

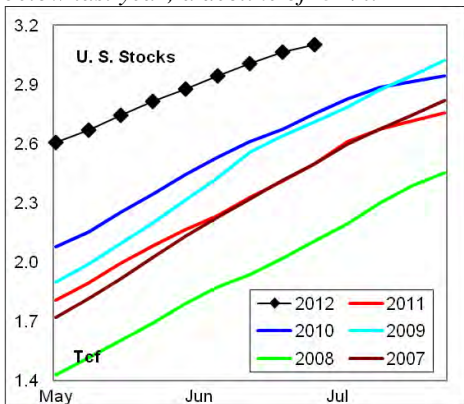
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

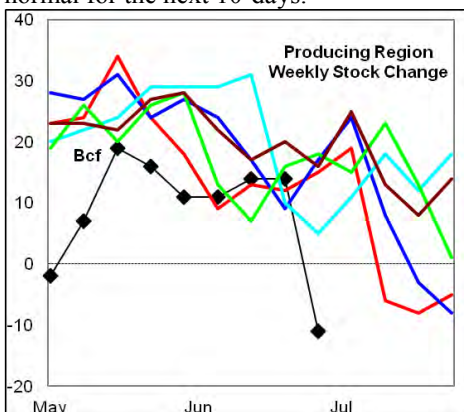
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Monday, July 09, 2012



Summary¹ The stock build of +39 Bcf for the week compares to an average build of +80 Bcf for the week. The average weekly build for the last 2-months was -26 Bcf below last year; a decline of -31%.



Heating degree days for the week ending 30Jun12 were -23% below normal. Cooling degree days are sharply above normal for the next 10-days.



In the East Region stocks increased +35 Bcf for the week, compared to an average build of +55 Bcf. Stocks increased +15 Bcf in the West Region, a build that matched 5-year highs for the week. The stock draw of -11 Bcf in the Producing Region compares to an average build of +16 Bcf for the period.

Cooling degree days were record highs in regions East of the Rockies last week.

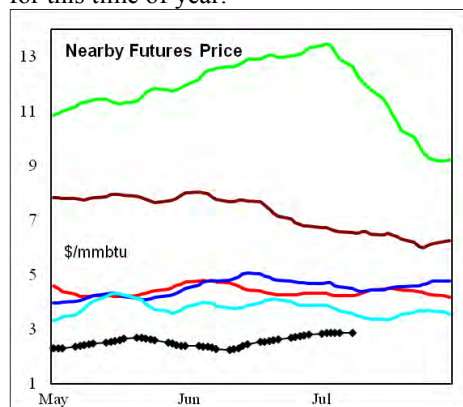
Cooling degree days were sharply above normal in all regions for the week ending

30Jun12.

The 6-10 day NWS forecast for the week ending 19Jul12 is for much above normal cooling degree days across the northern 2/3rds of the country, with the south central region cooler than normal.

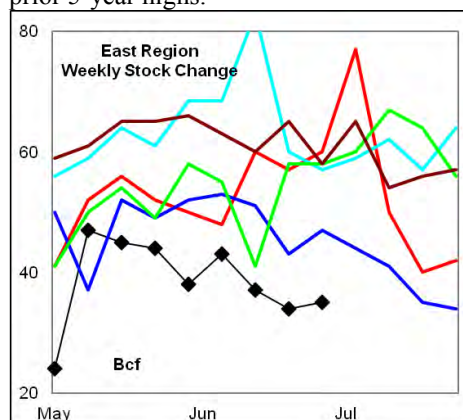
The 8-14 day NWS forecast for the week ending 22Jul12 is for much above normal cooling degree days in the northern 3/4ths of the country with near normal temperatures in Texas / New Mexico.

Prices: Nearby gas futures prices increased +\$0.05/mmbtu for the week ending 09Jul12. The current price is -\$0.50/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 09Jul12 (declining carry), ending at a level which was comparable to the last 2-years.

East Region stocks increased +35 Bcf for the week, compared to an average build of +55 Bcf for the week. The current stock level was +29% above last year, and above prior 5-year highs.

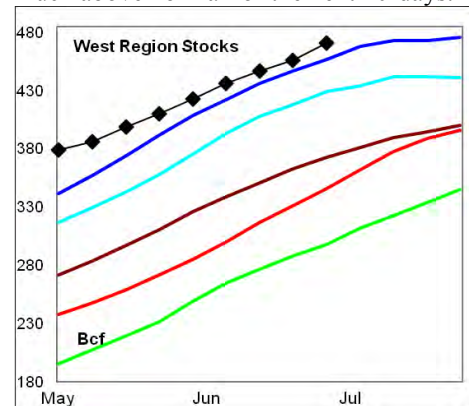


Cooling degree days in the region sharply above normal for the week ending 30Jun12. Temperatures are forecast to be above normal in the region for the next 10-days.

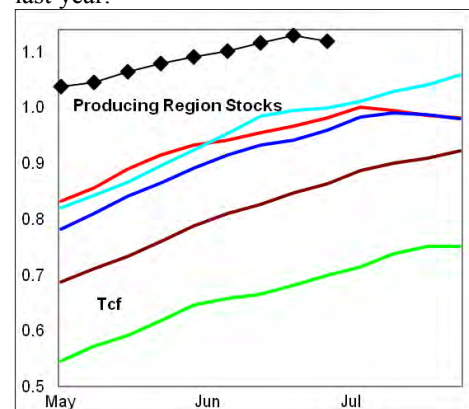
West Region stocks increased +15 Bcf on the week, a build that matched 5-year

highs for the period. Stock levels ended the week +36% above last year and above the 5-year range. The latest 4-wk stock build was equal to the 5-year average.

Cooling degree days were below average for the week ending 30Jun12. Cooling degree days are forecast to be much above normal for the next 10-days.



Producing Region stocks experienced a draw of -11 Bcf on the week, compared to an average build of +16 Bcf for the week. Stock levels ended the week +14% above last year.



