

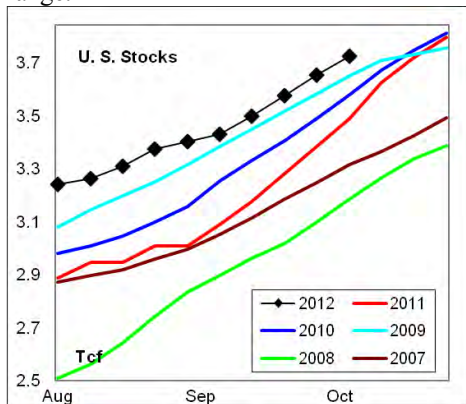
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

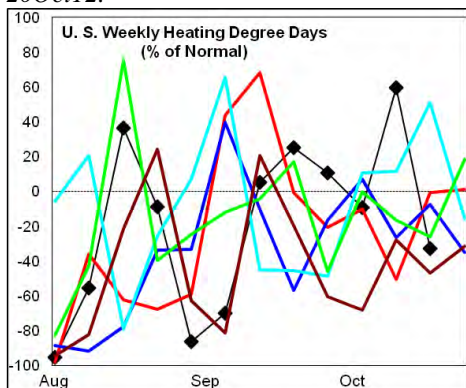
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Monday, October 15, 2012



Summary¹ The stock build of +72 Bcf for the week was at the low end of the 5-year range.



Heating degree days for the week ending 09Oct12 were -9% below normal, +60% above normal for 13Oct12 and forecast to be -33% below normal for the week ending 20Oct12.



In the East Region stocks increased +42 Bcf for the week, a level below the mid range for the week. Stocks increased +3 Bcf in the West Region, a level below the 5-year range. Stocks increased +27 Bcf in the Producing Region, a build that was below the historic mid range.

Heating degree days were -15% below normal in the East Region, -5% below normal in the West Region and +58% above normal in the Producing Region for the week ending 06Oct12.

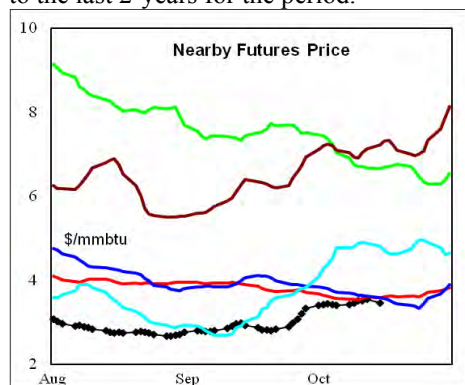
Heating degree days were -9% below normal for the week ending 06Oct12, +60% above normal for the week ending

13Oct12 and forecast to be -33% below normal for the week ending 20Oct12.

The 6-10 day NWS forecast for the week ending 24Oct12 is for below normal heating degree days in the Northeast and southwest with other areas slightly above normal.

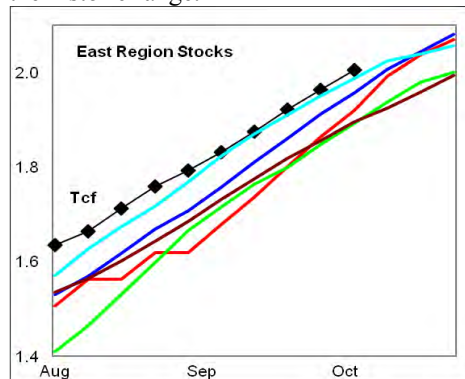
The 8-14 day NWS forecast for the week ending 28Oct12 is for below normal heating degree days across nearly the entire country.

Prices: Nearby gas futures prices increased +\$0.06/mmbtu for the week ending 15Oct12. The current price is comparable to the last 2-years for the period.



The 1st - 4th month forward price curve trended higher for the week ending 15Oct12, ending at a level that matched last years' 5-year high.

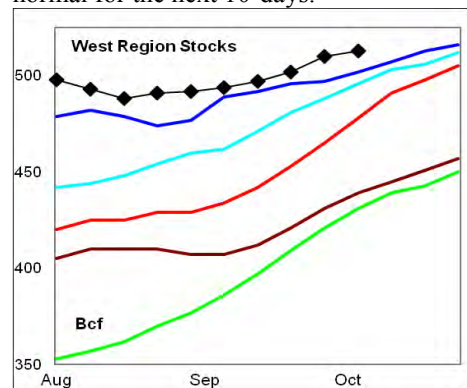
East Region stocks increased +42 Bcf for the week, a level below the mid range for the week. The current stock level was +4.4% above last year, and slightly above the historic range.



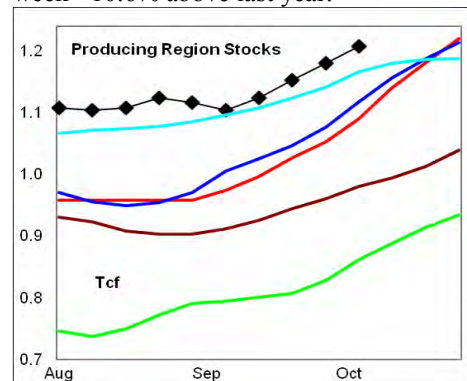
Heating degree days in the region were -15% below normal for the week ending 06Oct12, +62% above normal for the week ending 13Oct12 and forecast to be -33% below normal this week. Heating degree days are forecast to be below normal in the region for the next 10-days.

West Region stocks increased +3 Bcf on the week, a level below the historic range. Stock levels ended the week +7.3% above

last year and above the 5-year range. The latest 4-wk stock change was a build of +19 Bcf, a level near historic lows. Heating degree days were -5% below normal for the week ending 06Oct12, +25% above normal for the week ending 13Oct12 and forecast to be -42% below normal for the current week. Heating degree days are forecast to be above normal for the next 10-days.



