



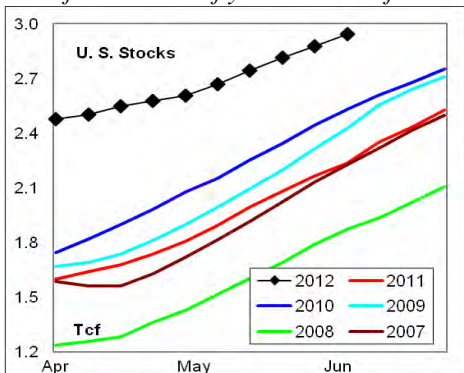
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

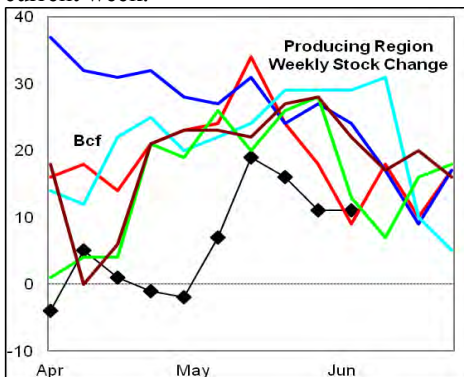
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, June 14, 2012



Summary¹ The stock build of +67 Bcf for the week was below the 5-year range for the 7th consecutive week. The average build for this time of year is +90 Bcf.



Heating degree days for the week ending 09Jun12 were -2% below normal and forecast to be -62% below normal for the current week.



In the East Region stocks increased +43 Bcf for the week, a build slightly below the 5-year range. Stocks increased +13 Bcf in the West Region, a build at the low end of the 5-year range. The stock build of +11 Bcf in the Producing Region matched lows of the 5-year range.

Heating degree days were +11% above normal in the East Region, -32% below normal in the West Region and -95% below normal in the Producing Region for the week ending 09Jun12.

Heating degree days were -2% below normal for the week ended 09Jun12, and forecast to be -62% below normal for the current week.

¹ Related Web Sites:

[Data Source is EIA Weekly Statistics](#)

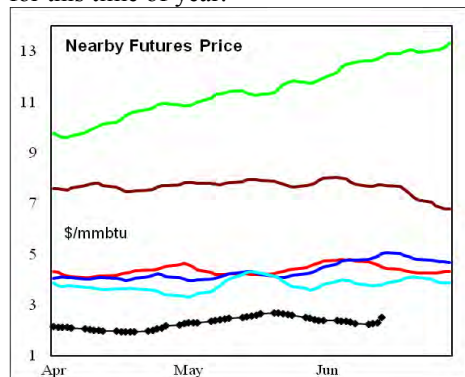
[National Weather Service 6-10 Day](#)

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

The 6-10 day NWS forecast for the week ending 24Jun12 is for warmer than normal temperatures along the East coast and southeast; other areas are near normal.

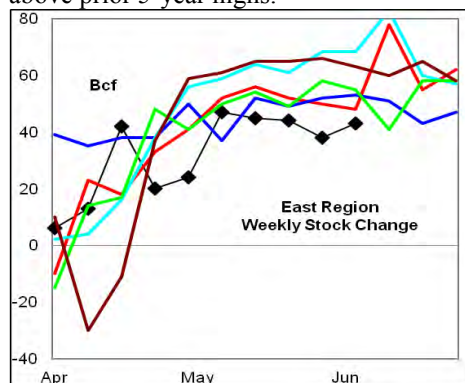
The 8-14 day NWS forecast for the week ending 22Jun12 is for warmer than normal temperatures in the southwest and near normal elsewhere.

Prices: Nearby gas futures prices increased +\$0.25/mmbtu for the week ending 14Jun12. The current price is - \$1.60/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 14Jun12 (decreasing carry), ending at a level which was above the 5-year mid range.

East Region stocks increased +43 Bcf for the week, a build slightly below the historic range for the week. The current stock level was +41% above last year, and above prior 5-year highs.

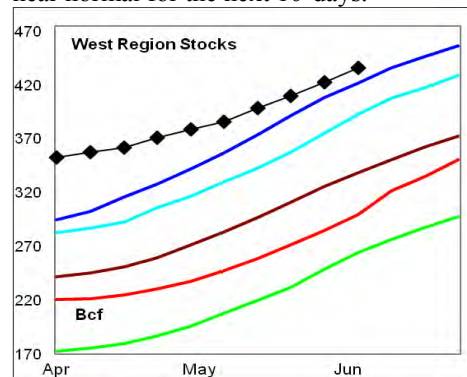


Heating degree days in the region were +11% above normal for the week ending 09Jun12, and forecast to be -65% below normal for the current week. Temperatures are forecast to be slightly above normal in the region for the next 10-days.

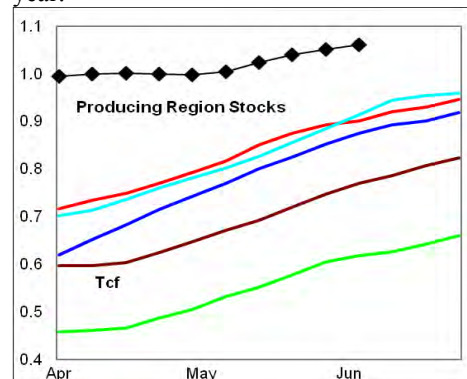
West Region stocks increased +13 Bcf on the week, a build at the low end of the 5-year range. Stock levels ended the week +45% above last year and above the 5-year

range. The latest 4-wk stock build was slightly below the 5-year range.

Heating degree days were -32% below normal for the week ending 09Jun12, and forecast to be -53% below normal for the current week. Temperatures are forecast to near normal for the next 10-days.



Producing Region stocks experienced a build of +11 Bcf on the week, a build at the low end of the 5-year range. Stock levels ended the week +17% above last year.



Heating degree days were -95% below normal for the week ending 09Jun12, and forecast to be -77% below normal for the current week. Near 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 -31% below last year.

Outlook: The cumulative stock build this spring was -11% below a year ago and below the 5-year range. High electric power demand, shut in of wells due to low prices and expected limits on storage capacity underlies the low stock build rate. The global economic slow down and excess production capacity offset the low stock build rate; and continue to depress prices.



NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: June 14, 2012

For the week ending: 8-Jun-12

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

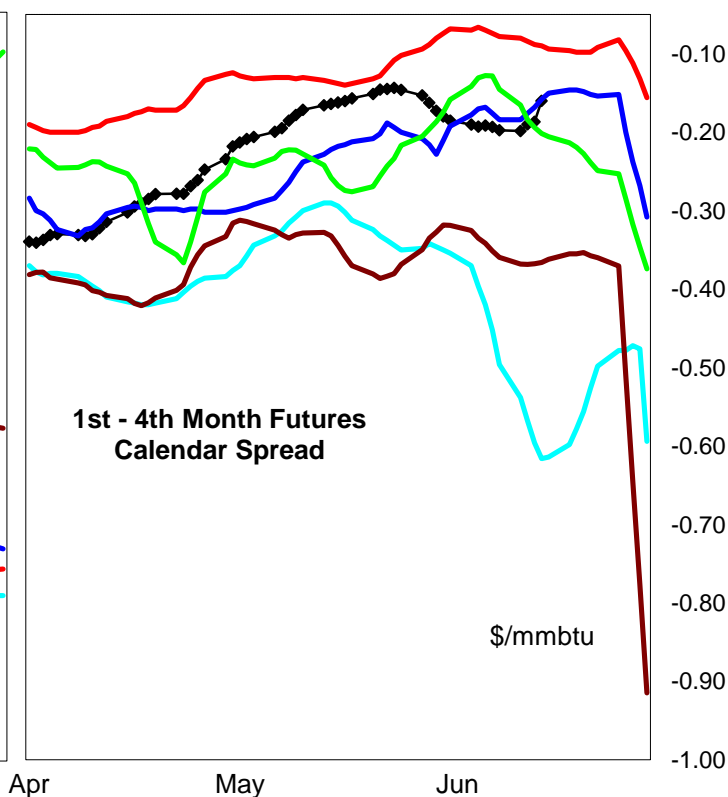
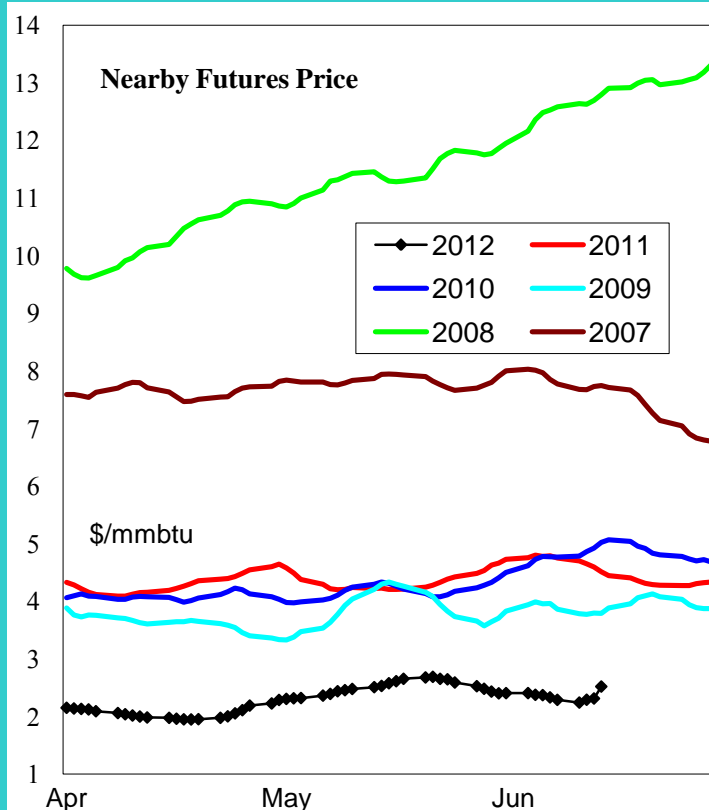
| Week ending: | 8-Jun-12 | | | 2-Jun-12 | | 9-Jun-12 | | 16-Jun-12 | |
|--------------|---------------|------------------|----------|----------------------------|-------------|----------------------|-------------|----------------------|-------------|
| Region | Weekly Stocks | | | Weekly Heating Degree 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 | 2,944 | 67 | 31.7 | 5 | -27% | -1 | -2% | -11 | -62% |
| East | 1,406 | 43 | 41.4 | 7 | -31% | 2 | 11% | -15 | -65% |
| West | 436 | 13 | 45.3 | -7 | -12% | -12 | -32% | -9 | -53% |
| Producing | 1,102 | 11 | 17.0 | 2 | -10% | -3 | -95% | 0 | -77% |

