

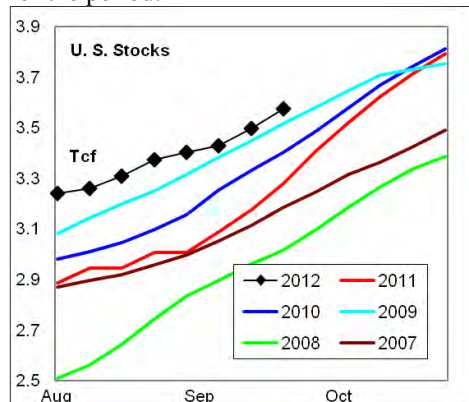
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

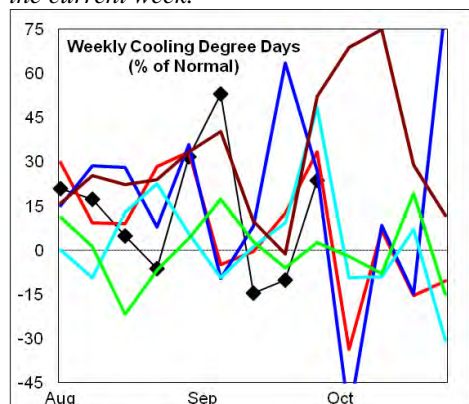
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, September 27, 2012



Summary¹ The stock build of +80 Bcf for the week exceeded four of the last 5-years for the period.



Cooling degree days for the week ending 22Sep12 were -10% below normal, and are forecast to be +24% above normal for the current week.



In the East Region stocks increased +46 Bcf for the week, a level above the mid range for the week. Stocks increased +5 Bcf in the West Region, a level at the low end of the historic range for the period. Stocks increased +29 Bcf in the Producing Region, a build that matched the historic high for the week.

Cooling degree days were -30% below normal in the East Region, +50% above normal in the West Region and -22% below normal in the Producing Region for the week ending 22Sep12.

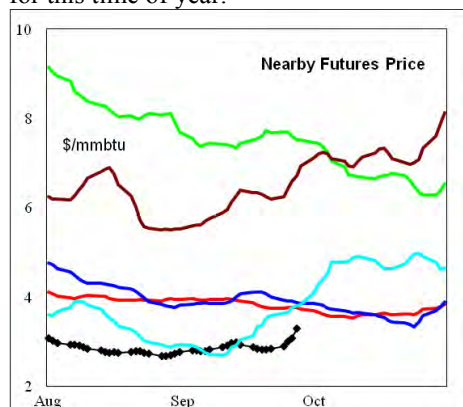
Cooling degree days were -10% below normal for the week ending 22Sep12, and

forecast to be +24% above normal for the week ending 29Sep12.

The 6-10 day NWS forecast for the week ending 06Oct12 is for below normal cooling degree days in the central region of the country, and above normal in the west.

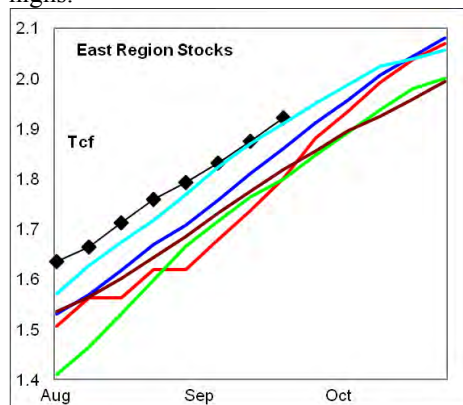
The 8-14 day NWS forecast for the week ending 10Oct12 is for below normal cooling degree days in the eastern 2/3rds of the country and above normal temperatures in the southwest.

Prices: Nearby gas futures prices jumped +\$0.50/mmbtu for the week ending 27Sep12. The current price is - \$0.53/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 27Sep12, ending at a level equal to the last 2-years.

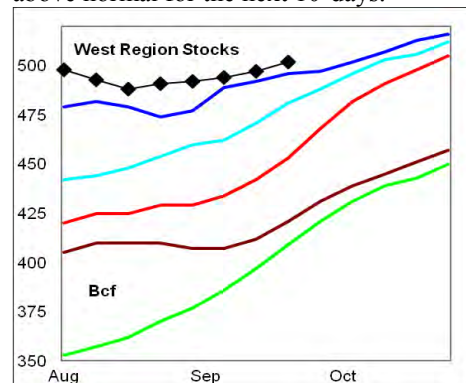
East Region stocks increased +46 Bcf for the week, a level above the mid range for the week. The current stock level was +7% above last year, and equal to 5-year highs.



