



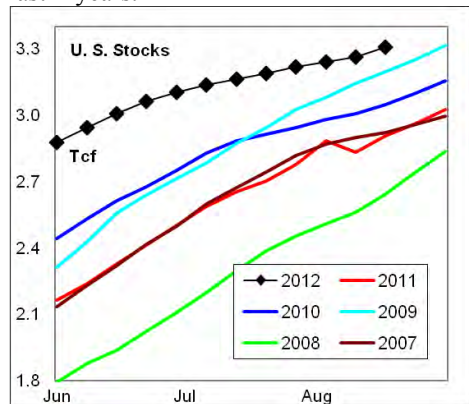
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

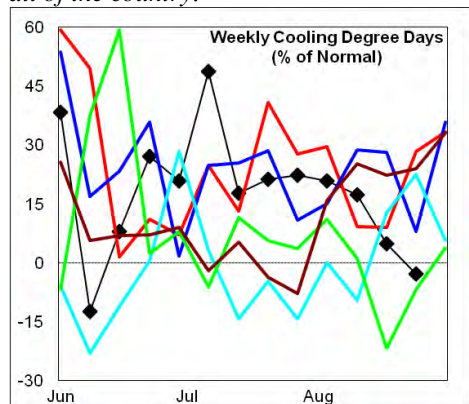
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Sunday, August 26, 2012



Summary¹ The stock build of +47 Bcf for the week was equal to the average of the last 2-years.



The latest 6-8 and 10-14 day cooling degree day forecast is for much above normal cooling degree days across nearly all of the country.



In the East Region stocks increased +48 Bcf for the week, matching the average of the last 2-years for the period. Stocks decreased -5 Bcf in the West Region, a record draw for the week. Stocks increased +4 Bcf in the Producing Region, a smaller draw than four of the last 5-years.

Cooling degree days were -12% below normal in the East Region, +57% above normal in the West Region and +4% above normal in the Producing Region for the week ending 18Aug12.

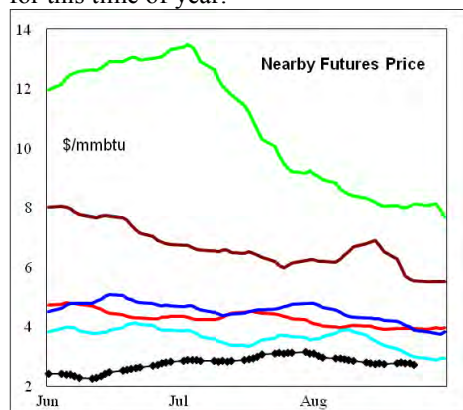
Cooling degree days were +5% above normal for the week ending 18Aug12, and

estimated to be -3% below normal for the week ending 25Aug12.

The 6-10 day NWS forecast for the week ending 05Sep12 is for much above normal cooling degree days in the eastern 3/4ths of the country.

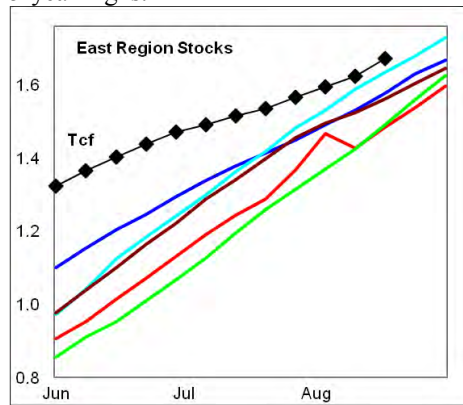
The 8-14 day NWS forecast for the week ending 09Sep12 is for near normal cooling degree days in the central 1/3rd of the country, and above normal cooling degree days in other regions.

Prices: Nearby gas futures prices were nearly unchanged for the week ending 24Aug12. The current price is - \$1.30/mmbtu below the prior 5-year low for this time of year.



The 1st - 4th month forward price curve traded sideways for the week ending 24Aug12, ending at a level comparable to the last 2-years.

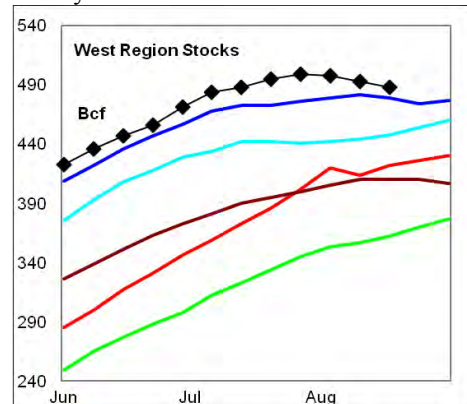
East Region stocks increased +48 Bcf for the week, a level that matched the average of the last 2-years. The current stock level was +12% above last year, and above prior 5-year highs.



