

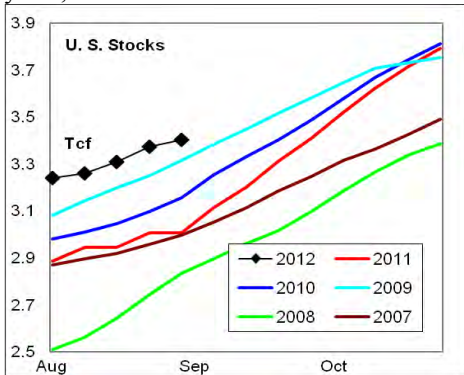
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

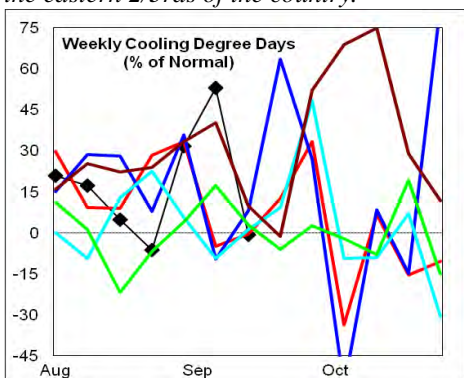
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Monday, September 10, 2012



Summary¹ The stock build of +28 Bcf for the week was below four of the last 5-years, due to hurricane Isaac.



The current week cooling degree forecast is -1% below normal, with the 6-8 and 10-14 day outlook much cooler than normal in the eastern 2/3rds of the country.



In the East Region stocks increased +34 Bcf for the week, below the average of the last 3-years for the period. Stocks increased +1 Bcf in the West Region, below the 3-year average. Stocks decreased -7 Bcf in the Producing Region, slightly less than the average for this time of year.

Cooling degree days were +41% above normal in the East Region, +30% above normal in the West Region and +15% above normal in the Producing Region for the week ending 01Sep12.

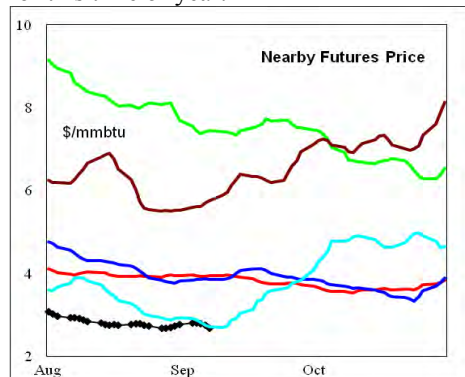
Cooling degree days were +32% above normal for the week ending 01Sep12, +53% above normal for the week ending 08Sep12, and forecast to be -1% below

normal for the week ending 15Sep12.

The 6-10 day NWS forecast for the week ending 19Sep12 is for much below normal cooling degree days in the central 2/3rds of the country with above normal cooling degree days on the west and east coasts.

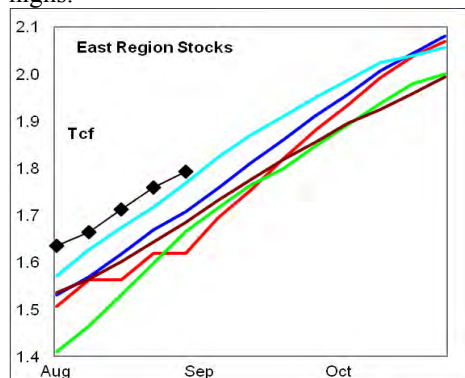
The 8-14 day NWS forecast for the week ending 23Sep12 is for below normal cooling degree days in the eastern 2/3rds of the country, and above normal cooling degree days in western 1/3rd of the country.

Prices: Nearby gas futures prices decreased -\$0.12/mmbtu for the week ending 07Sep12. The current price is -\$0.05/mmbtu below the prior 5-year low for this time of year.



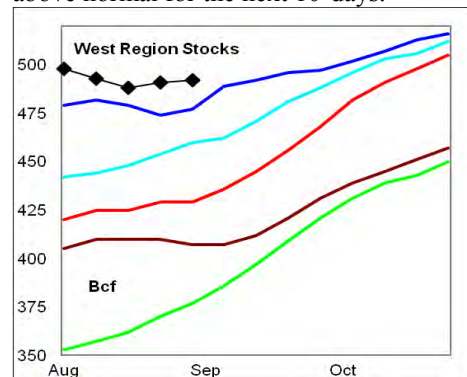
The 1st - 4th month forward price curve trended lower for the week ending 07Sep12, ending at a level comparable to the last 2-years.

East Region stocks increased +34 Bcf for the week, below the average of the last 3-years. The current stock level was +11% above last year, and above prior 5-year highs.

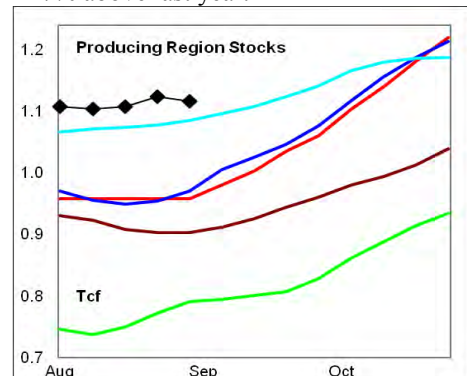


Cooling degree days in the region were +41% above normal for the week ending 01Sep12, +68% above normal for the week ending 08Sep12, and forecast to be -11% below normal this week. Cooling degree days are forecast to be below normal in the region for the next 10-days.