Cooling degree days were a record for the week ending 30Jun12. Above normal cooling 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, with residual fuel demand -40% below last year.

Outlook: The cumulative seasonal stock build this year was -19% 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. Unusually high cooling degree days should continue to support prices during the summer quarter.

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: July 9, 2012

For the week ending: 29-Jun-12

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

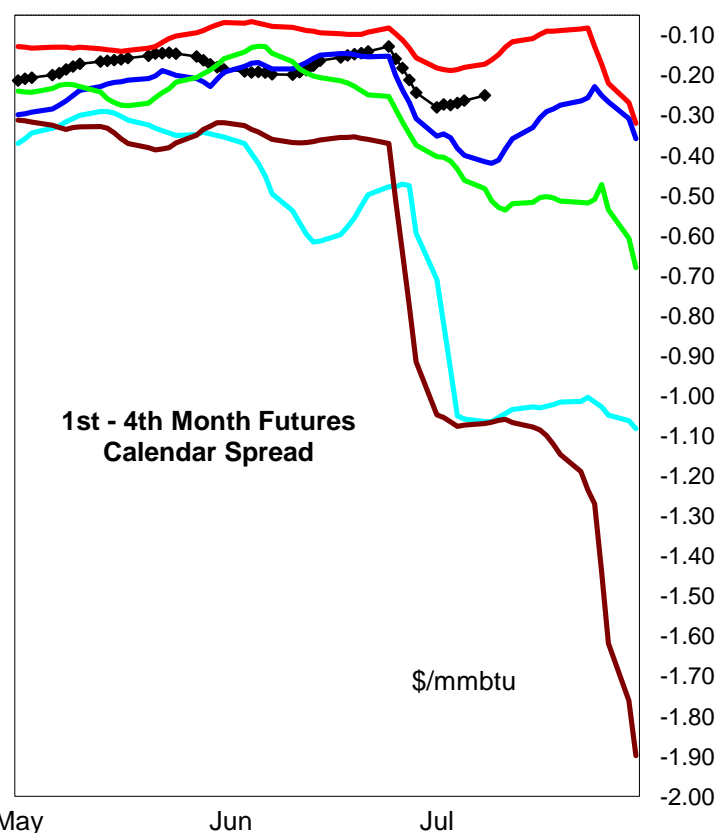
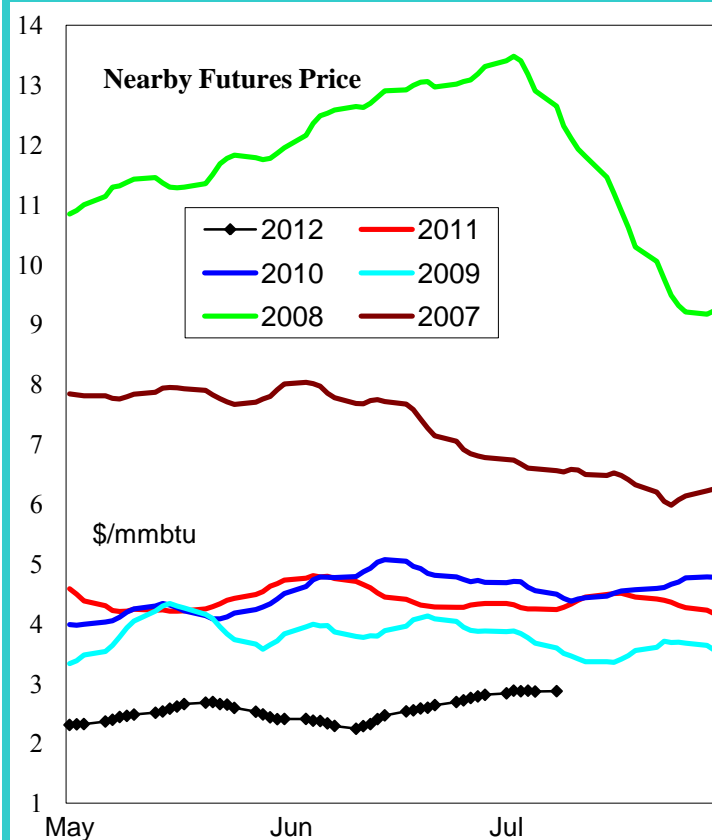
Week ending:	29-Jun-12			16-Jun-12		23-Jun-12		30-Jun-12	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,102	39	24.1	-9	-45%	-3	-63%	0	-23%
East	1,512	35	29.1	-13	-46%	-4	-68%	1	17%
West	471	15	36.1	-6	-36%	-6	-52%	-3	-57%
Producing	1,119	-11	14.0	0	-100%	0	-100%	0	-100%