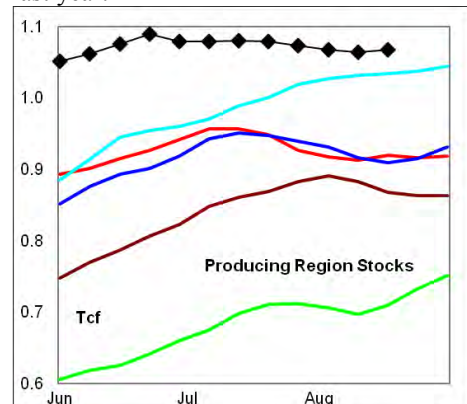
Cooling degree days in the region were -12% below normal for the week ending 18Aug12, and estimated to be -9% below normal this week. Cooling degree days are forecast to be above normal in the region for the next 10-days.

West Region stocks decreased -5 Bcf on

the week, a record draw for the week. Stock levels ended the week +16% above last year and above the 5-year range. The latest 4-wk stock change was a draw of -10 Bcf, a record draw for the period. Cooling degree days were +57% above normal for the week ending 18Aug12 and estimated to be +23% above normal for the week ending 25Aug12. Cooling degree days are forecast to be above normal for the next 10-days.



Producing Region stocks increased +4 Bcf for the week, a record draw for the week. Stock levels ended the week +16% above last year.



Cooling degree days were +4% above normal for the week ending 18Aug12, and estimated to be -8% below 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 -10% below last year.

Outlook: Forecast of above normal cooling degree days across the eastern 3/4ths of the country should provide some support to prices that are trending lower with the shoulder season set to begin. Look for price weakness as demand falls with the start of the fall shoulder season.

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: August 26, 2012

For the week ending: 17-Aug-12

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

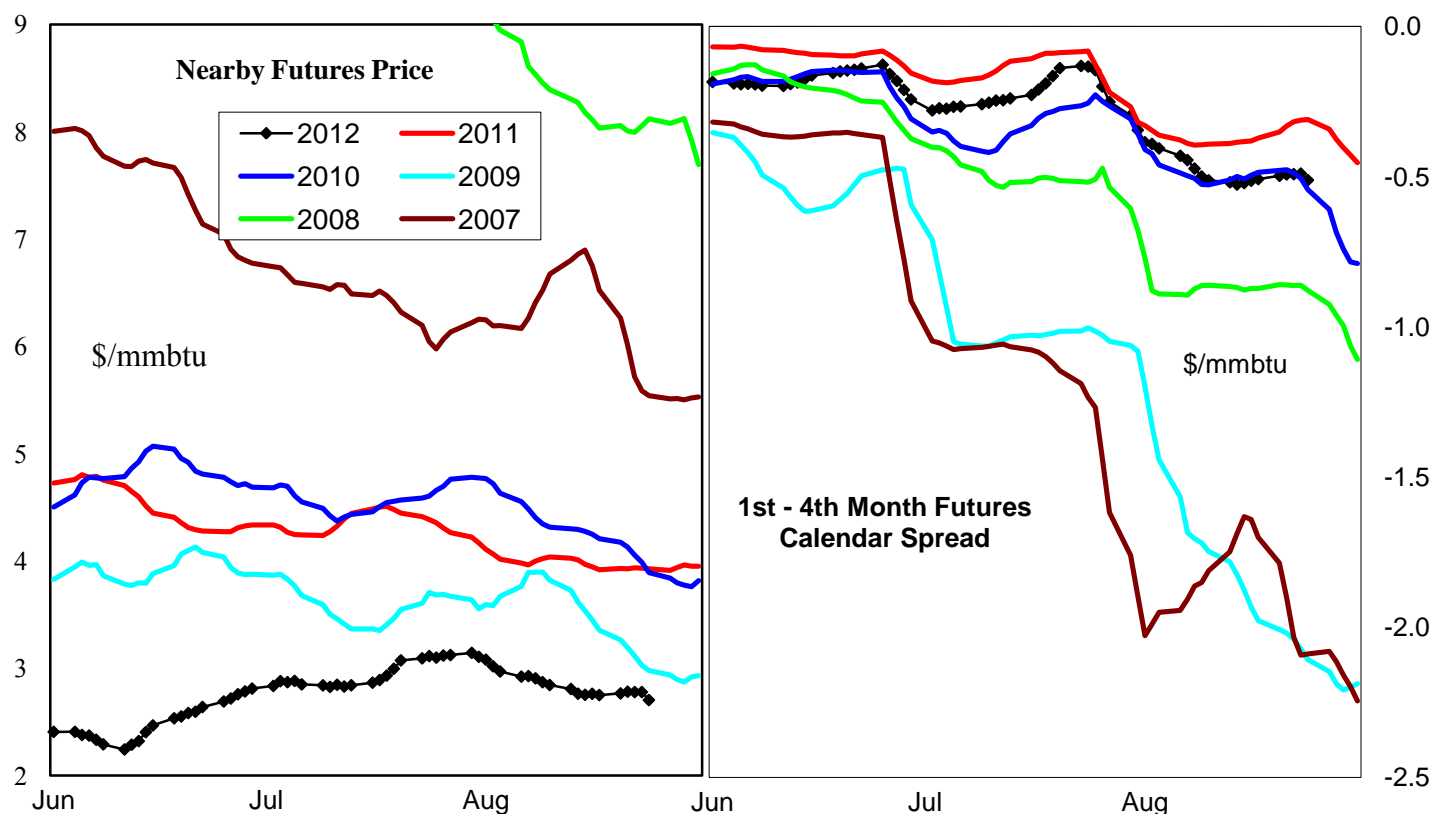
| Week ending: | 17-Aug-12 | | | 11-Aug-12 | | 18-Aug-12 | | 25-Aug-12 | |
|--------------|---------------|------------------|----------|----------------------------|-------------|----------------------|-------------|----------------------|-------------|
| Region | Weekly Stocks | | | Weekly Cooling 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 | 3,308 | 47 | 13.8 | -5 | 17% | -14 | 5% | -12 | -3% |
| East | 1,712 | 48 | 12.3 | -13 | 9% | -20 | -12% | -4 | -9% |
| West | 488 | -5 | 15.6 | 20 | 48% | 0 | 57% | -25 | 23% |
| Producing | 1,108 | 4 | 15.4 | -17 | 13% | -14 | 4% | -19 | -8% |

