

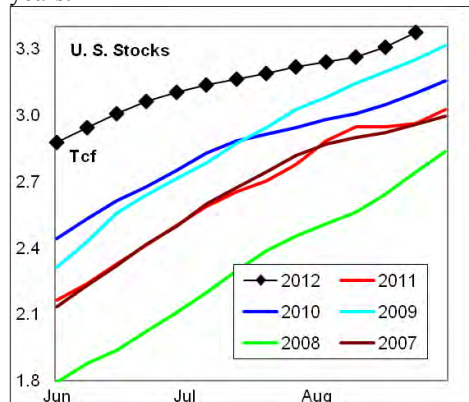
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

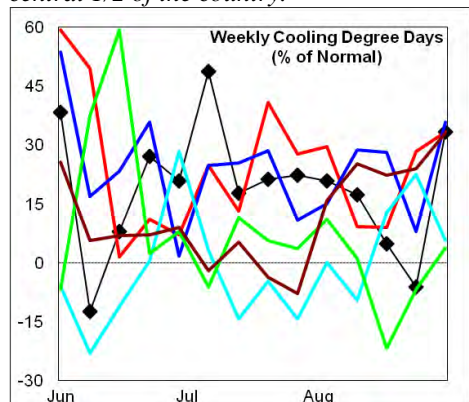
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, August 30, 2012



Summary¹ The stock build of +66 Bcf for the week was above four of the last 5-years.



The current week cooling degree forecast is +33% above normal, with the 6-8 and 10-14 day outlook near normal in the central 1/2 of the country.



In the East Region stocks increased +47 Bcf for the week, above the average of the last 3-years for the period. Stocks increased +3 Bcf in the West Region, above the historic average. Stocks increased +16 Bcf in the Producing Region, a near record build for the week.

Cooling degree days were -11% below normal in the East Region, +18% above normal in the West Region and -13% below normal in the Producing Region for the week ending 25Aug12.

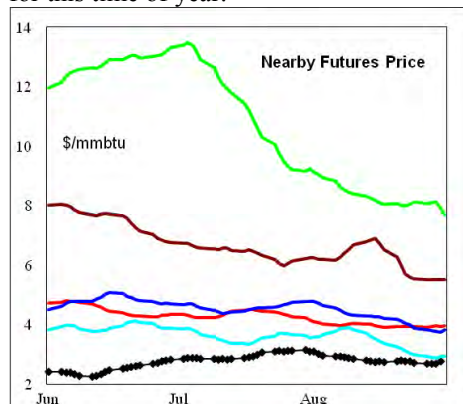
Cooling degree days were -6% below normal for the week ending 25Aug12, and forecast to be +33% above normal for the

week ending 01Sep12.

The 6-10 day NWS forecast for the week ending 08Sep12 is for near normal cooling degree days in the central 1/3rd of the country with above normal cooling degree days in other regions.

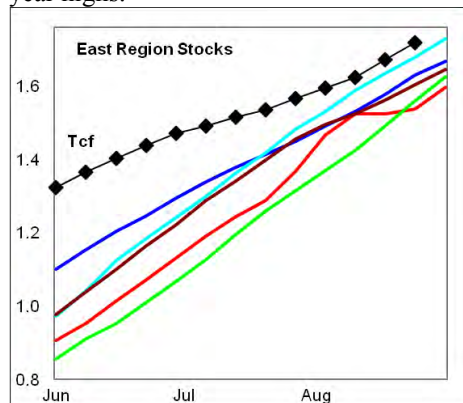
The 8-14 day NWS forecast for the week ending 12Sep12 is for near normal cooling degree days in the central 1/2 of the country, and above normal cooling degree days in western 1/3rd of the country.

Prices: Nearby gas futures prices decreased -\$0.05/mmbtu for the week ending 30Aug12. The current price is -\$0.22/mmbtu below the prior 5-year low for this time of year.



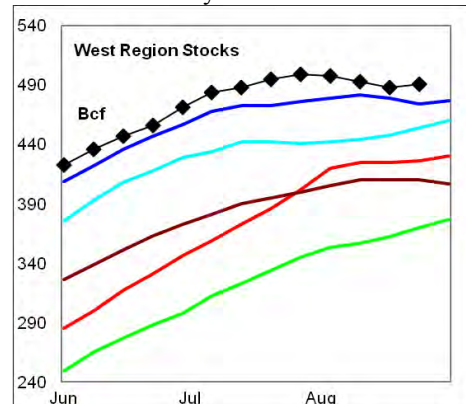
The 1st - 4th month forward price curve trended lower for the week ending 30Aug12, ending at a level comparable to the last 2-years.

