

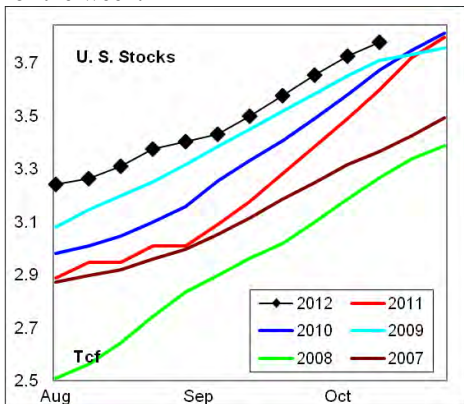
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

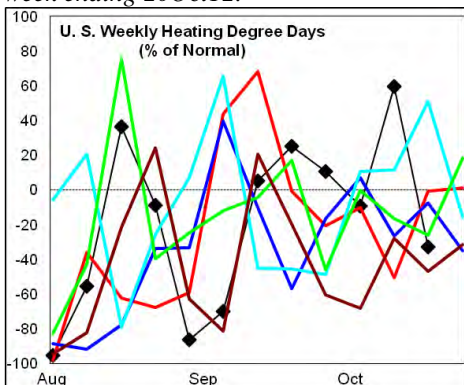
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, October 18, 2012



Summary¹ The stock build of +51 Bcf for the week matched lows of the last 3-years for the week.



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



In the East Region stocks increased +24 Bcf for the week, a level below the historic range for the week. Stocks increased +8 Bcf in the West Region, a level above the mid range for the period. Stocks increased +19 Bcf in the Producing Region, a build that was below the historic mid range.

Heating degree days were +62% above normal in the East Region, +25% above normal in the West Region and +94% above normal in the Producing Region for the week ending 13Oct12.

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

¹ Related Web Sites:

[Data Source is EIA Weekly Statistics](#)

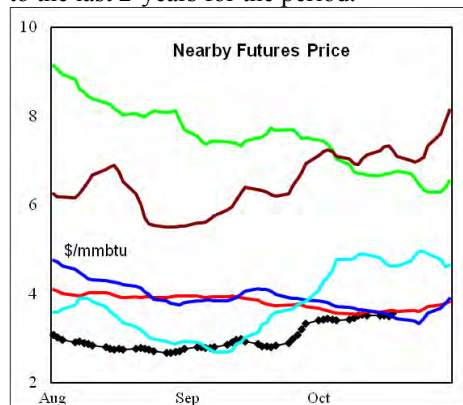
[National Weather Service 6-10 Day](#)

[National Weather Service 10-14 Day](#)

The 6-10 day NWS forecast for the week ending 27Oct12 is for much below normal heating degree days in the eastern 2/3rds of the country and above normal in the Northwest.

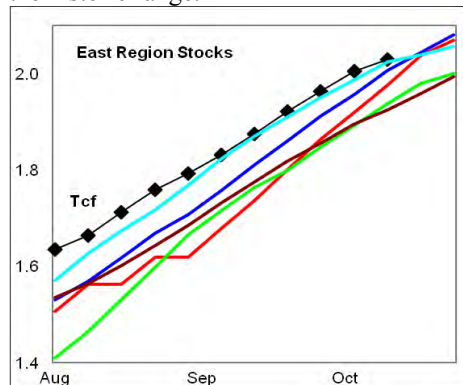
The 8-14 day NWS forecast for the week ending 31Oct12 is for below normal heating degree days across the southern and eastern regions of the country, with near normal heating degree days in the great lakes and northwest.

Prices: Nearby gas futures prices decreased -\$0.03/mmbtu for the week ending 17Oct12. The current price is comparable to the last 2-years for the period.



The 1st - 4th month forward price curve traded sideways for the week ending 17Oct12, ending at a level that matched last years' 5-year high.

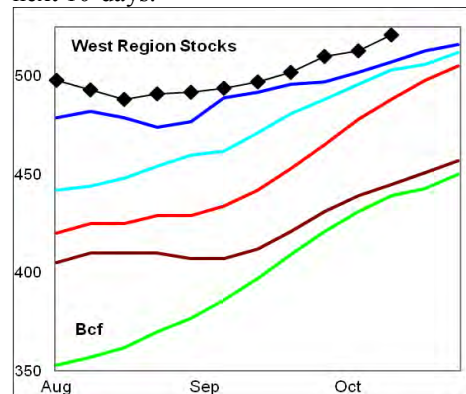
East Region stocks increased +24 Bcf for the week, a level below the historic range for the week. The current stock level was +2.7% above last year, and slightly above the historic range.