Seasonal Trends in Stocks and Cooling Degree Days

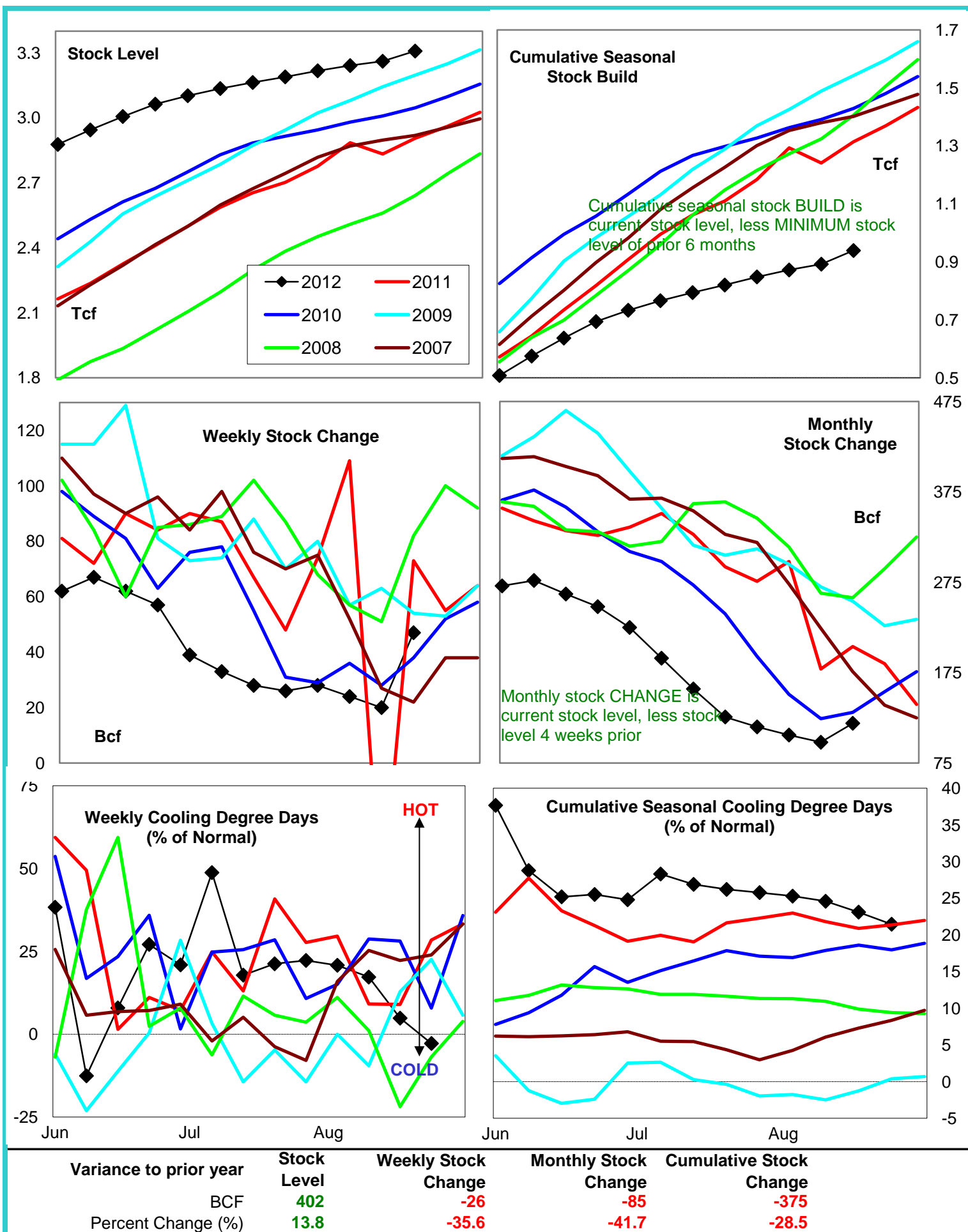
| | Cumulative Stock change | | | Cumulative Cooling Degree Days | | | | | |
|-------------------|-------------------------|-----------------------------|--------------|--------------------------------|----------------|---------------------|----------------|---------------------|----------------|
| | 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 | 939 | -375 | -39.9 | 207 | 25% | 210 | 23% | 208 | 21% |
| East | 663 | -240 | -36.2 | 351 | 30% | 355 | 27% | 346 | 25% |
| West | 144 | -60 | -41.7 | 44 | 7% | 74 | 11% | 85 | 12% |
| Producing | 143 | -128 | -89.5 | 351 | 24% | 355 | 22% | 346 | 20% |

