

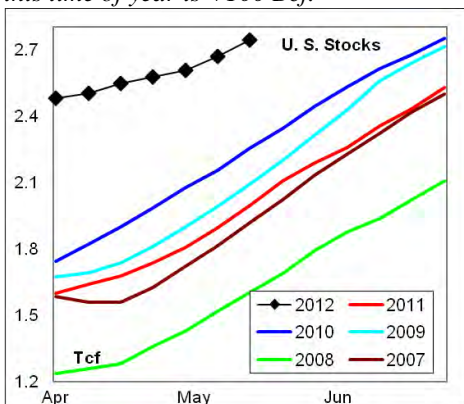
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

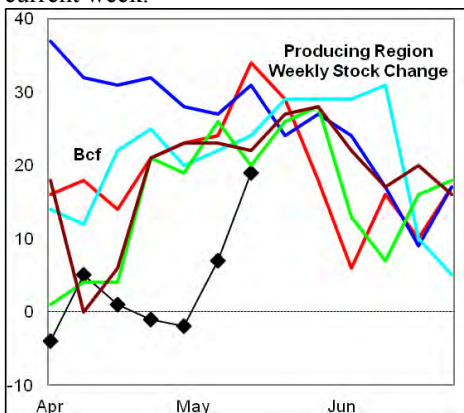
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, May 24, 2012



Summary¹ The stock build of +77 Bcf for the week was a record low build for the 4th consecutive week. The average build for this time of year is +100 Bcf.



Heating degree days for the week ending 19May12 were -49% below normal and forecast to be -69% below normal for the current week.



In the East Region stocks increased +45 Bcf for the week, a build slightly below the 5-year range. Stocks increased +13 Bcf in the West Region, a build that matched the 5-year midrange. The stock build of +19 Bcf in the Producing Region was near the historic low for this time of year.

Heating degree days were -48% below normal in the East Region, -54% below normal in the West Region and -53% below normal in the Producing Region for the week ending 19May12.

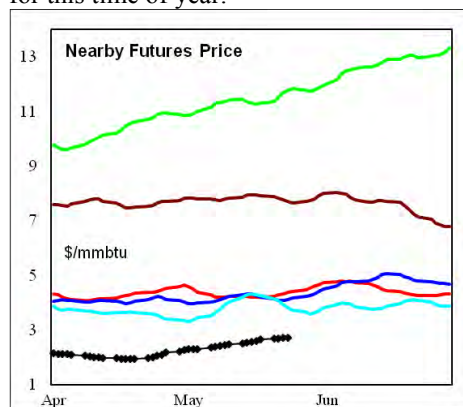
Heating degree days were -49% below normal for the week ended 19May12, and

forecast to be -75% below normal for the current week.

The 6-10 day NWS forecast for the week ending 02Jun12 is for warmer than normal temperatures in the southwest 1/2 of the country and normal elsewhere.

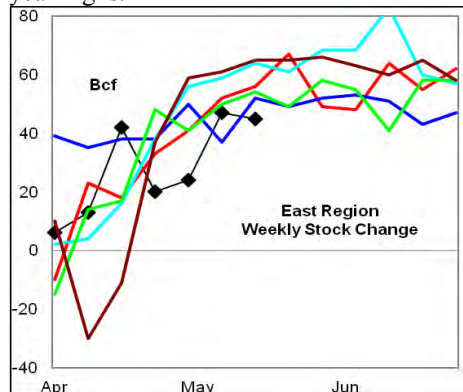
The 8-14 day NWS forecast for the week ending 06Jun12 is for warmer than normal temperatures in the southwest 1/2 of the country and near normal elsewhere.

Prices: Nearby gas futures prices increased +\$0.13/mmbtu for the week ending 24May12. The current price is -\$0.94/mmbtu below the prior 5-year low for this time of year.



The 1st - 4th month forward price curve trended higher for the week ending 24May12 (declining carry), ending at a level which matched last years' high.

East Region stocks increased +45 Bcf for the week, a build below the historic range for the week. The current stock level was +52% above last year, and above prior 5-year highs.

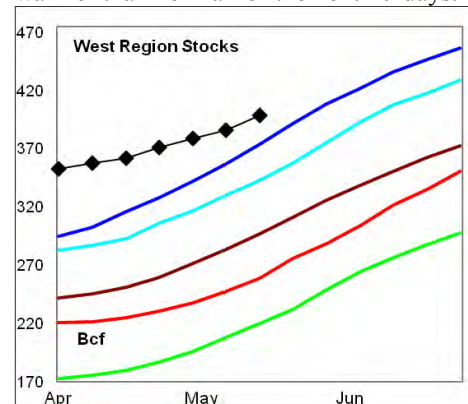


Heating degree days in the region were -48% below normal for the week ending 19May12, and forecast to be -75% below normal for the current week. Temperatures are forecast to be near normal in the region for the next 10-days.

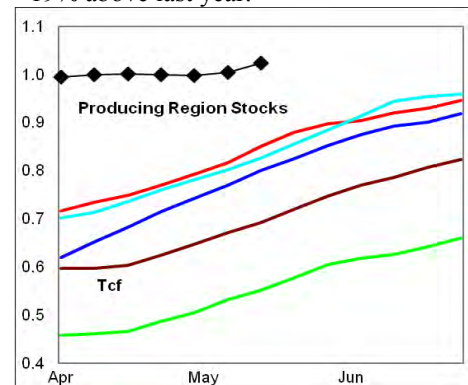
West Region stocks increased +13 Bcf on the week, a build that matched the 5-year midrange. Stock levels ended the week

+54% above last year and above the 5-year range. The latest 4-wk stock build was at the low end of the historic range.

Heating degree days were -54% below normal for the week ending 19May12, and forecast to be -44% below normal for the current week. Temperatures are forecast to be warmer than normal for the next 10-days.



Producing Region stocks experienced a build of +19 Bcf on the week, a build near the historic low for the period. Unusually warm temperatures, substitution of gas for coal electric power generation and shut in of wells has prevented normal seasonal stock builds. Stock levels ended the week +19% above last year.