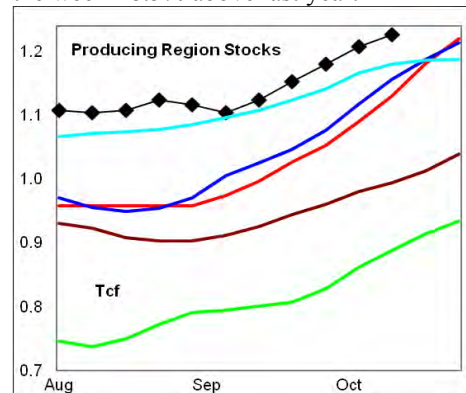
Heating degree days in the region were +62% above normal for the week ending 13Oct12 and forecast to be -31% below normal this week. Heating degree days are forecast to be below normal in the region for the next 10-days.

West Region stocks increased +8 Bcf on the week, a level above the historic mid range. Stock levels ended the week +6.8%

above last year and above the 5-year range. The latest 4-wk stock change was a build of +24 Bcf, a level near historic lows. Heating degree days were +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 slightly above normal for the next 10-days.



Producing Region stocks increased +19 Bcf for the week, a build that was below the historic mid range. Stock levels ended the week +8.5% above last year.



Heating degree days were +94% above normal for the week ending 13Oct12, and forecast to be -38% below normal for the current week. Much 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 -28% below last year.

Outlook: Much warmer than normal temperatures are forecast through the end of October in most regions. Stock levels are now just +5% above last year, and less than 3% over the prior 2-years; driven by the lack of storage capacity by the industry. Look for prices to remain at the low end of the historic range during the next month.



NATURAL GAS: Graph Link and Weekly Summary

Report prepared as of: October 18, 2012

For the week ending: 12-Oct-12

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

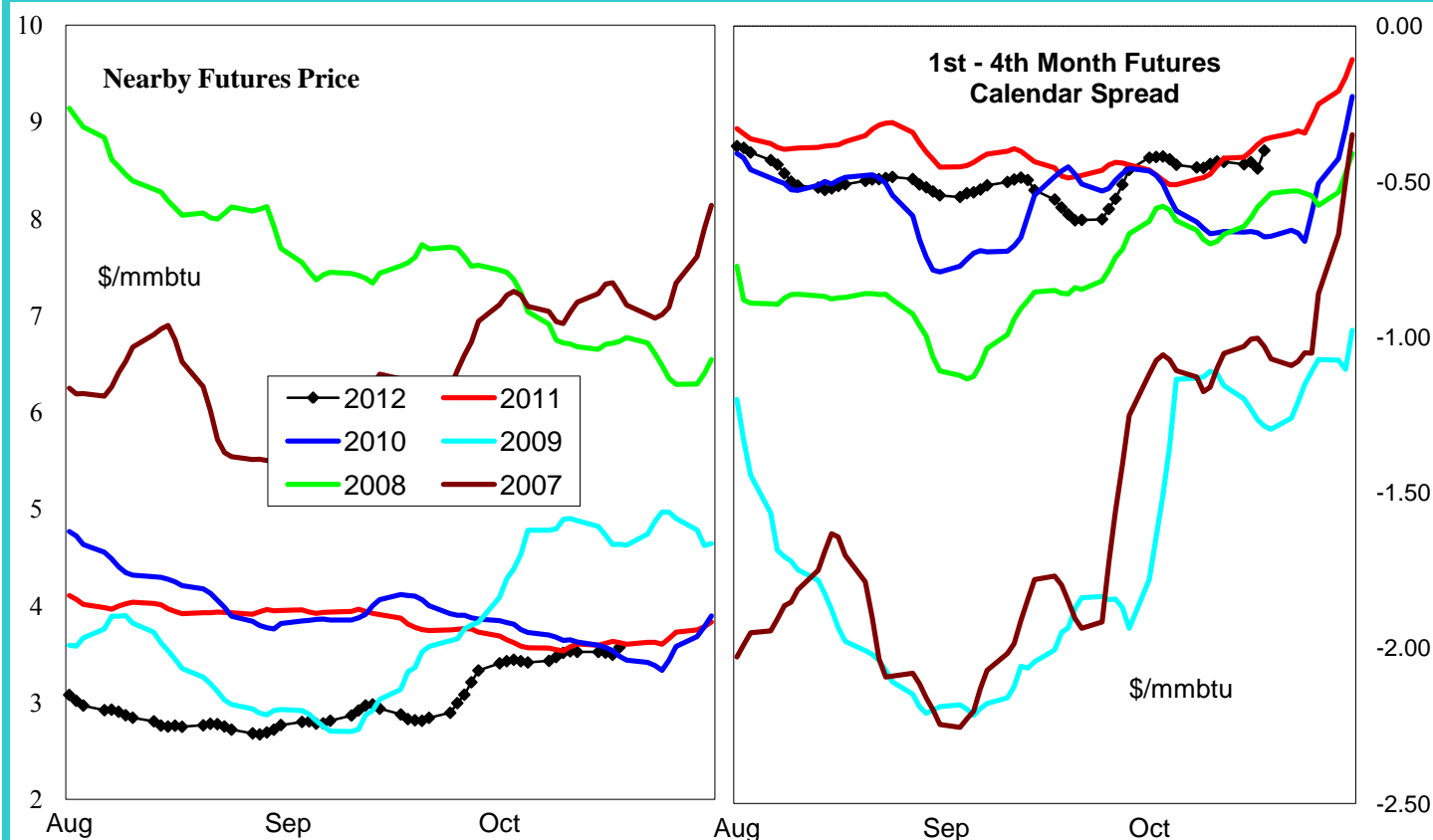
Week ending:	12-Oct-12			6-Oct-12		13-Oct-12		20-Oct-12	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,776	51	5.0	4	-9%	54	60%	-45	-33%
East	2,029	24	2.7	-1	-15%	68	62%	-54	-31%
West	521	8	6.8	17	-5%	30	25%	-35	-42%
Producing	1,226	19	8.5	16	58%	19	94%	-21	-38%