East Region stocks increased +47 Bcf for the week, a level above the average of the last 3-years. The current stock level was +12% above last year, and above prior 5-year highs.

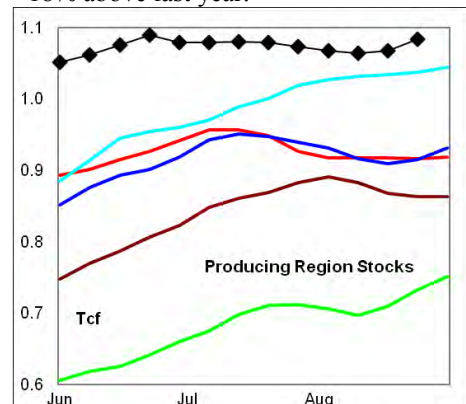


Cooling degree days in the region were -11% below normal for the week ending 25Aug12, and forecast to be +43% above normal this week. Cooling degree days are forecast to be near normal in the region for the next 10-days.

West Region stocks increased +3 Bcf on the week, an above average build for the week. Stock levels ended the week +15% 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 +18% above normal for the week ending 25Aug12 and forecast to be +35% above normal for the week ending 01Sep12. Cooling degree days are forecast to be well above normal for the next 10-days.



Producing Region stocks increased +16 Bcf for the week, a near record build for the week. Stock levels ended the week +18% above last year.



Cooling degree days were -13% below normal for the week ending 25Aug12, and forecast to be +15% above normal this week. Sharply 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 -13% below last year.

Outlook: A sharply above recent stock build occurred last week on cooler than normal temperatures. Start of the shoulder season and record stock level should limit price increases due to hurricane Isaac driven gulf well closures this week.

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 30, 2012

For the week ending: 24-Aug-12

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

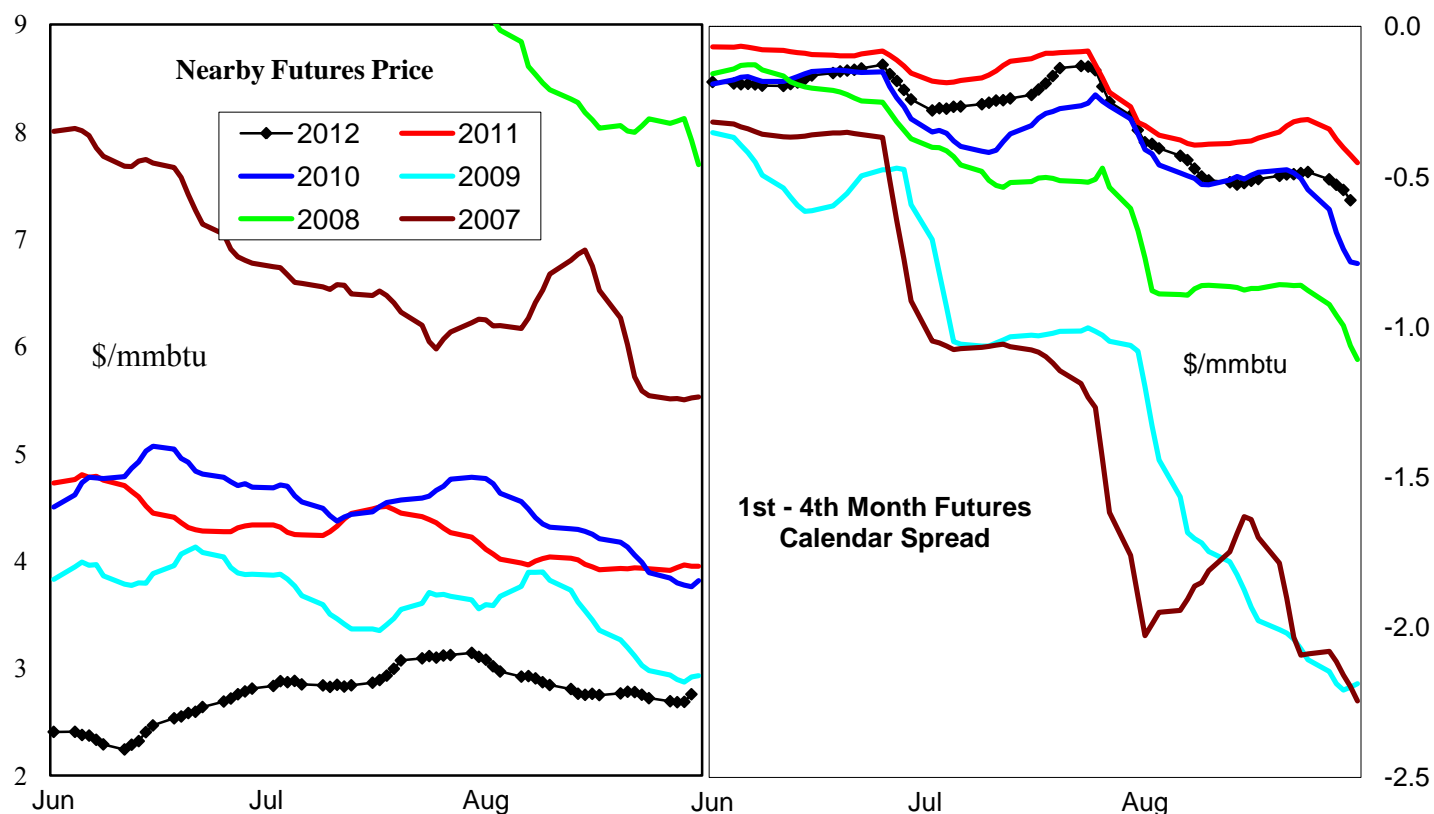
Week ending:	24-Aug-12			18-Aug-12		25-Aug-12		1-Sep-12	
Region	Weekly Stocks			Weekly Cooling Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,374	66	13.9	-14	5%	-13	-6%	15	33%
East	1,759	47	11.5	-20	-12%	-6	-11%	20	43%
West	491	3	15.3	0	57%	-25	18%	0	35%
Producing	1,124	16	17.5	-14	4%	-24	-13%	23	15%