Heating degree days were -53% below normal for the week ending 19May12, and forecast to be -65% below normal for the current week. Above normal temperatures 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, with residual fuel demand -30% below last year.

Outlook: Gas substitution for coal to generate electricity, unusually warm temperatures and shut in of wells due to low prices have limited seasonal stock building. Look for strength in gas prices to continue.

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: May 24, 2012

For the week ending: 18-May-12

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

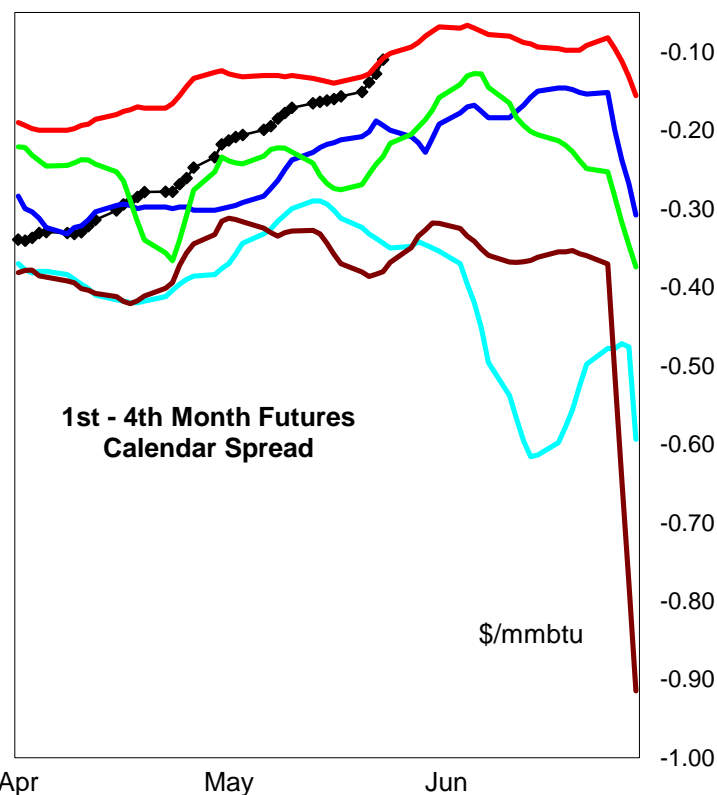
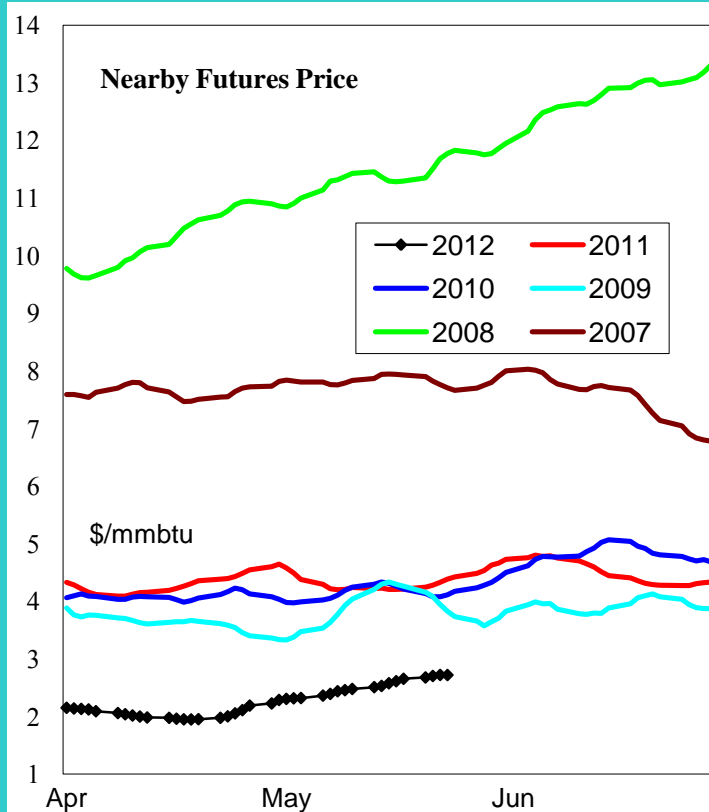
Week ending:	18-May-12			12-May-12		19-May-12		26-May-12	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	2,744	77	37.6	-1	-27%	-16	-49%	-11	-69%
East	1,281	45	51.8	-3	-28%	-18	-48%	-15	-75%
West	399	13	54.1	-9	-24%	-24	-54%	-1	-44%
Producing	1,064	19	19.4	10	-14%	-7	-53%	-3	-65%