Seasonal Trends in Stocks and Heating Degree Days

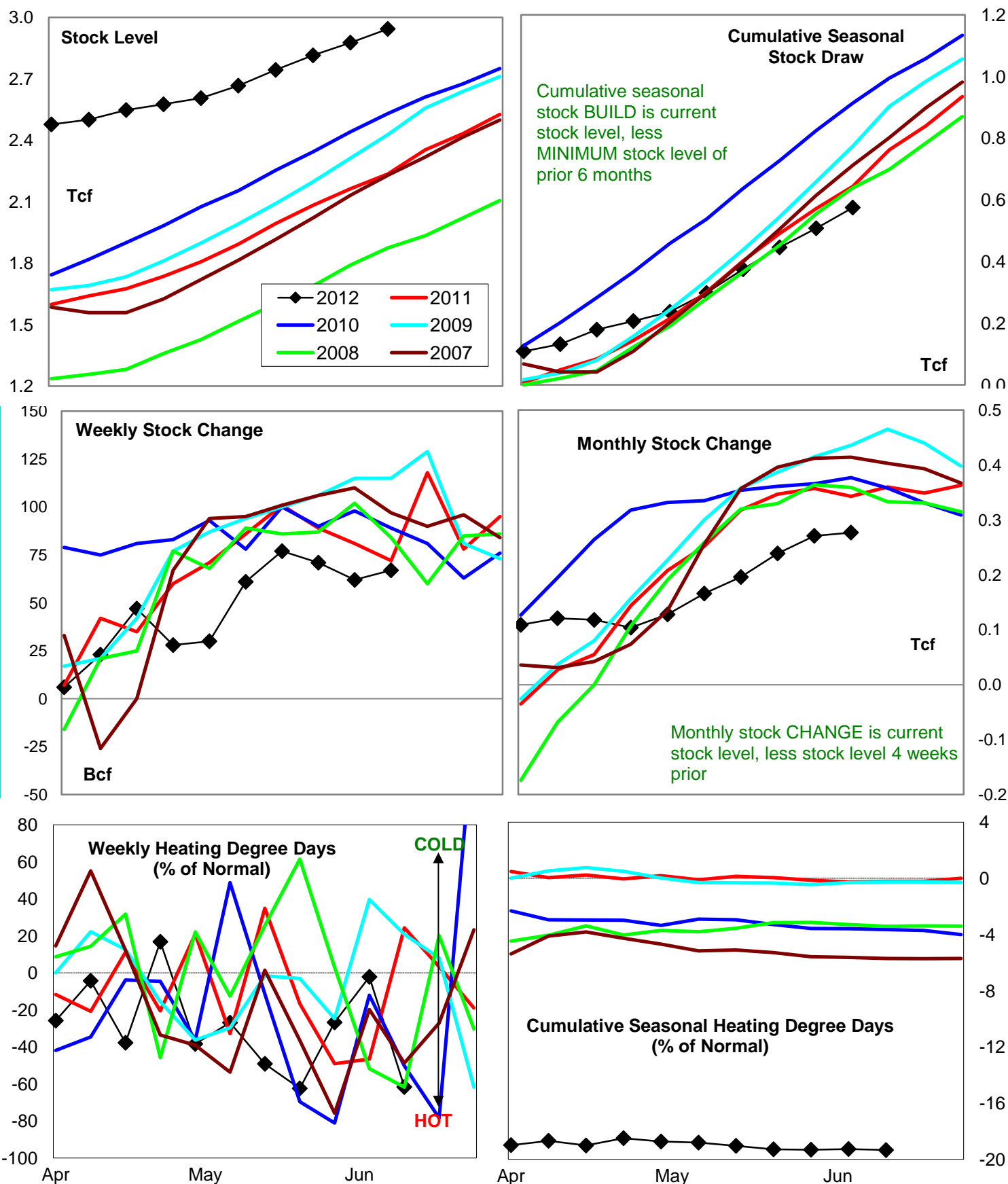
| | Cumulative Stock Change | | | Cumulative Heating Degree Days | | | | | |
|-------------------|-------------------------|-----------------------------|--------------|--------------------------------|----------------|---------------------|----------------|---------------------|----------------|
| | 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 | 575 | -69 | -12.0 | 16 | -19.3 | 15 | -19.3 | 4 | -19.3 |
| East | 357 | -16 | -4.5 | 16 | -20.3 | 18 | -20.2 | 3 | -20.3 |
| West | 92 | 10 | 10.9 | 32 | -12.0 | 20 | -12.1 | 11 | -12.2 |
| Producing | 137 | -116 | -84.7 | 3 | -20.4 | 0 | -20.4 | 0 | -20.4 |

Futures Market Price Trends

| Date: | 14-Jun-12 | Change vs prior week, month, year | | |
|------------------------------|--------------|-----------------------------------|--------------|--------------|
| | | 8-Jun-12 | 18-May-12 | 17-Jun-11 |
| 1st month Futures | 2.52 | 0.22 | -0.22 | -1.80 |
| % change | xxxxx | 9.6 | -8.1 | -41.7 |



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 (%)