Seasonal Trends in Stocks and Heating Degree Days

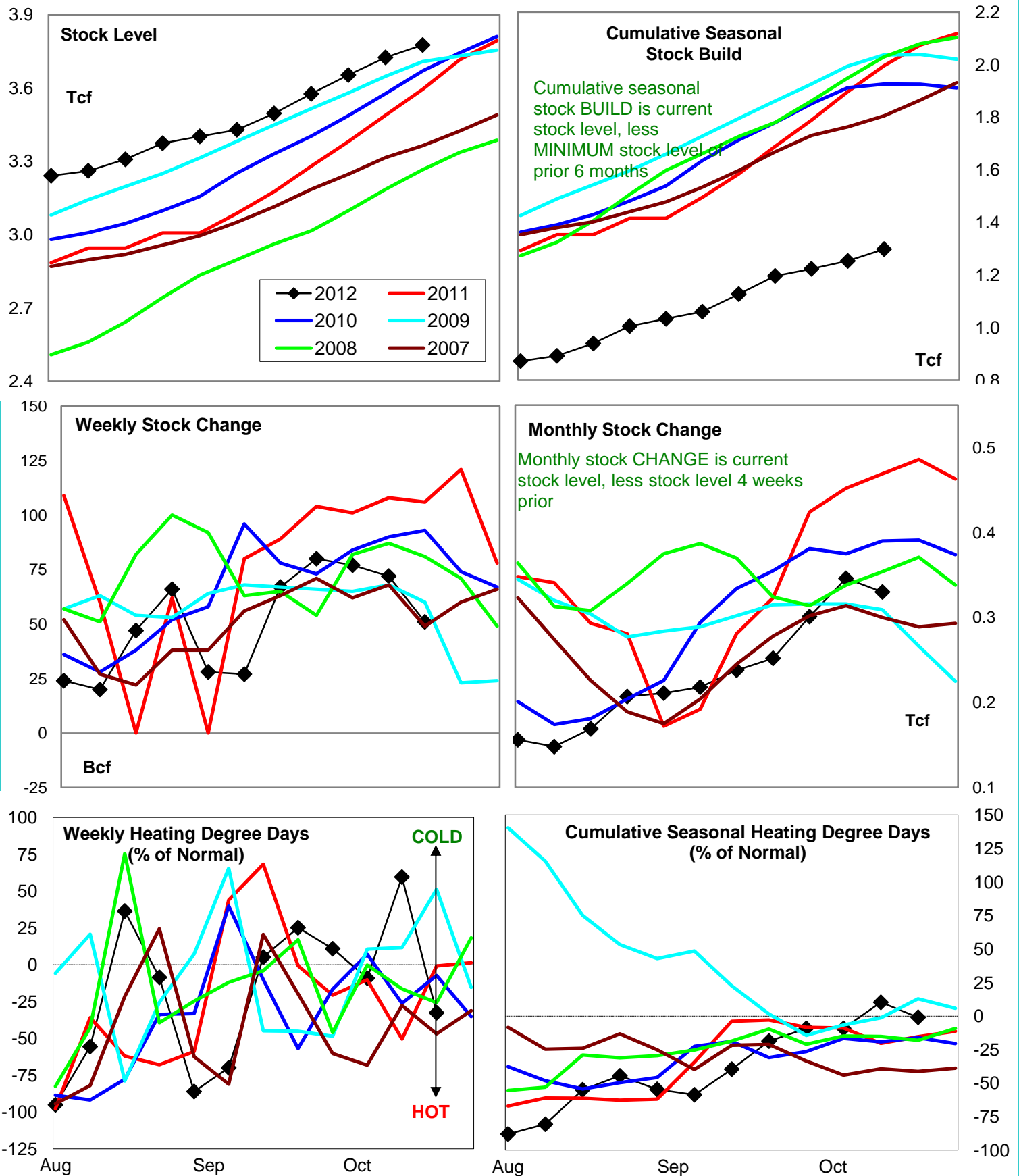
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	1,298	-698	-53.8	42	-9.2	95	10.2	50	-0.9
East	939	-416	-44.3	46	-3.8	114	15.5	60	3.3
West	168	-99	-58.9	50	-36.3	80	-23.4	45	-27.3
Producing	191	-182	-95.3	21	6.9	40	38.3	19	12.0