Seasonal Trends in Stocks and Cooling Degree Days

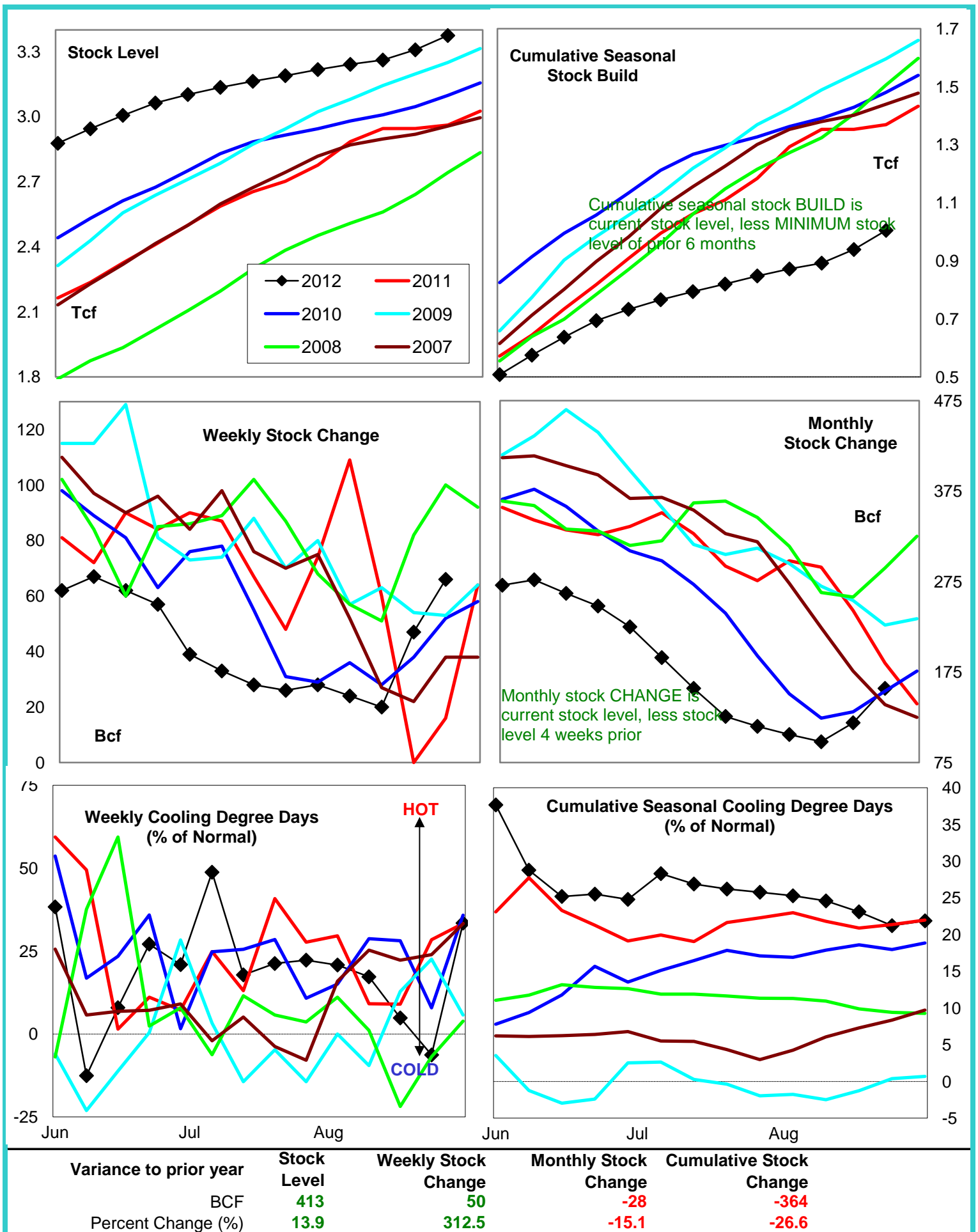
	Cumulative Stock change			Cumulative Cooling Degree Days					
	Bcf	Change vs prior year Bcf	%	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal
U.S. Total	1,005	-364	-36.2	210	23%	206	21%	225	22%
East	710	-247	-34.8	355	27%	341	25%	356	26%
West	147	-61	-41.5	74	11%	83	12%	98	13%
Producing	159	-109	-68.6	355	22%	341	20%	356	20%