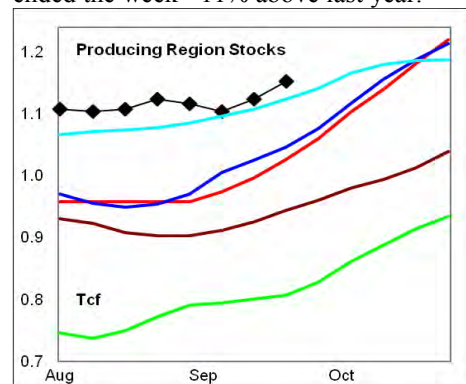
Cooling degree days in the region were -30% below normal for the week ending 22Sep12, and forecast to be -6% below normal this week. Cooling degree days are forecast to be below normal in the region for the next 10-days.

West Region stocks increased +5 Bcf on

the week, a level at the low end of the historic range. Stock levels ended the week +11% above last year and above the 5-year range. The latest 4-wk stock change was a build of +11 Bcf, a level below the last 3-years. Cooling degree days were +50% above normal for the week ending 22Sep12, and forecast to be +49% above normal for the current week. Cooling degree days are forecast to be above normal for the next 10-days.



Producing Region stocks increased +29 Bcf for the week, a build that matched historic highs for the week. Stock levels ended the week +11% above last year.



Cooling degree days were -22% below normal for the week ending 22Sep12, and forecast to be +51% above normal for the current week. Slightly 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 -45% below last year.

Outlook: Cooler than normal temperatures are forecast for early October, leading to moderate gas demand during the shoulder season. Prices are more than - \$0.50/mmbtu below the prior 5-year low for this time of year. Look for prices to remain below the historic range on slower economic growth, high stocks and excess production capacity.

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 27, 2012

For the week ending: 21-Sep-12

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

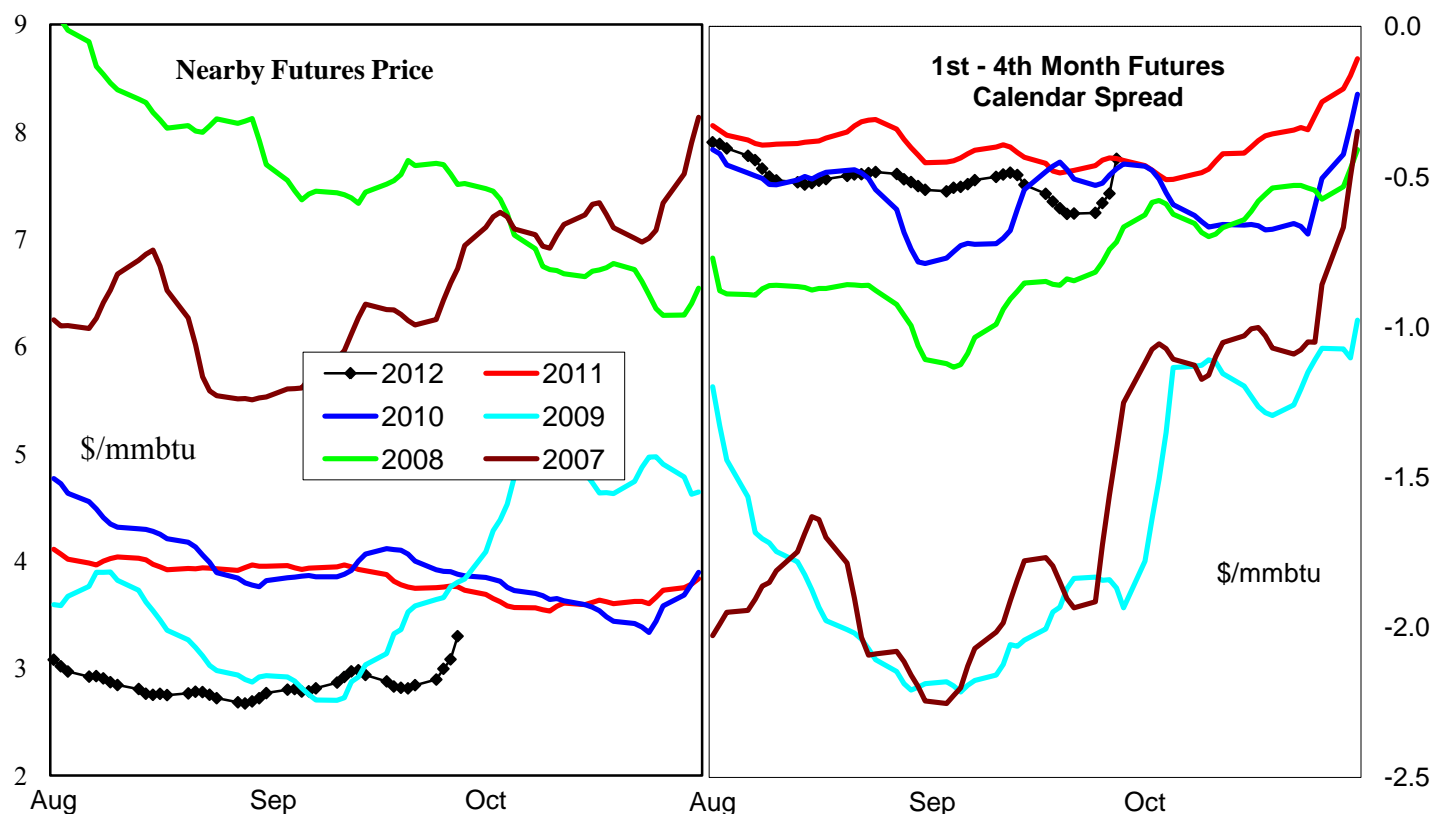
Week ending:	21-Sep-12			15-Sep-12		22-Sep-12		29-Sep-12	
Region	Weekly Stocks			Weekly Cooling Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,576	80	9.0	-40	-15%	-5	-10%	2	24%
East	1,921	46	6.7	-47	-31%	-5	-30%	1	-6%
West	502	5	10.8	-5	38%	-4	50%	-12	49%
Producing	1,153	29	12.3	-68	-26%	-7	-22%	30	51%