Producing Region stocks increased +27 Bcf for the week, a build that was below the mid range. Stock levels ended the week +10.6% above last year.



Heating degree days were +58% above normal for the week ending 06Oct12, +94% above normal for the week ending 13Oct12, and forecast to be -38% below normal for the current week. Below normal heating 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 -22% below last year.

Outlook: Much warmer than normal temperatures are forecast through the end of October in most regions. Spot prices are trending lower in response to the much below normal heating degrees. Look for prices to remain at the low end of the historic range during the next month.

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: October 15, 2012

For the week ending: 5-Oct-12

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

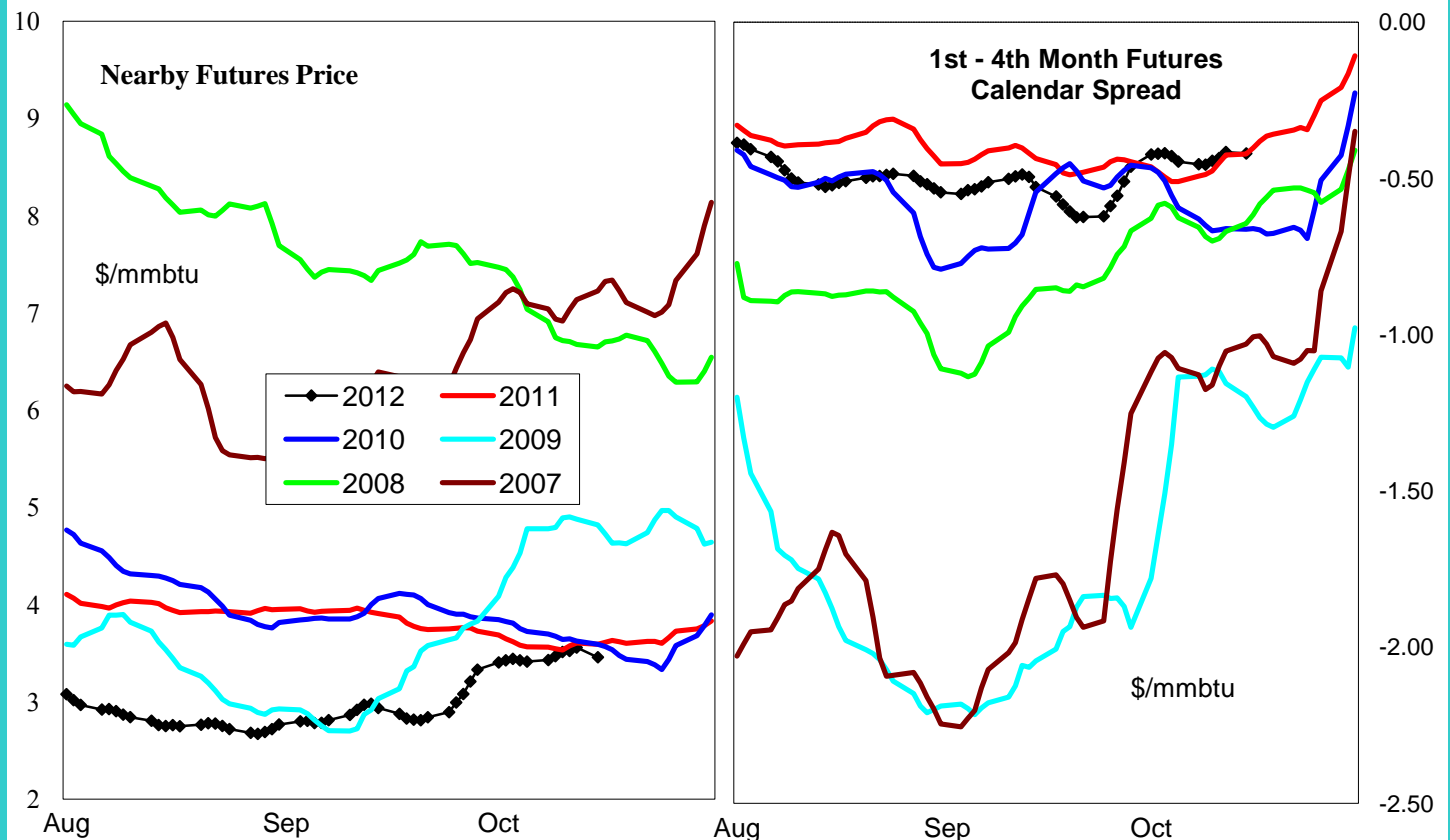
| Week ending: | 5-Oct-12 | | | 6-Oct-12 | | 13-Oct-12 | | 20-Oct-12 | |
|--------------|---------------|------------------|----------|----------------------------|-------------|----------------------|-------------|----------------------|-------------|
| Region | Weekly Stocks | | | Weekly Heating Degree 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 | 3,725 | 72 | 6.8 | 4 | -9% | 54 | 60% | -45 | -33% |
| East | 2,005 | 42 | 4.4 | -1 | -15% | 68 | 62% | -54 | -31% |
| West | 513 | 3 | 7.3 | 17 | -5% | 30 | 25% | -35 | -42% |
| Producing | 1,207 | 27 | 10.6 | 16 | 58% | 19 | 94% | -21 | -38% |