Seasonal Trends in Stocks and Heating Degree Days

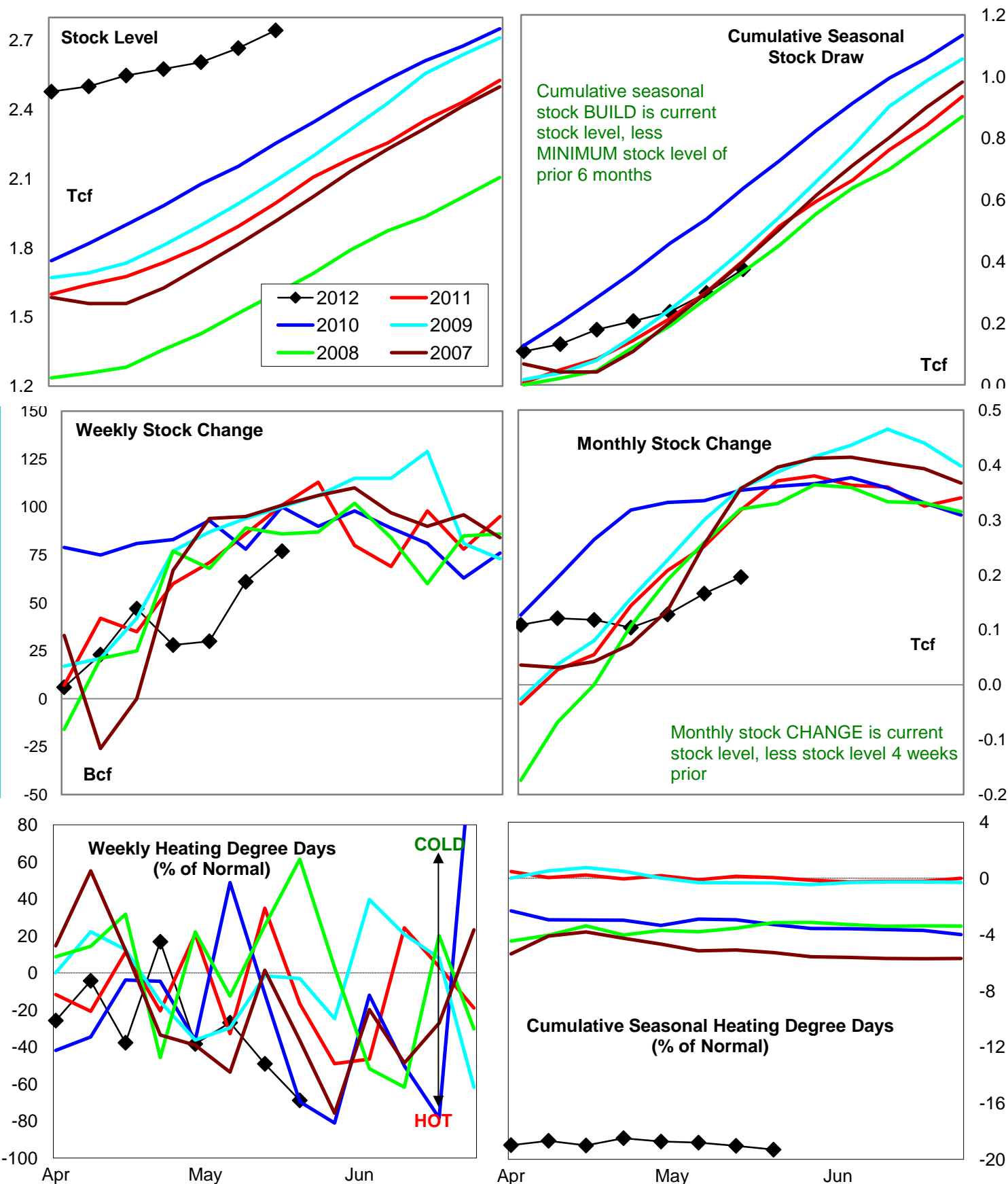
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	375	-27	-7.2	36	-18.8	20	-19.0	9	-19.3
East	232	9	3.9	41	-19.7	23	-19.9	8	-20.2
West	55	14	25.5	49	-11.5	25	-11.9	24	-12.2
Producing	99	-103	-104.0	12	-20.2	4	-20.3	2	-20.3

Futures Market Price Trends

Date:	24-May-12	Change vs prior week, month, year		
		18-May-12	27-Apr-12	26-May-11
1st month Futures	2.72	-0.02	0.53	-2.13
% change	xxxxx	-0.8	24.4	-43.9



United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
Change

BCF

750

-24

-122

-27

Percent Change (%)