West Region stocks increased +1 Bcf on the week, below the 3-year 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 -6 Bcf, a record draw for the period. Cooling degree days were +30% above normal for the week ending 01Sep12, +35% above normal for the week ending 08Sep12, and forecast to be +33% above normal for the current week. Cooling degree days are forecast to be above normal for the next 10-days.



Producing Region stocks decreased -7 Bcf for the week, a level below the 3-year average. Stock levels ended the week +17% above last year.



Cooling degree days were +15% above normal for the week ending 01Sep12, +39% above normal for the week ending 08Sep12 and forecast to be -7% below normal for the current week. Below 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 -5% below last year.

Outlook: Hurricane Isaac led to below average stock build last week. However forecast of below normal cooling degree days for the balance of September and continued very high stock levels should lead to further price weakness.

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: September 10, 2012

For the week ending: 31-Aug-12

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

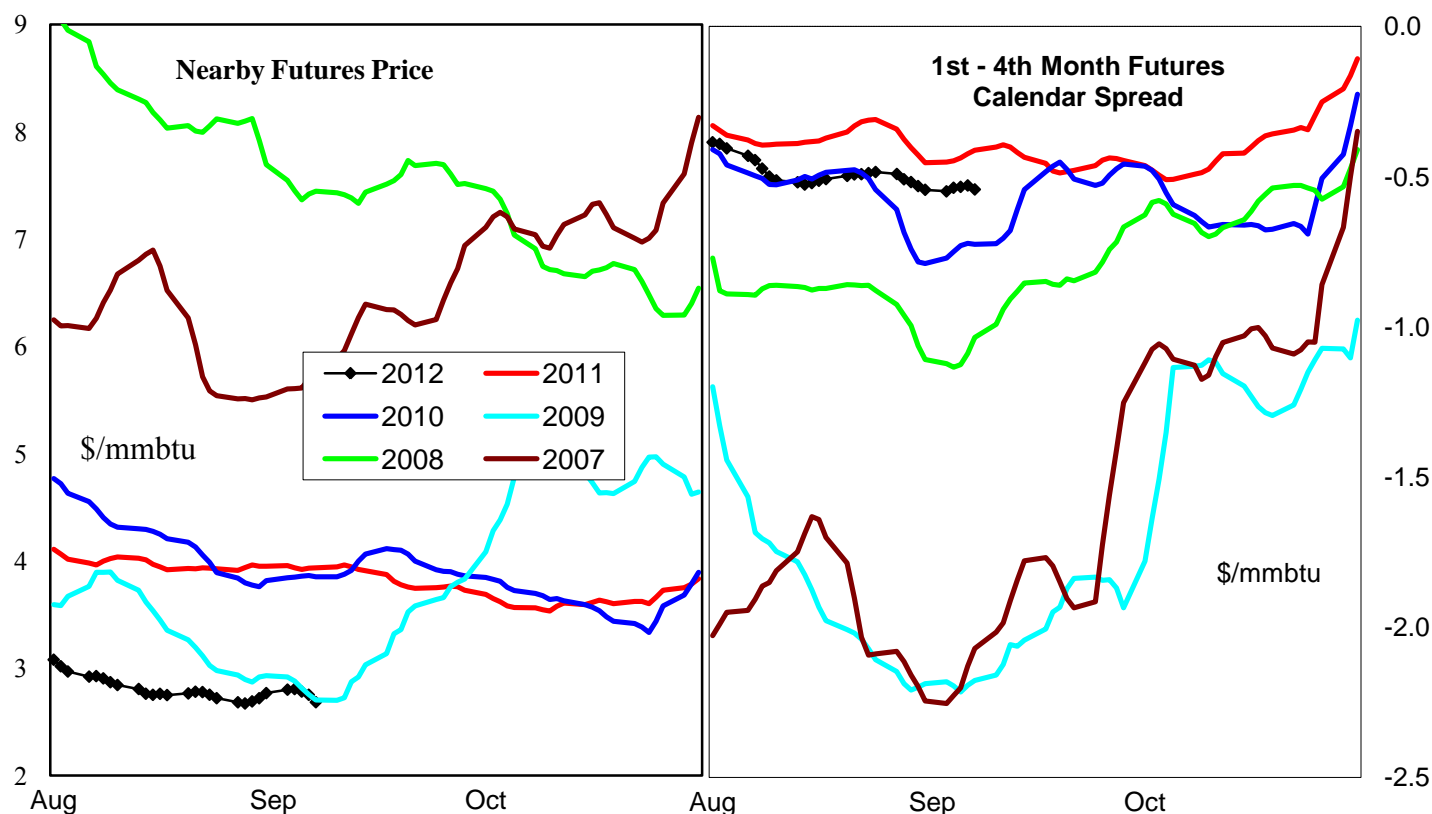
Week ending:	31-Aug-12			1-Sep-12		8-Sep-12		15-Sep-12	
Region	Weekly Stocks			Weekly Cooling Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,402	28	13.1	15	32%	2	53%	-35	-1%
East	1,793	34	10.7	19	41%	1	68%	-40	-11%
West	492	1	14.7	0	30%	-3	35%	-10	33%
Producing	1,117	-7	16.6	23	15%	12	39%	-53	-7%