Seasonal Trends in Stocks and Heating Degree Days

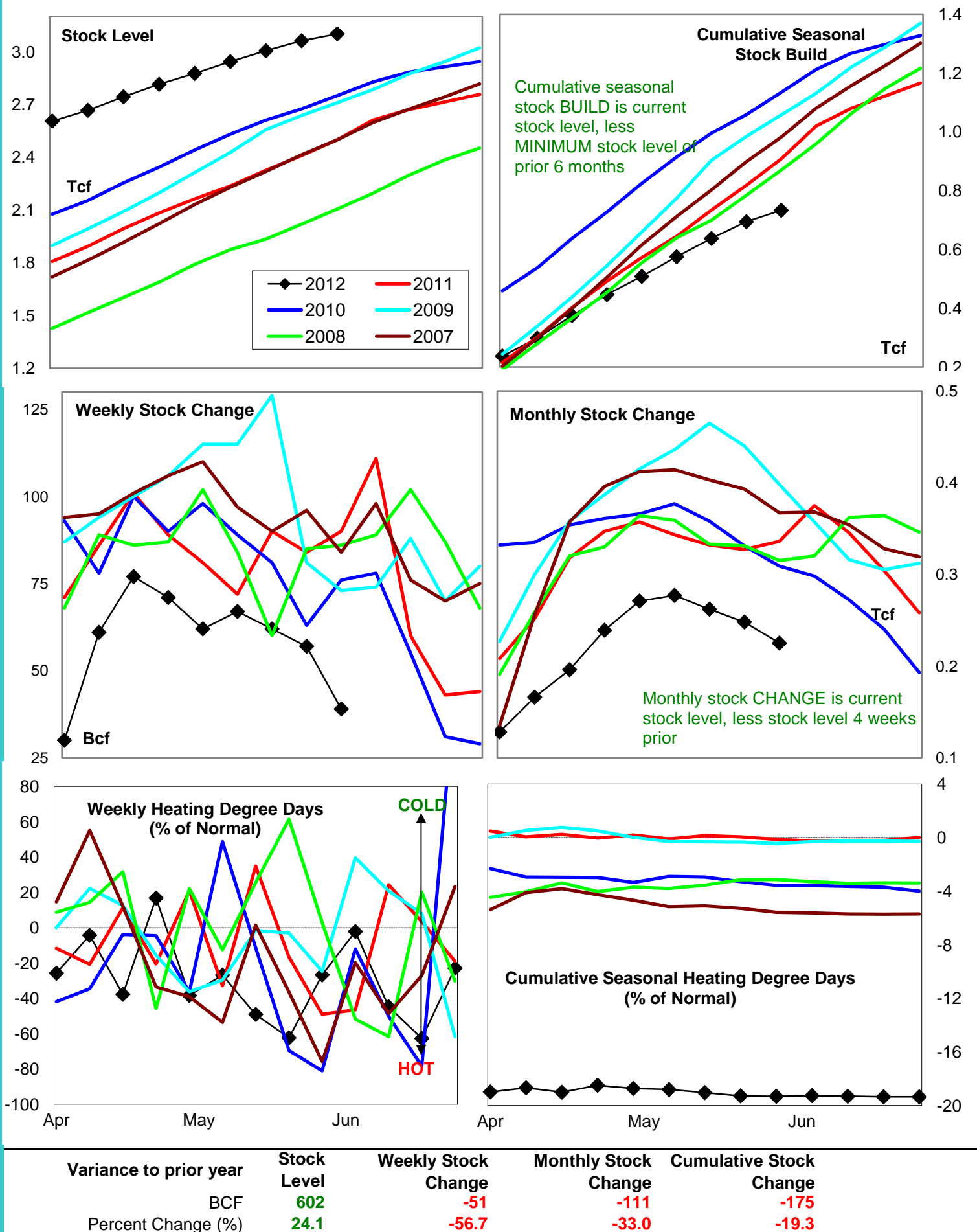
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	733	-175	-23.9	5	-19.3	2	-19.4	2	-19.4
East	463	-87	-18.8	5	-20.2	1	-20.3	2	-20.2
West	127	-1	-0.8	14	-12.2	8	-12.3	5	-12.4
Producing	154	-139	-90.3	0	-20.5	0	-20.5	0	-20.5

Futures Market Price Trends

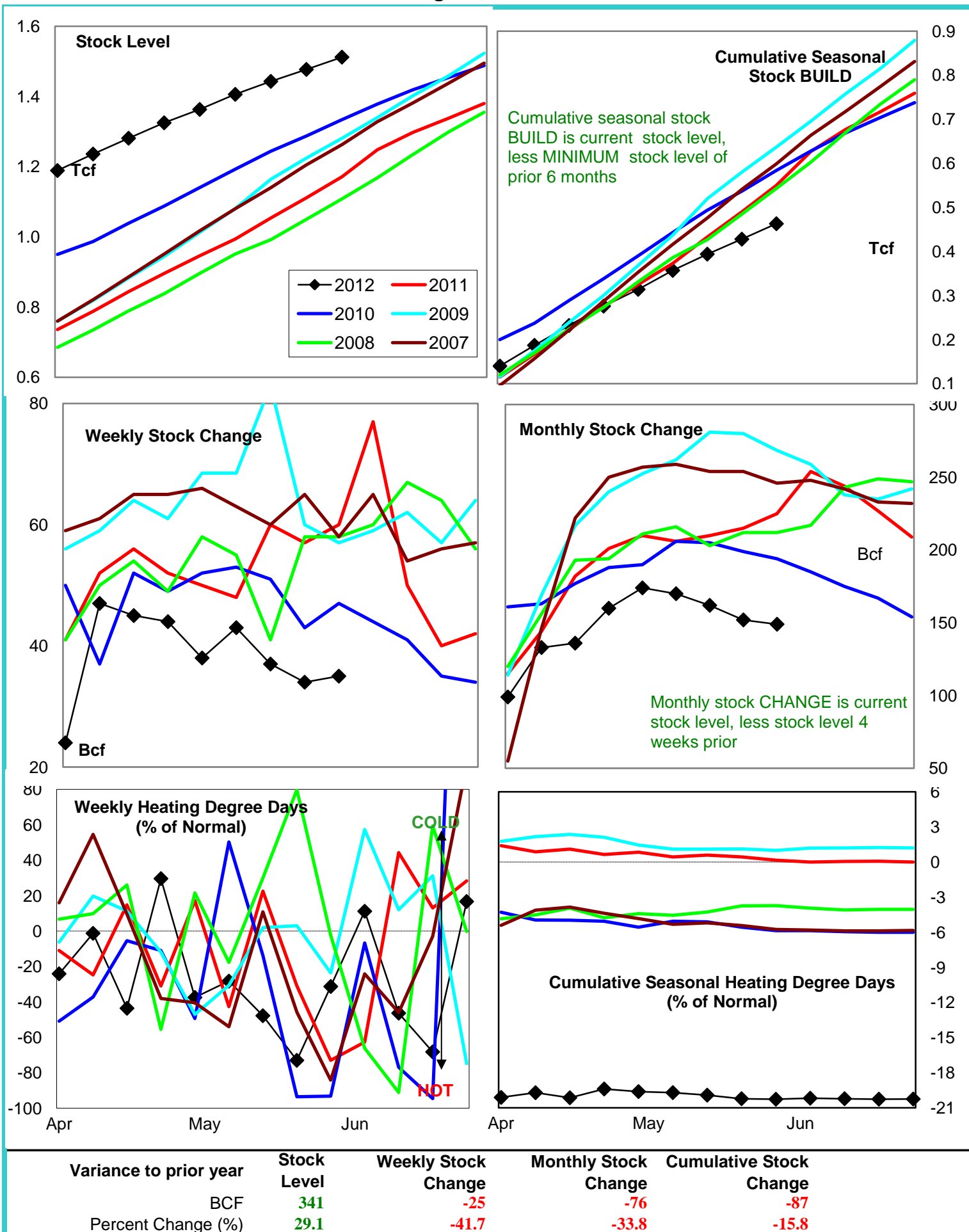
Date:	9-Jul-12	Change vs prior week, month, year		
		3-Jul-12	12-Jun-12	13-Jul-11
1st month Futures	2.87	-0.03	0.64	-1.53
% change	xxxxx	-1.0	28.6	-34.8