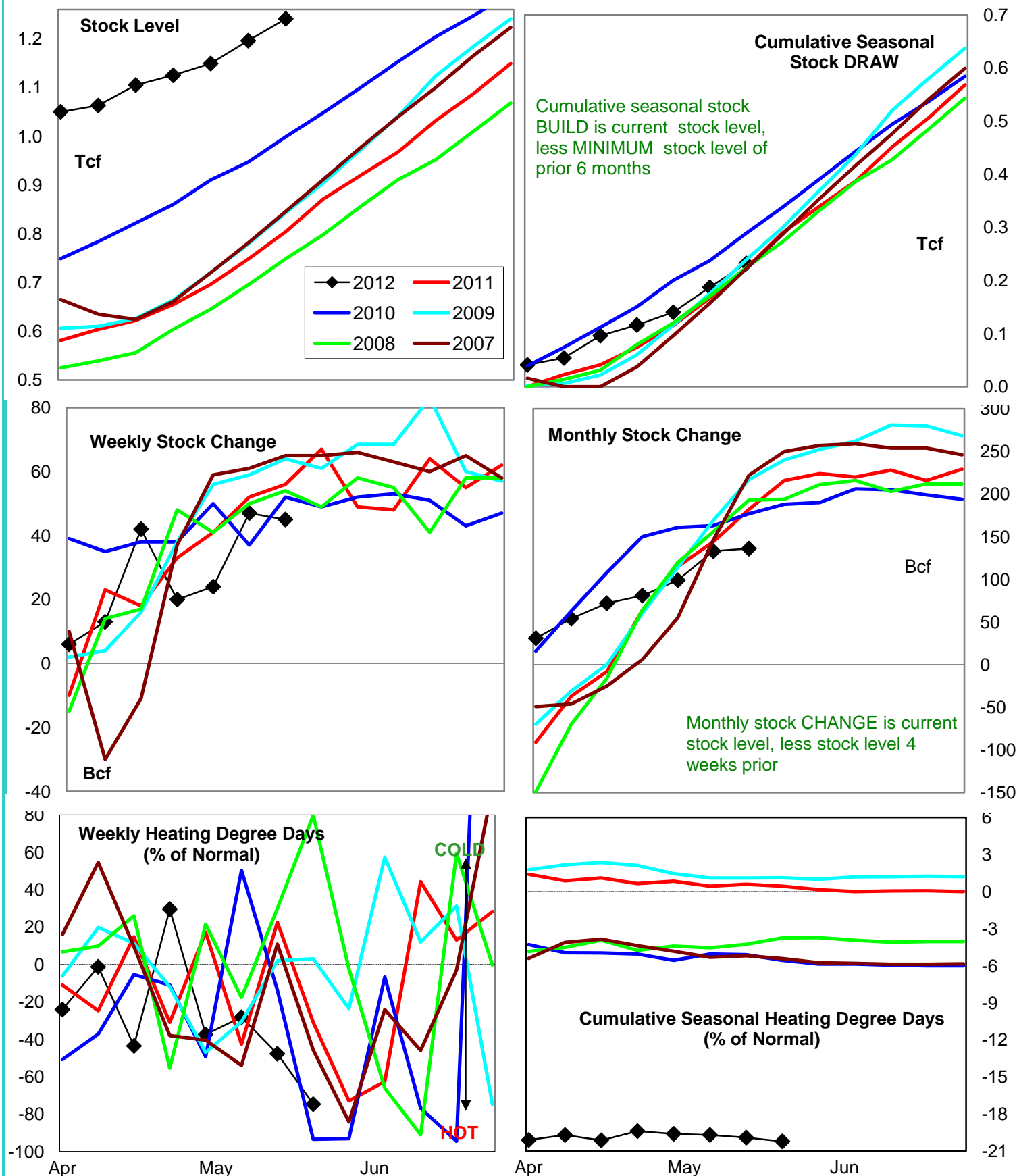
37.6

-23.8

-38.4

-6.7

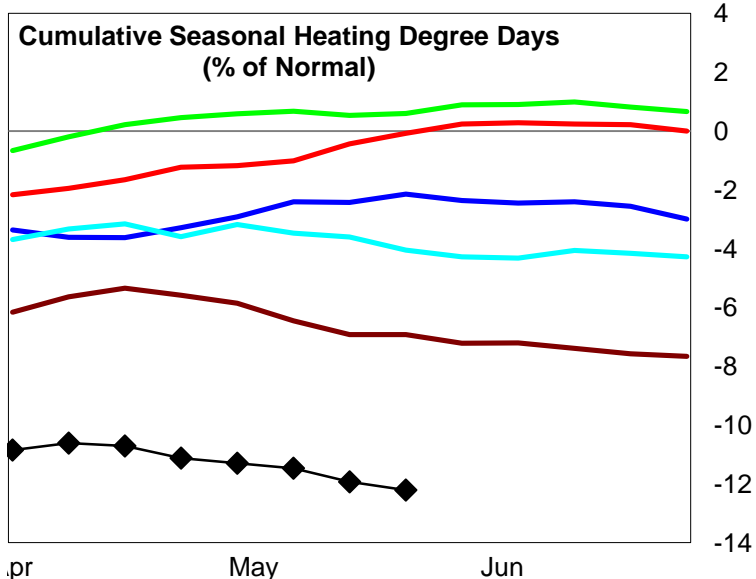
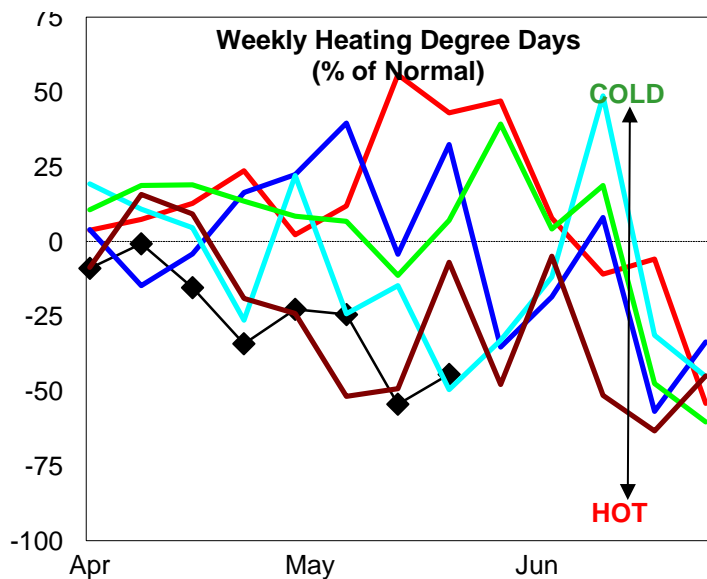
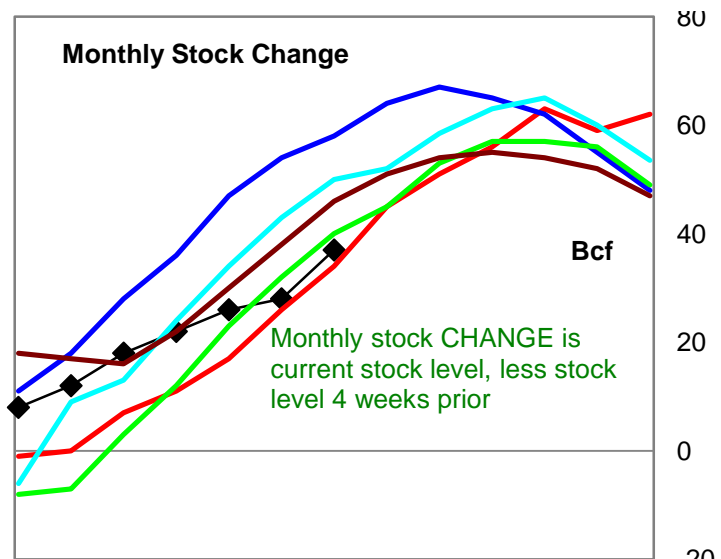