Seasonal Trends in Stocks and Cooling Degree Days

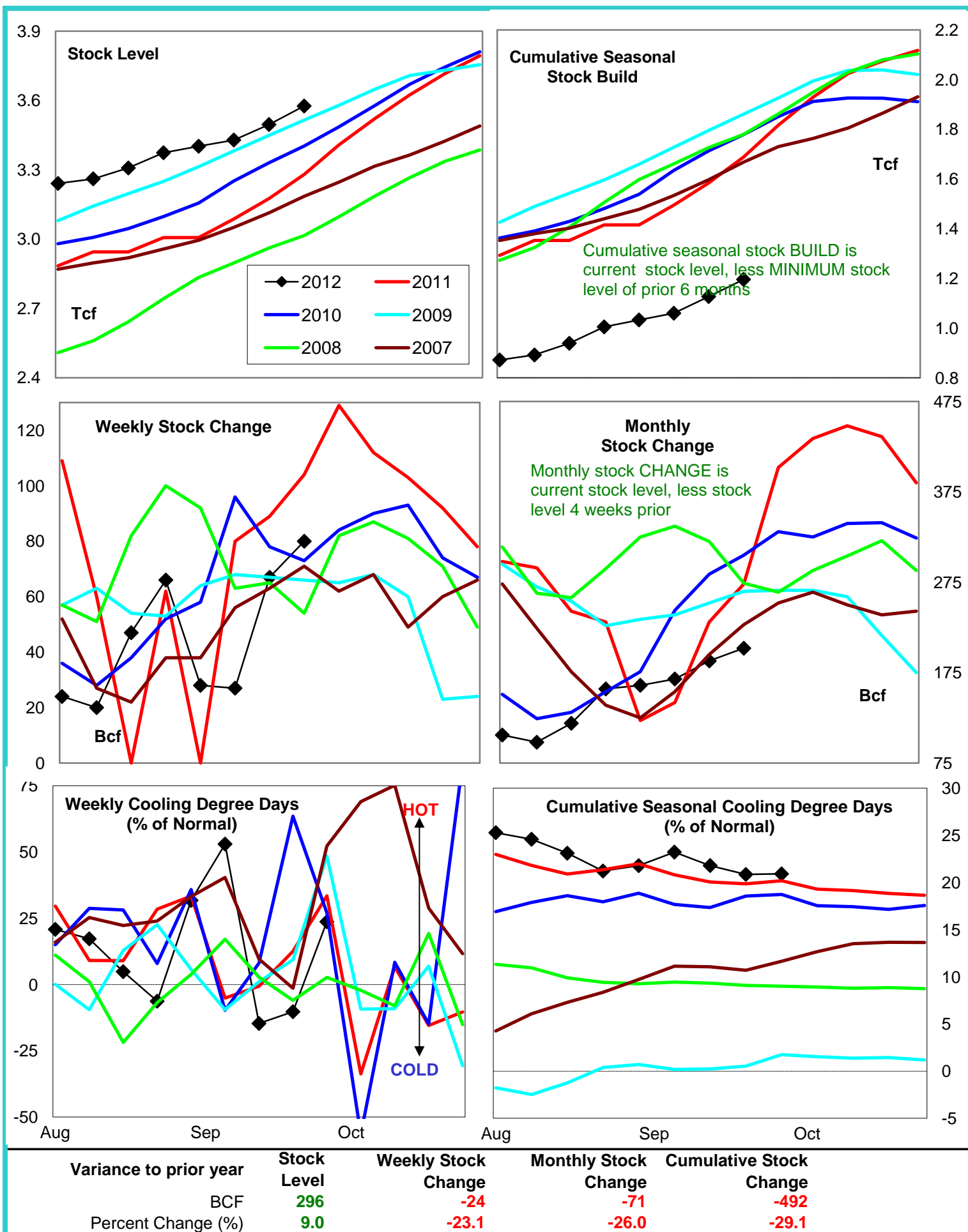
	Cumulative Stock change			Cumulative Cooling Degree Days					
	Bcf	Change vs prior year Bcf	%	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal	CCDD's vs normal	% of normal
U.S. Total	1,196	-492	-41.1	244	22%	240	21%	247	21%
East	872	-308	-35.3	371	25%	356	24%	384	23%
West	158	-77	-48.7	124	15%	139	16%	150	17%
Producing	168	-148	-88.1	371	19%	356	17%	384	18%