Futures Market Price Trends

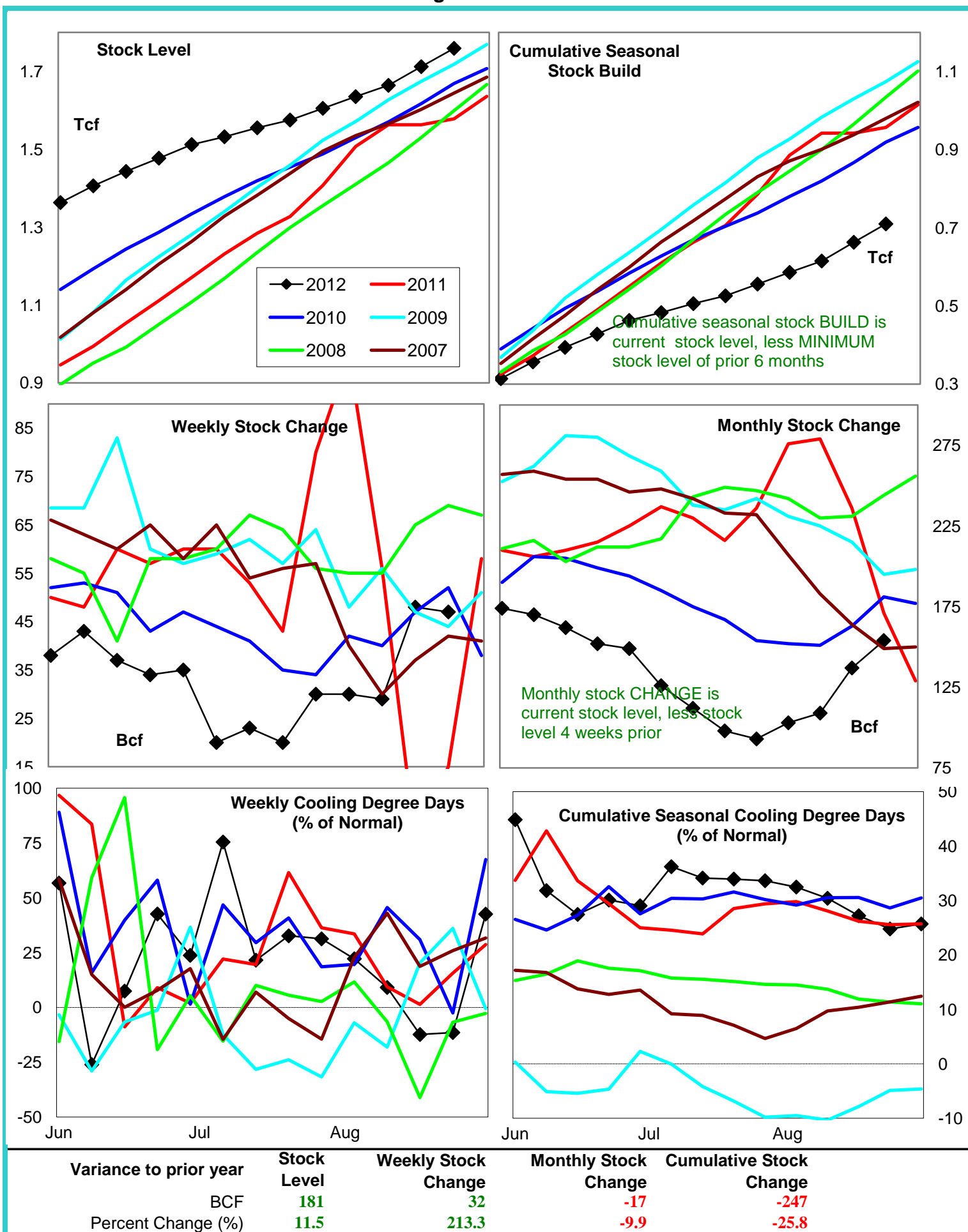
Date:	30-Aug-12	Change vs prior week, month, year		
		24-Aug-12	3-Aug-12	26-Aug-11
1st month Futures	2.76	0.05	-0.12	-1.28
% change	xxxxx	2.0	-4.2	-31.8



