



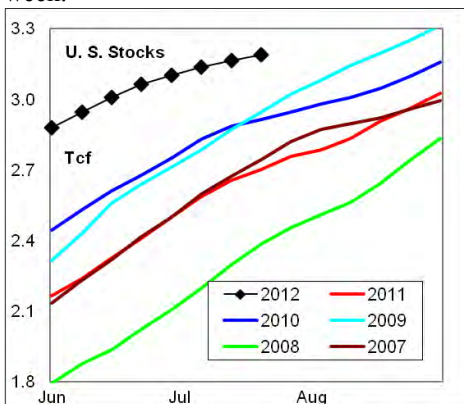
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

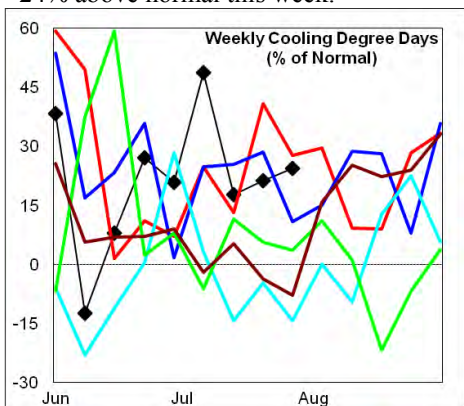
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, July 26, 2012



Summary¹ The stock build of +26 Bcf for the week compares to an average build during the last 2-years of +40 Bcf for the week.



Cooling degree days for the week ending 21Jul12 were +21% above normal. Cooling degree days are forecast to be +24% above normal this week.



In the East Region stocks increased +20 Bcf for the week, compared to an average build of +39 Bcf during the last 2-years. Stocks increased +7 Bcf in the West Region, a build that exceeded the historic average. Stocks decreased -1 Bcf in the Producing Region compared to an average draw of -5 Bcf during the last 2-years.

Cooling degree days were +33% above normal in the East Region, +3% above normal in the West Region and +8% above normal for the week ending 21Jul12.

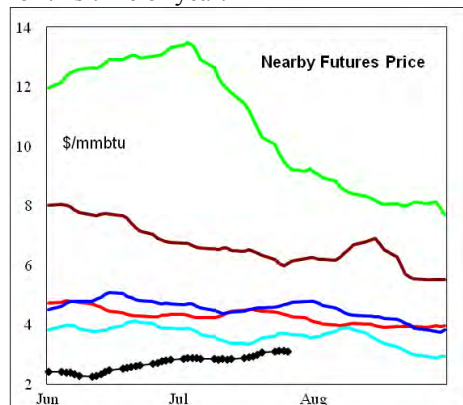
Cooling degree days were +21% above normal last week and forecast to be +24%

above normal for the current week.

The 6-10 day NWS forecast for the week ending 04Aug12 is for much above normal cooling degree days in the Rocky Mountain and Central Plains states.

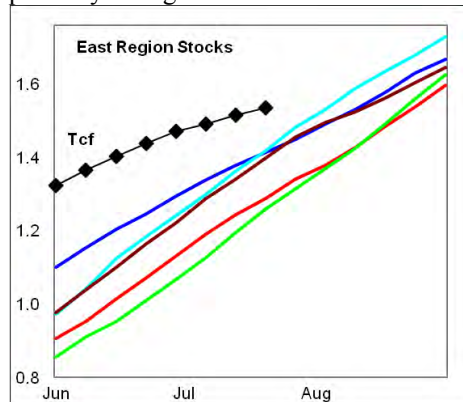
The 8-14 day NWS forecast for the week ending 8Aug12 is for above normal cooling degree days across the Rocky Mountain and southern plain states.

Prices: Nearby gas futures prices increased +\$0.02/mmbtu for the week ending 26Jul12. The current price is -\$0.60/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 26Jul12 (declining carry), ending at a level which matched last years' record low carry.

East Region stocks increased +20 Bcf for the week, compared to an average build of +39 Bcf for the week. The current stock level was +19% above last year, and above prior 5-year highs.

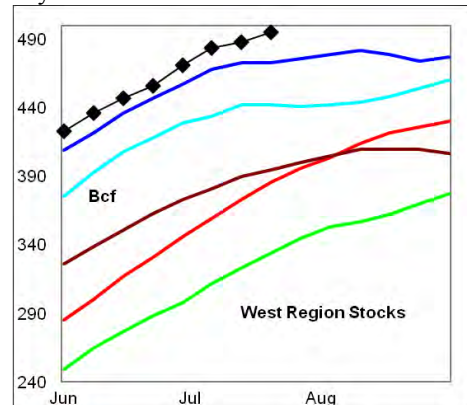


Cooling degree days in the region were +33% above normal for the week ending 21Jul12, and forecast to be +30% above normal this week. Cooling degree days are forecast to be above normal in the region for the next 10-days.