Seasonal Trends in Stocks and Cooling Degree Days

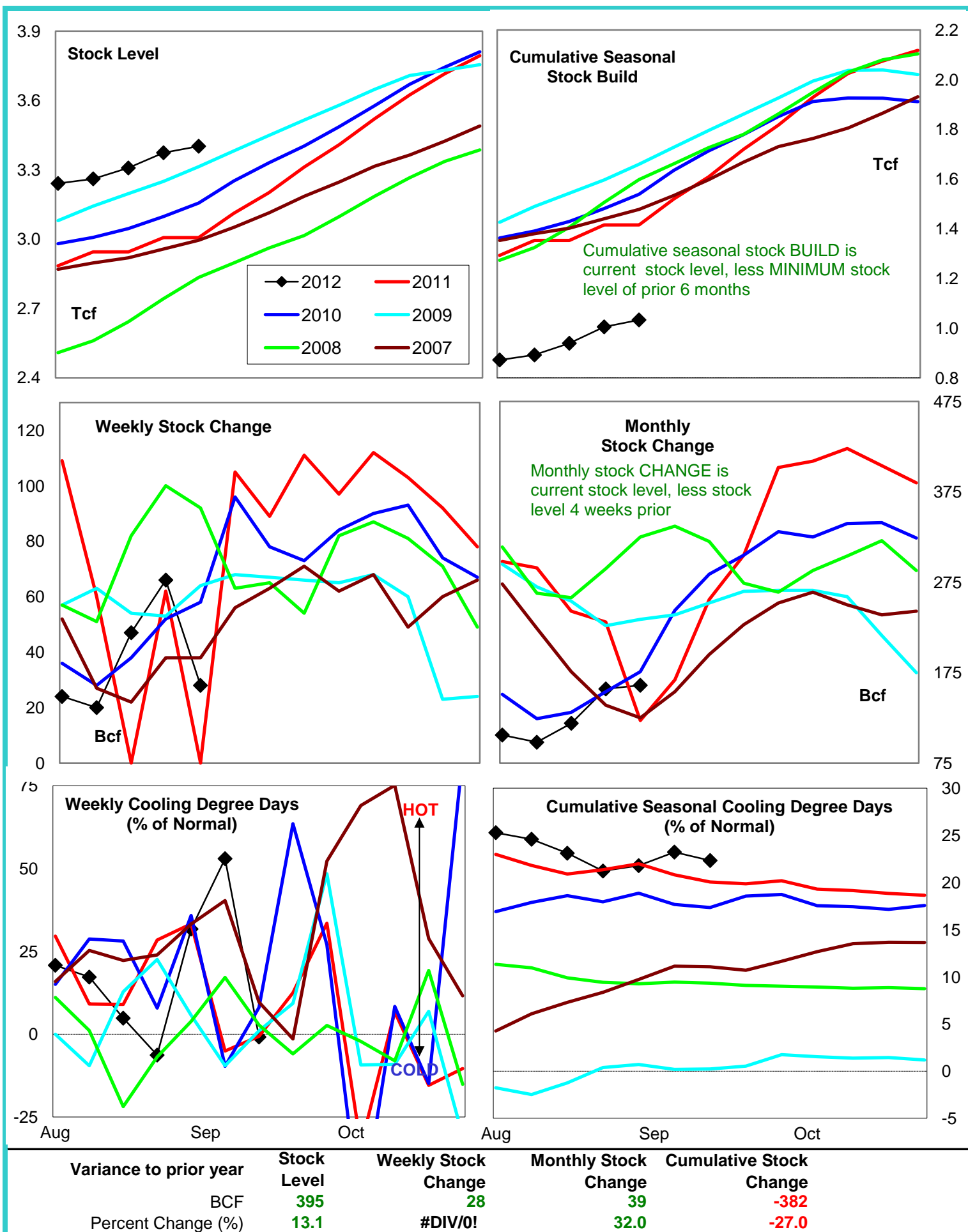
	Cumulative Stock change			Cumulative Cooling Degree Days					
	Bcf	Change vs prior year Bcf	%	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal
U.S. Total	1,033	-382	-37.0	224	22%	250	23%	250	22%
East	744	-254	-34.1	356	26%	392	27%	386	26%
West	148	-63	-42.6	96	13%	110	14%	122	15%
Producing	152	-111	-73.0	356	20%	392	21%	386	20%

