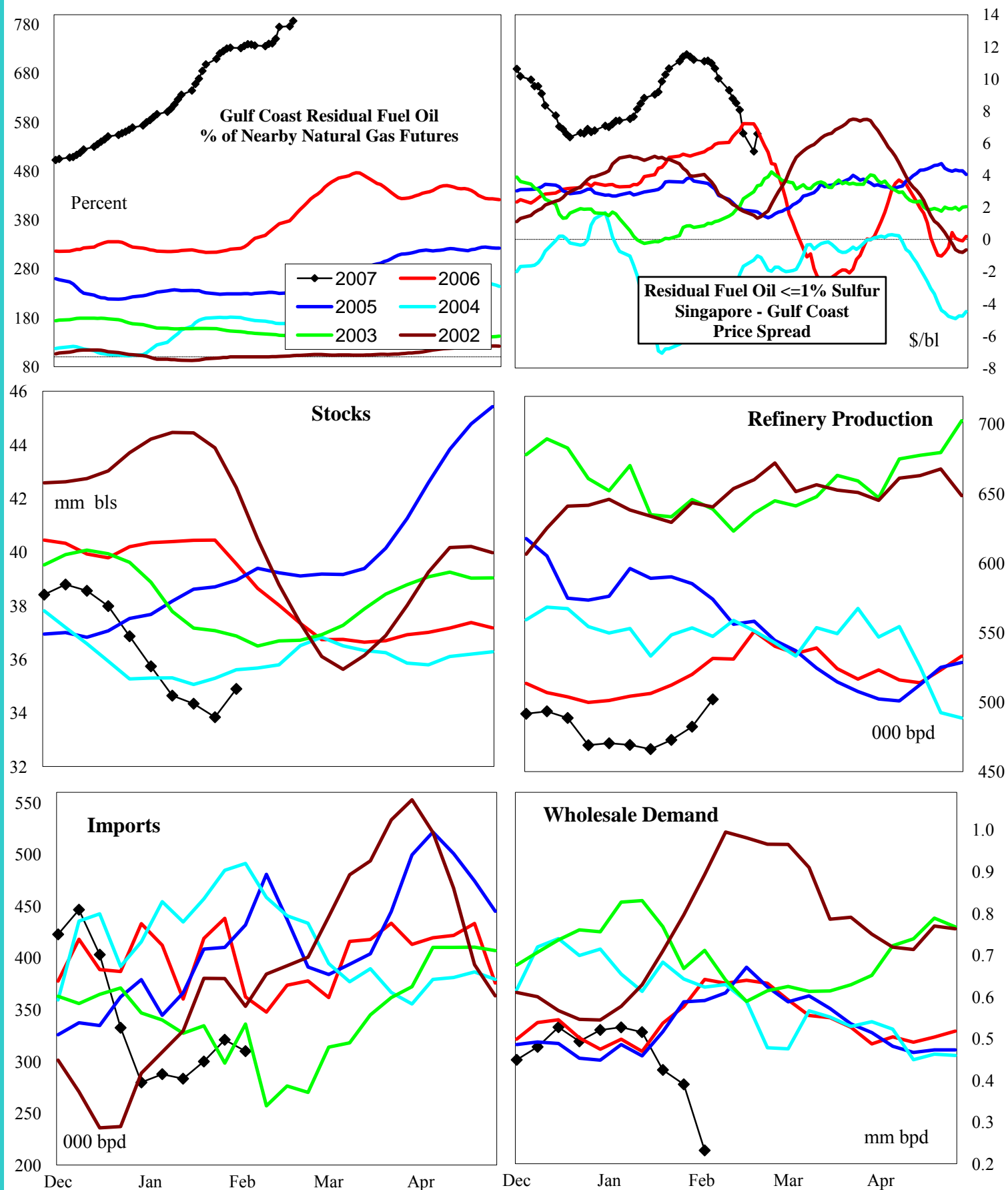
-37.8

-39.7

Natural Gas Producing Region Stock and Weather Trends



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



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-4,252

-10.9

Prod

-34

-6.5

Imports

-101

-24.3

Demd=>

4wk avg

-123

-21.6

Dec

8

1.5

Nov

-214

-38.8