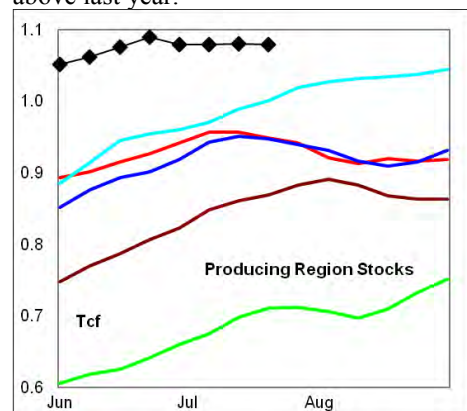
West Region stocks increased +7 Bcf on the week, a build that exceeded the historic average. Stock levels ended the week

+28% above last year and above the 5-year range. The latest 4-wk stock build was above the 5-year average.

Cooling degree days were +3% above normal for the week ending 21Jul12, and forecast to be +23% above normal this week. Cooling degree days are forecast to be slightly above normal for the next 10-days.



Producing Region stocks decreased -1 Bcf for the week, compared to an average draw of -5 Bcf for the week during the last 2-years. Stock levels ended the week +13% above last year.



Cooling degree days were +8% above normal for the week ending 21Jul12, and forecast to be +12% above normal this week. 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 -33% below last year.

Outlook: The cumulative seasonal stock build this year was -26% 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. Above average cooling degree days should continue to support prices into early August.

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 26, 2012

For the week ending: 20-Jul-12

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

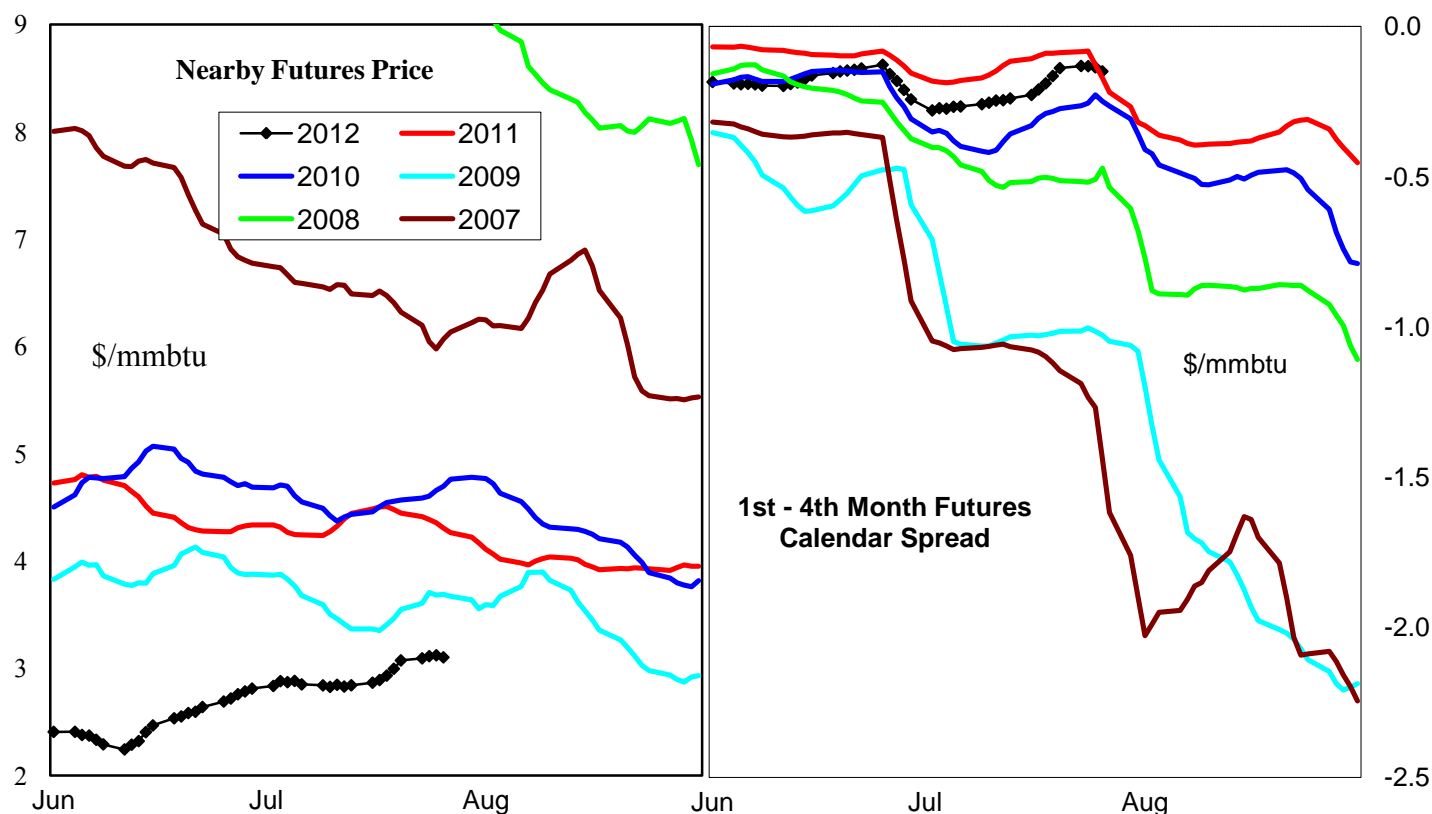
Week ending:	20-Jul-12			14-Jul-12		21-Jul-12		28-Jul-12	
Region	Weekly Stocks			Weekly Cooling Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,189	26	18.0	-16	18%	5	21%	3	24%
East	1,575	20	18.7	-29	22%	11	33%	-2	30%
West	495	7	28.2	21	38%	-16	3%	11	23%
Producing	1,119	-1	13.1	-22	-6%	18	8%	6	12%