Futures Market Price Trends

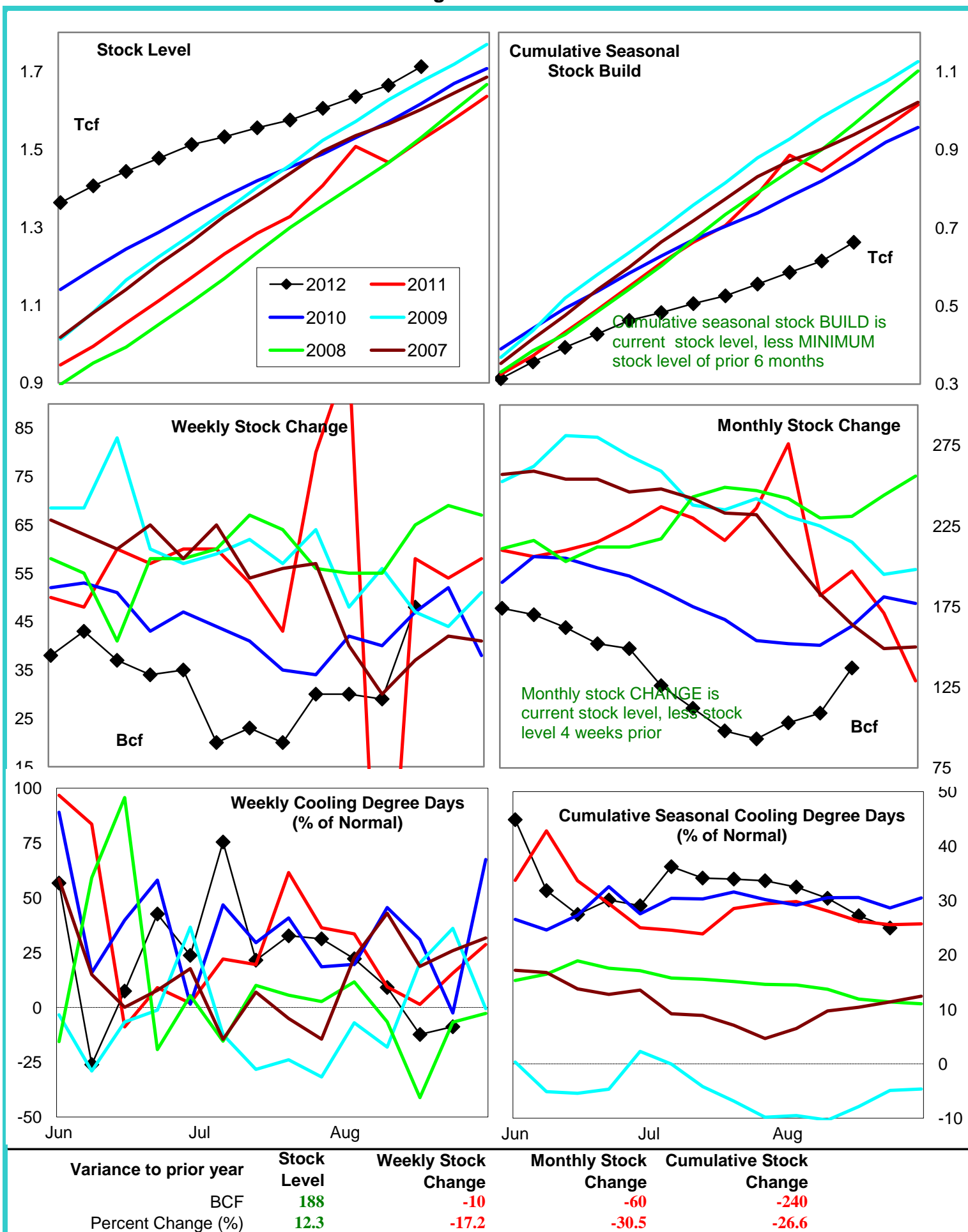
| Date: | 24-Aug-12 | Change vs prior week, month, year | | |
|------------------------------|-------------|-----------------------------------|--------------|--------------|
| | | 20-Aug-12 | 30-Jul-12 | 22-Aug-11 |
| 1st month Futures | 2.70 | -0.07 | -0.51 | -1.28 |
| % change | xxxxx | -2.7 | -15.9 | -32.1 |