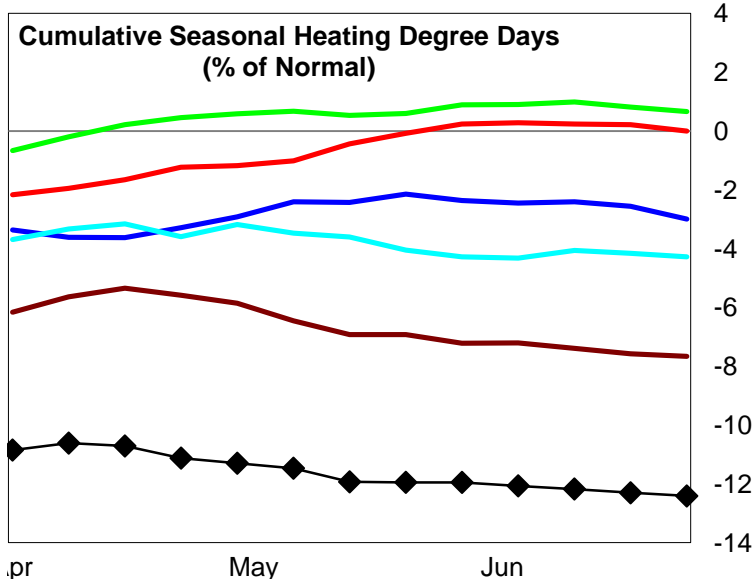
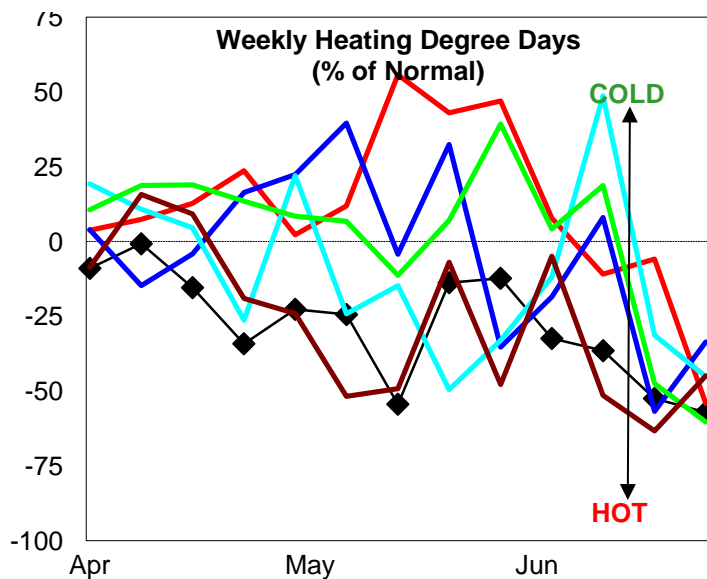
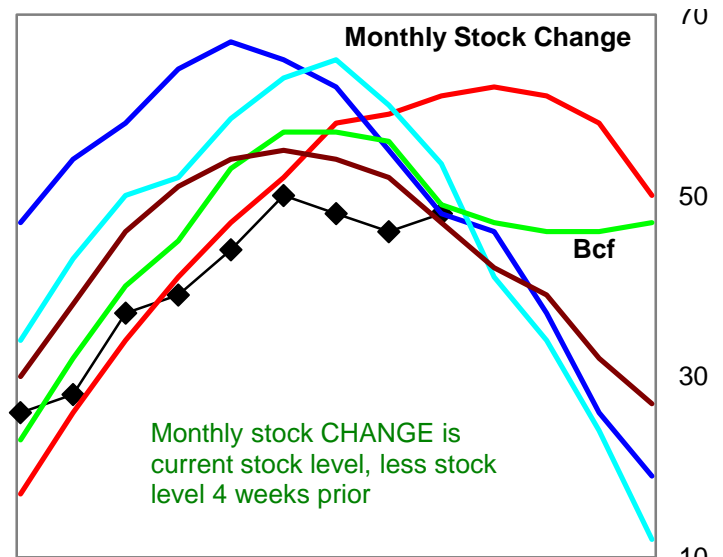
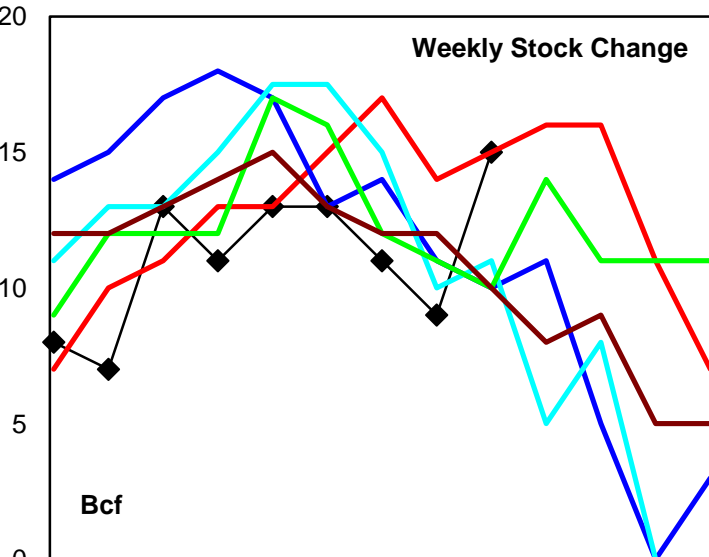
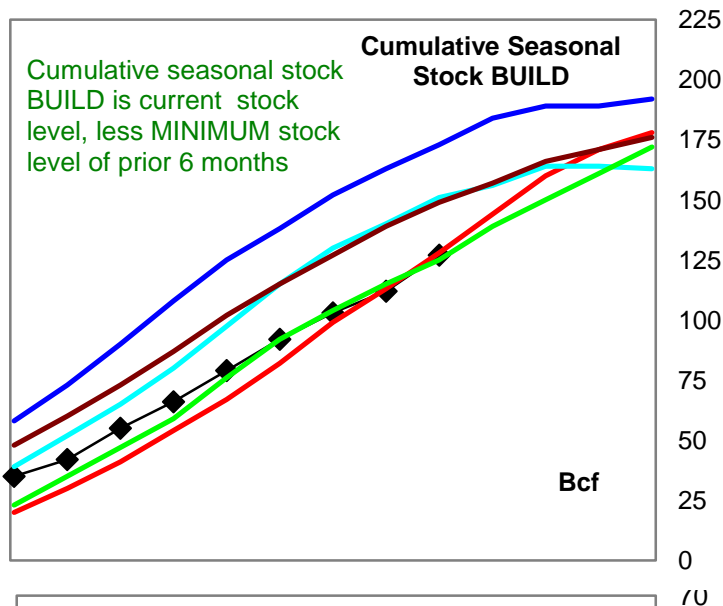
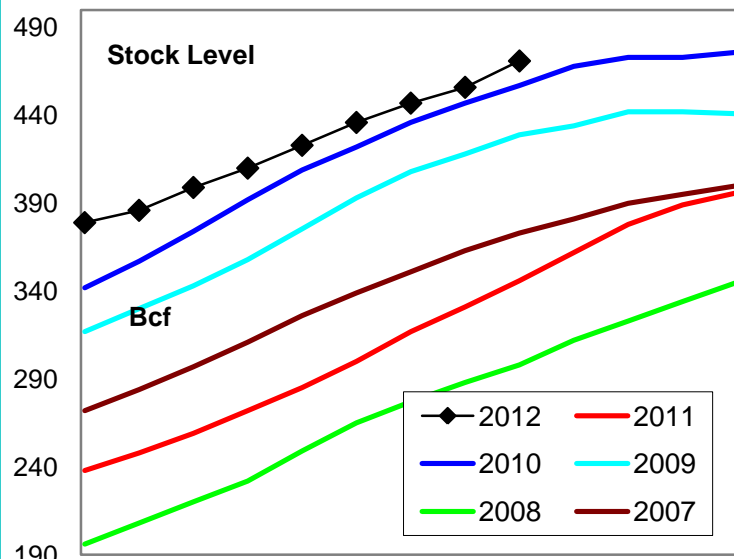
United States Natural Gas Stock and Weather Trends