Seasonal Trends in Stocks and Cooling Degree Days

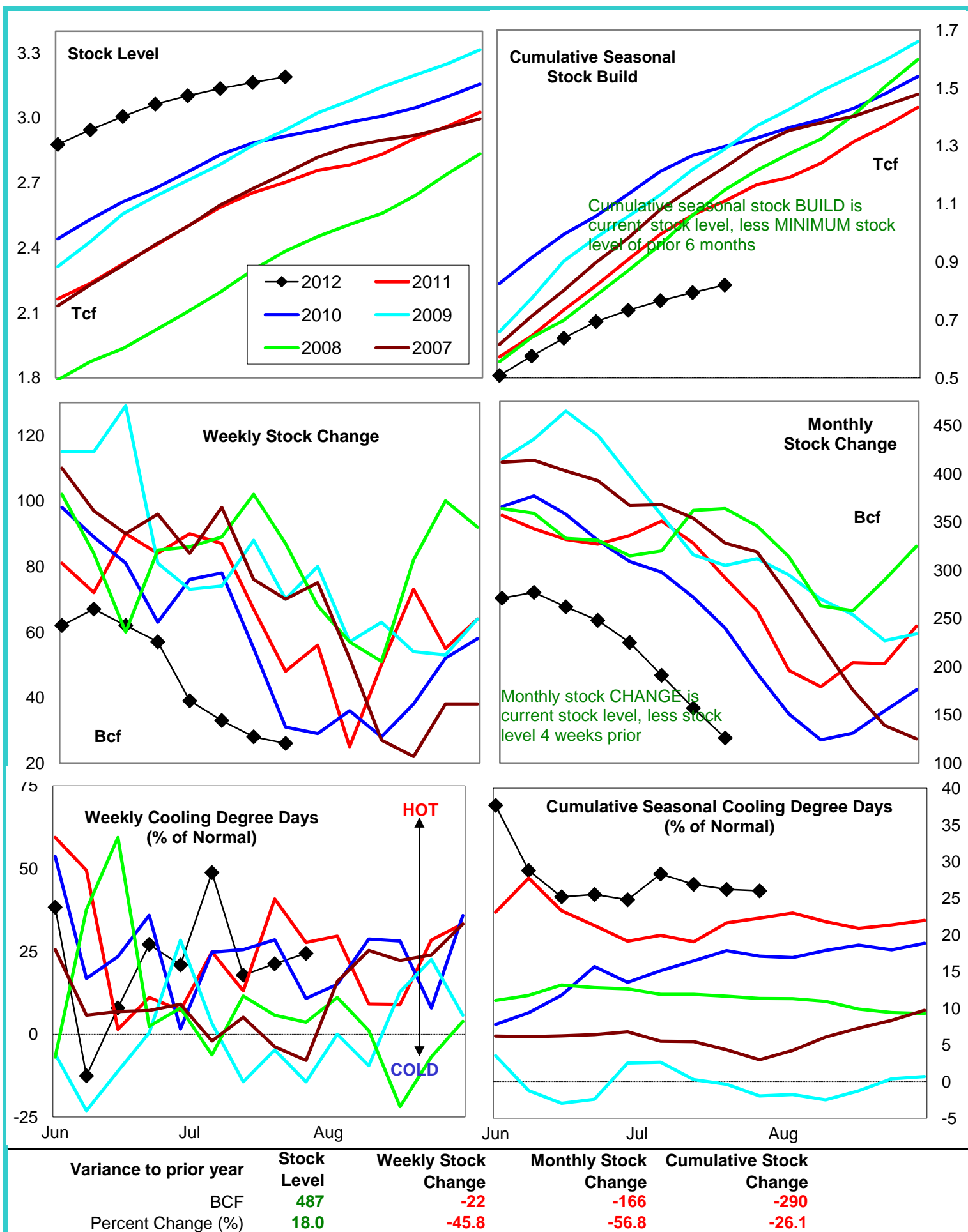
	Cumulative Stock change			Cumulative Cooling Degree Days					
	Bcf	Change vs prior year Bcf	%	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal
U.S. Total	820	-290	-35.4	145	27%	161	26%	180	26%
East	526	-180	-34.2	276	34%	286	34%	300	33%
West	151	-17	-11.3	9	3%	11	3%	24	5%
Producing	154	-146	-94.8	276	27%	286	25%	300	24%