Futures Market Price Trends

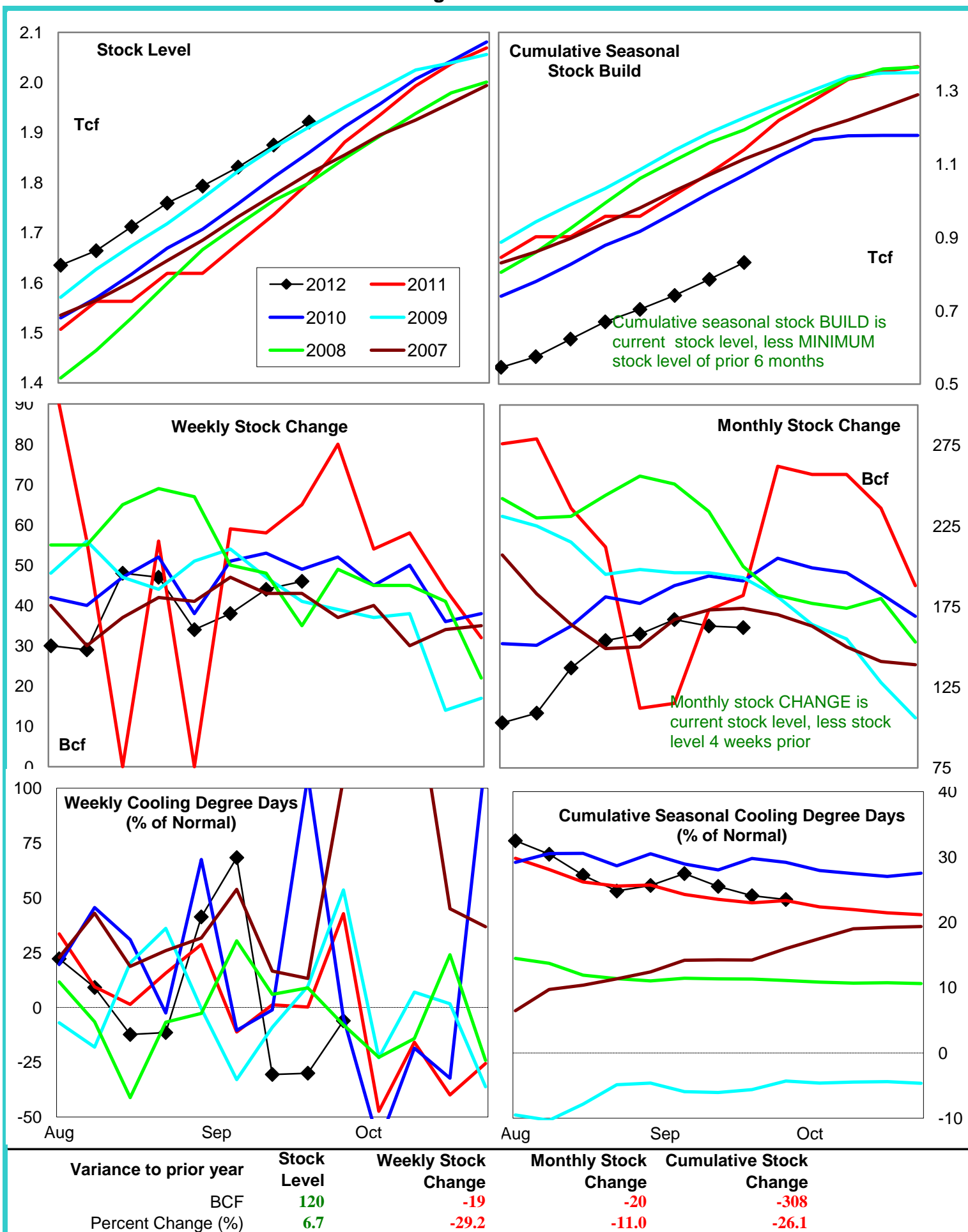
Date:	28-Sep-12	Change vs prior week, month, year		
		21-Sep-12	31-Aug-12	26-Sep-11
1st month Futures	3.30	0.41	0.50	-0.19
% change	xxxxx	14.3	17.8	-5.5