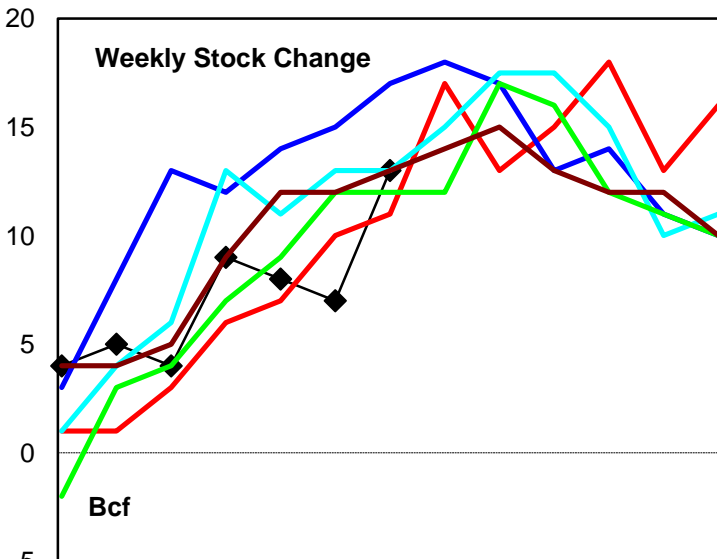
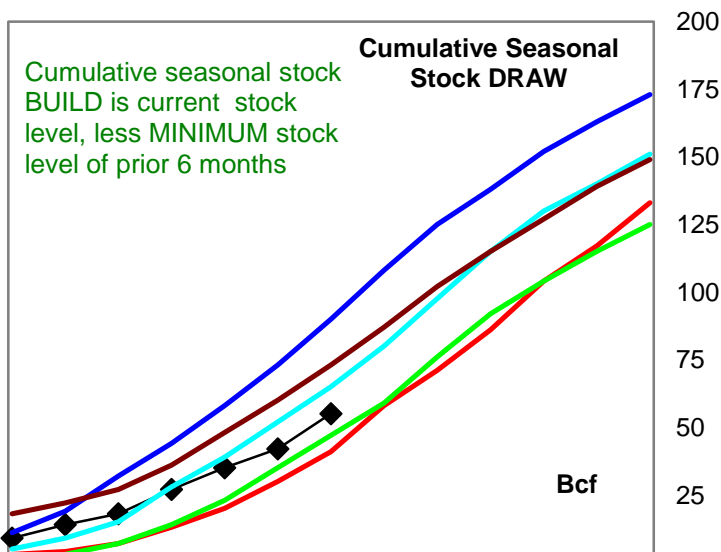
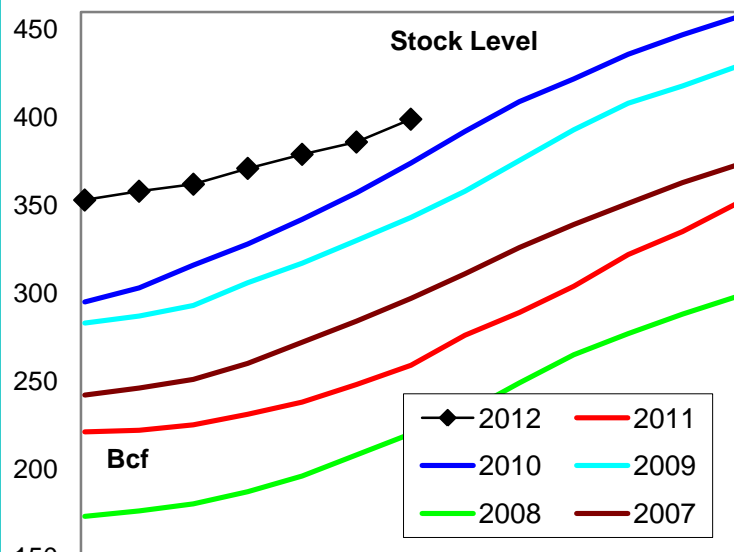
Natural Gas East Region Stock and Weather Trends