Futures Market Price Trends

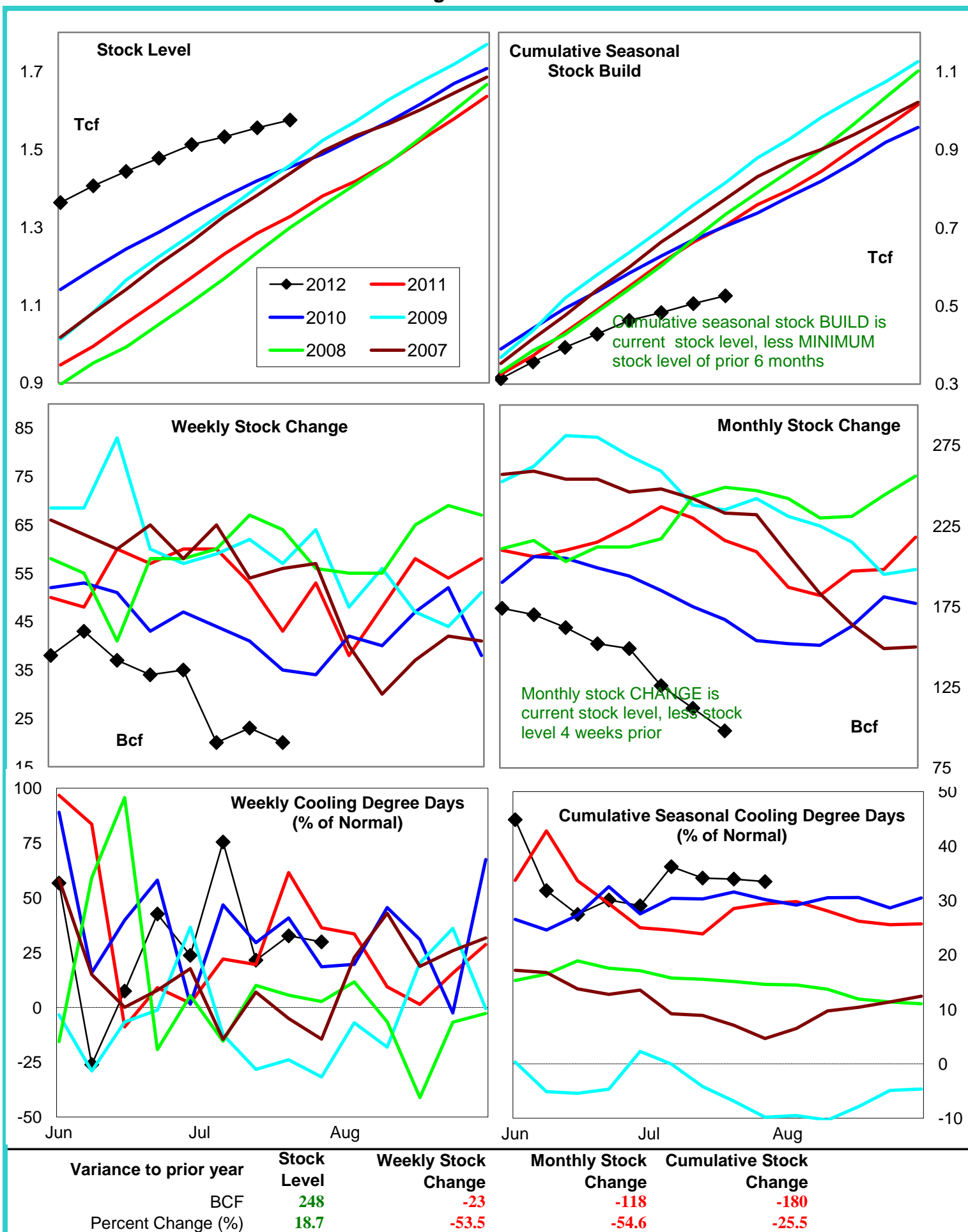
Date:	26-Jul-12	Change vs prior week, month, year		
		20-Jul-12	29-Jun-12	22-Jul-11
1st month Futures	3.10	0.02	0.28	-0.90
% change	xxxxx	0.6	9.8	-22.5