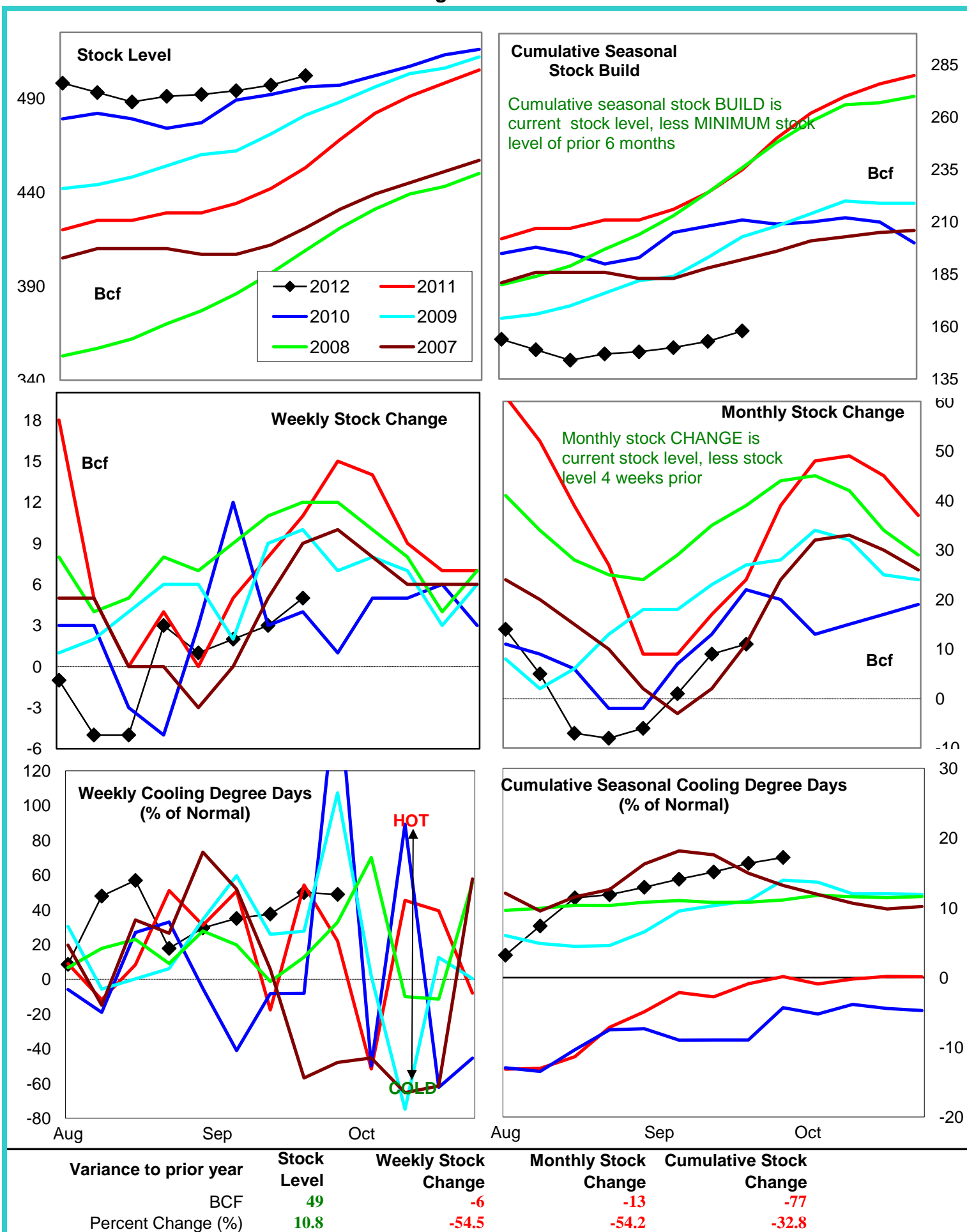
United States Natural Gas Stock and Weather Trends