Seasonal Trends in Stocks and Heating Degree Days

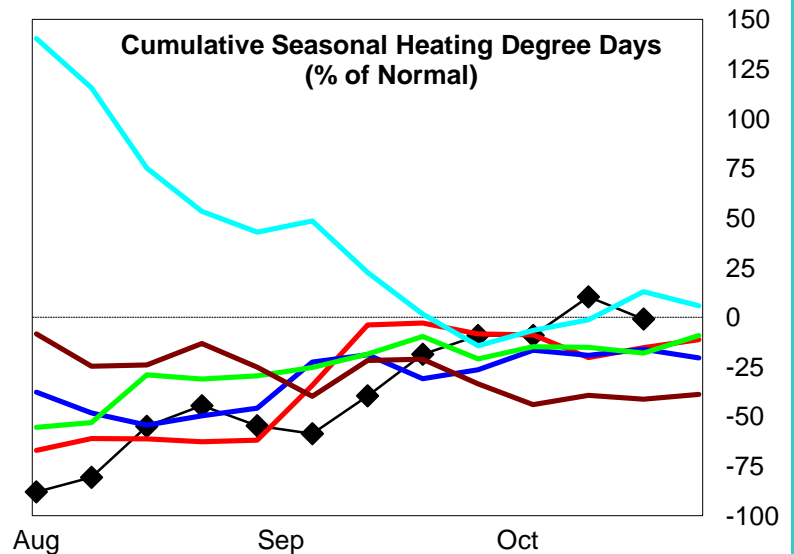
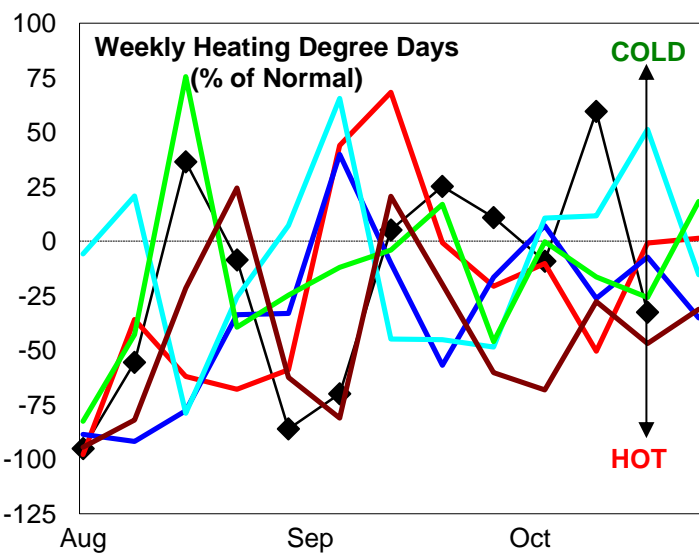
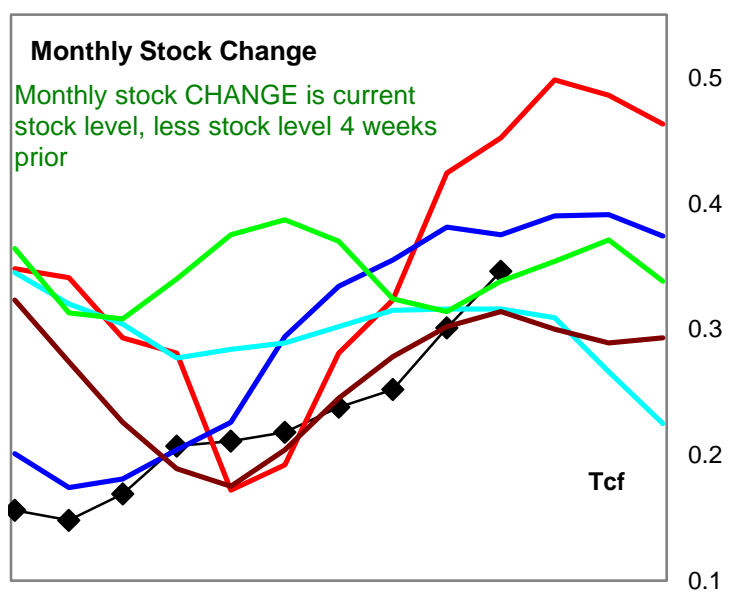
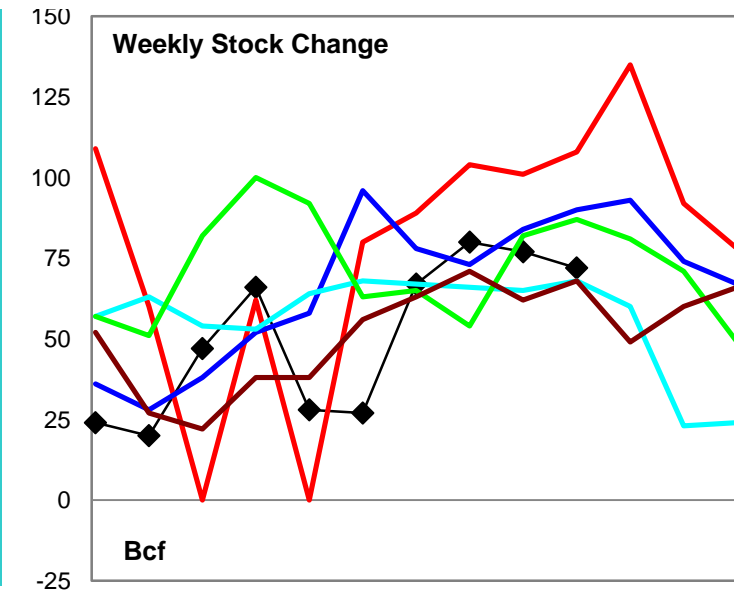
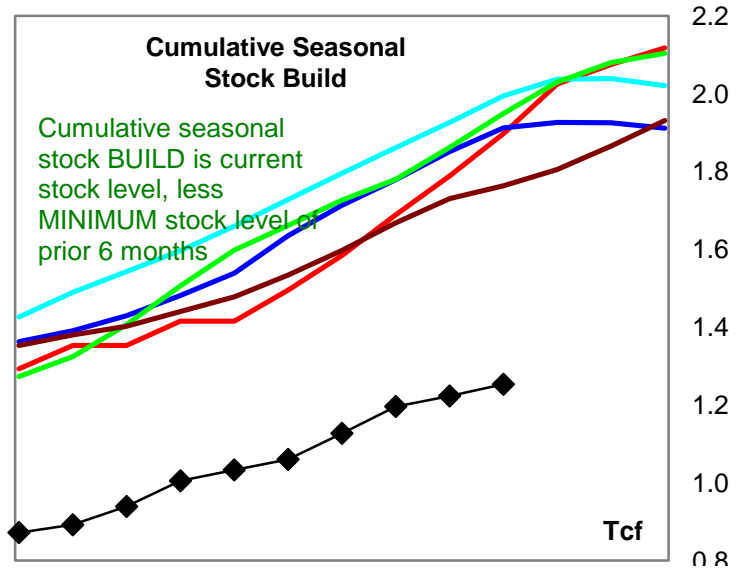
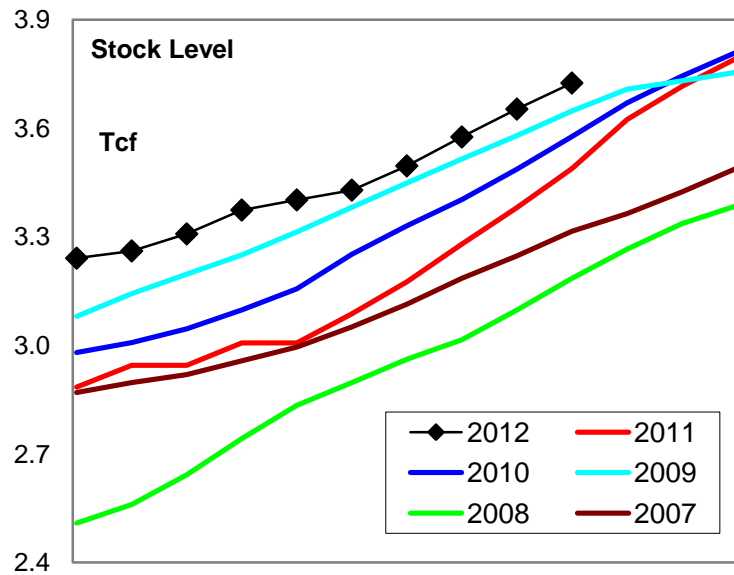
| | Cumulative Stock Change | | | Cumulative Heating Degree Days | | | | | |
|-------------------|-------------------------|-----------------------------|---------------|--------------------------------|----------------|---------------------|----------------|---------------------|----------------|
| | Bcf | Change vs prior year Bcf | % | CHDD's vs normal | % of normal | CHDD's vs normal | % of normal | CHDD's vs normal | % of normal |
| U.S. Total | 1,253 | -644 | -51.4 | 42 | -9.2 | 95 | 10.2 | 50 | -0.9 |
| East | 921 | -378 | -41.0 | 46 | -3.8 | 114 | 15.5 | 60 | 3.3 |
| West | 164 | -94 | -57.3 | 50 | -36.3 | 80 | -23.4 | 45 | -27.3 |
| Producing | 172 | -178 | -103.5 | 21 | 6.9 | 40 | 38.3 | 19 | 12.0 |