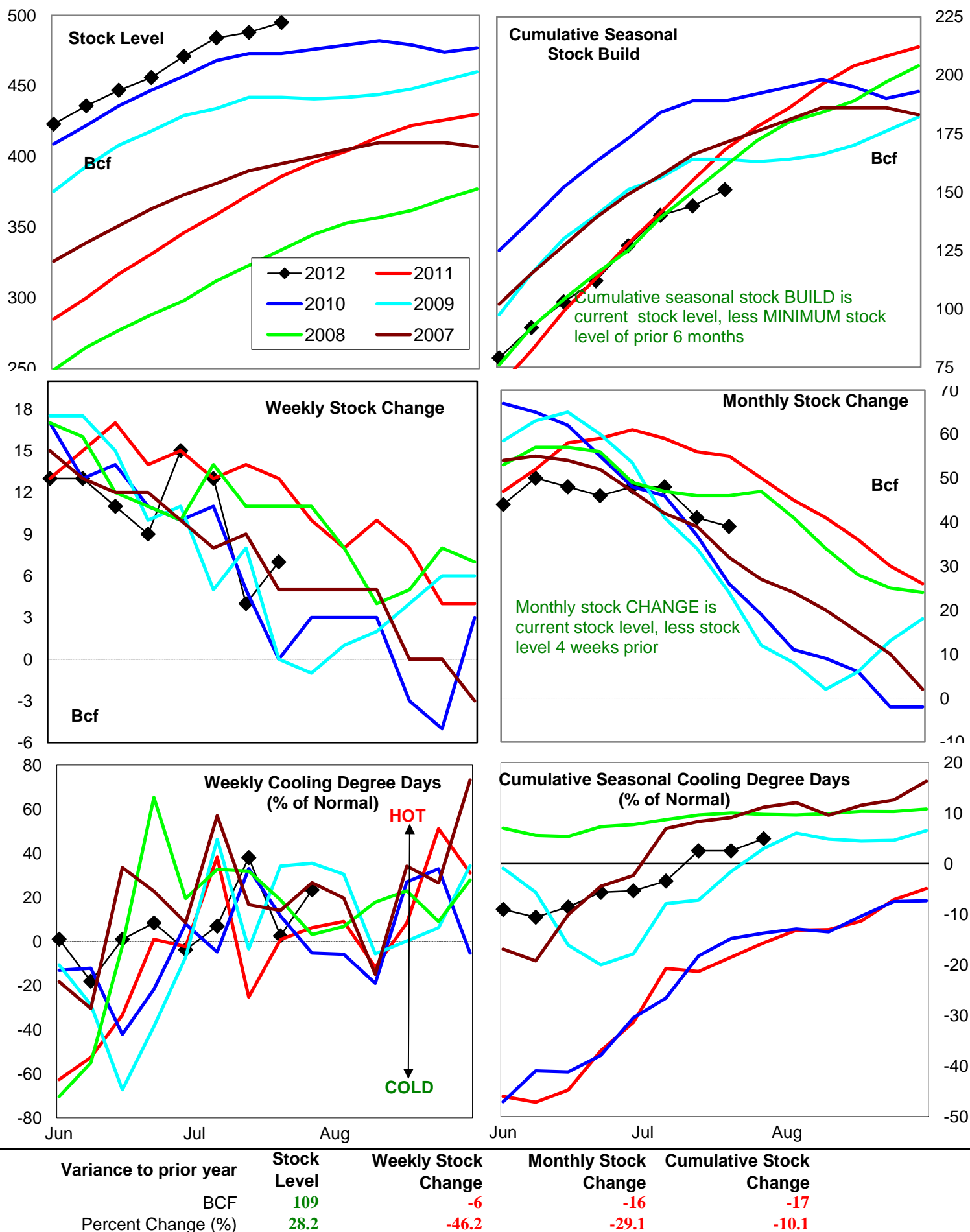
United States Natural Gas Stock and Weather Trends