Variance to prior year

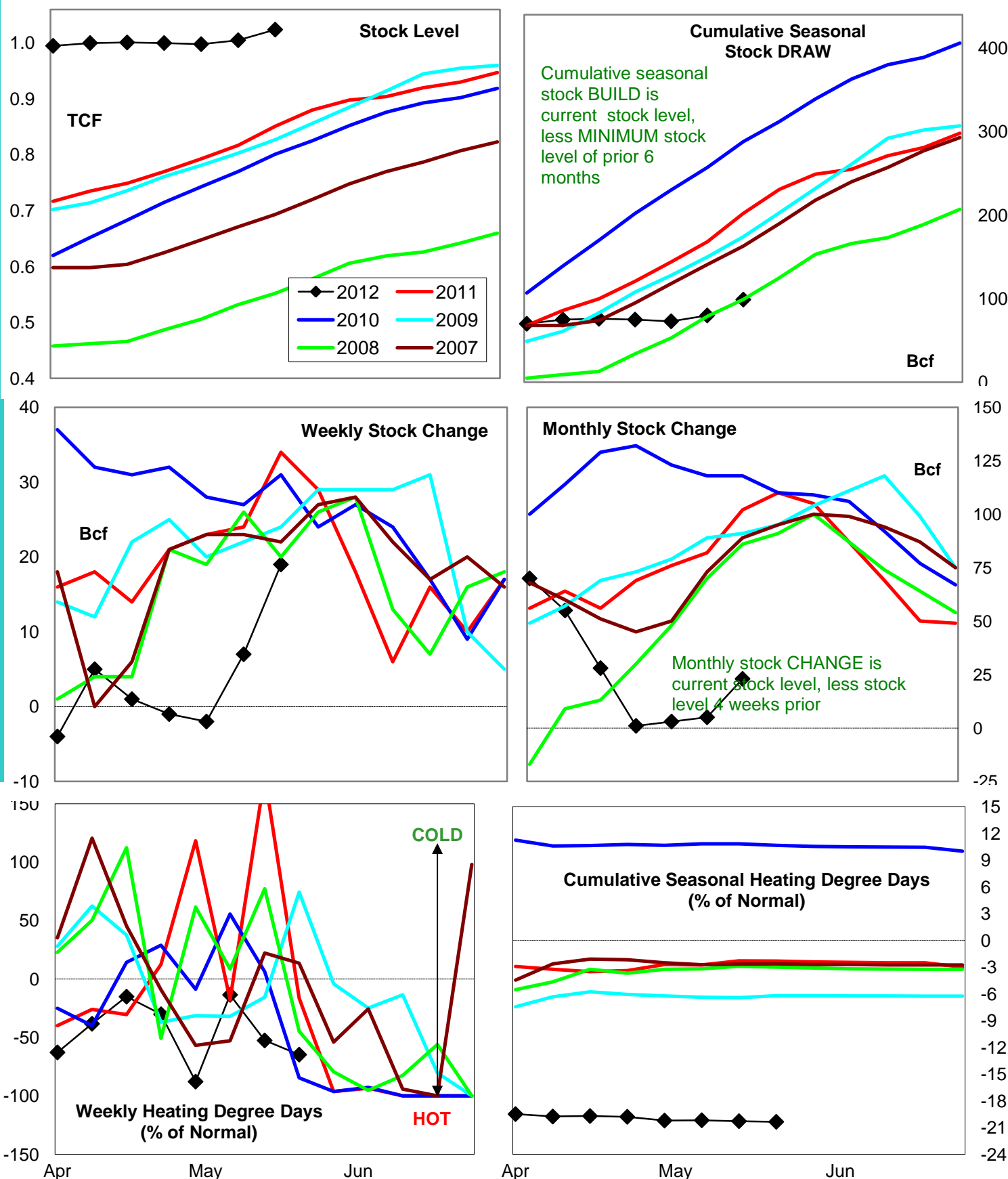
Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)437
51.8-11
-19.6-46
-25.39
4.0