Futures Market Price Trends

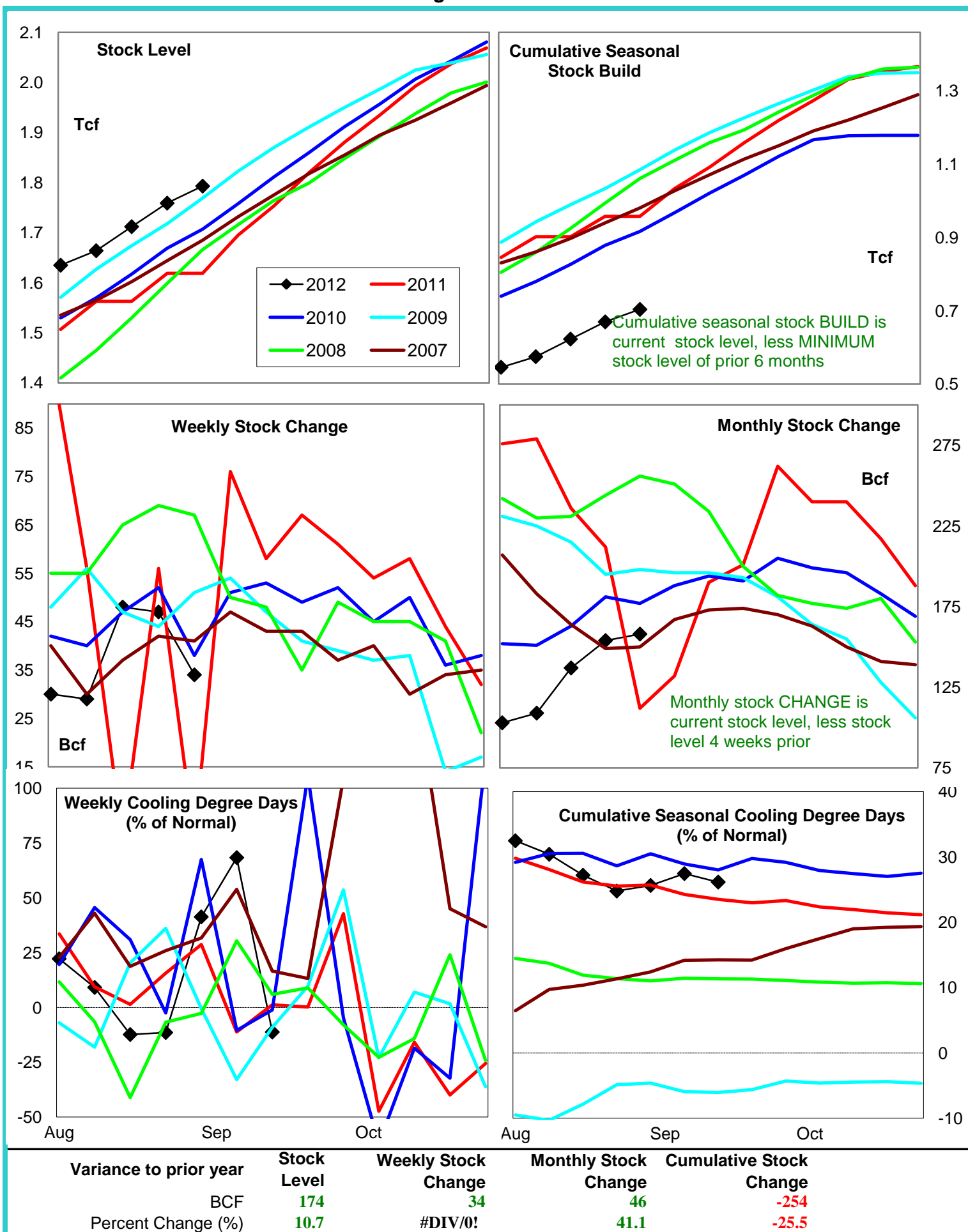
Date:	7-Sep-12	Change vs prior week, month, year		
		3-Sep-12	13-Aug-12	6-Sep-11
1st month Futures	2.68	-0.12	-0.05	-1.03
% change	xxxxx	-4.2	-1.7	-27.7