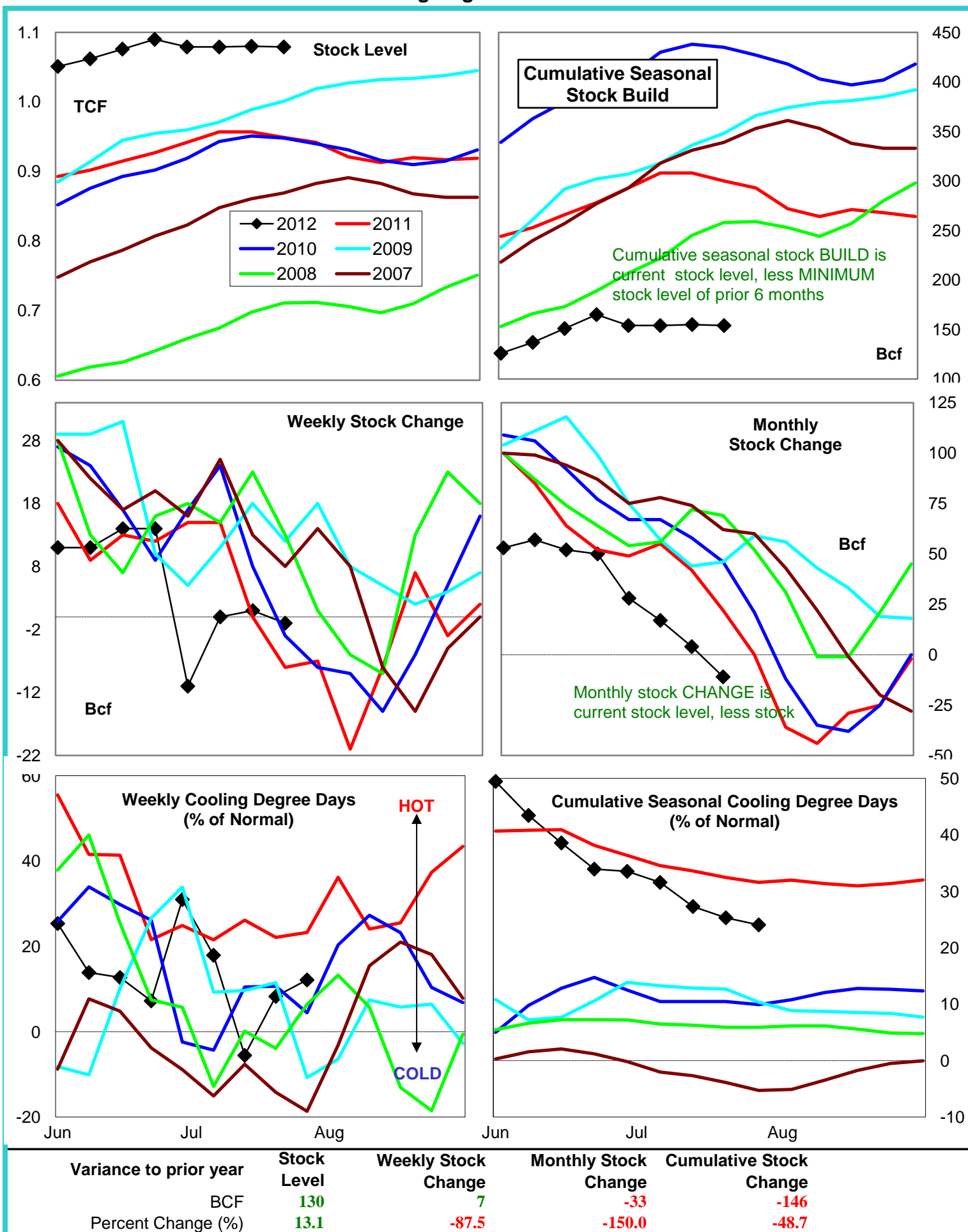
Natural Gas East Region Stock and Weather Trends



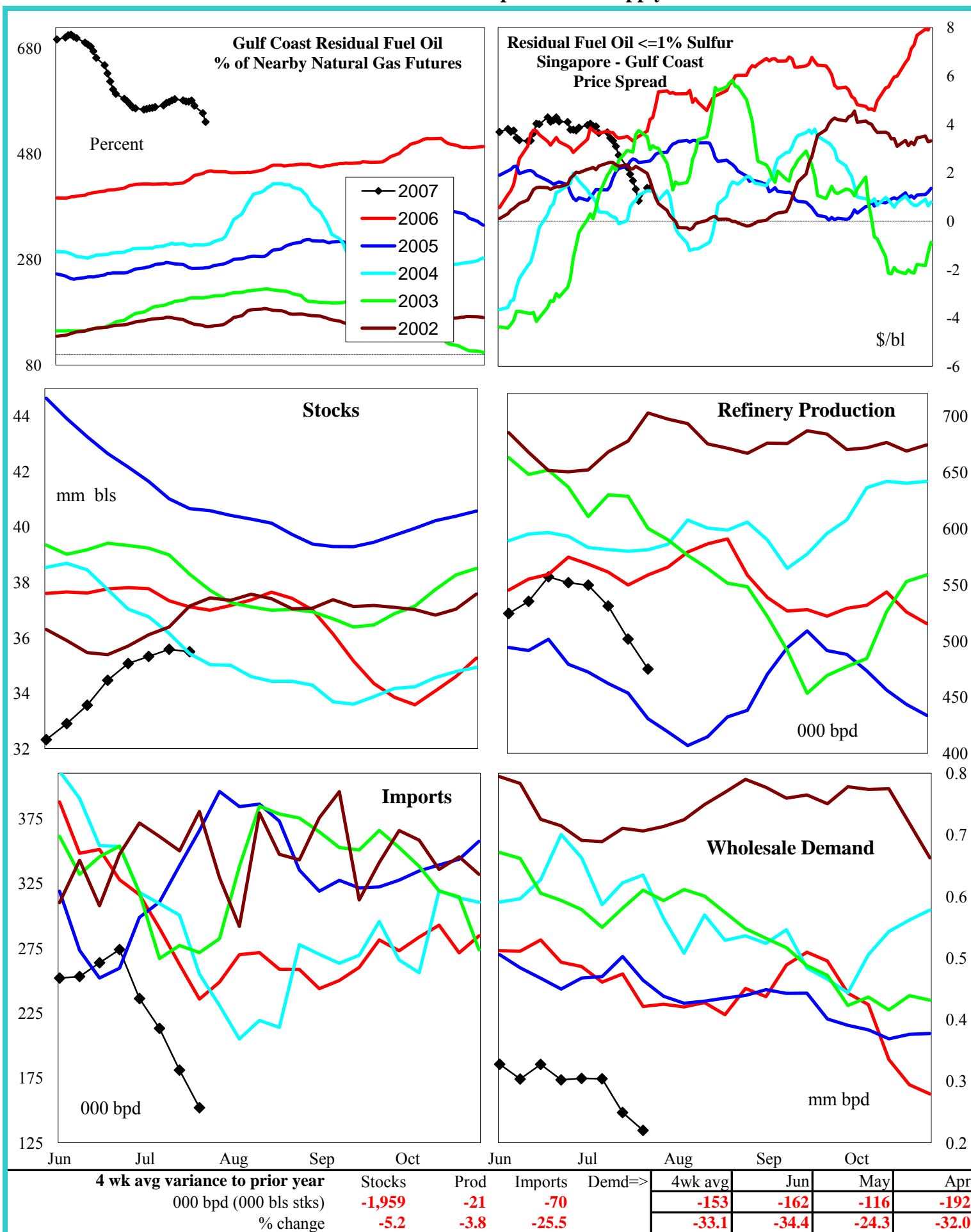
Natural Gas West Region Stock and Weather Trends