Natural Gas East Region Stock and Weather Trends

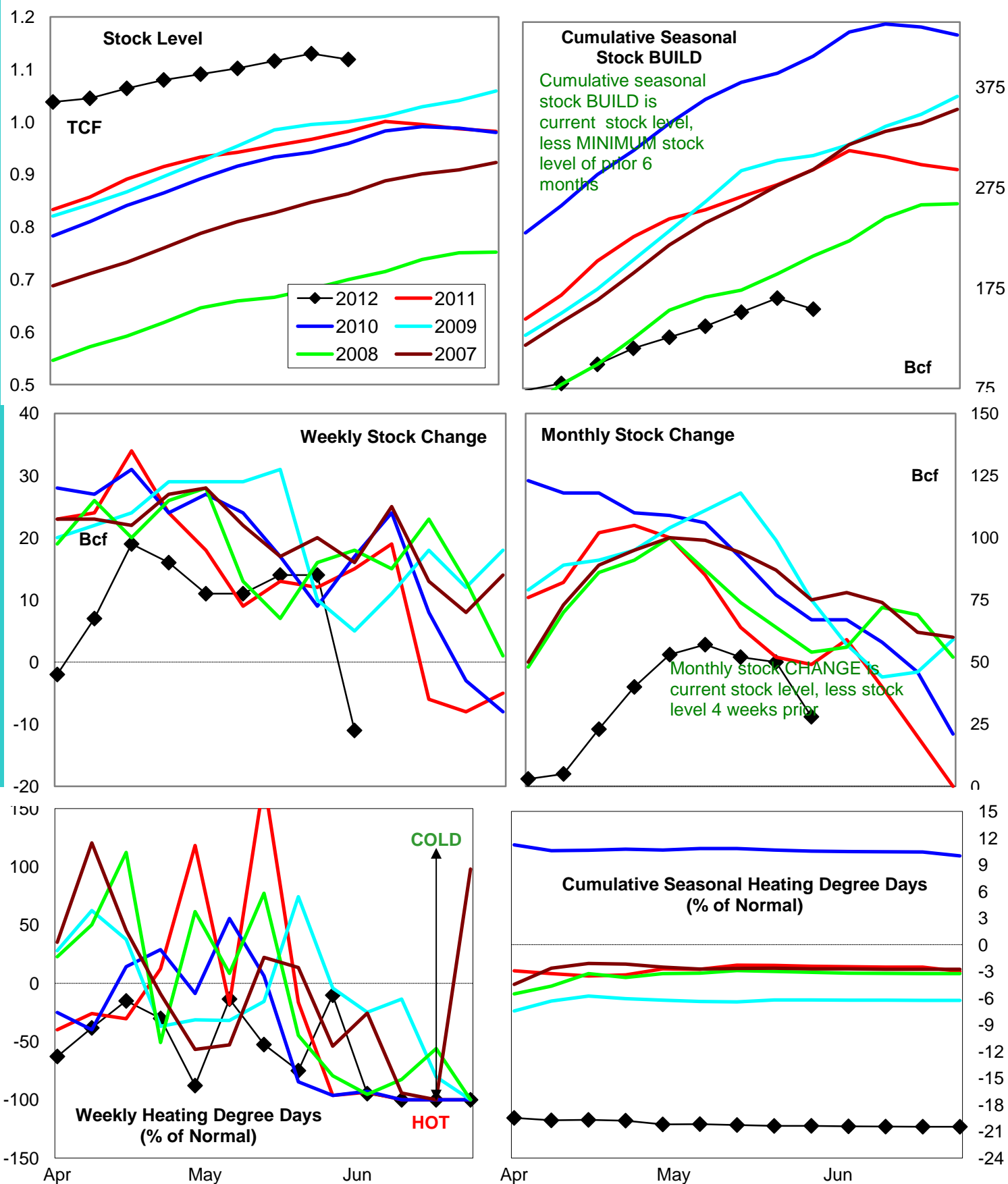


Natural Gas West Region Stock and Weather Trends



Variance to prior year	Stock Level	Weekly Stock Change	Monthly Stock Change	Cumulative Stock Change
BCF	125	0	-13	-1
Percent Change (%)	36.1	0.0	-21.3	-0.8