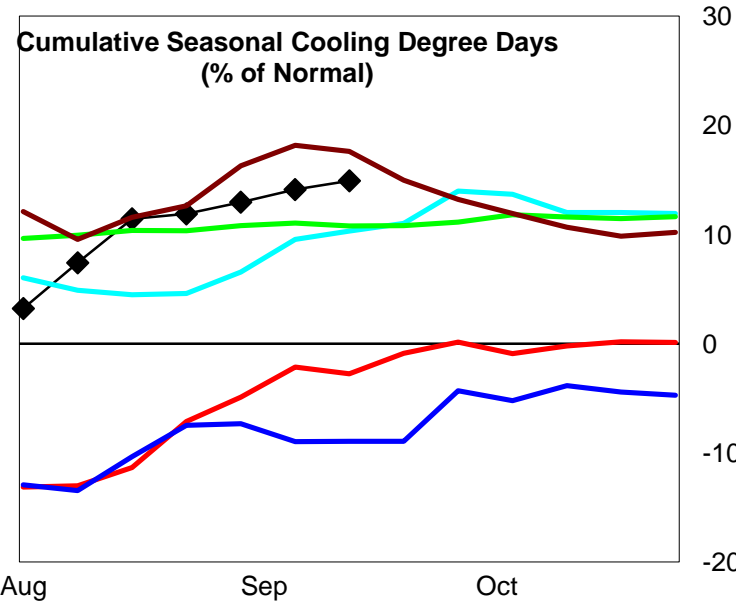
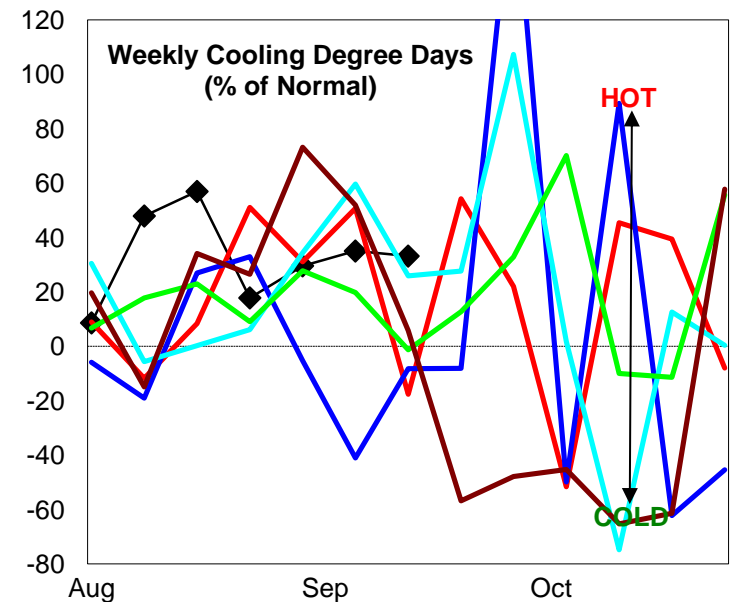
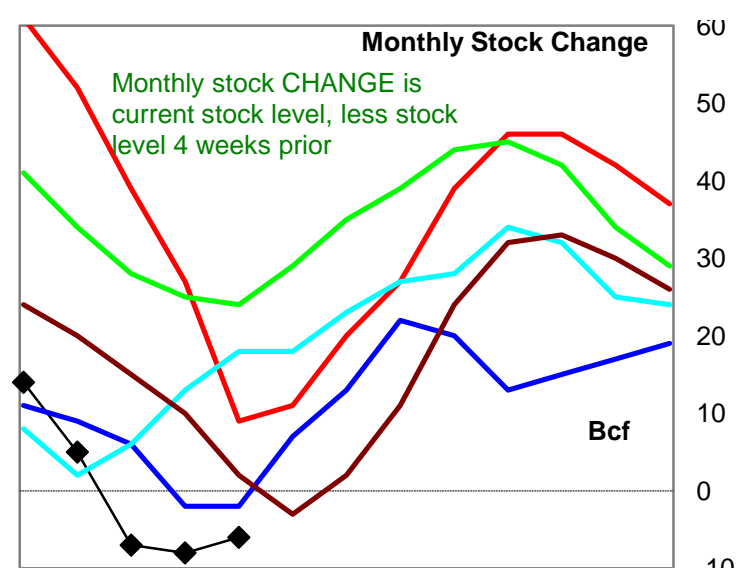
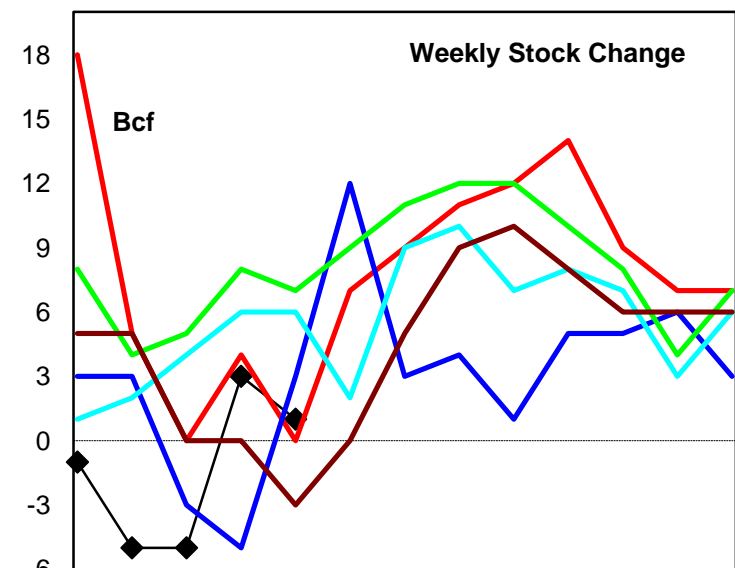
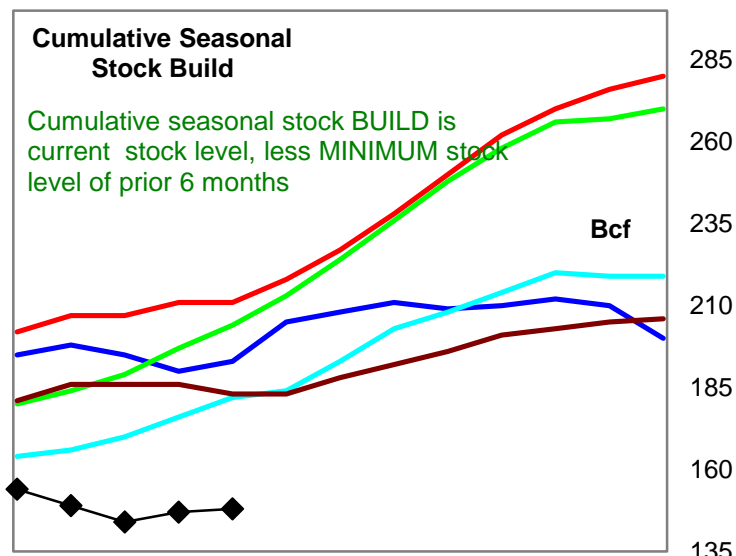
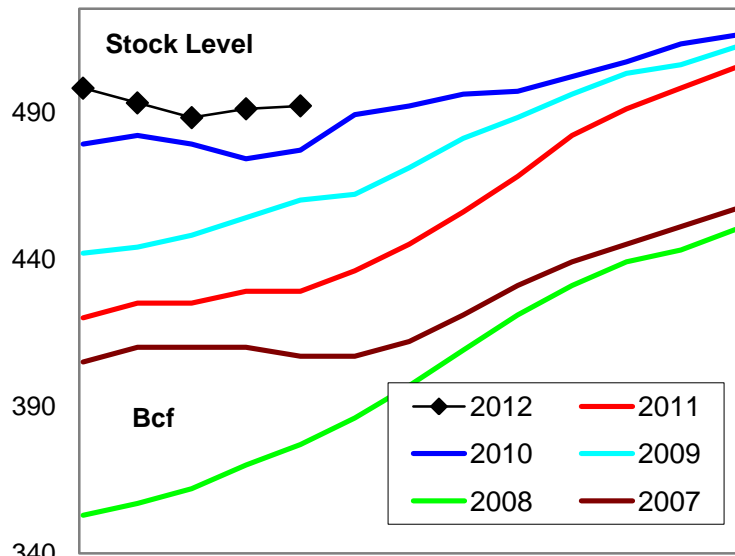
United States Natural Gas Stock and Weather Trends