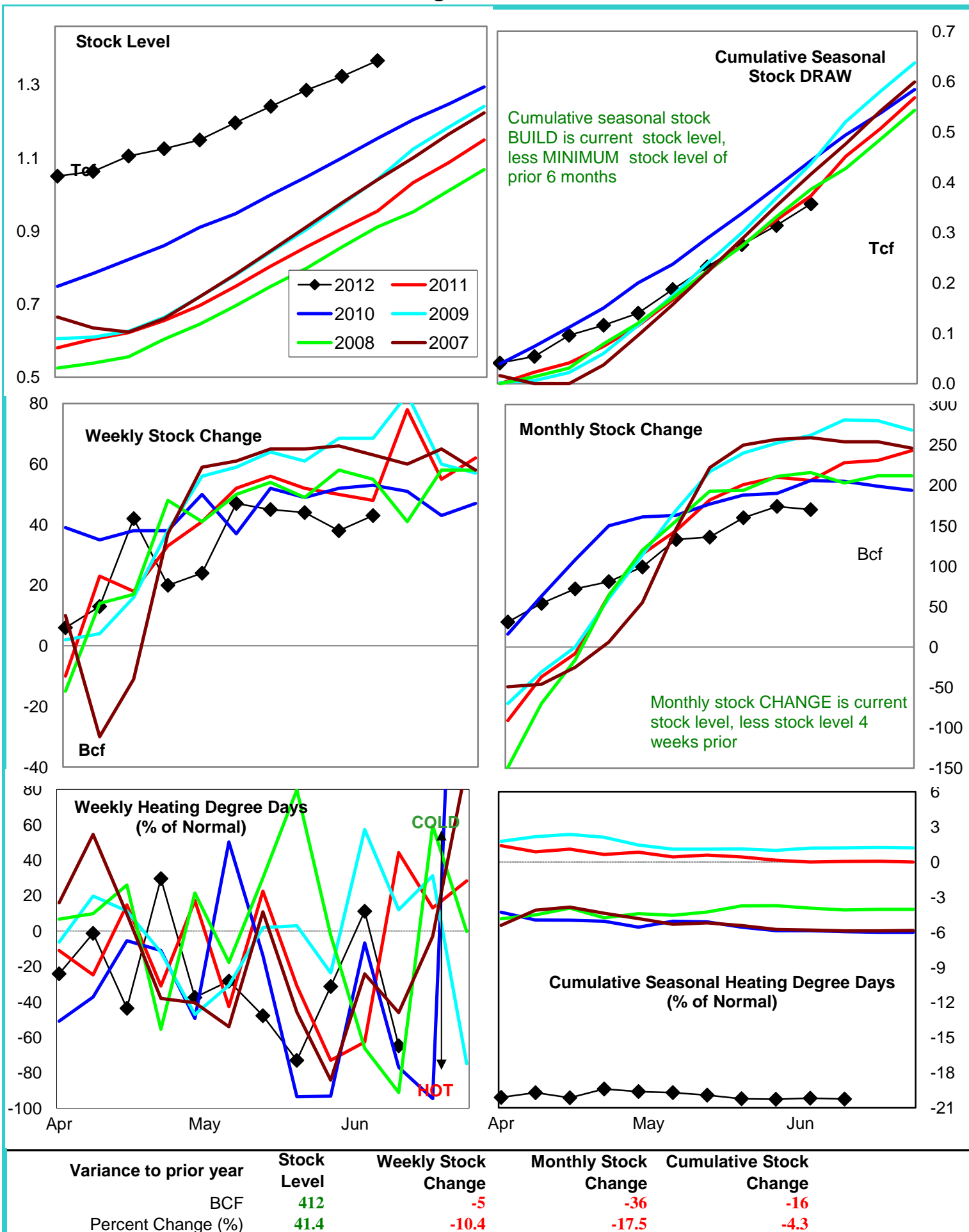
708
31.7

-5
-6.9

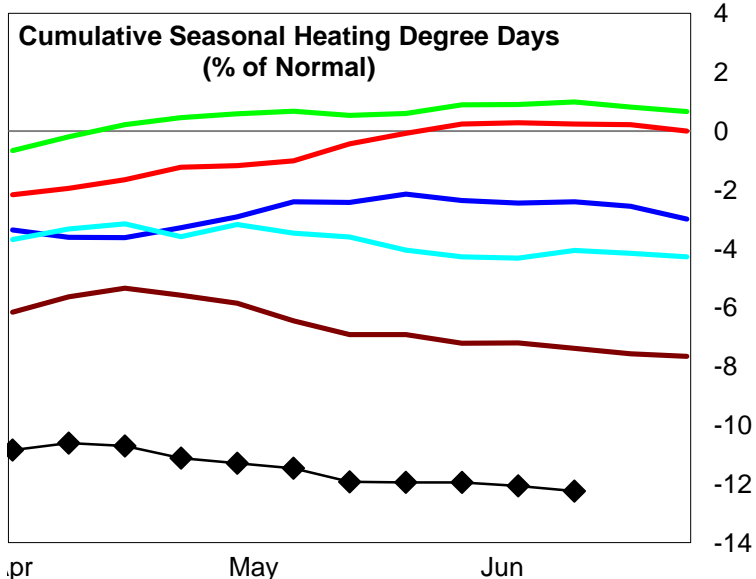
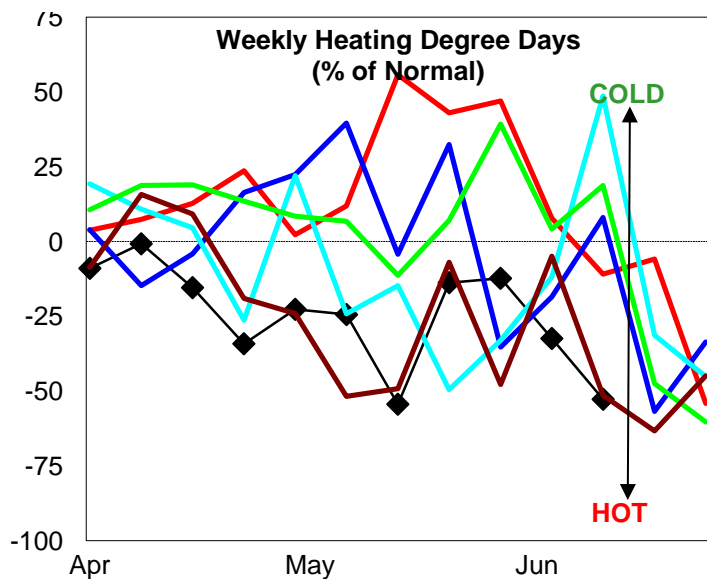