Futures Market Price Trends

| Date: | 15-Oct-12 | Change vs prior week, month, year | | |
|------------------------------|--------------|-----------------------------------|-------------|--------------|
| | | 9-Oct-12 | 17-Sep-12 | 19-Oct-11 |
| 1st month Futures | 3.46 | -0.01 | 0.69 | -0.47 |
| % change | xxxxx | -0.3 | 24.7 | -11.9 |



United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock
Level

Weekly Stock
Change

Monthly Stock
Change

Cumulative Stock
Change

BCF
Percent Change (%)

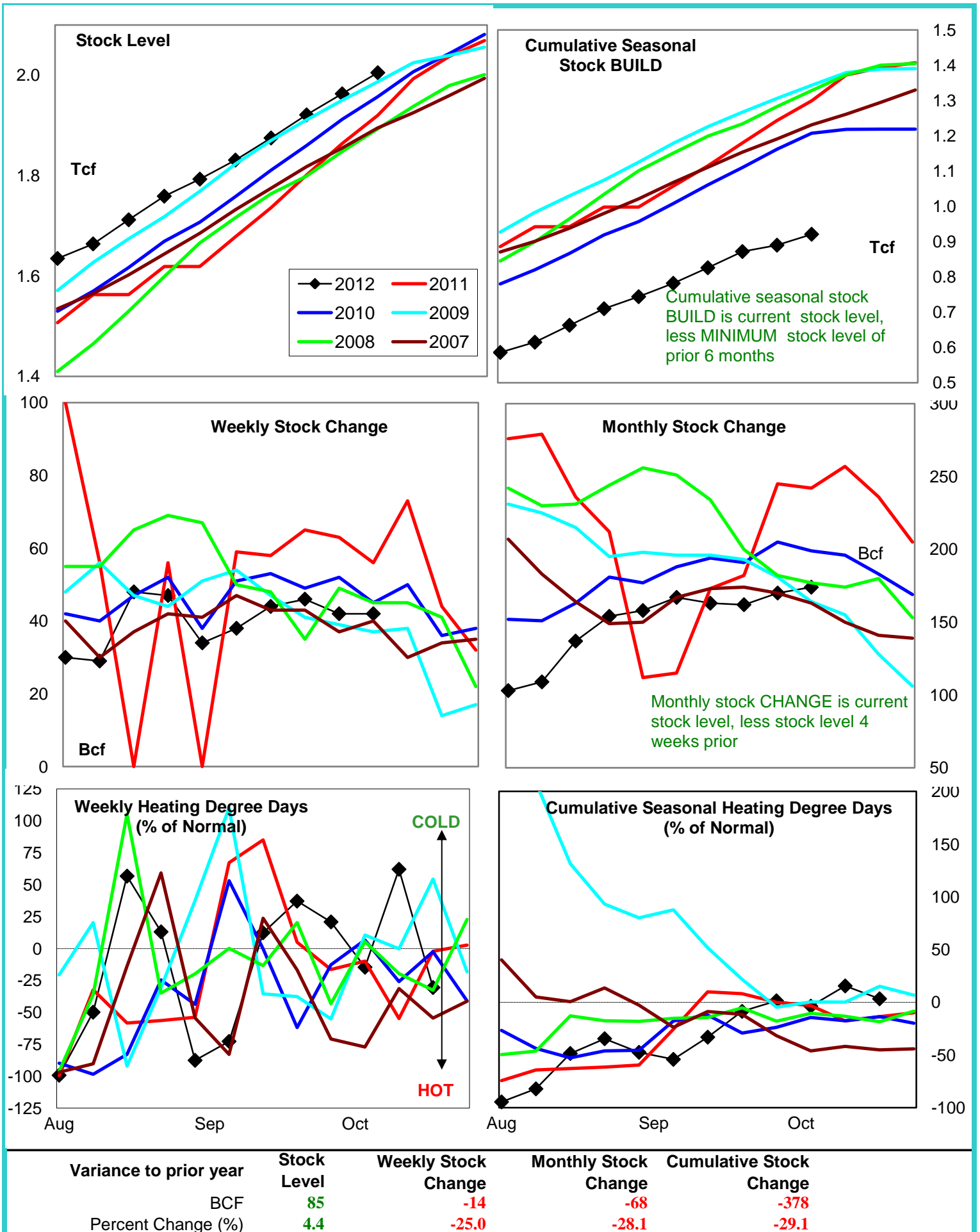
236
6.8

-36
-33.3

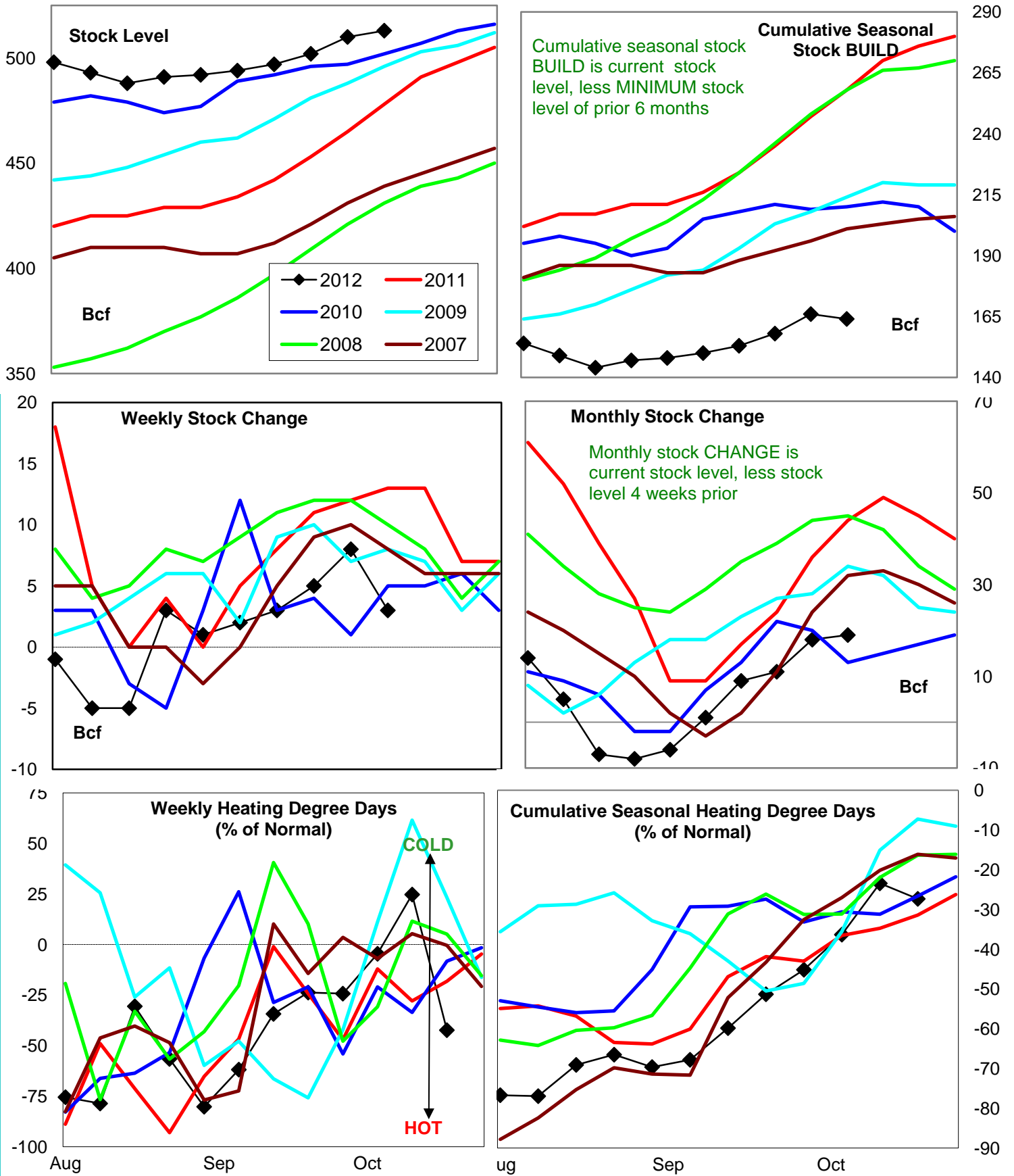
-106
-26.4

-644
-33.9

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 (%)

35

-10

-25

-94

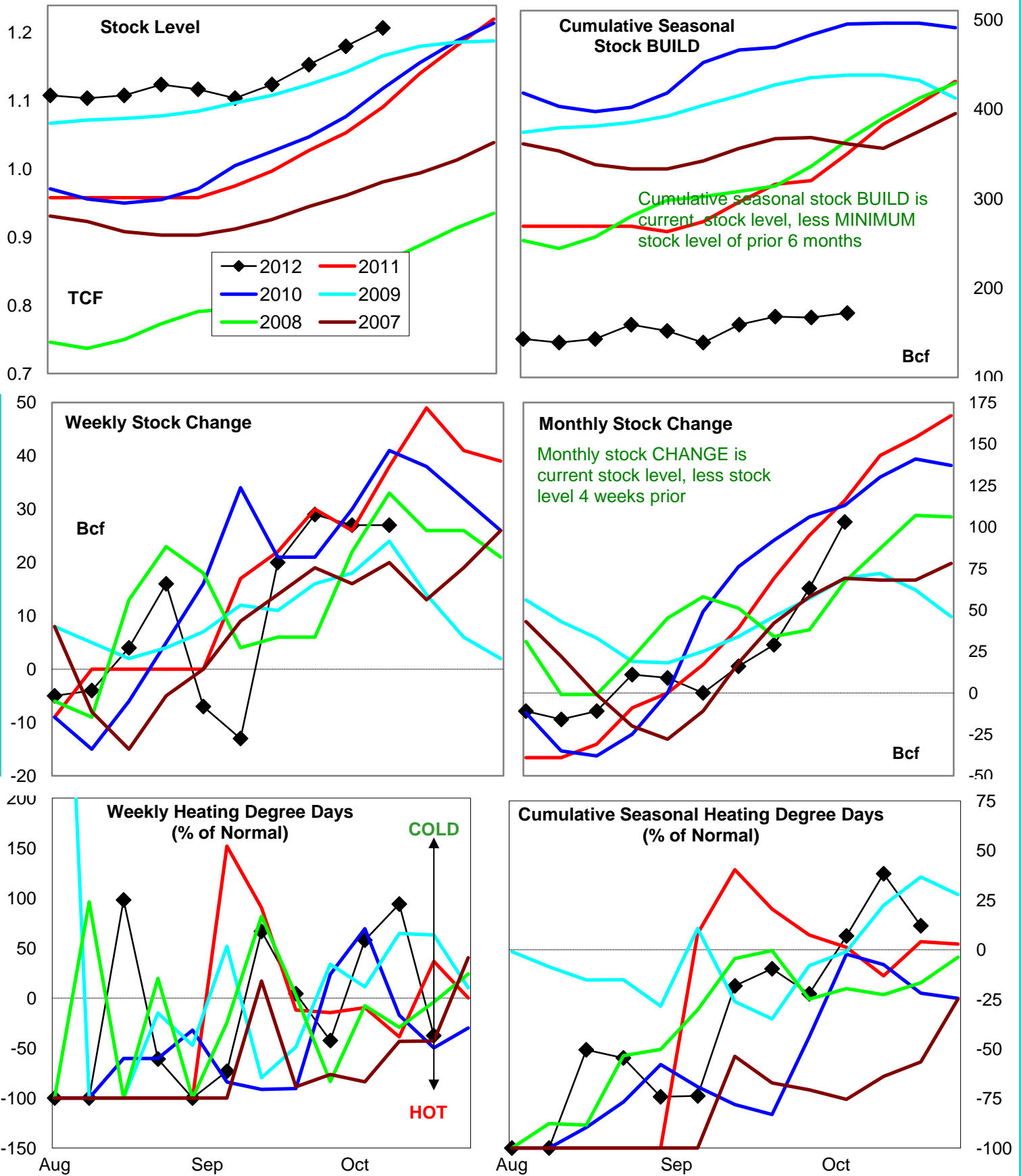
7.3

-76.9

-56.8

-36.4

Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF
Percent Change (%)