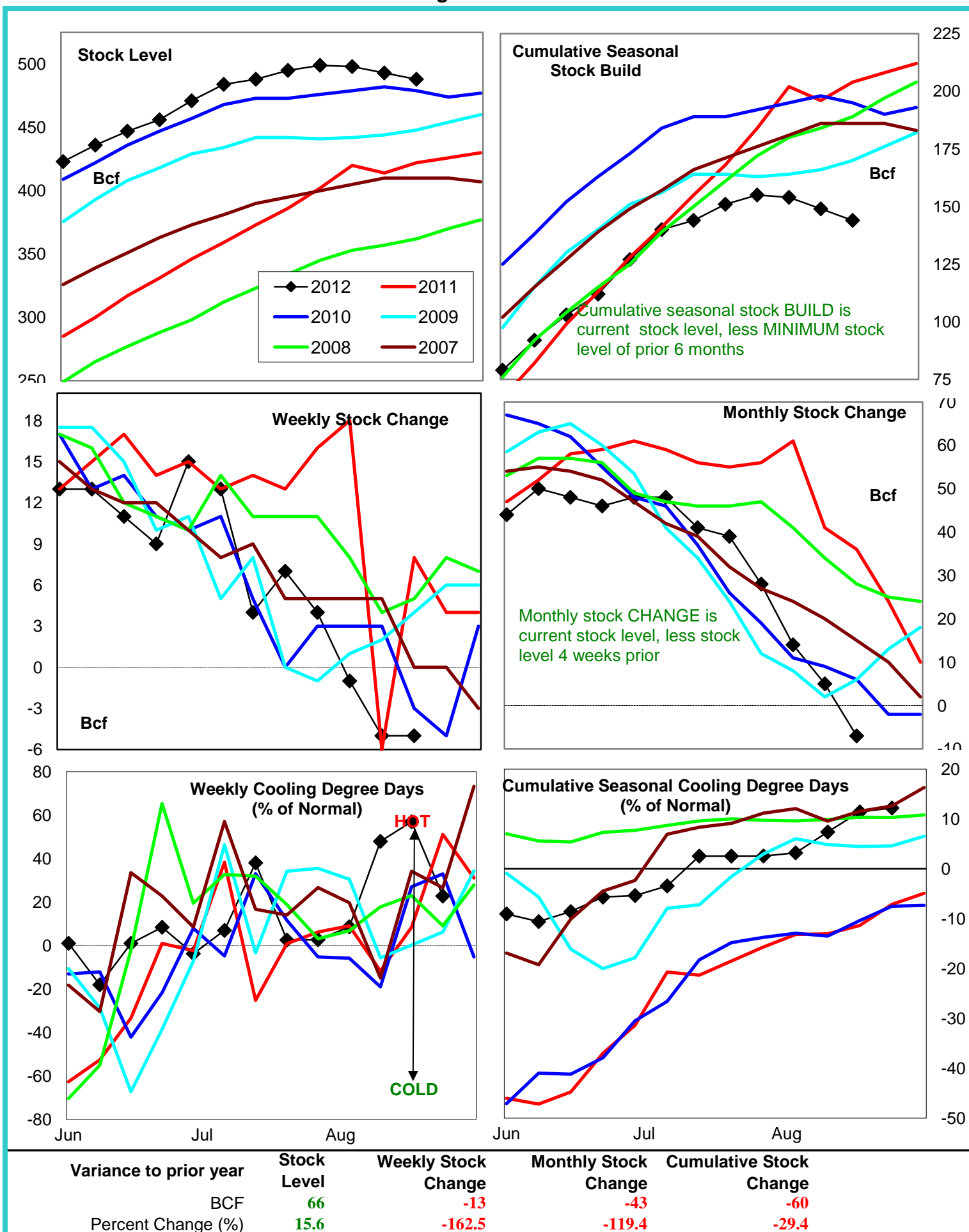
United States Natural Gas Stock and Weather Trends