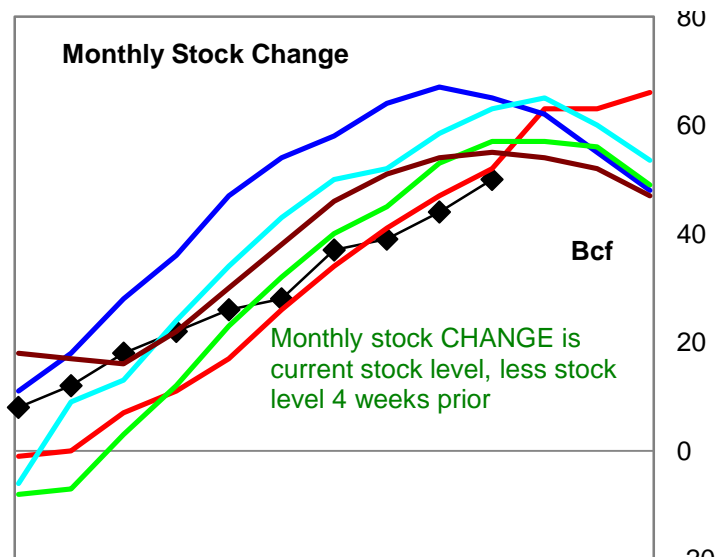
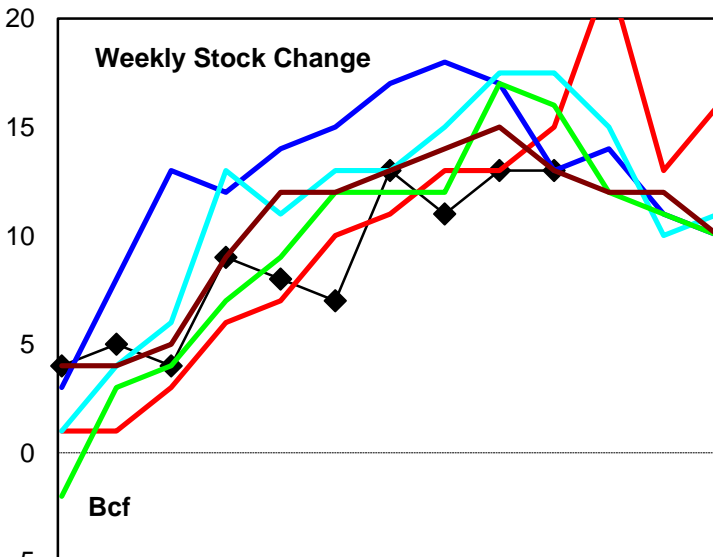
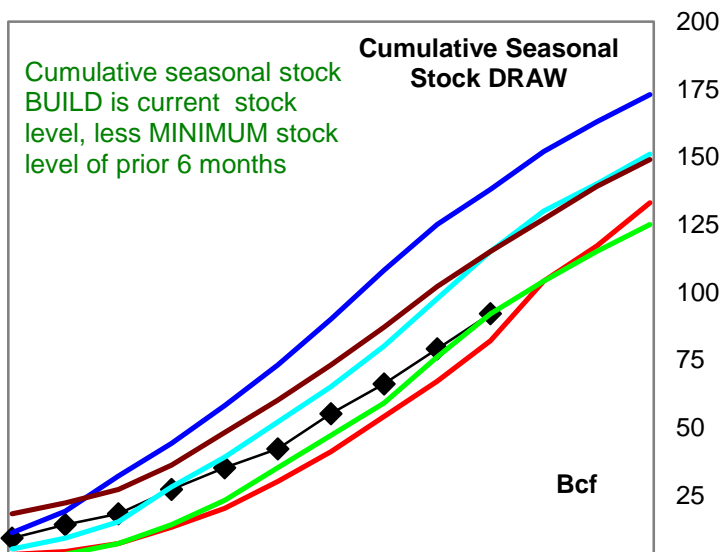
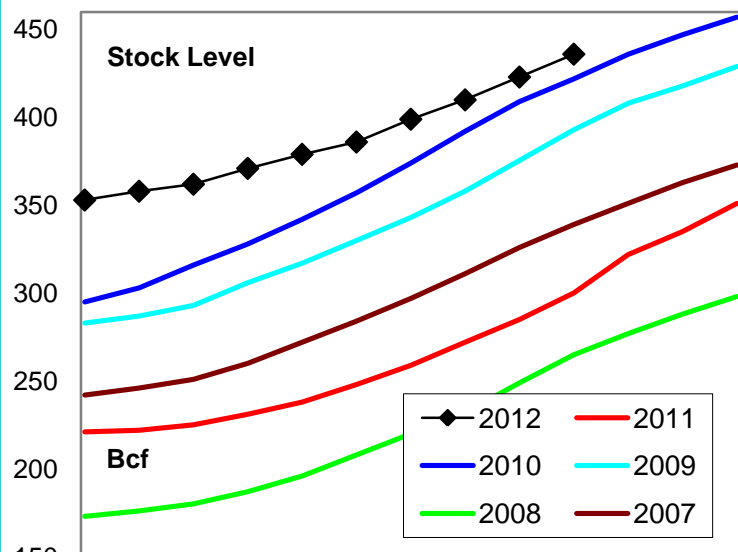
-66
-19.2