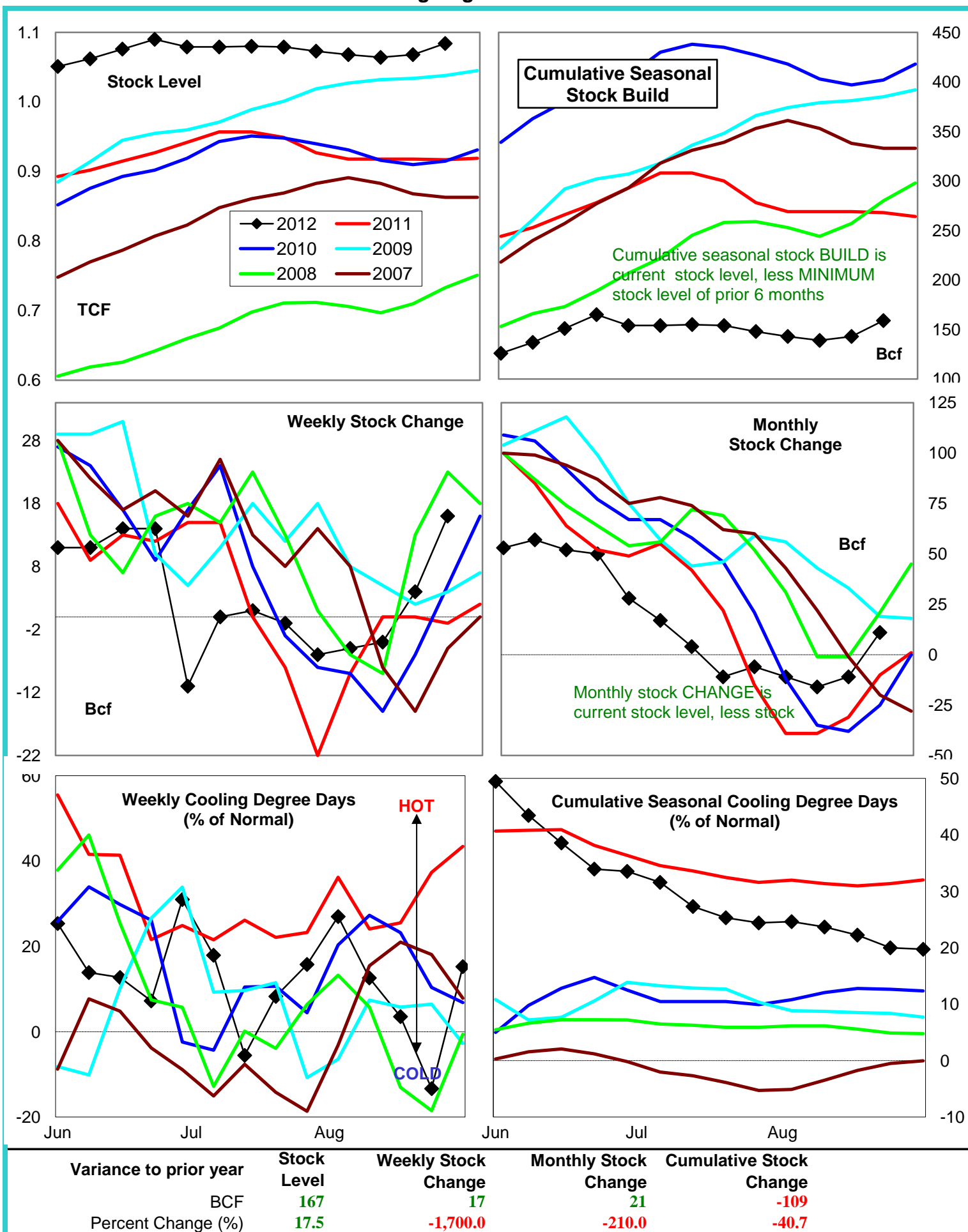
United States Natural Gas Stock and Weather Trends