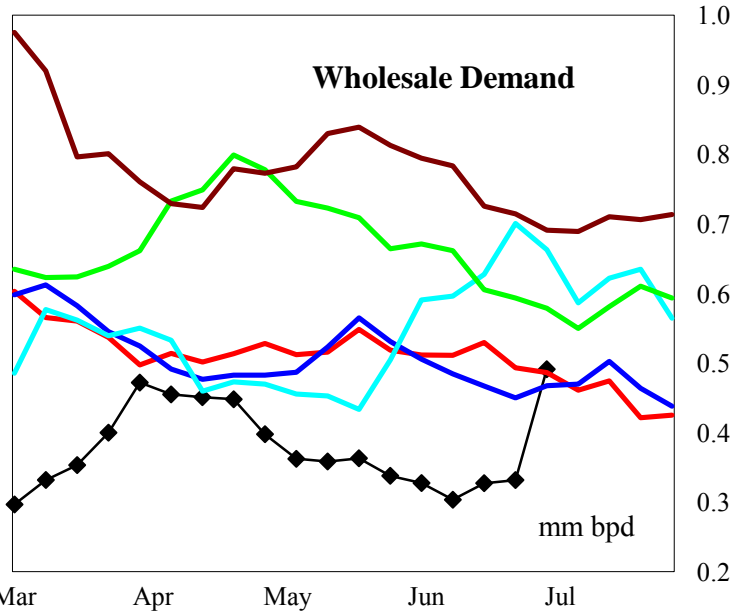
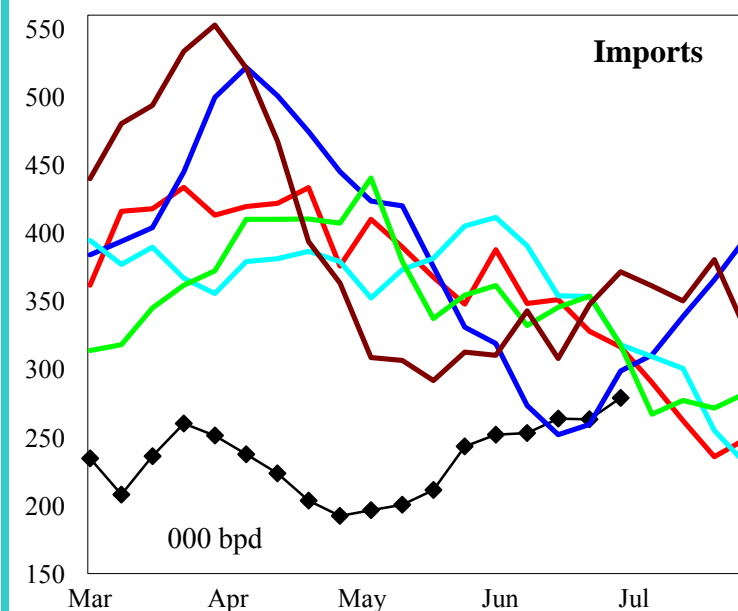
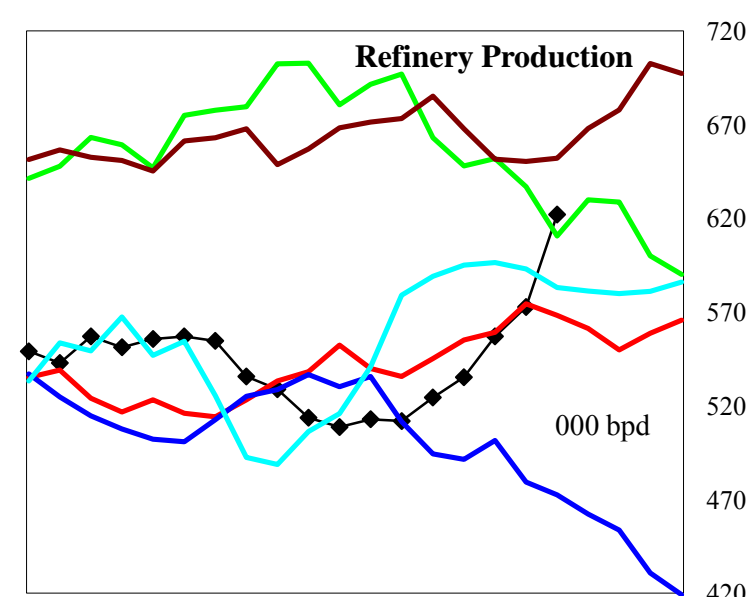
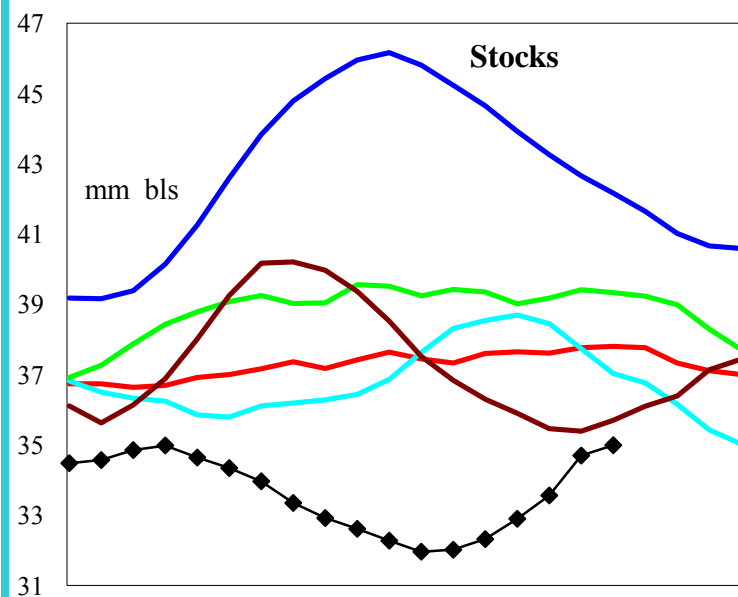