-69
-10.7

Natural Gas East Region Stock and Weather Trends

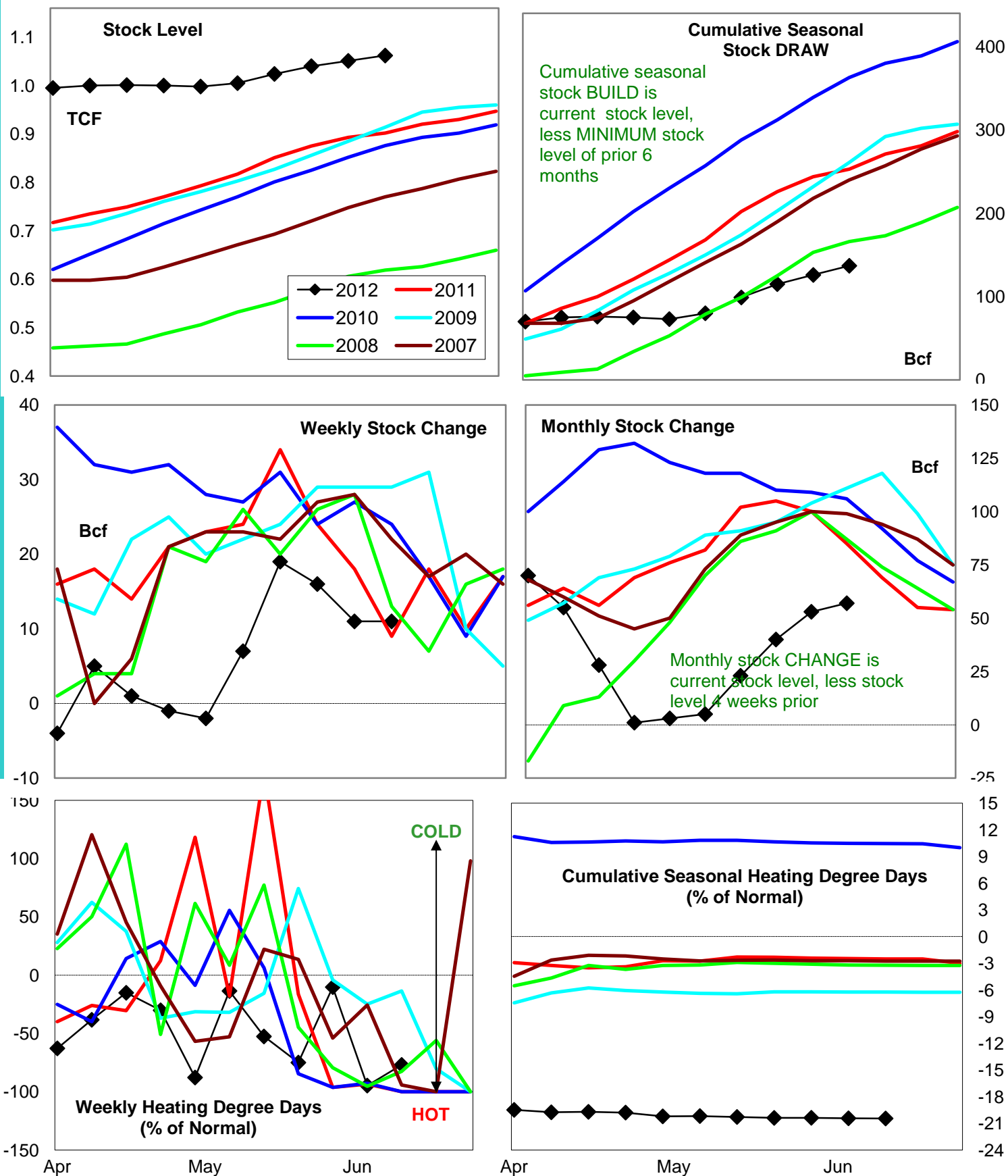


Natural Gas West Region Stock and Weather Trends



| Variance to prior year | Stock Level | Weekly Stock Change | Monthly Stock Change | Cumulative Stock Change |
|------------------------|-------------|---------------------|----------------------|-------------------------|
| BCF | 136 | -2 | -2 | 10 |