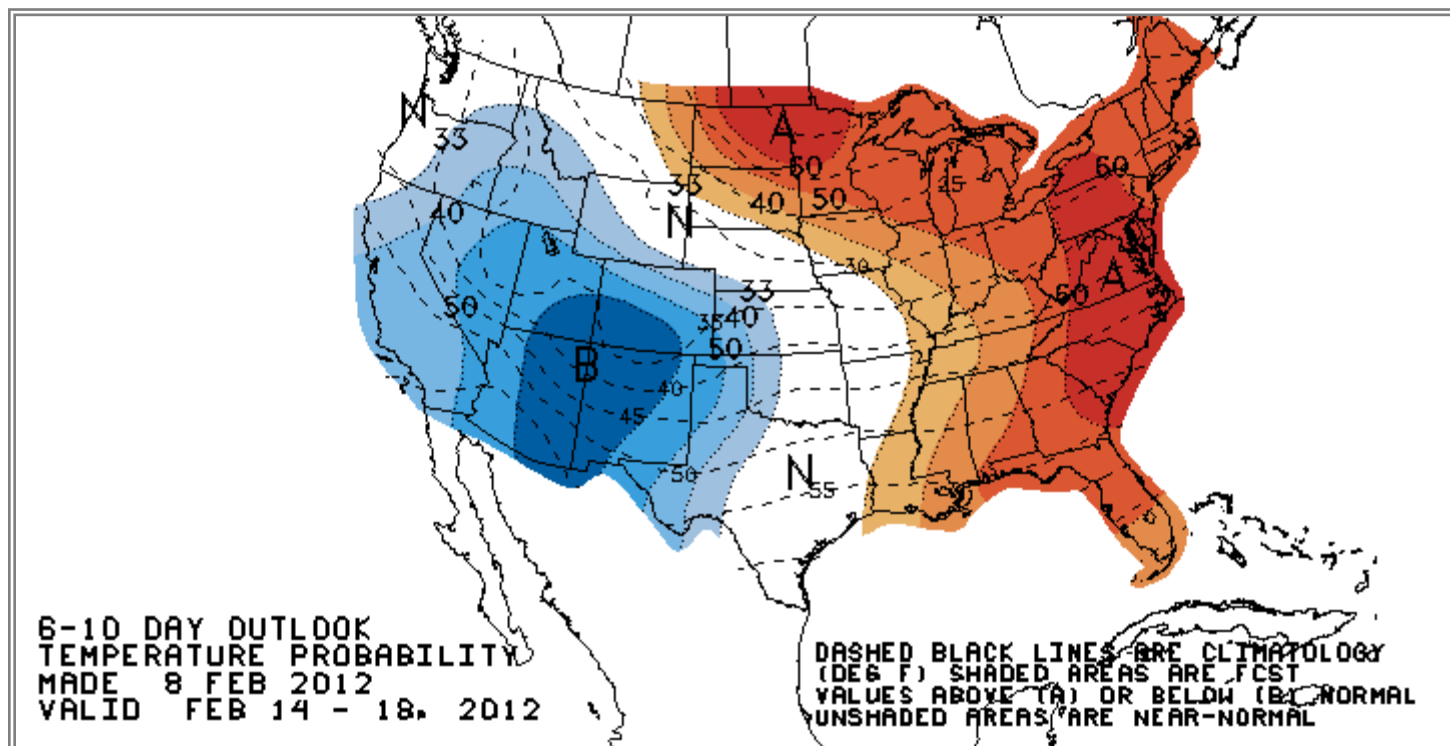
Oct

-202

-41.3

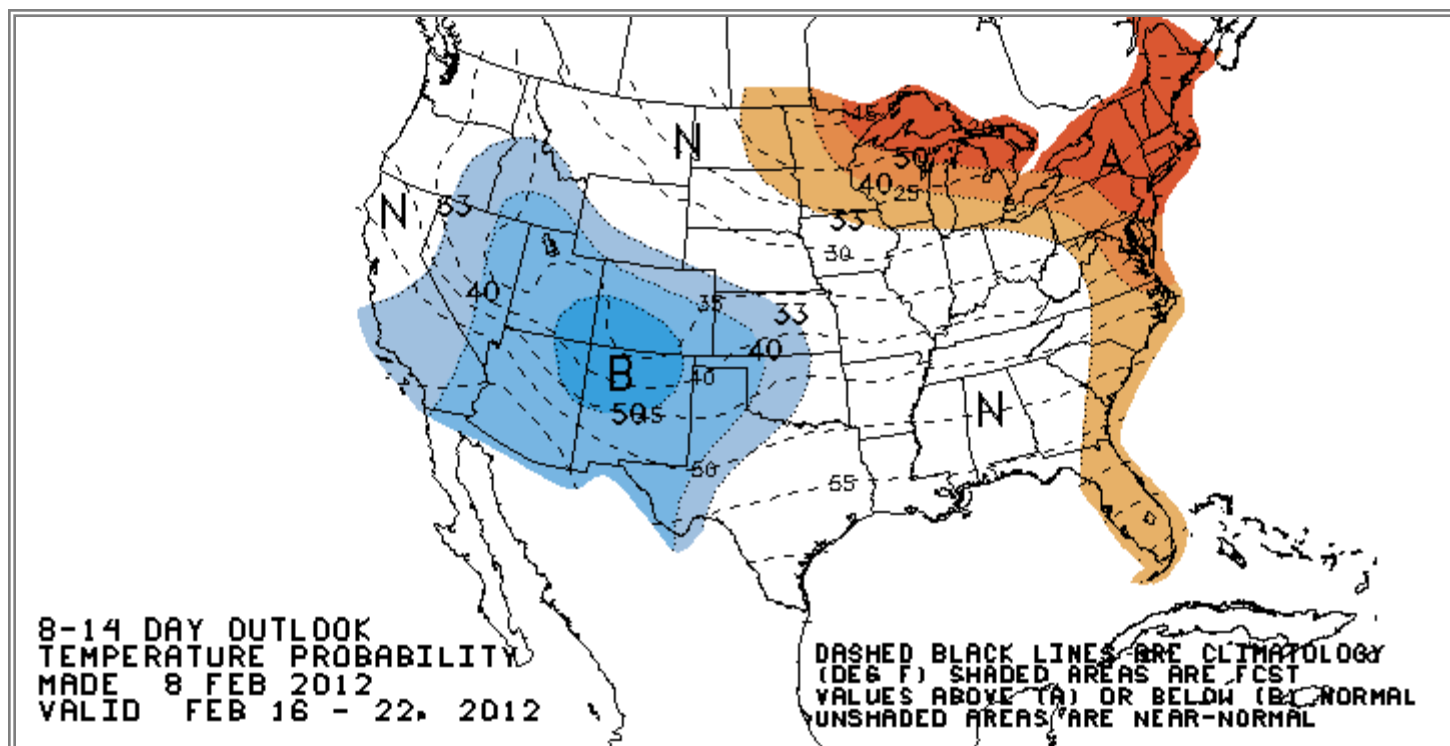
National Weather Service Climate Prediction Center

Degree Days 6 - 10 Day Temperature Forecast



National Weather Service Climate Prediction Center

Degree Days 8 - 14 Day Temperature Forecast



American Gas Association Regions