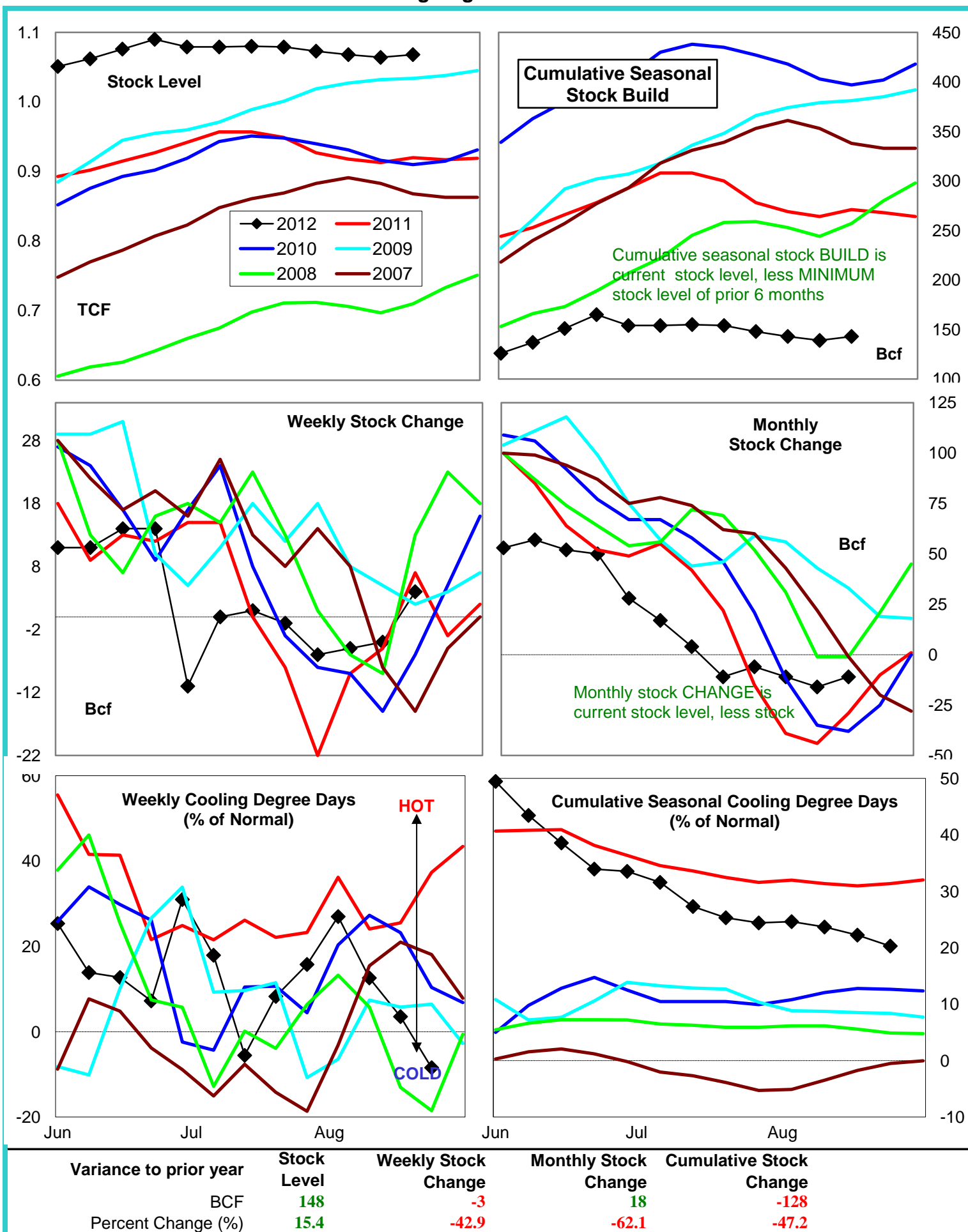
Natural Gas East Region Stock and Weather Trends



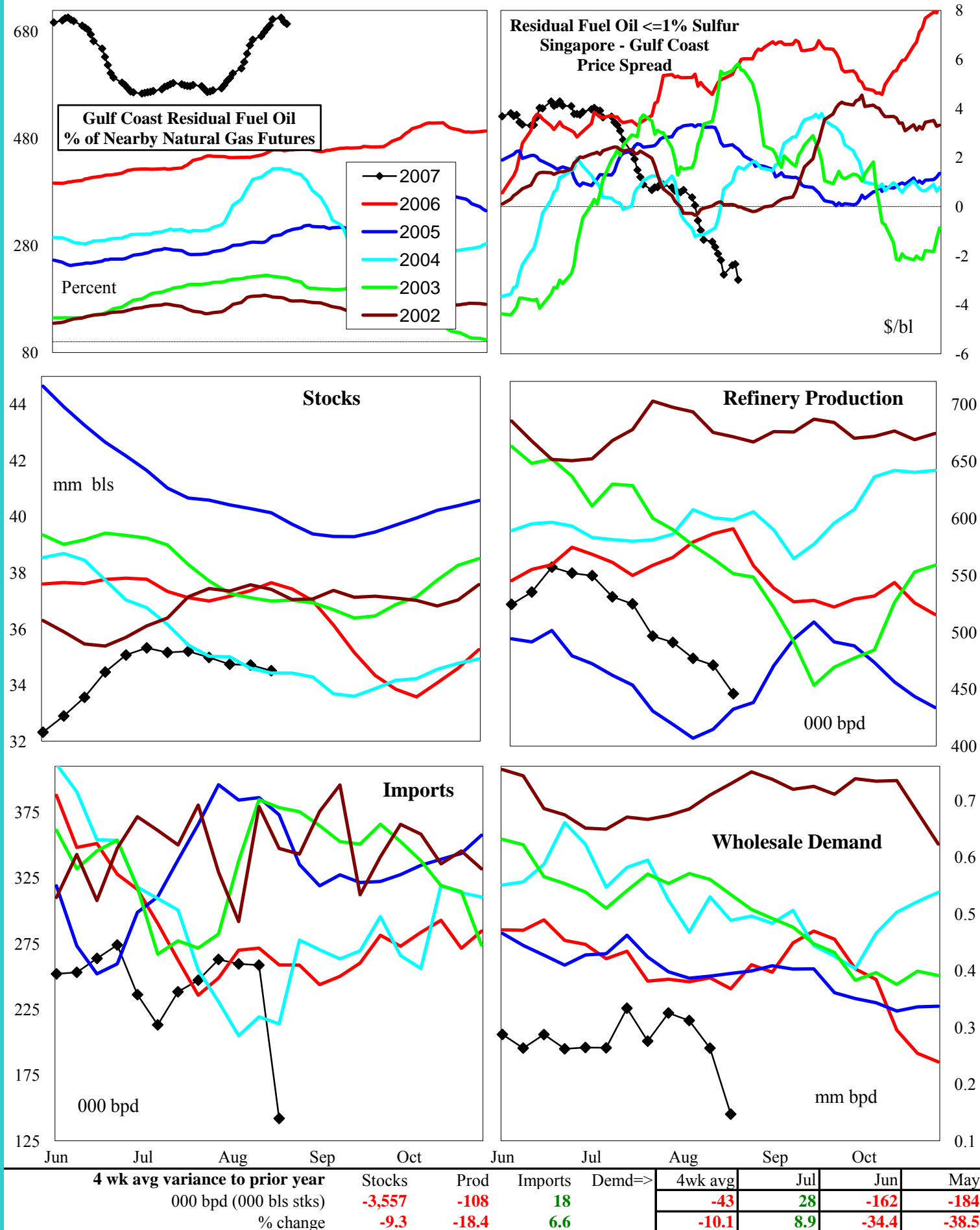
Natural Gas West Region Stock and Weather Trends