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
Percent Change (%)

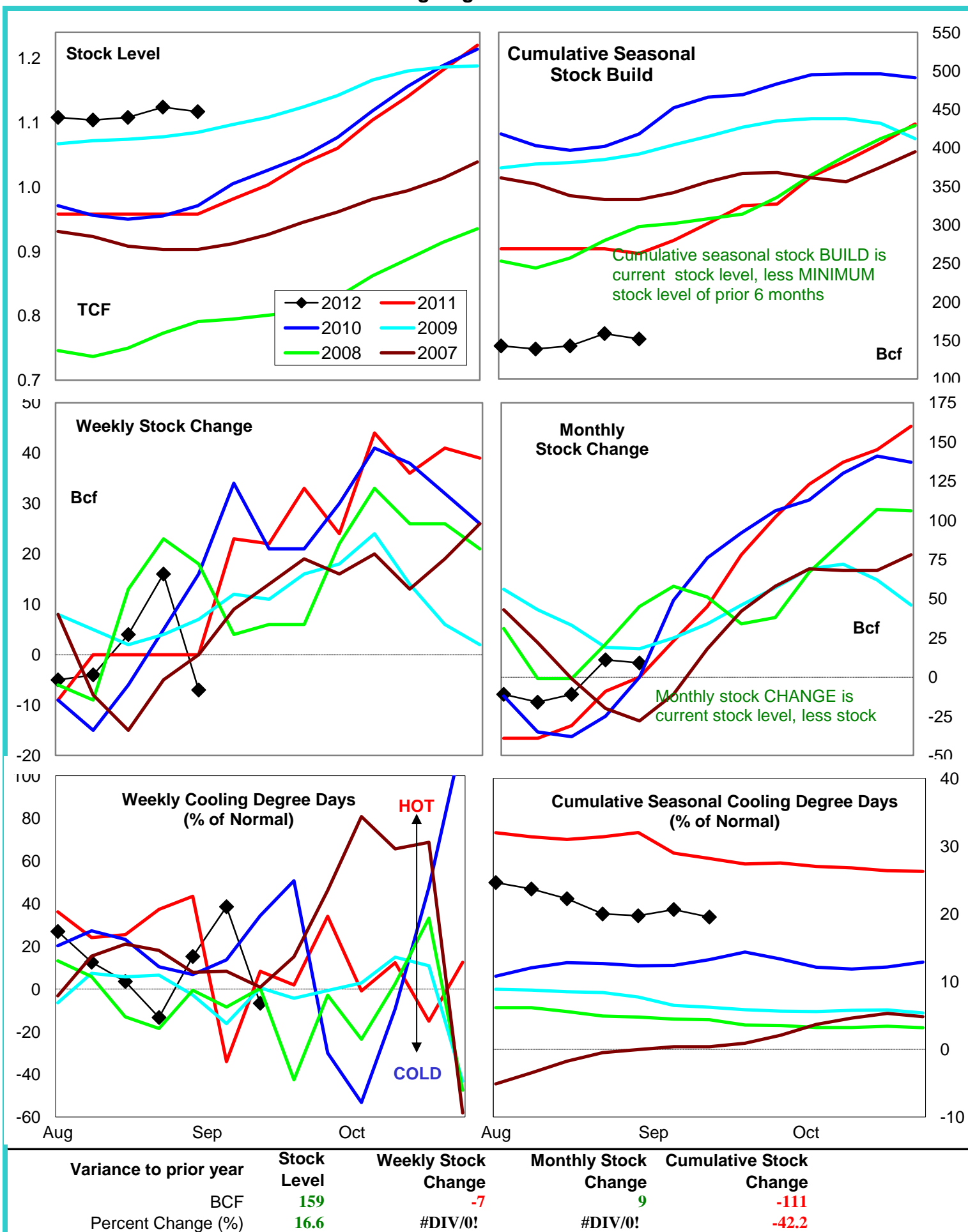
63
14.7

1
#DIV/0!