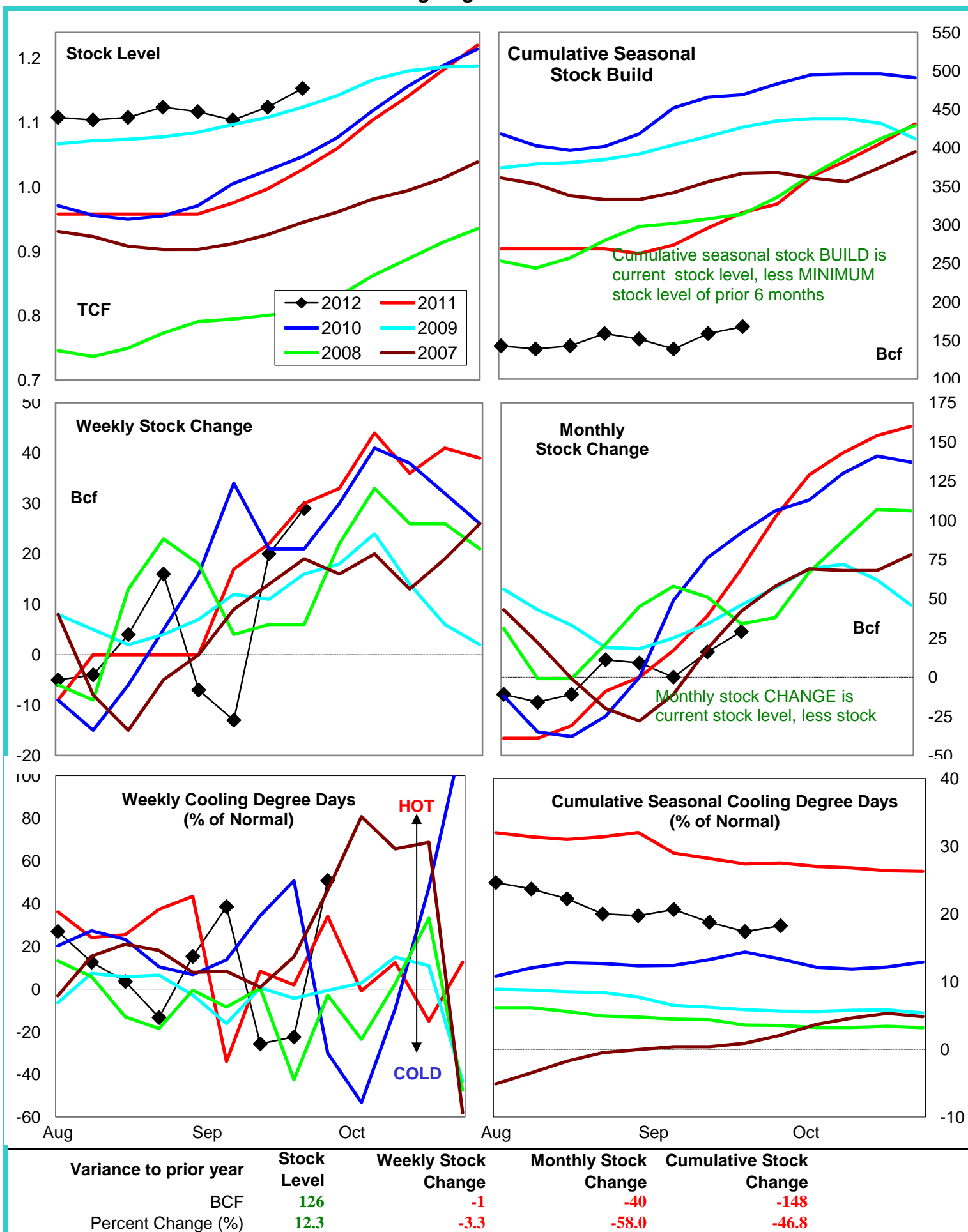
Natural Gas East Region Stock and Weather Trends



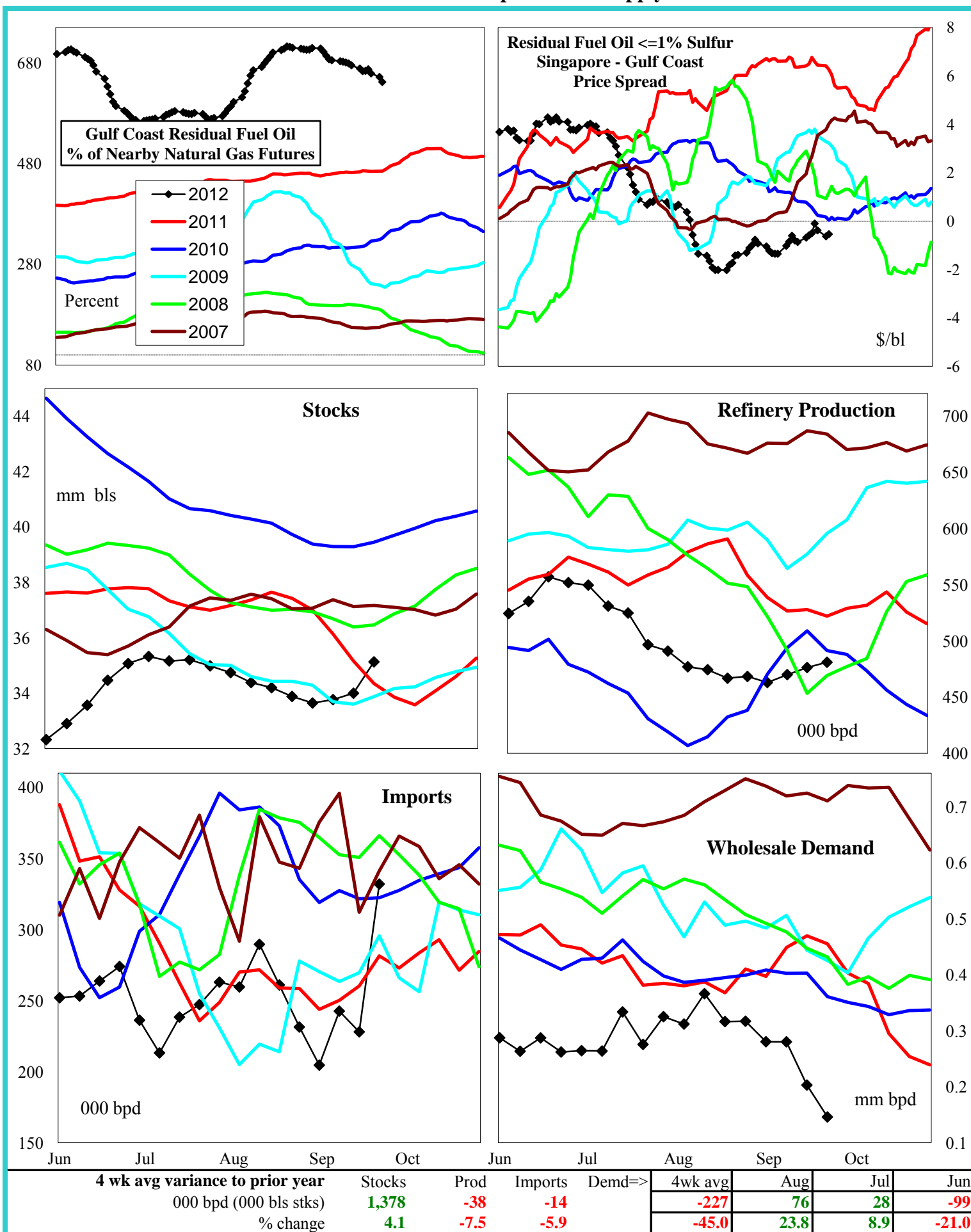
Natural Gas West Region Stock and Weather Trends