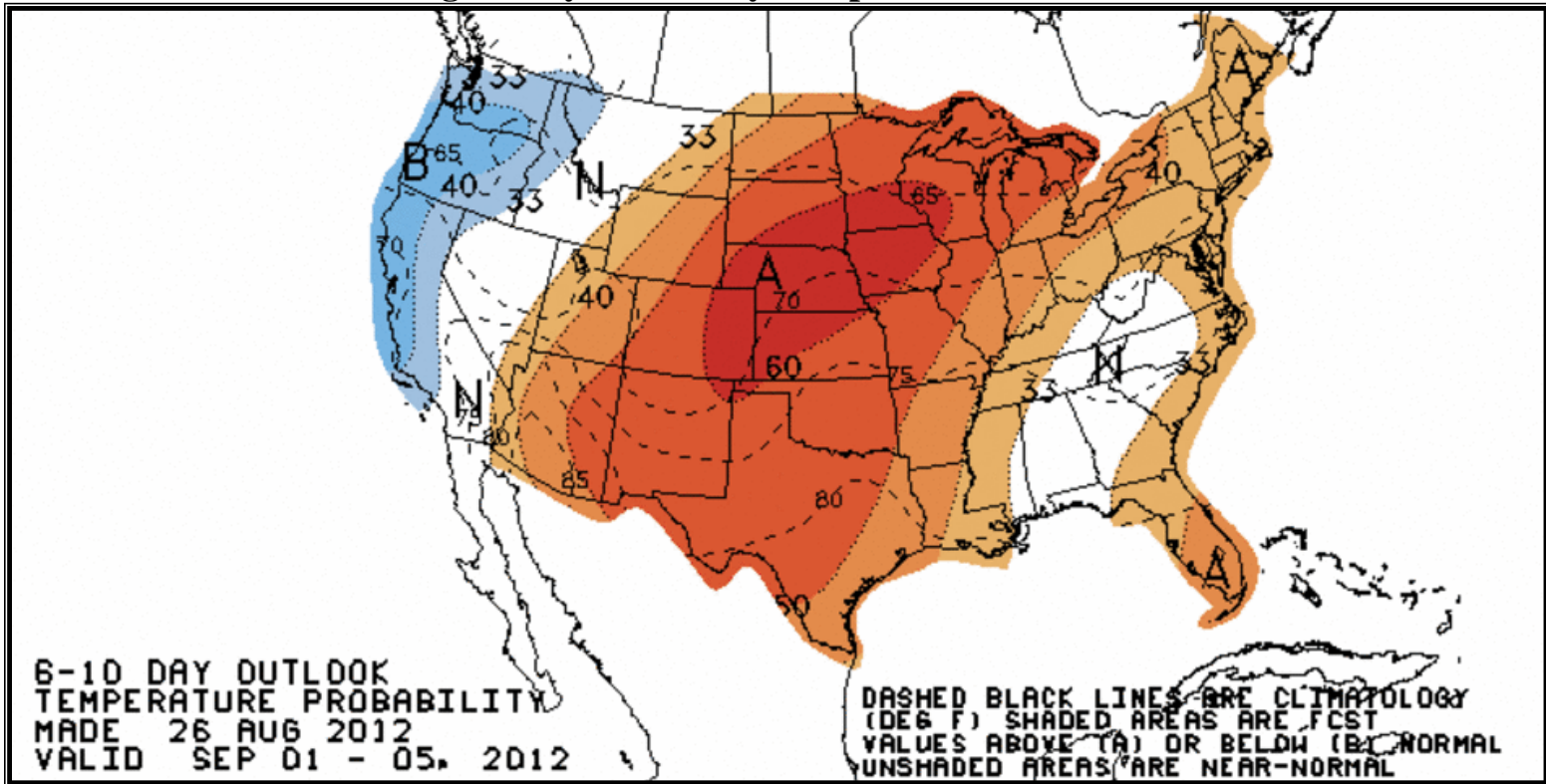
Natural Gas Producing Region Stock and Weather Trends