| Percent Change (%) | 45.3 | -13.3 | -3.8 | 12.2 |

Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
Change

BCF

160

2

-28

-116

Percent Change (%)

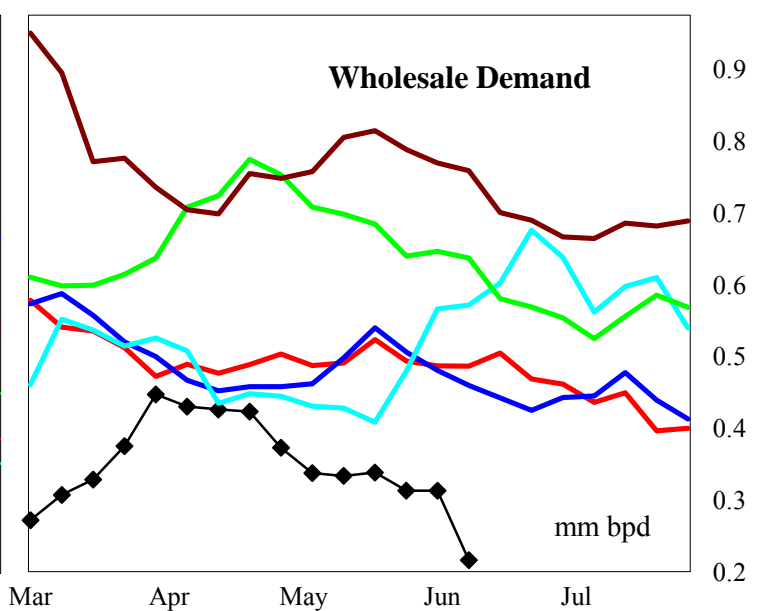
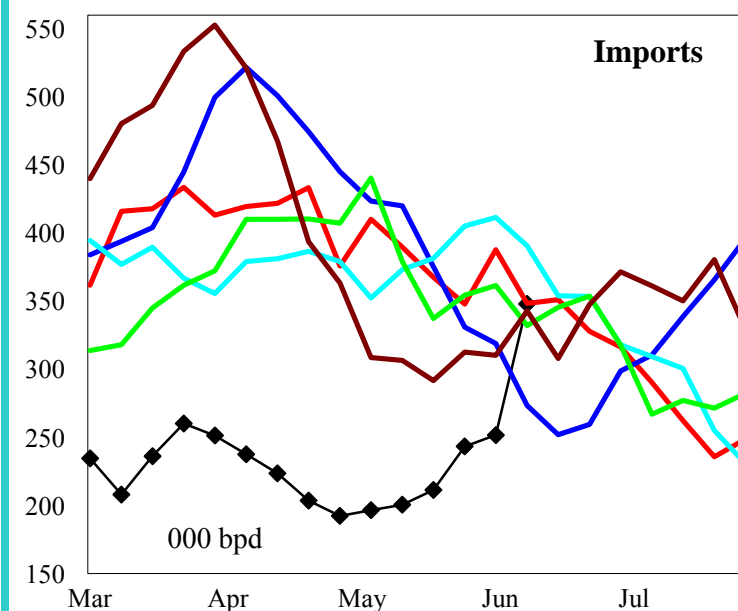
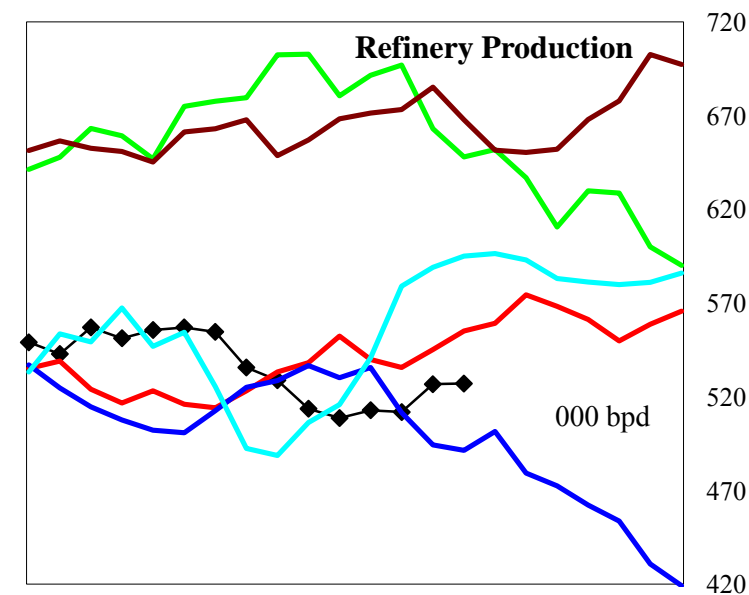
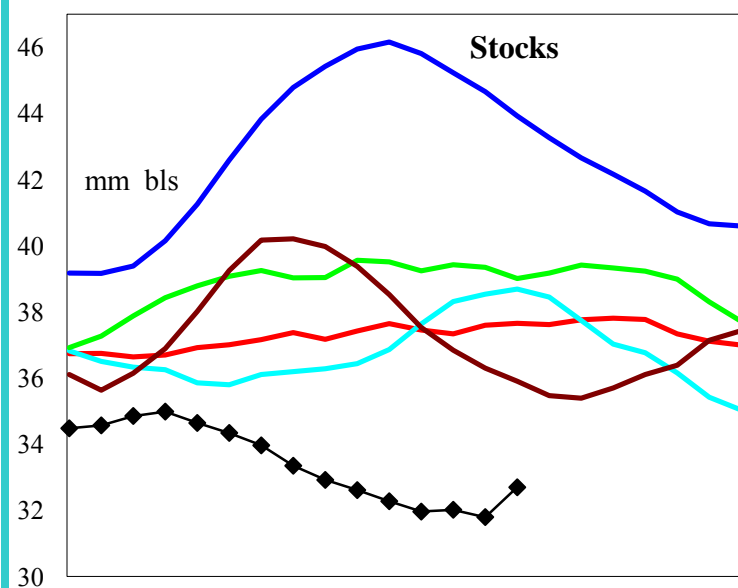
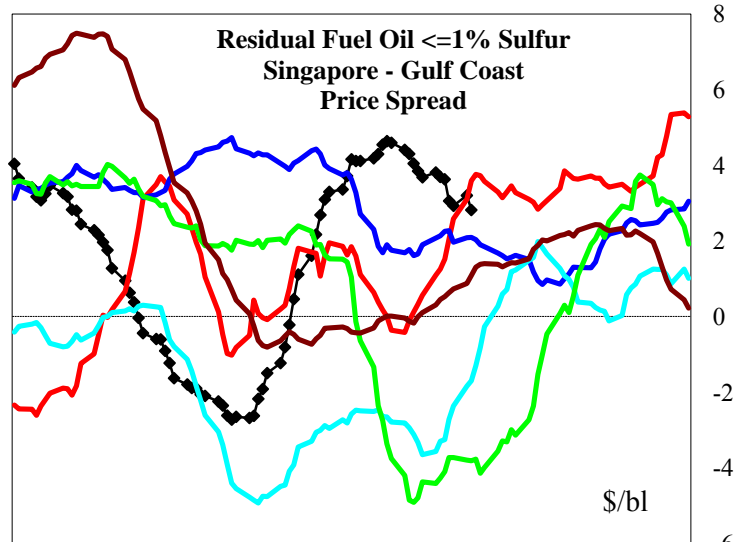
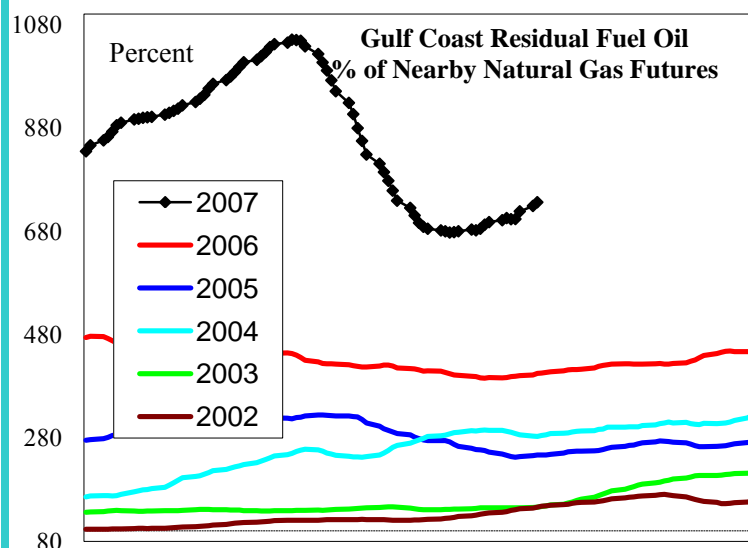
17.0