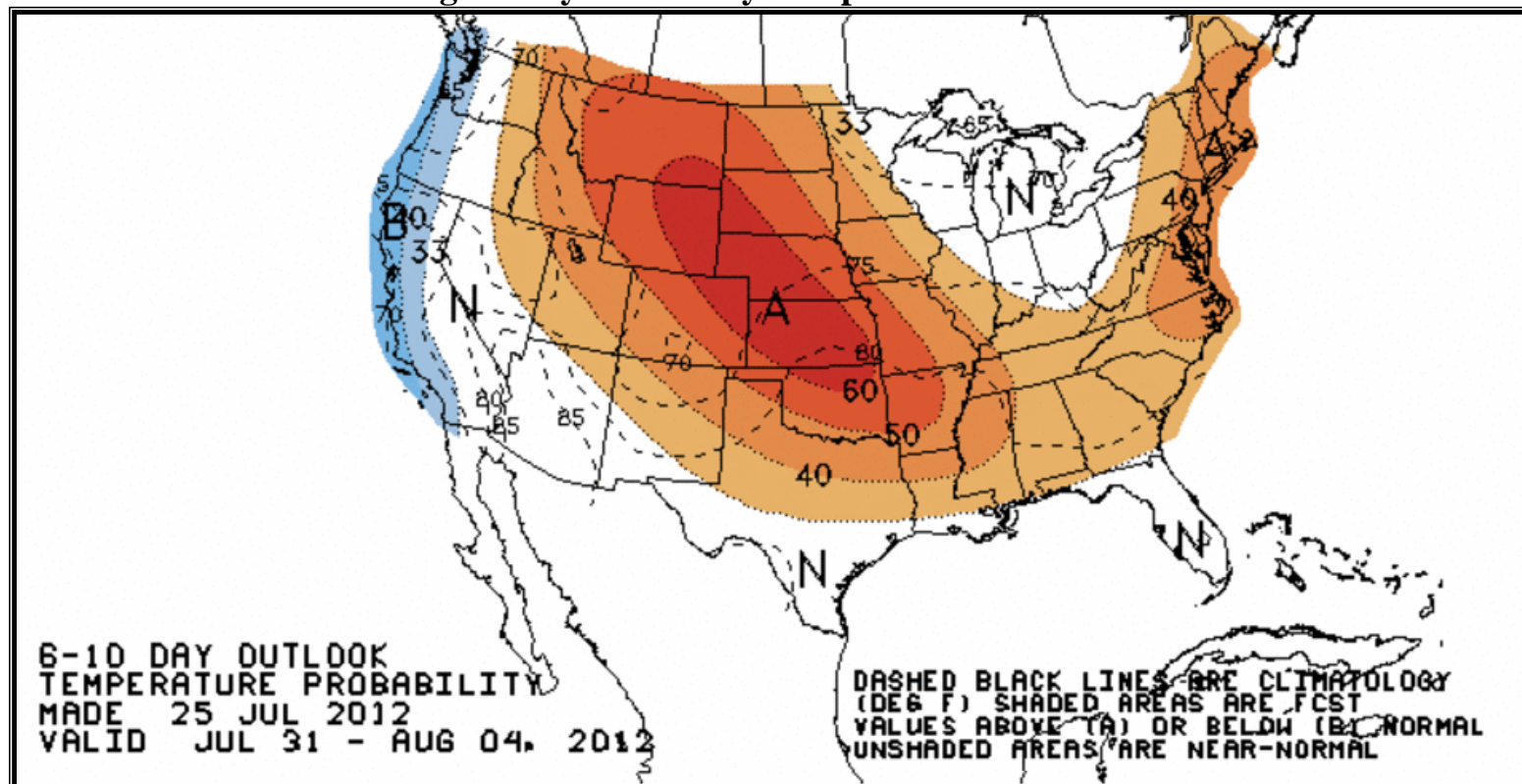
Natural Gas Producing Region Stock and Weather Trends