Futures Market Price Trends

Date:	18-Oct-12	Change vs prior week, month, year		
		12-Oct-12	20-Sep-12	24-Oct-11
1st month Futures	3.57	-0.04	0.69	-0.18
% change	xxxxx	-1.1	23.7	-4.8



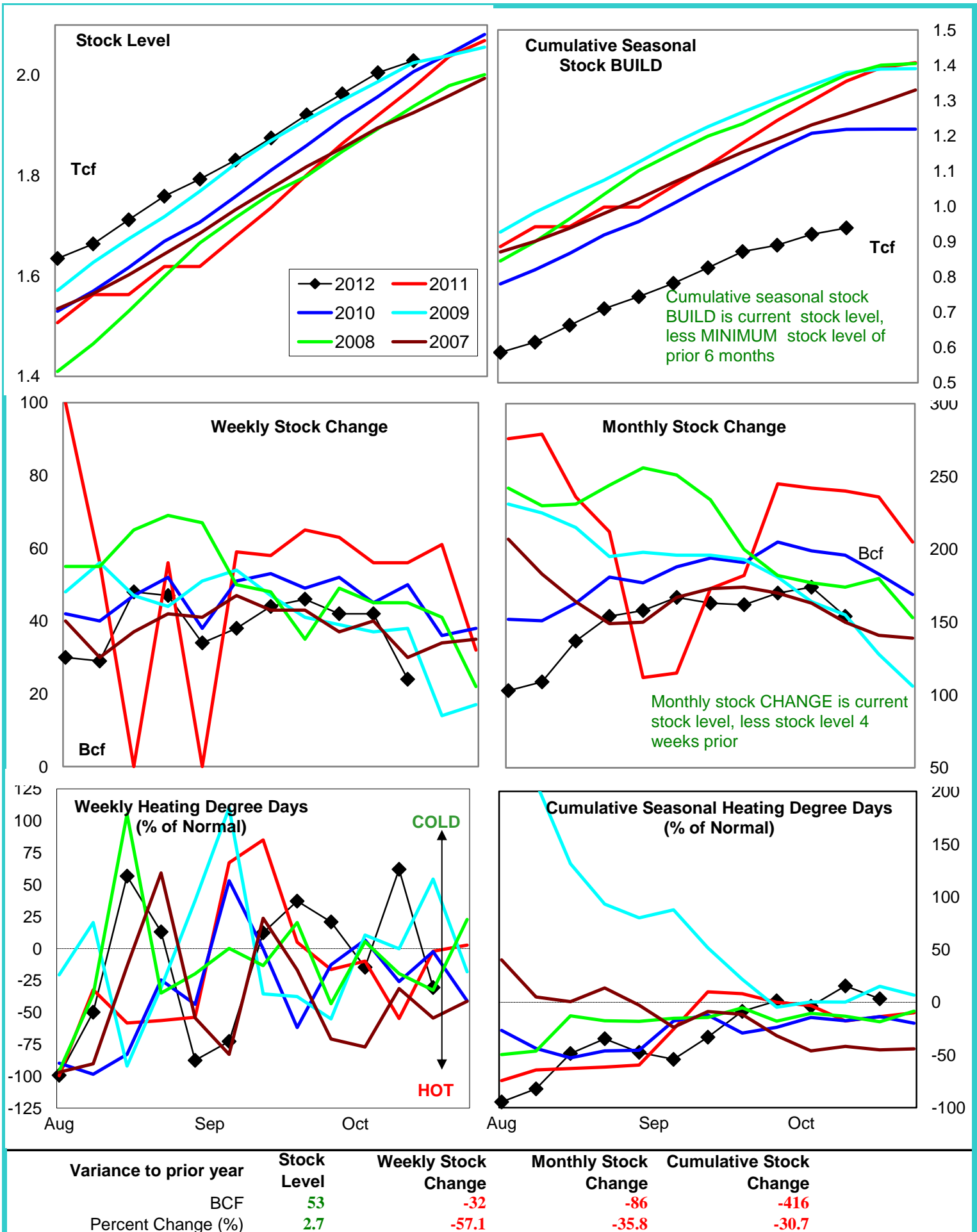
United States Natural Gas Stock and Weather Trends