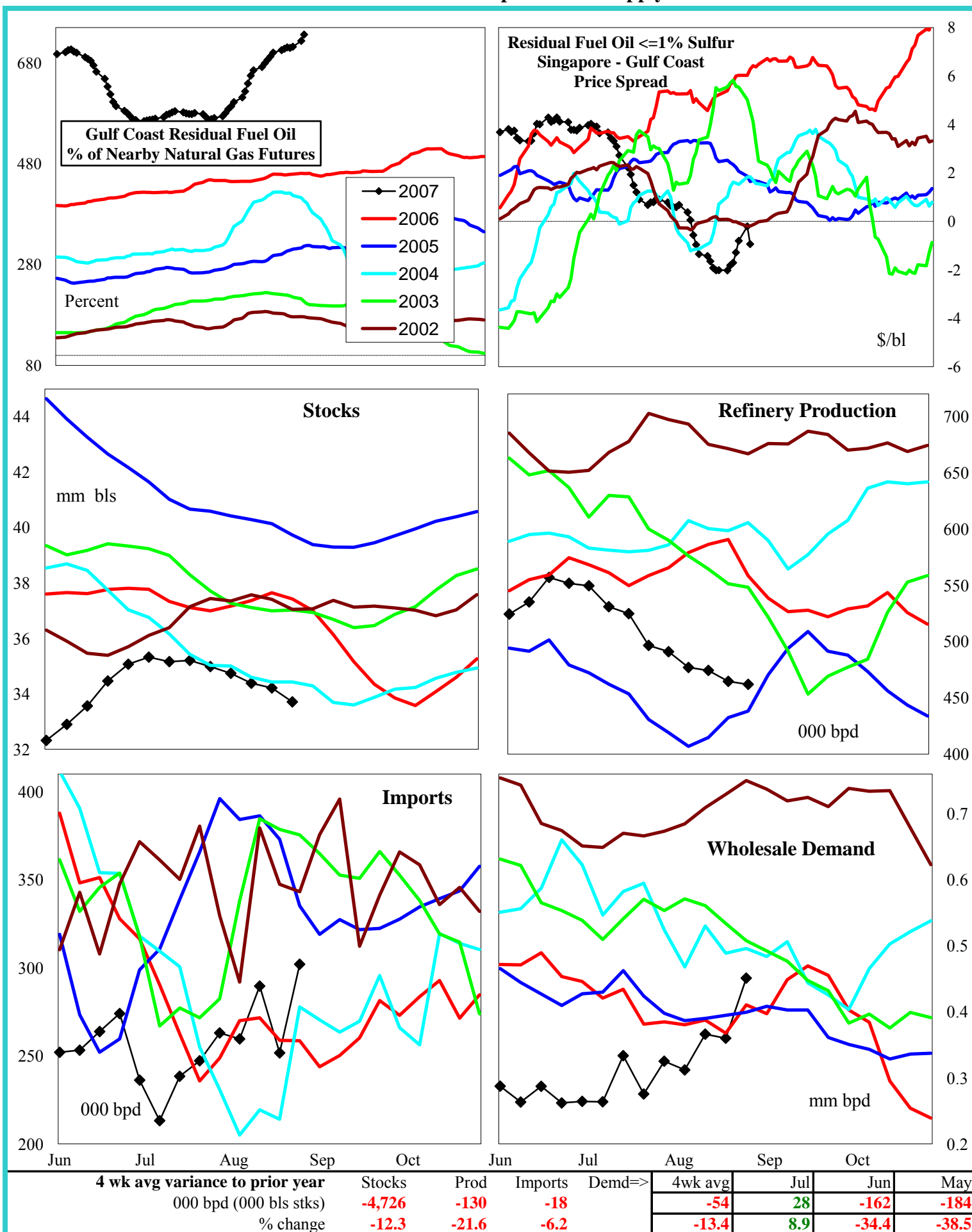
Natural Gas East Region Stock and Weather Trends