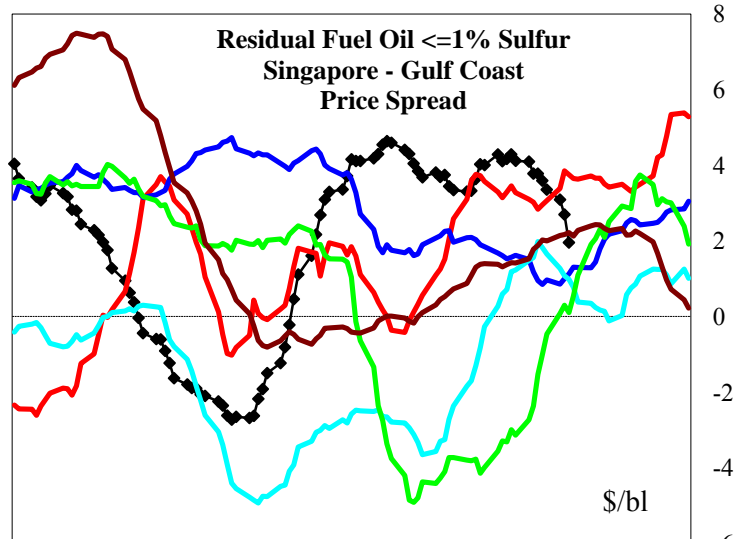
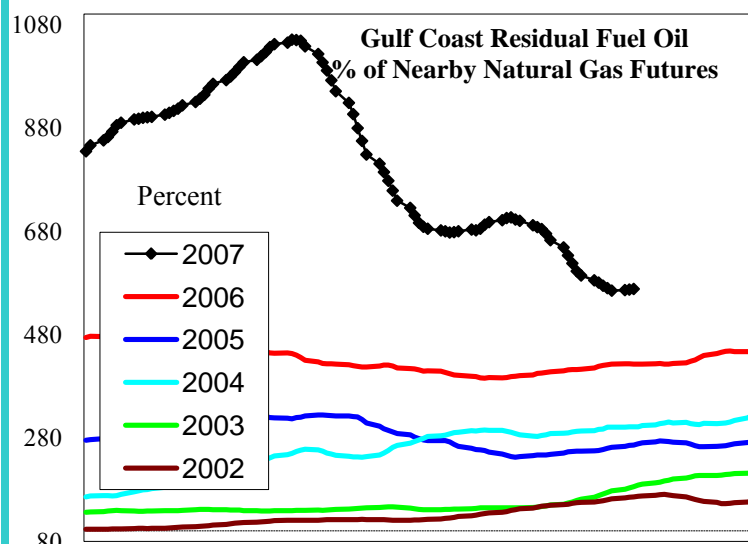
Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)137
14.0-26
-173.3-21
-42.9-139
-47.4