Natural Gas West Region Stock and Weather Trends



Variance to prior year	Stock Level	Weekly Stock Change	Monthly Stock Change	Cumulative Stock Change
BCF	140	2	3	14
Percent Change (%)	54.1	18.2	8.8	34.1

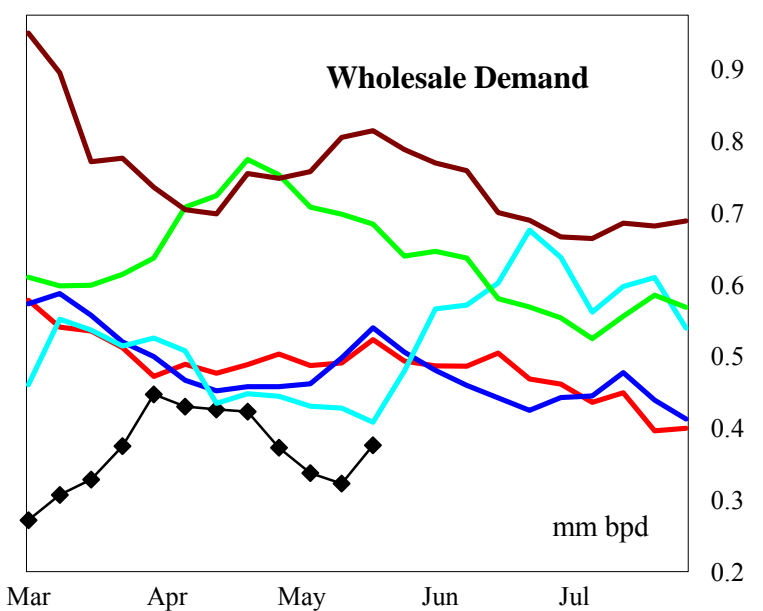
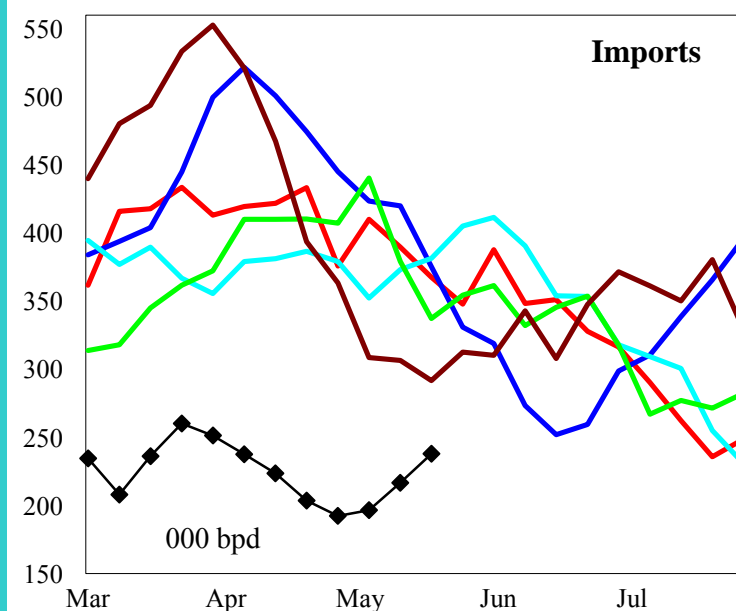
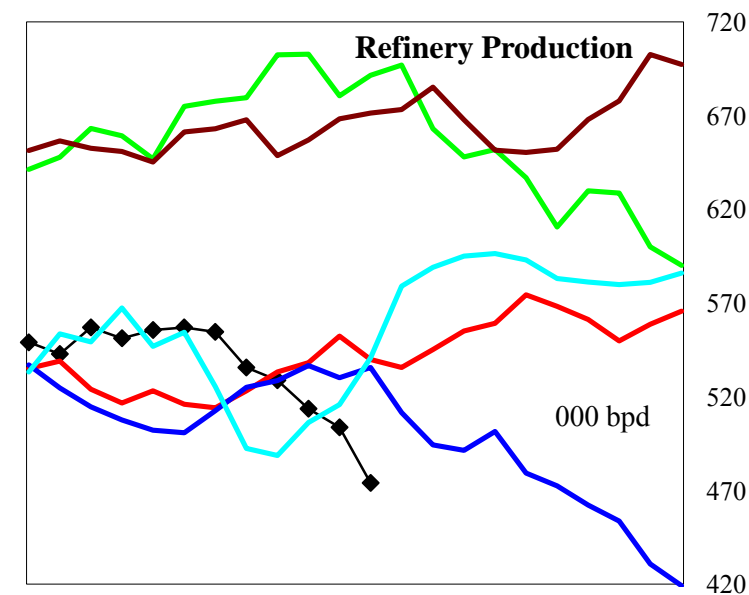
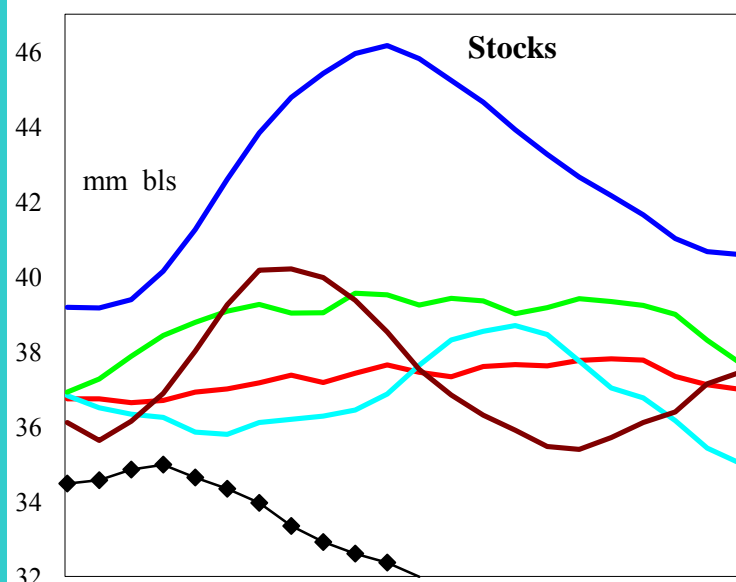
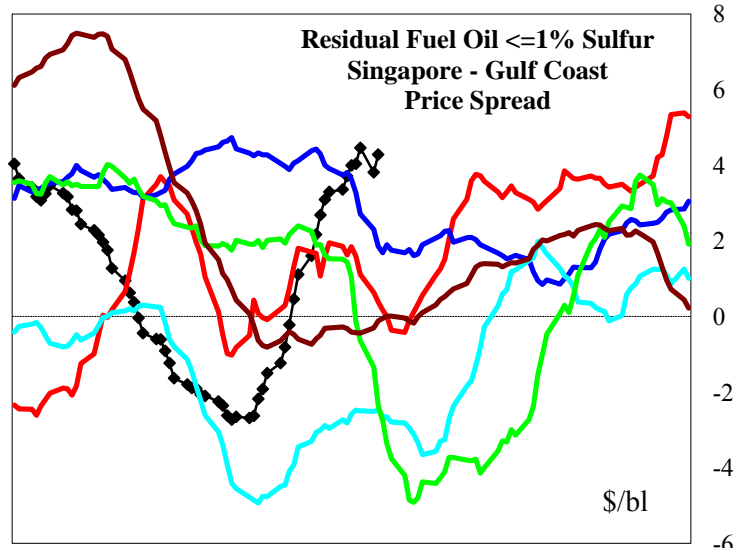
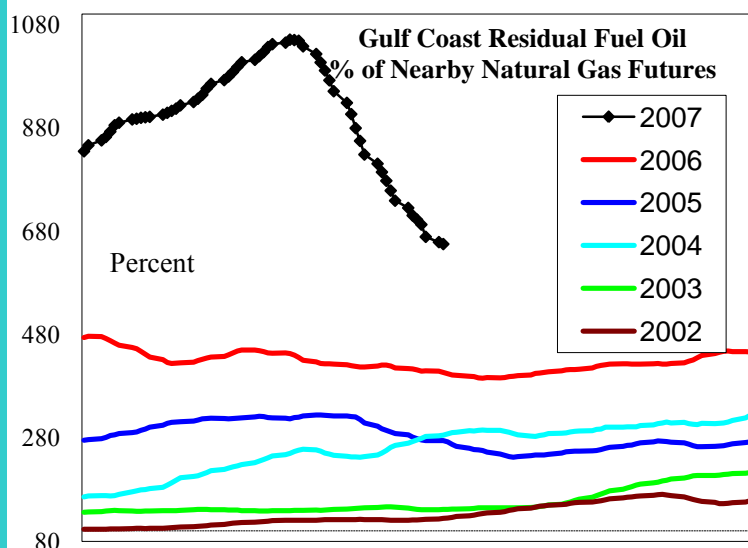
Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)173
19.4-15
-44.1-79
-77.5-103
-51.0