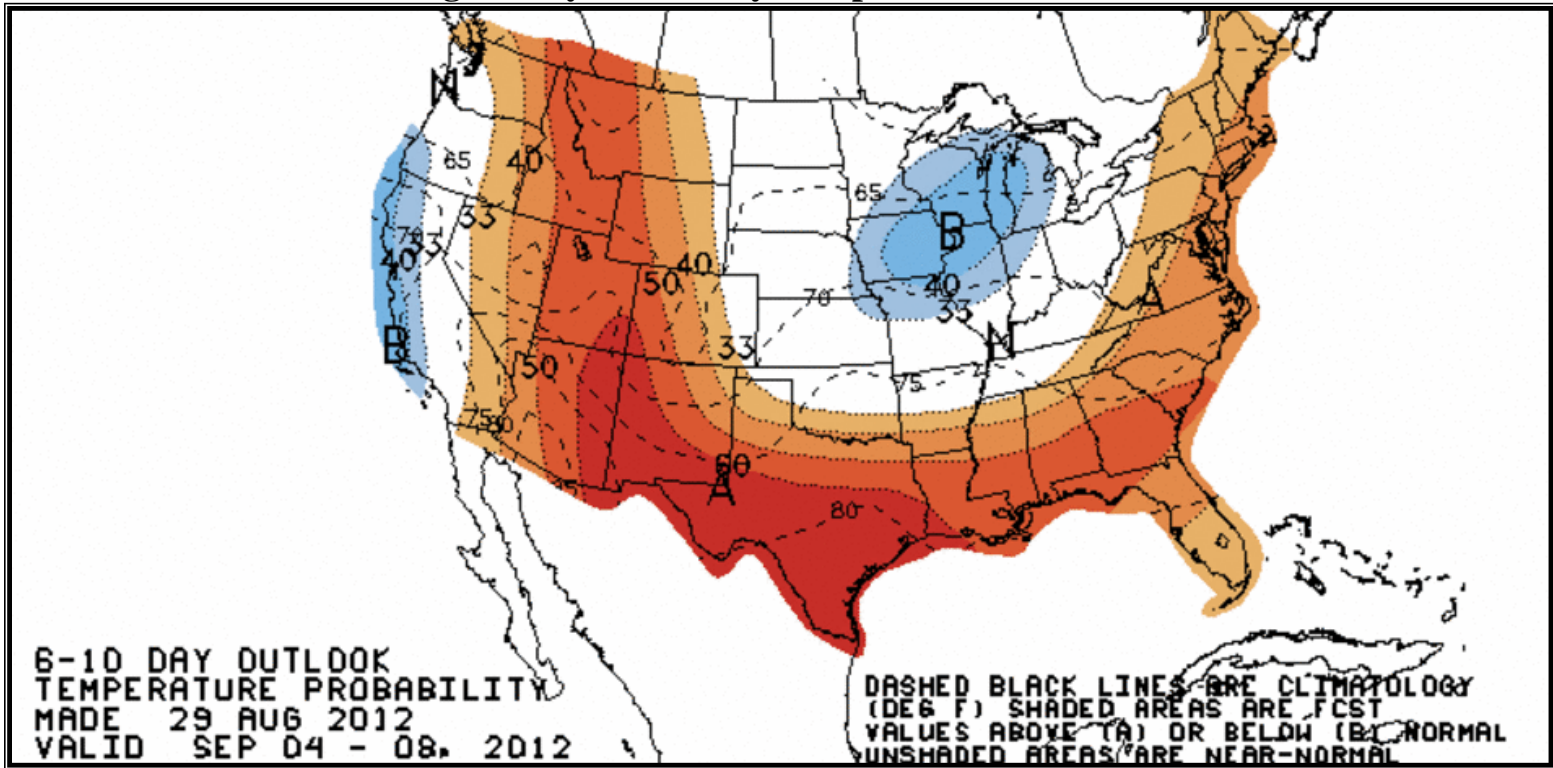
Natural Gas Producing Region Stock and Weather Trends