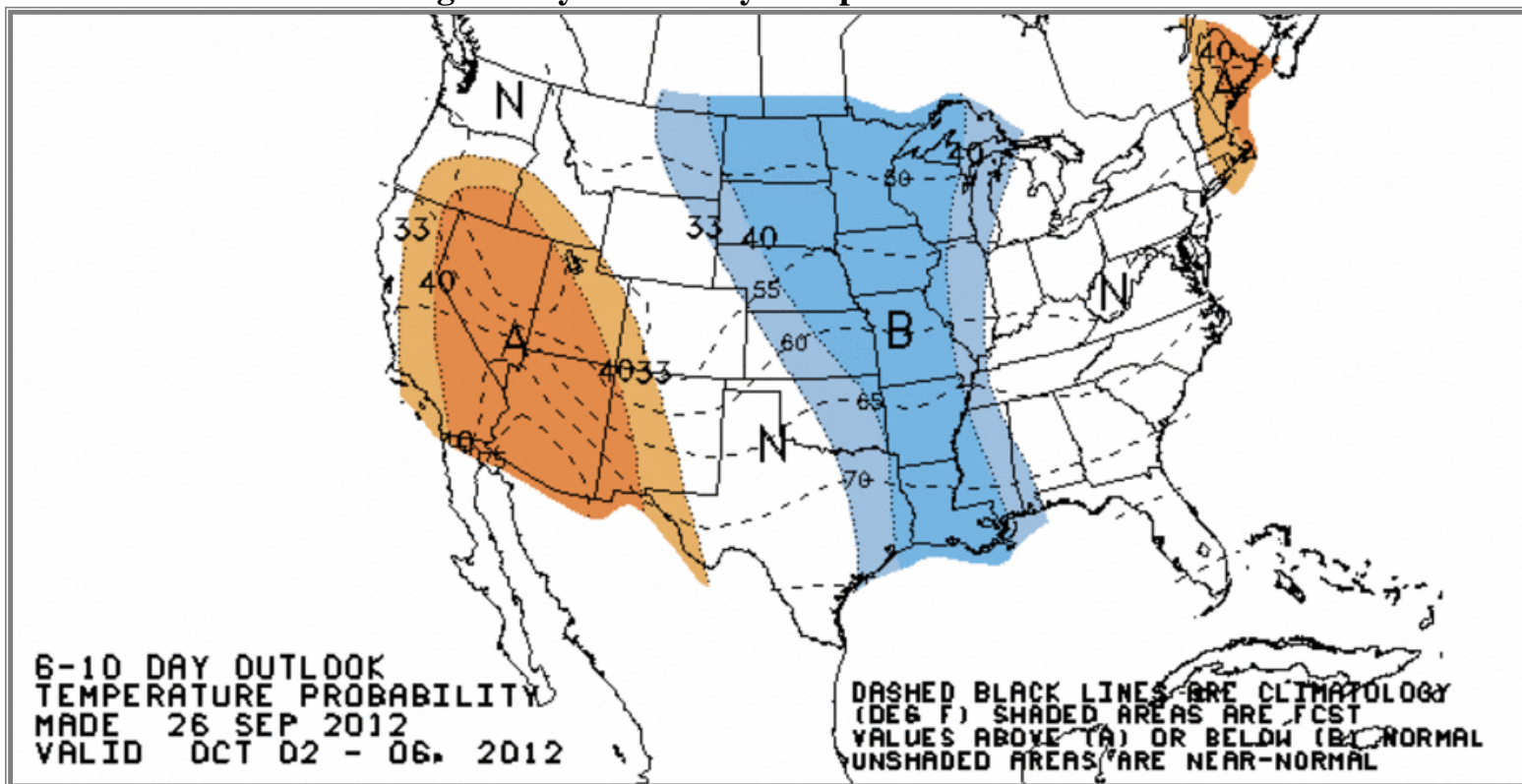
Natural Gas Producing Region Stock and Weather Trends