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



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-6,124

-16.1

Prod

-47

-8.4

Imports

-199

-50.6

Demd=>

4wk avg

-150

-29.7

Apr

-172

-28.7

Mar

-179

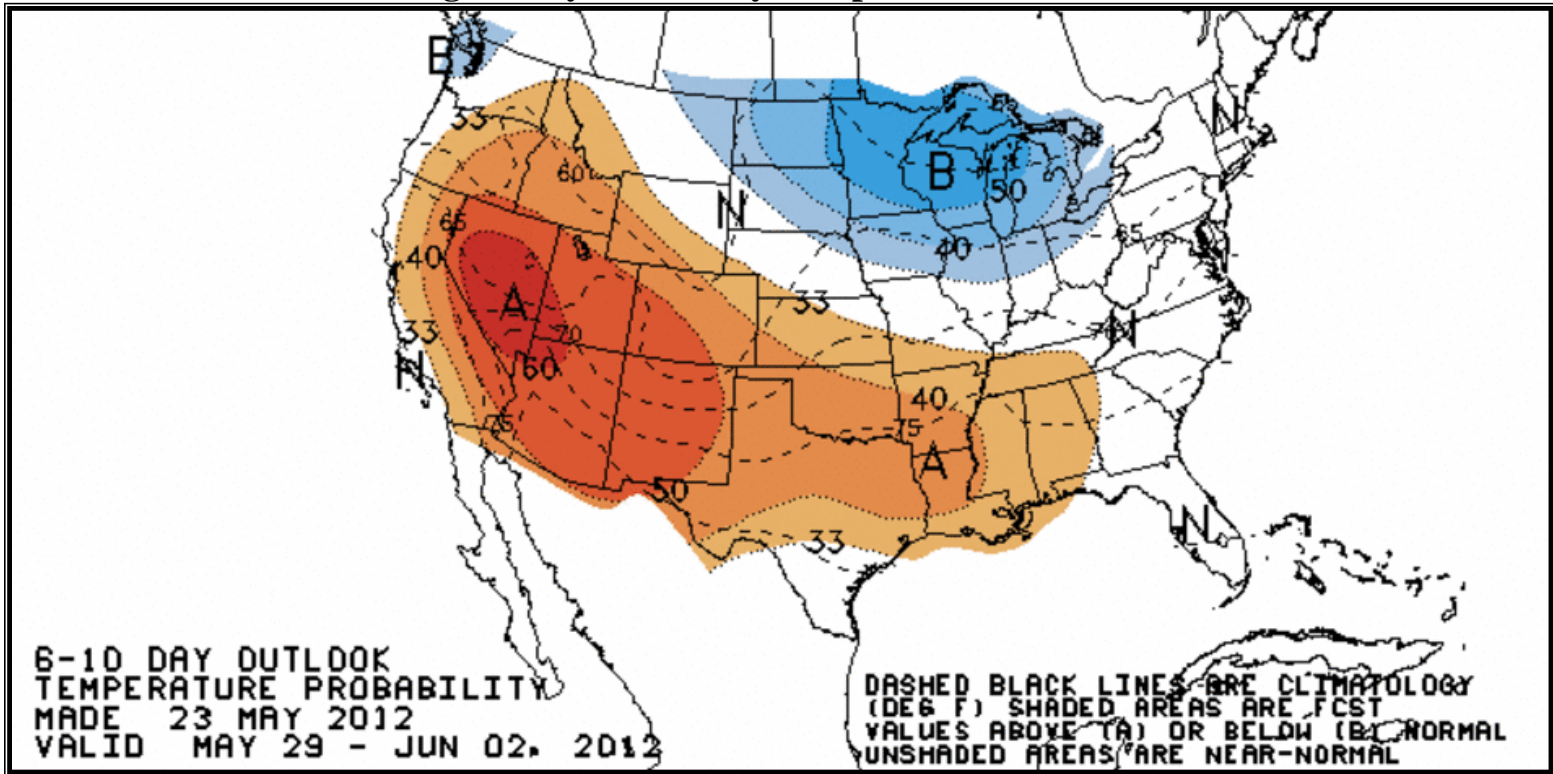
-32.7

Feb

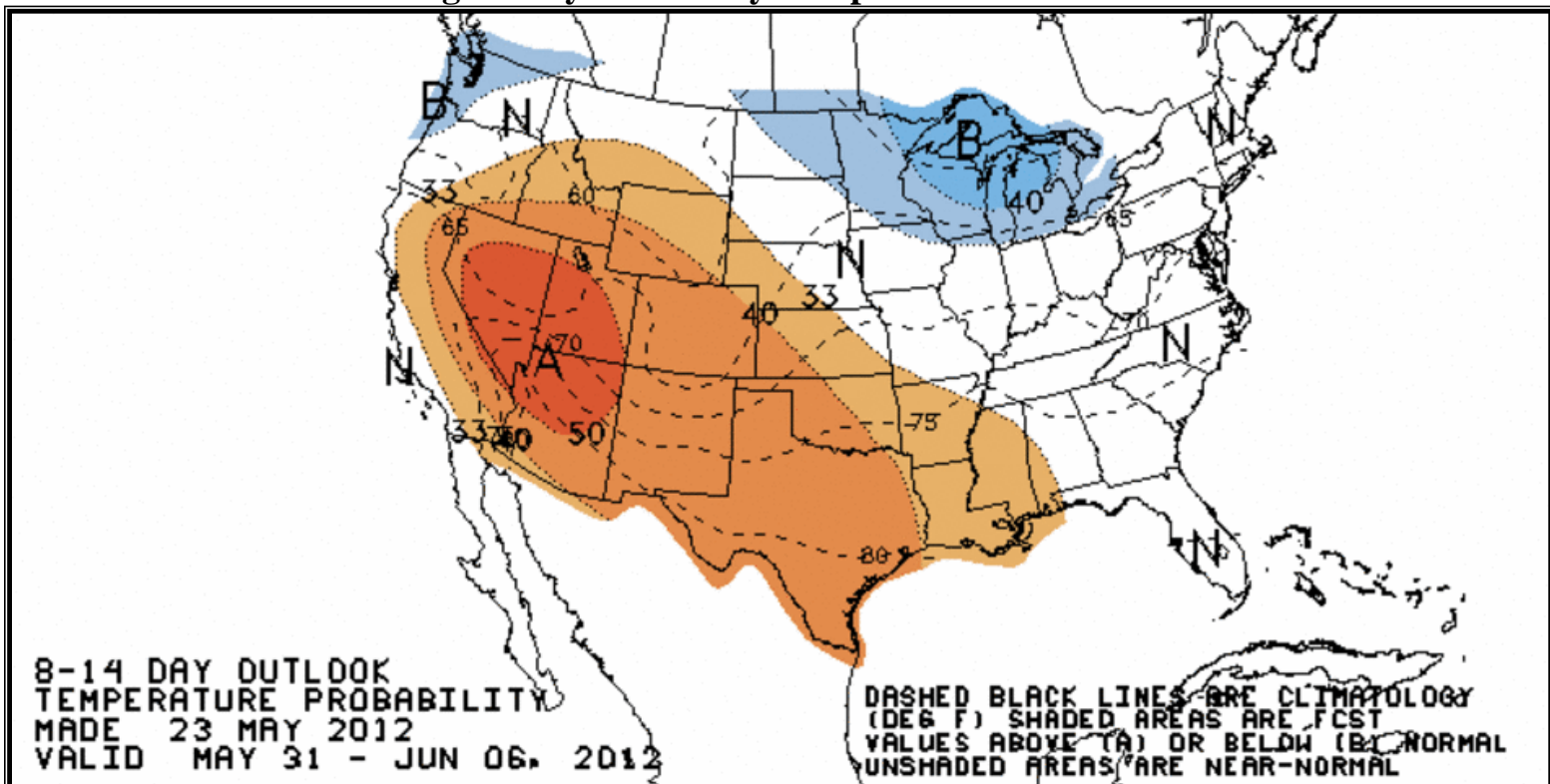
-233

-37.2

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