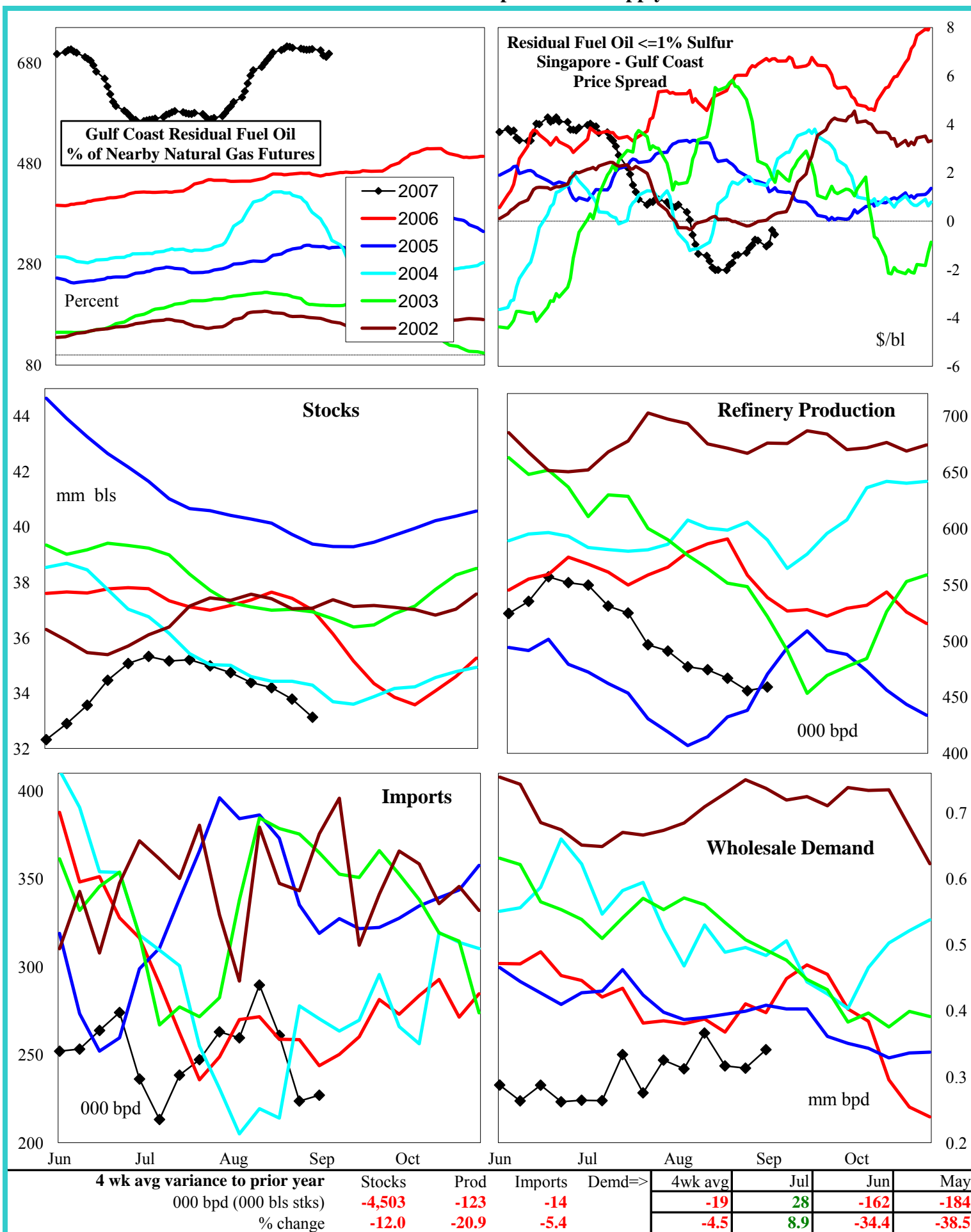
-15
-166.7

-63
-29.9

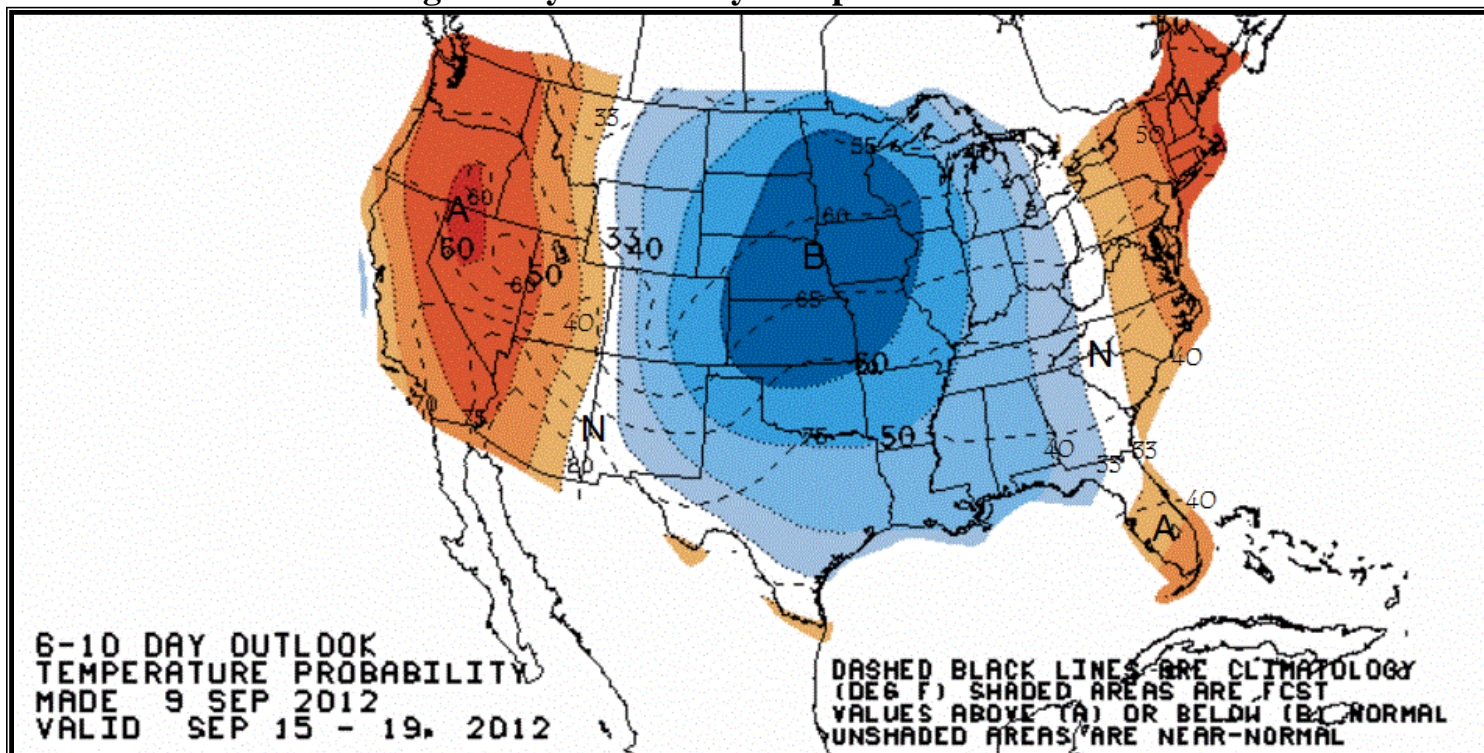
Natural Gas Producing Region Stock and Weather Trends