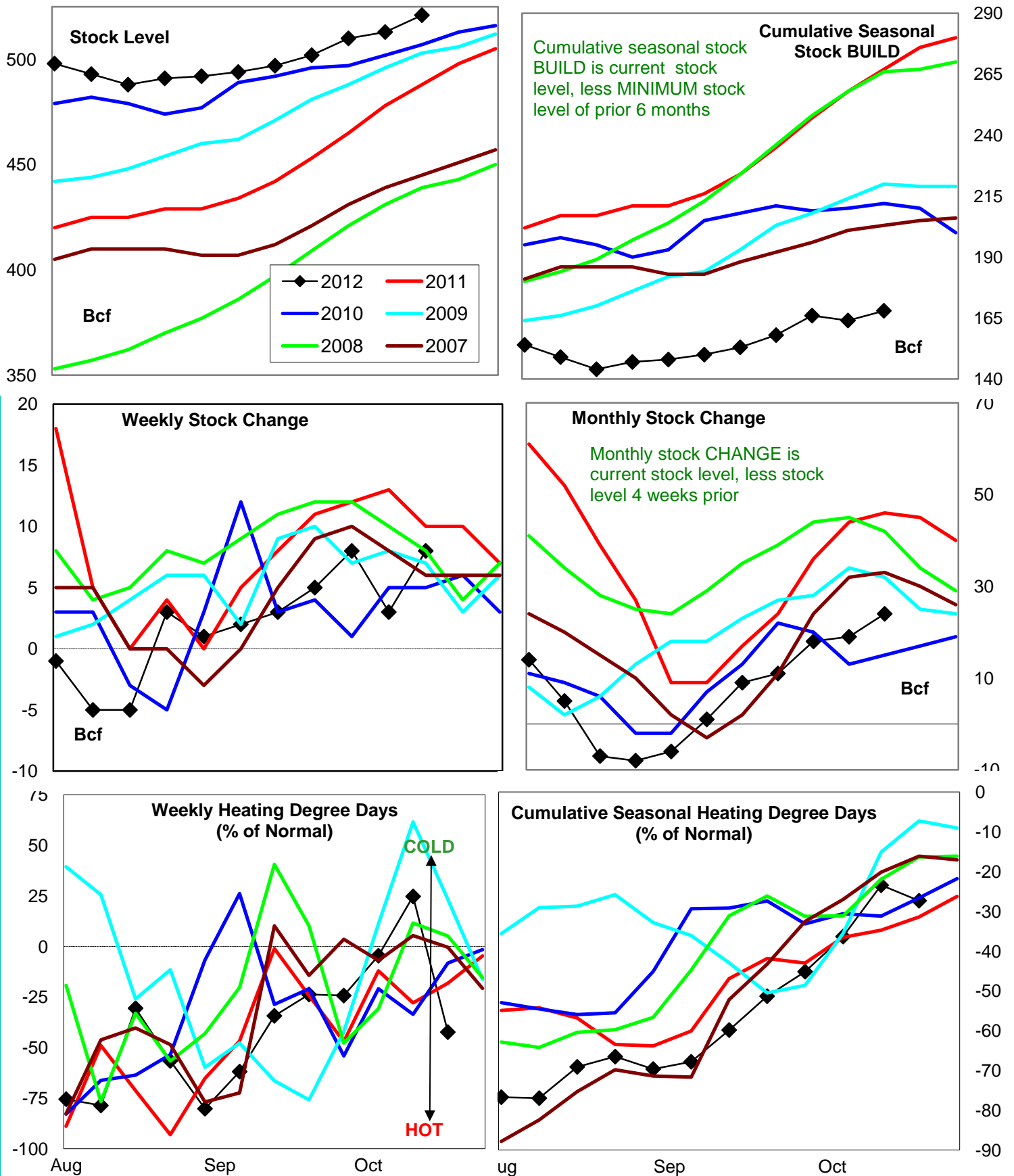
Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)181
5.0-55
-51.9-139
-33.2-698
-35.0