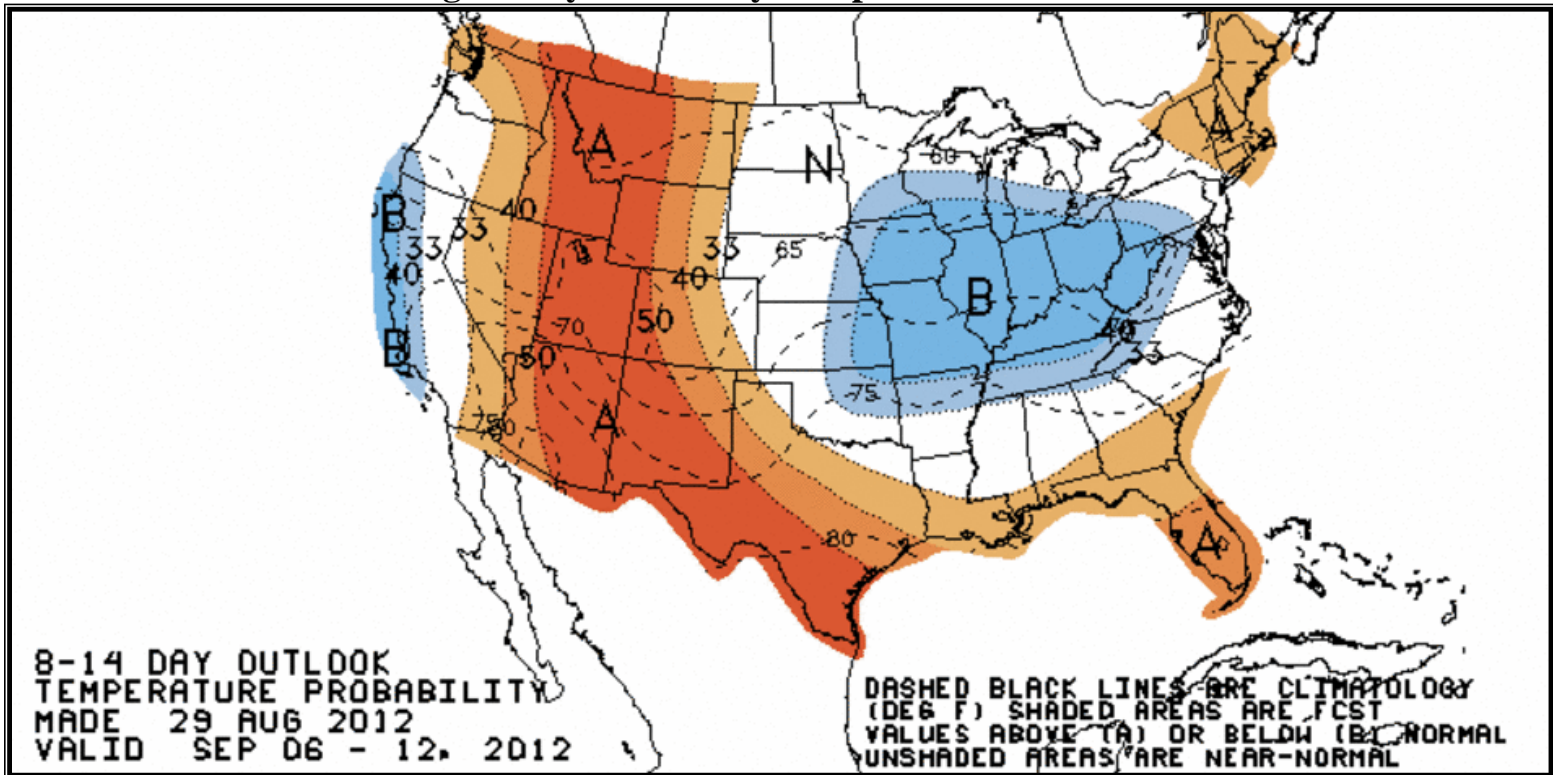
U.S. Residual Fuel Oil Price Spreads and Supply Balance



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