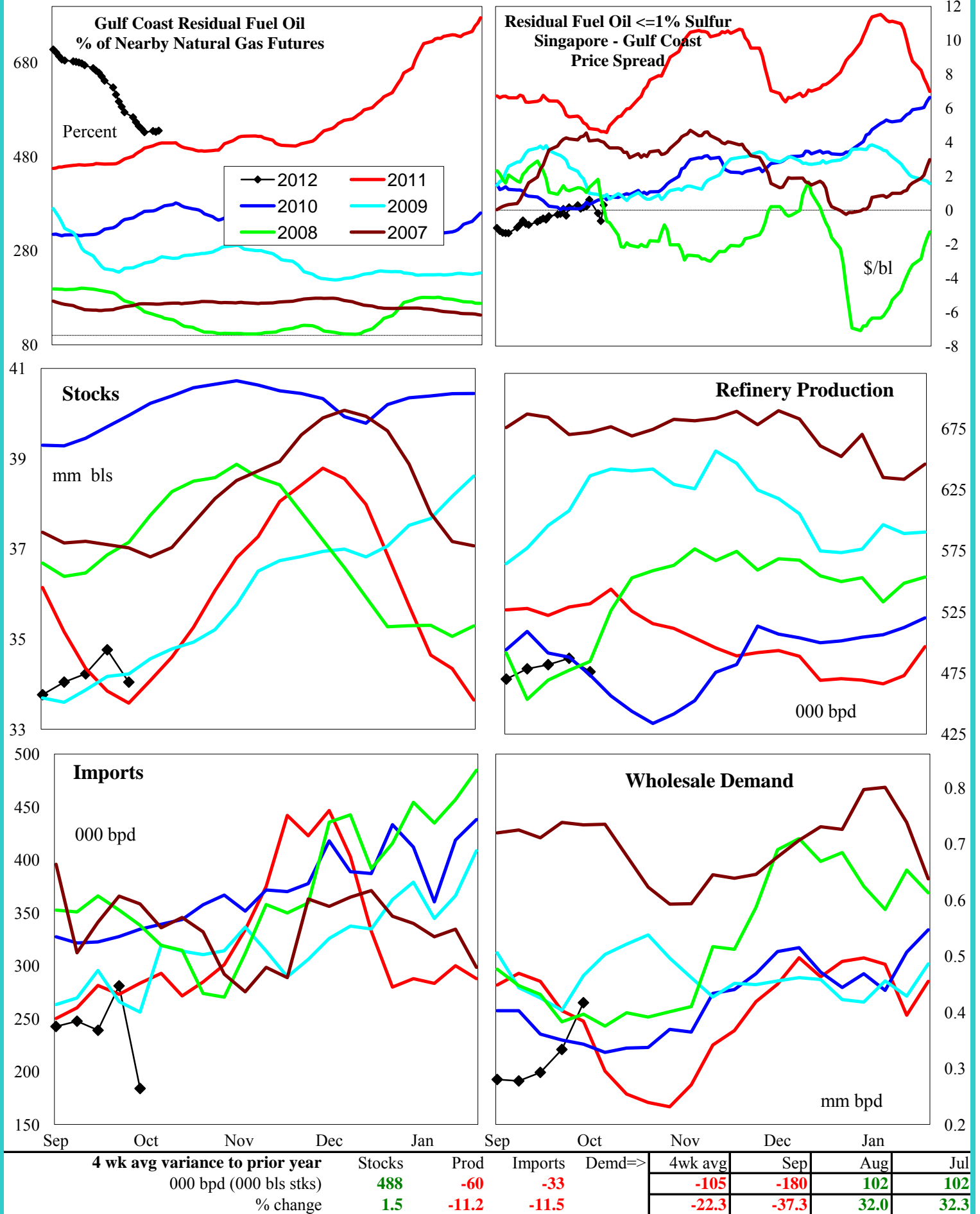
116
10.6

-11
-28.9

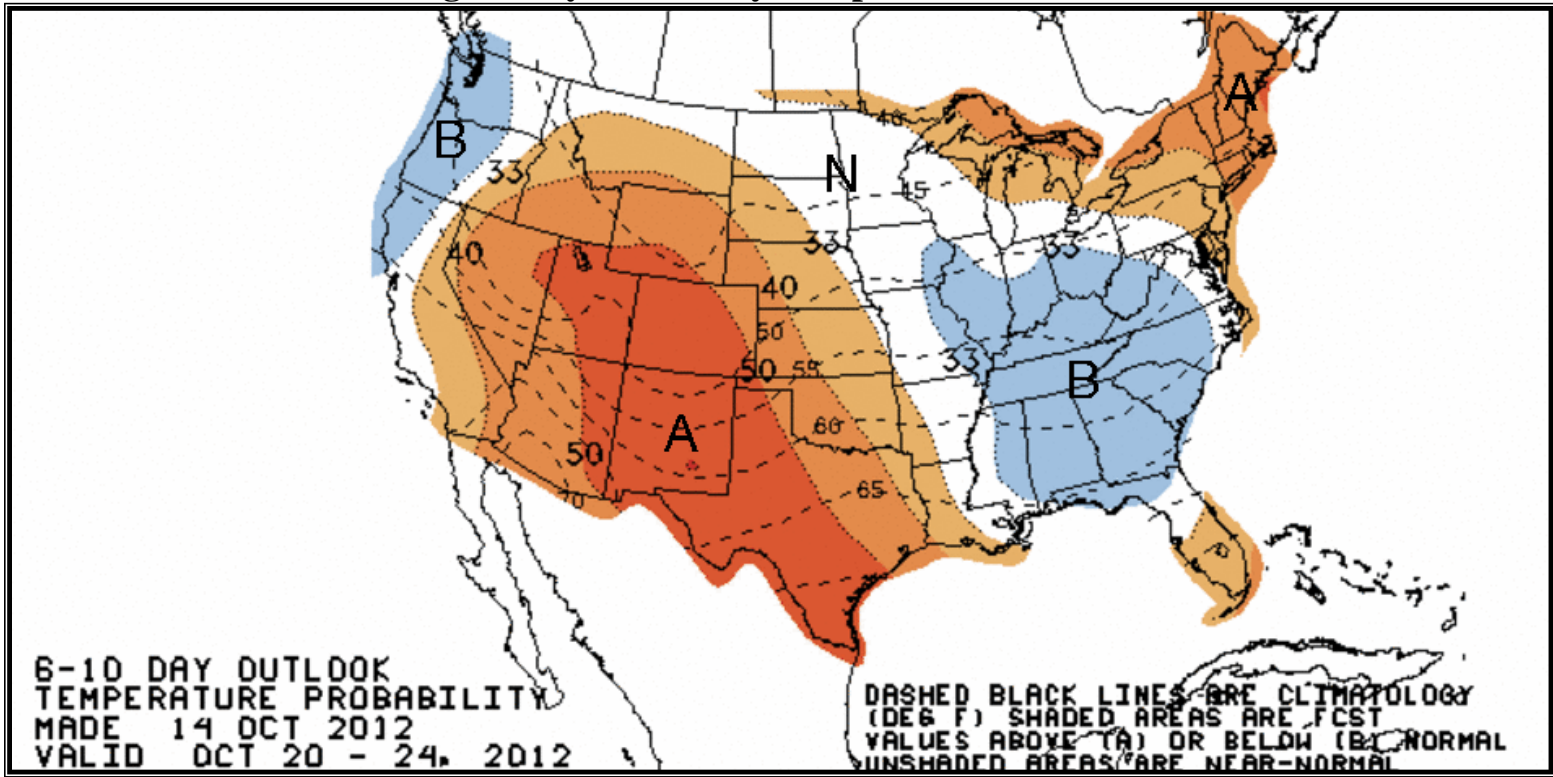
-13
-11.2

-178
-50.9