22.2

-32.9

-45.8

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



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-4,305

-11.6

Prod

-21

-3.8

Imports

-135

-35.3

Demd=>

4wk avg

-157

-30.8

May

-116

-24.3

Apr

-172

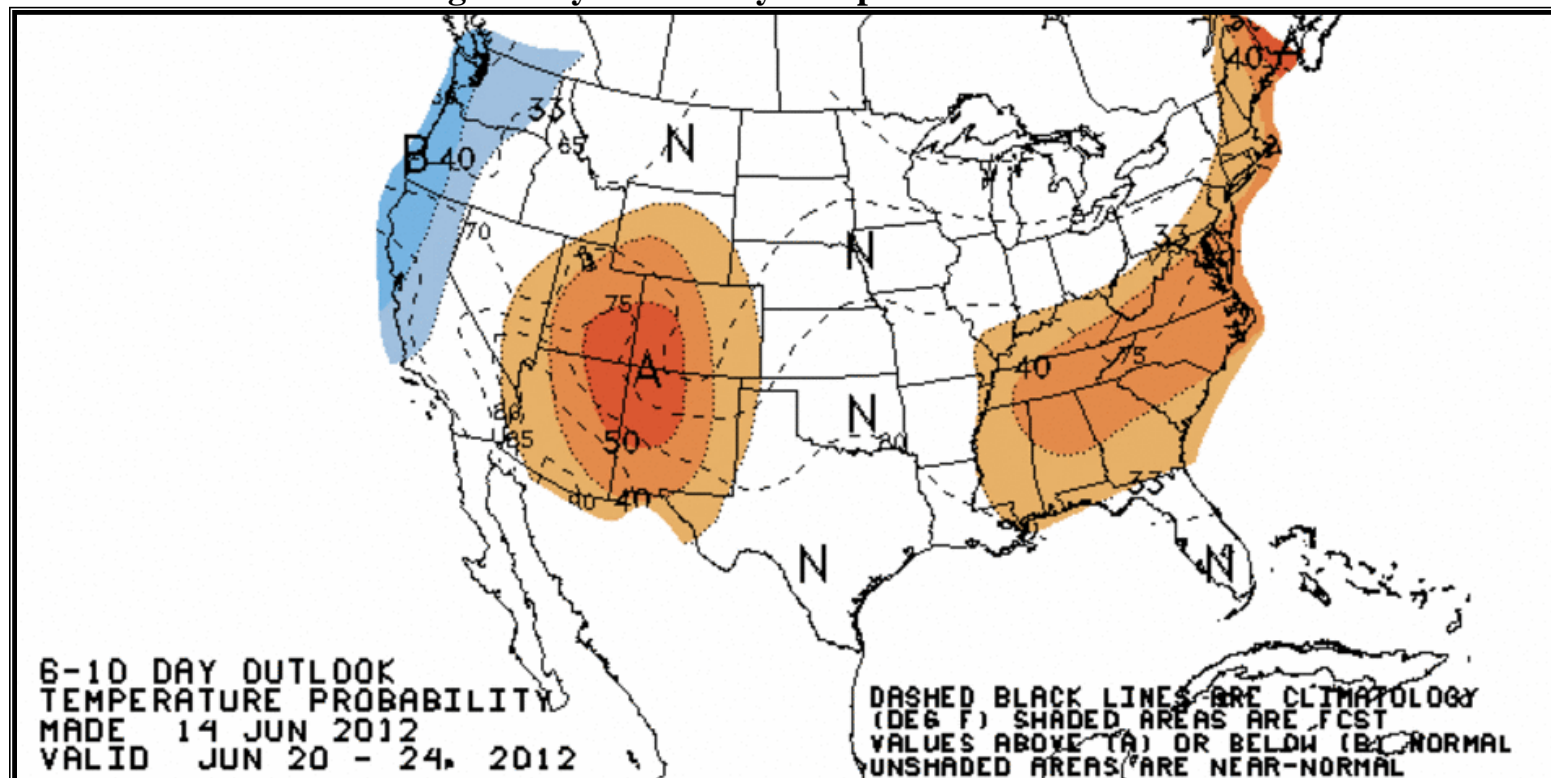
-28.7

Mar

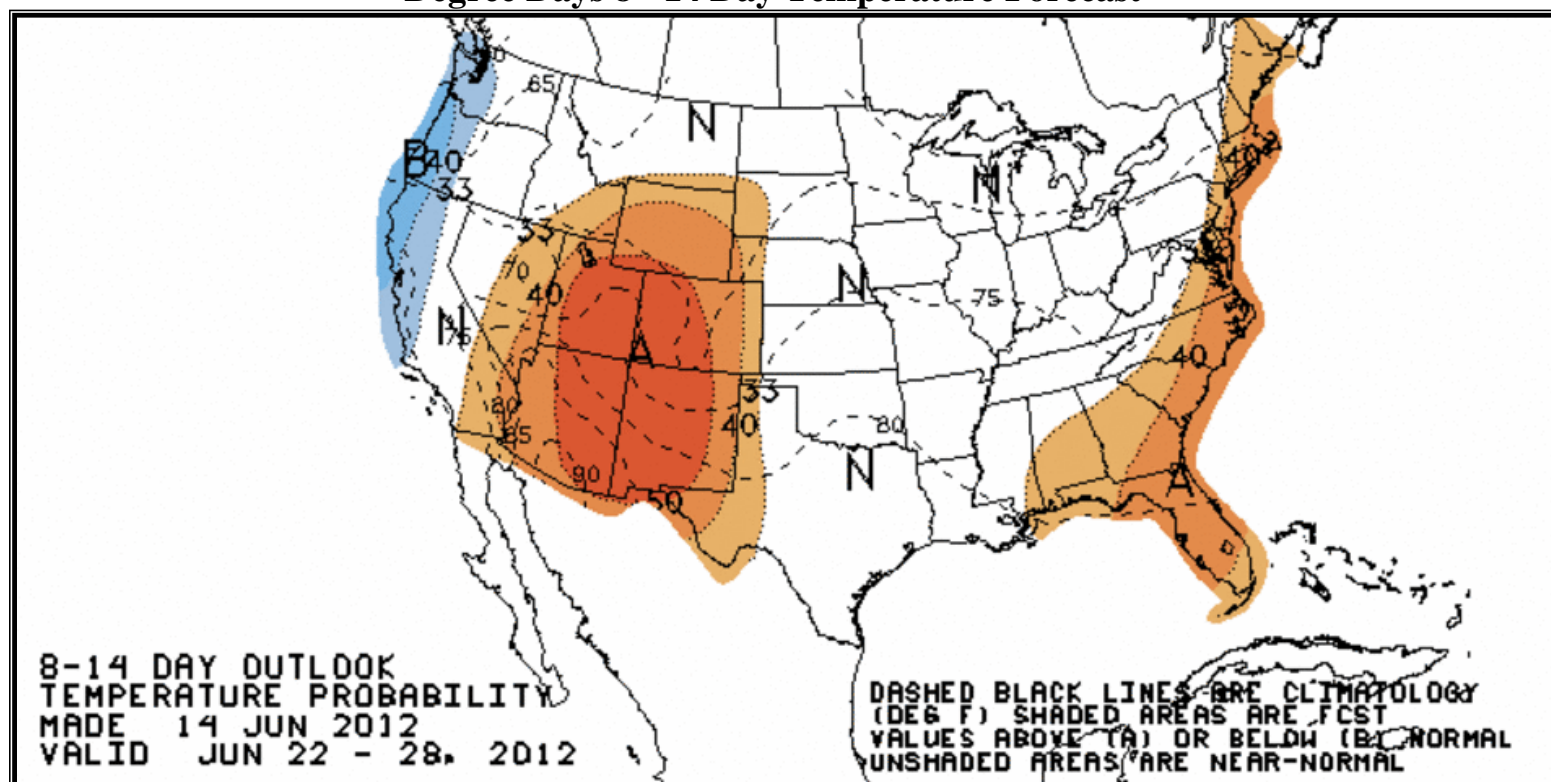
-131

-23.9

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