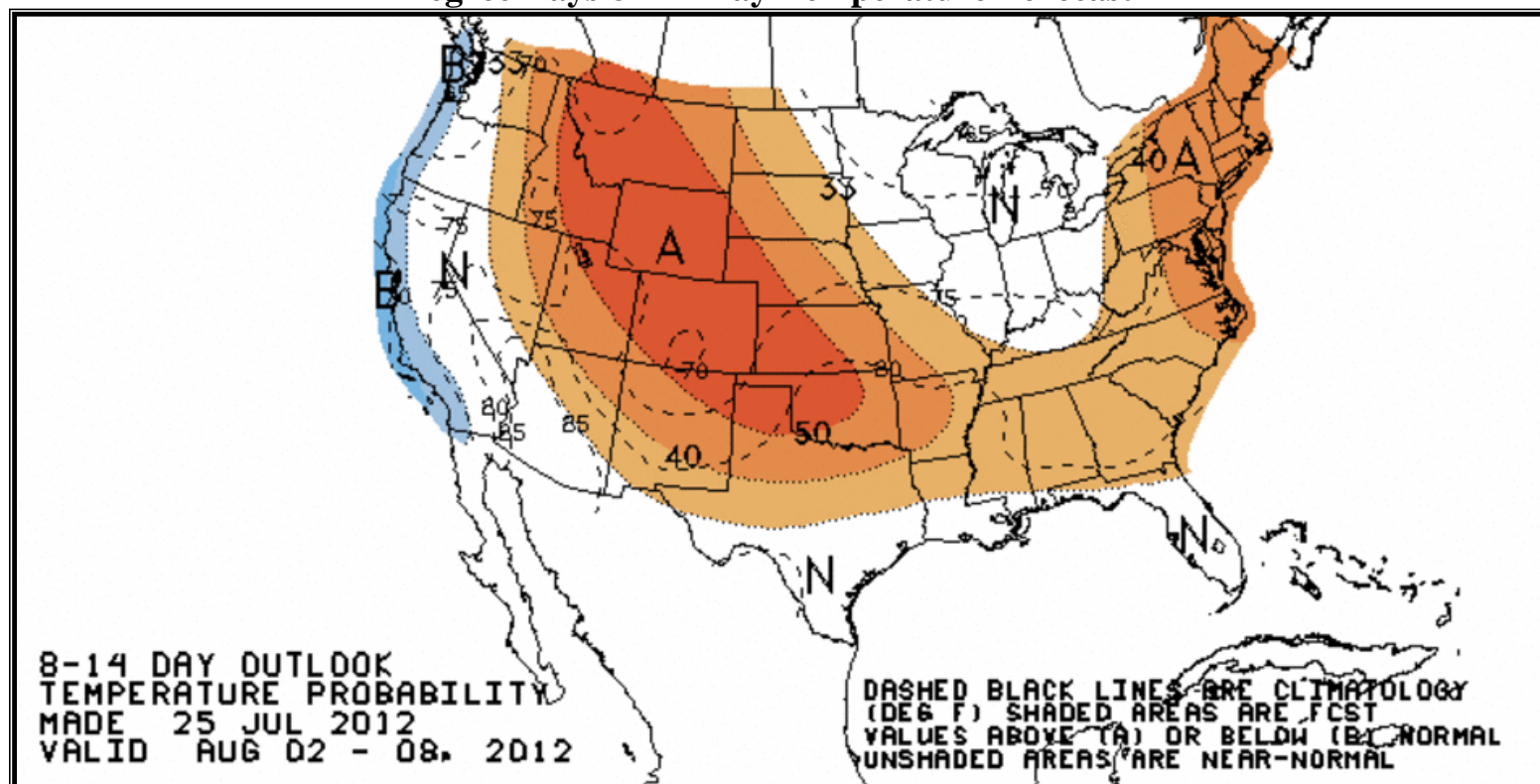
U.S. Residual Fuel Oil Price Spreads and Supply Balance



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