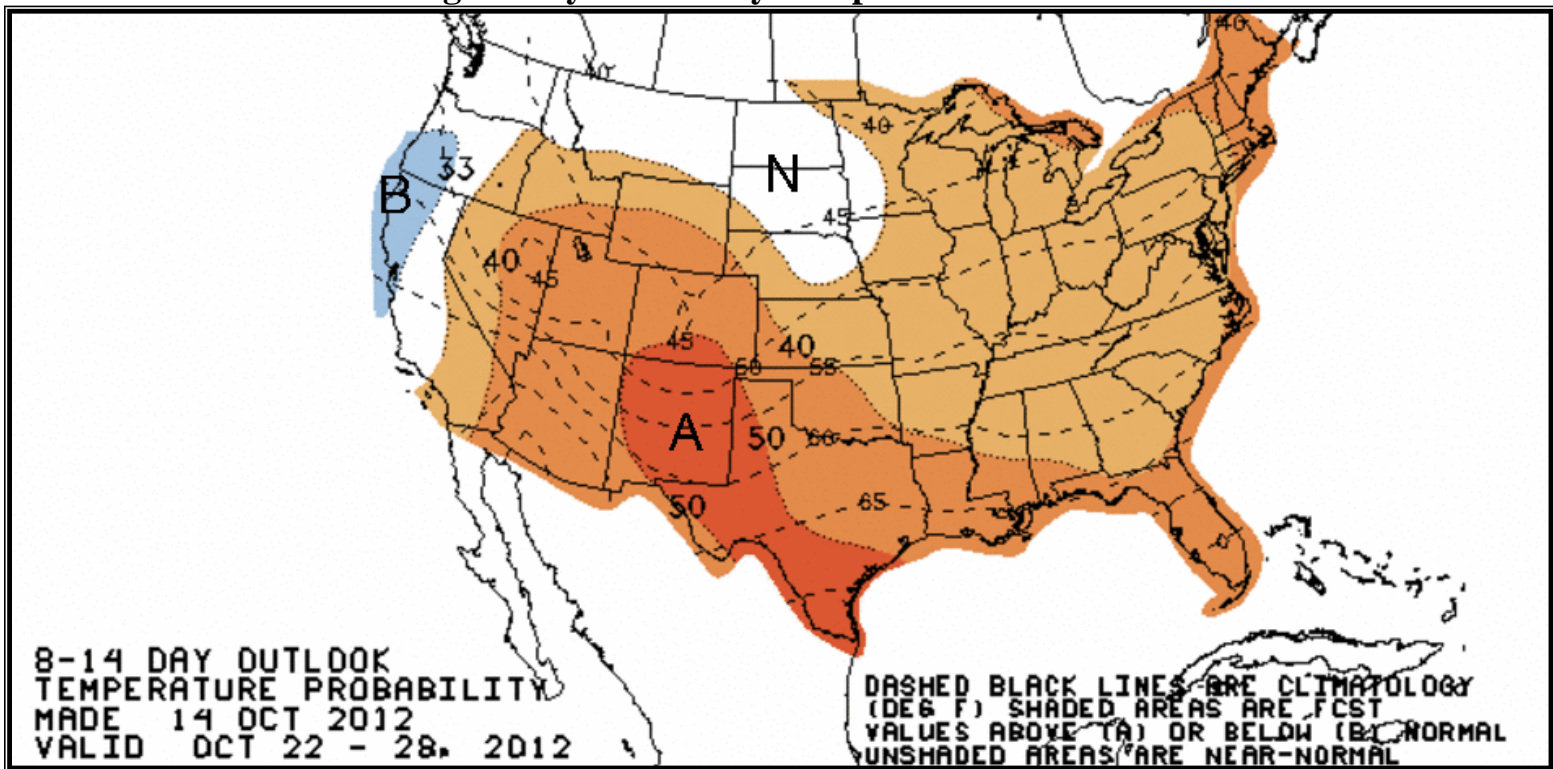
U.S. Residual Fuel Oil Price Spreads and Supply Balance



**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