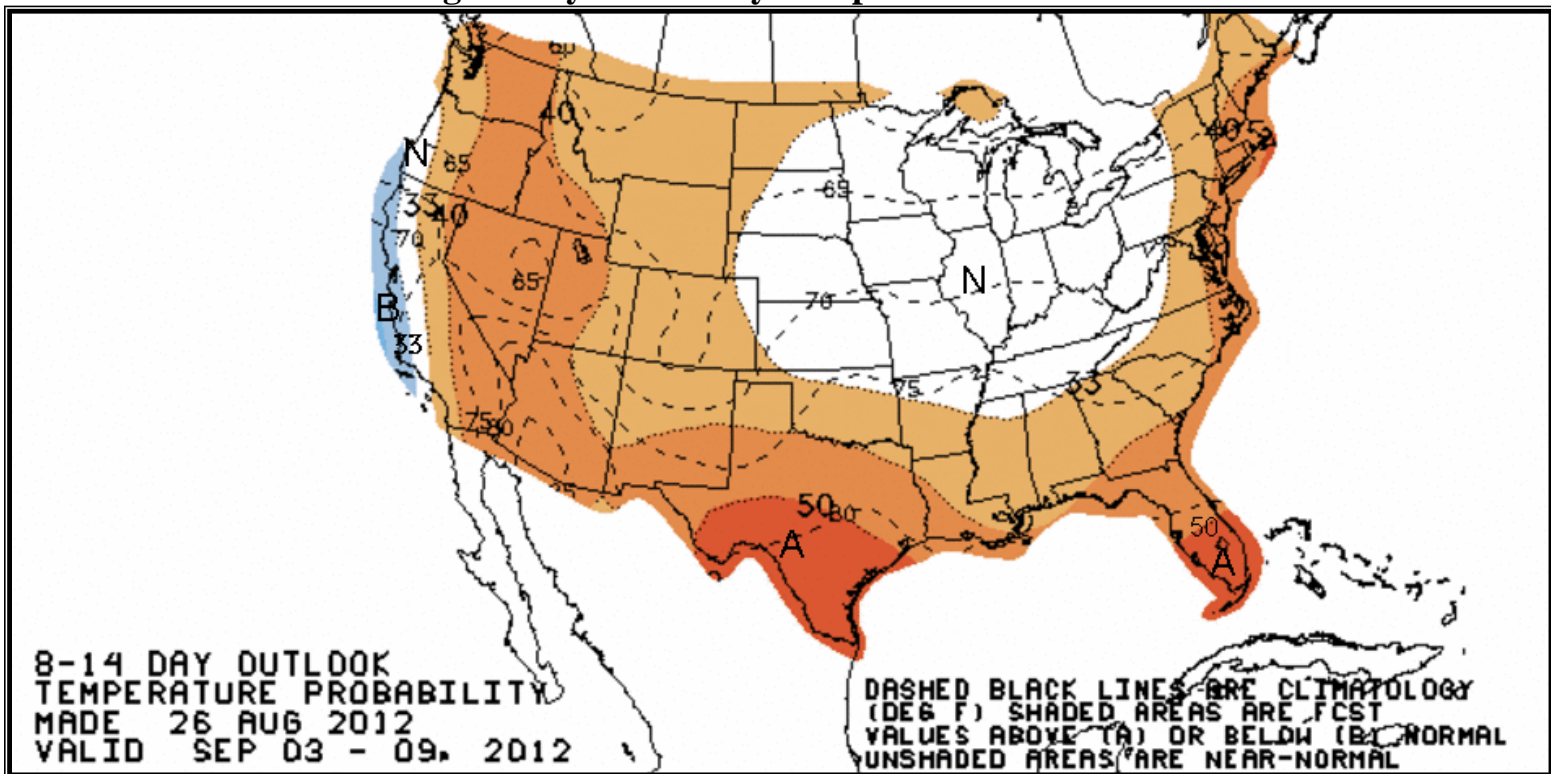
U.S. Residual Fuel Oil Price Spreads and Supply Balance



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