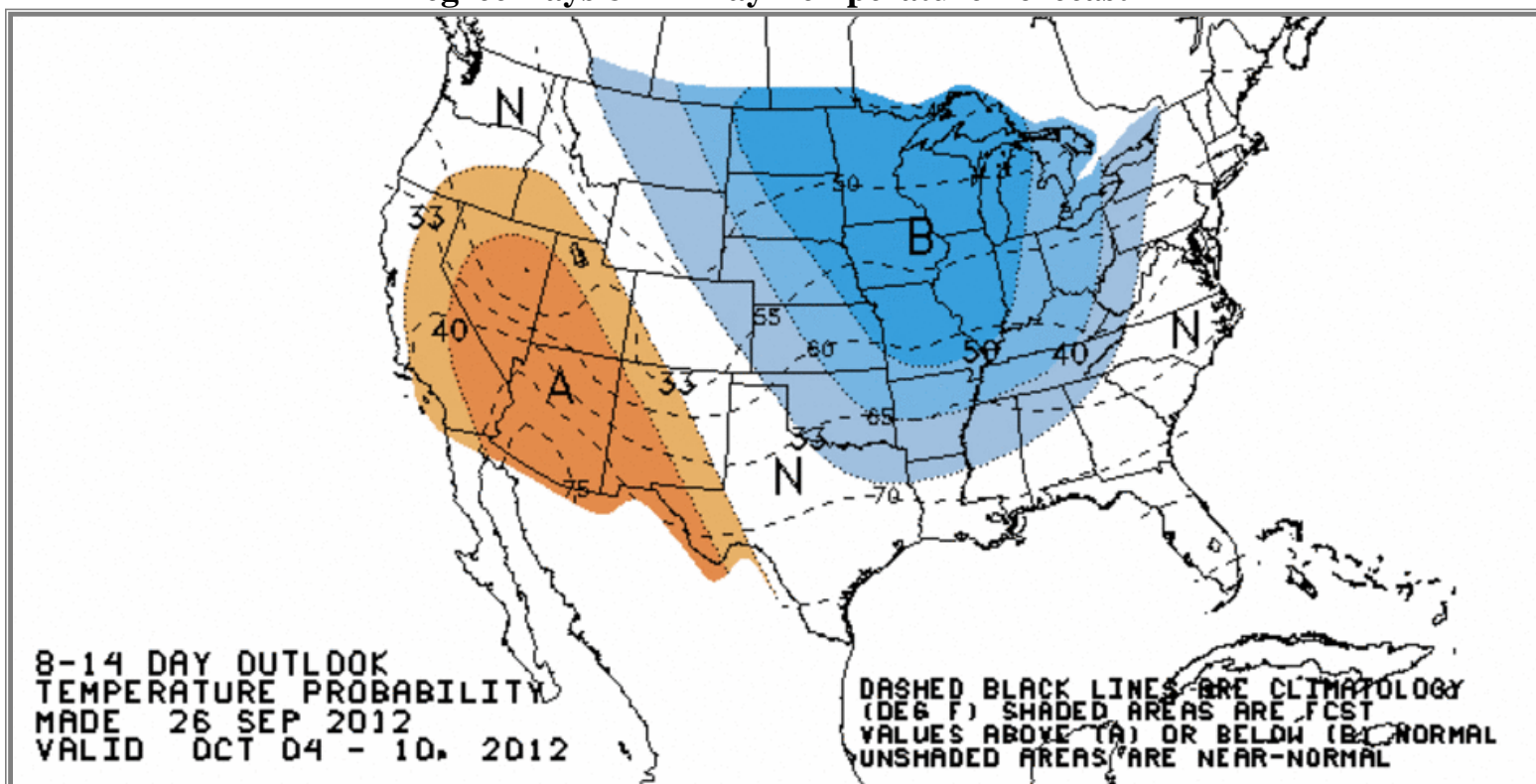
U.S. Residual Fuel Oil Price Spreads and Supply Balance



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