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



4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks
-2,814
-7.4

Prod
-11
-1.9

Imports
-67
-18.9

Demd=>
-207
-40.1

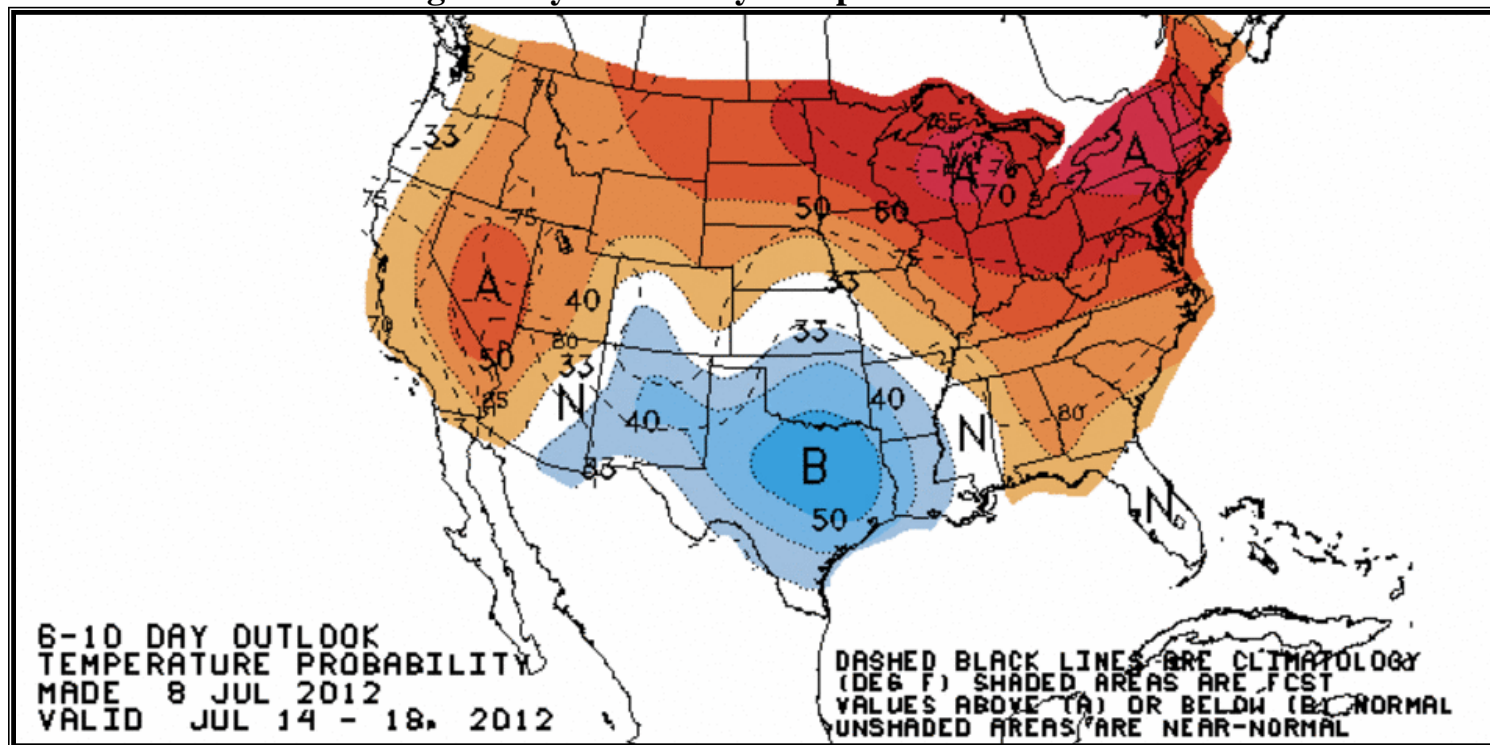
4wk avg
-207
-40.1

May
-116
-24.3

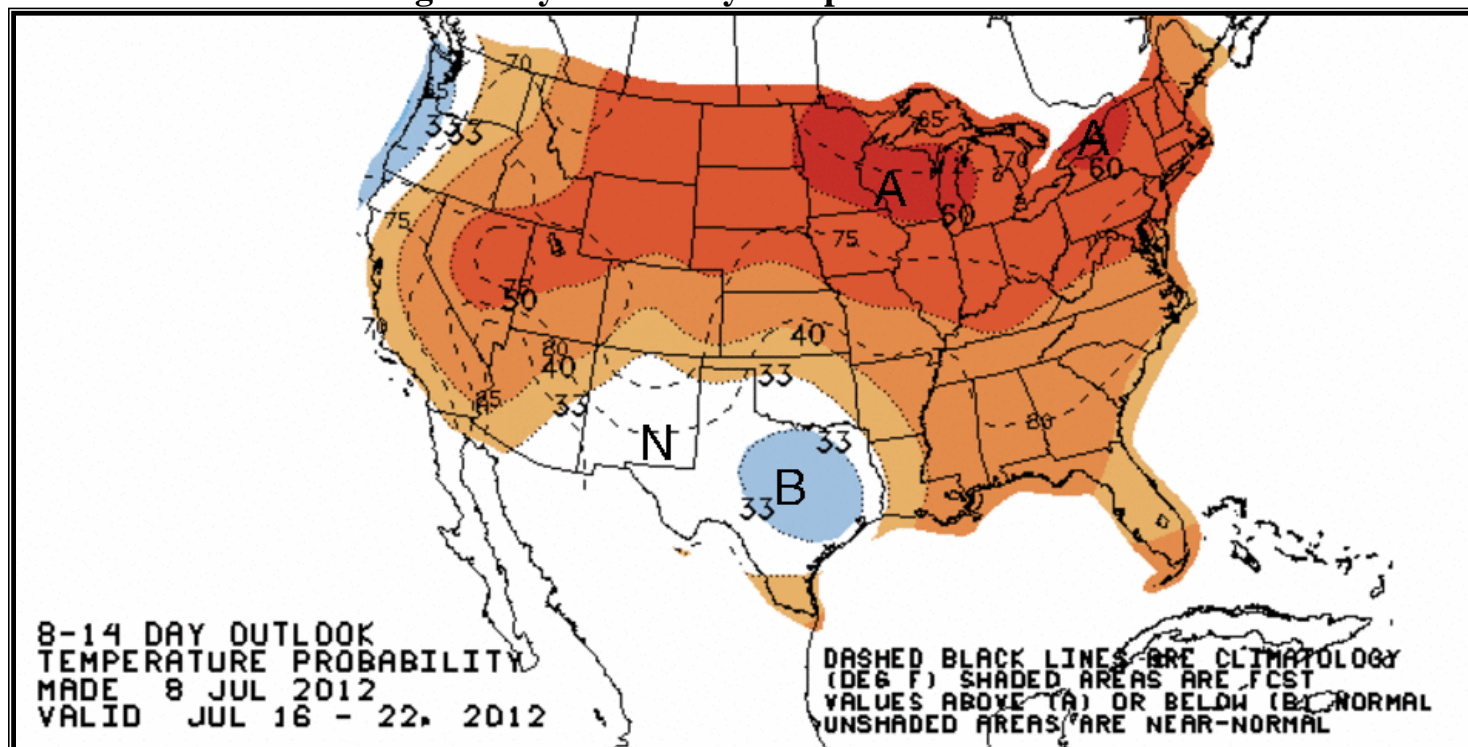
Apr
-172
-28.7

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