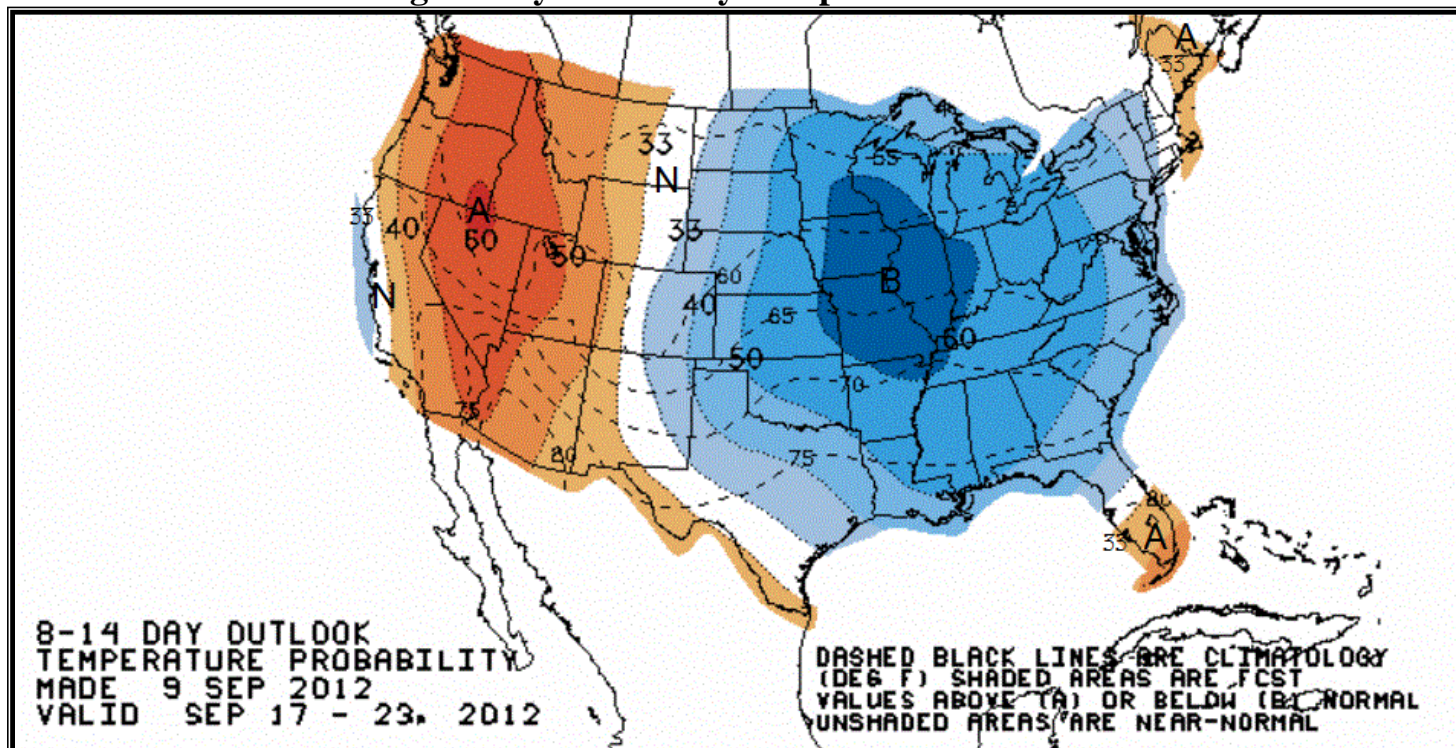
U.S. Residual Fuel Oil Price Spreads and Supply Balance



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