Natural Gas East Region Stock and Weather Trends



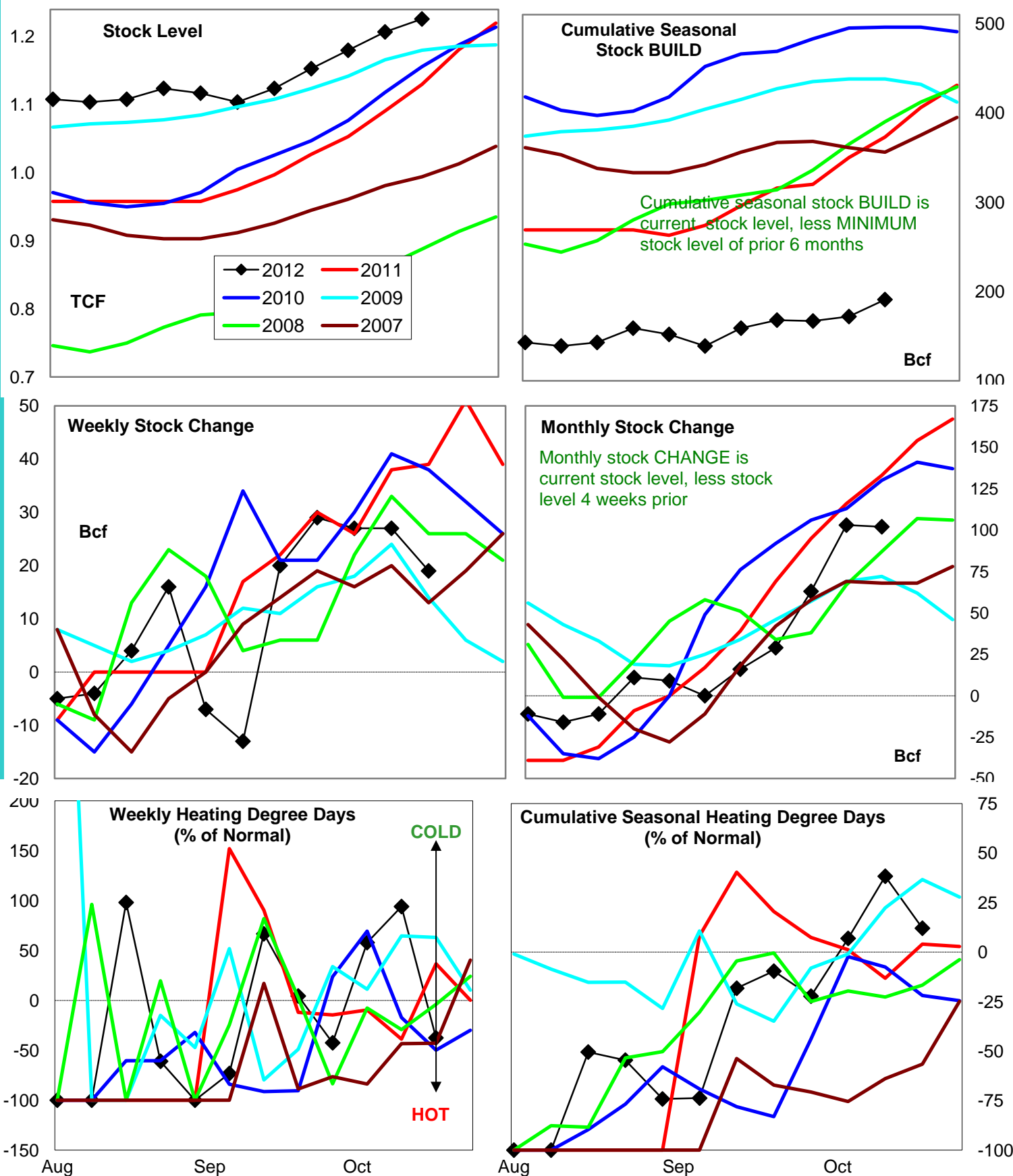
Natural Gas West Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)33
6.8-2
-20.0-22
-47.8-99
-37.1

Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)

96

-20

-31

-182

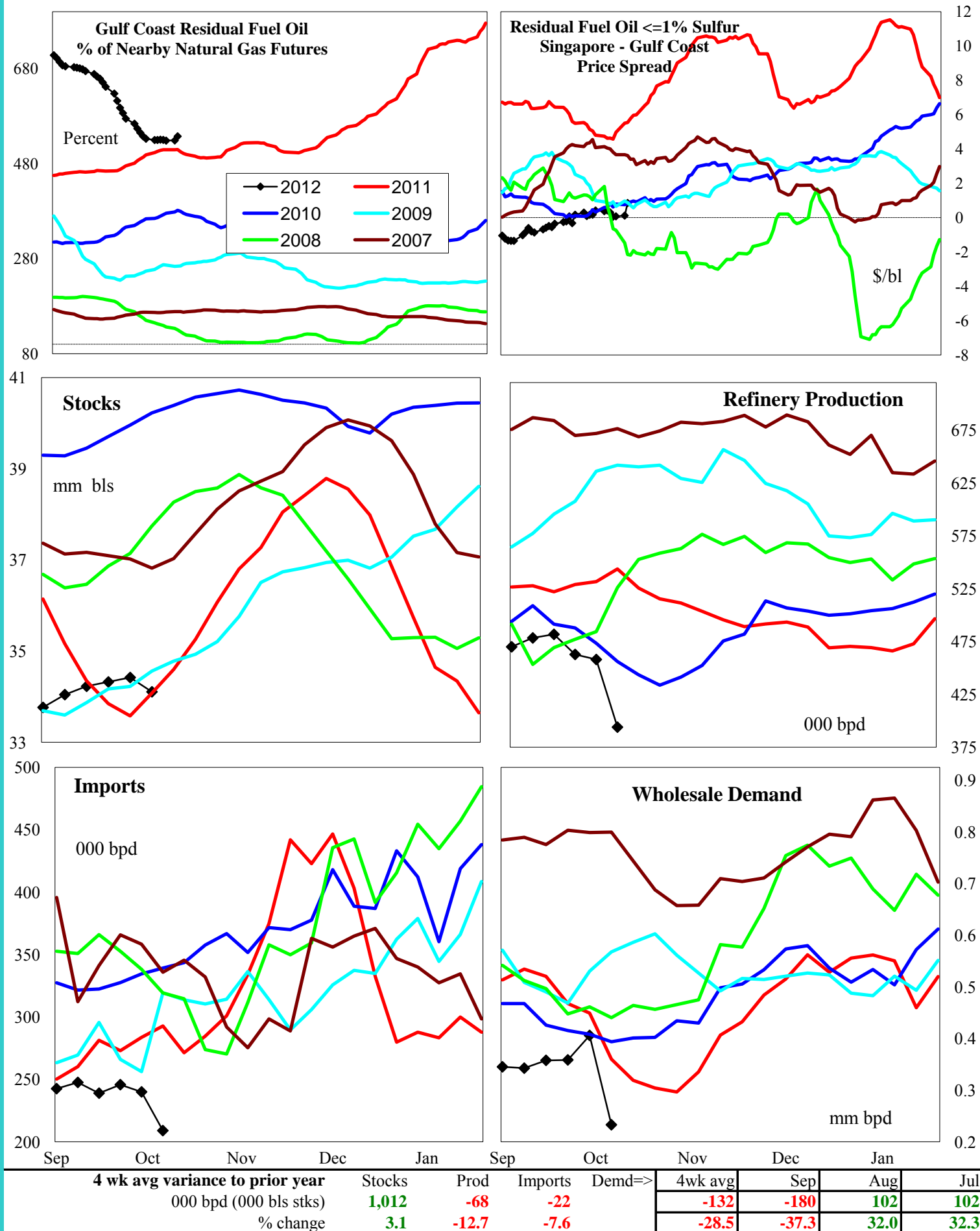
8.5

-51.3

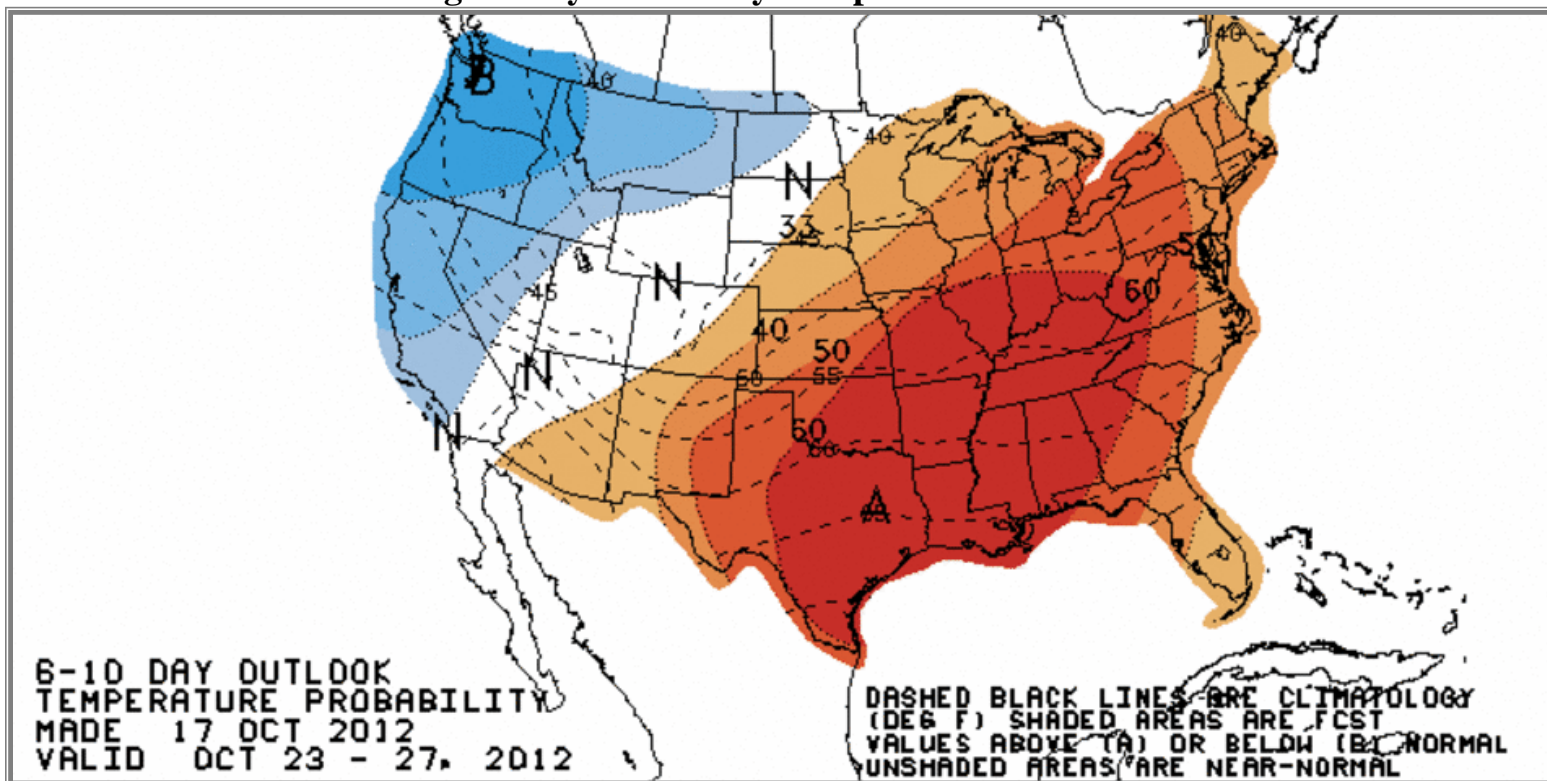
-23.3

-48.8

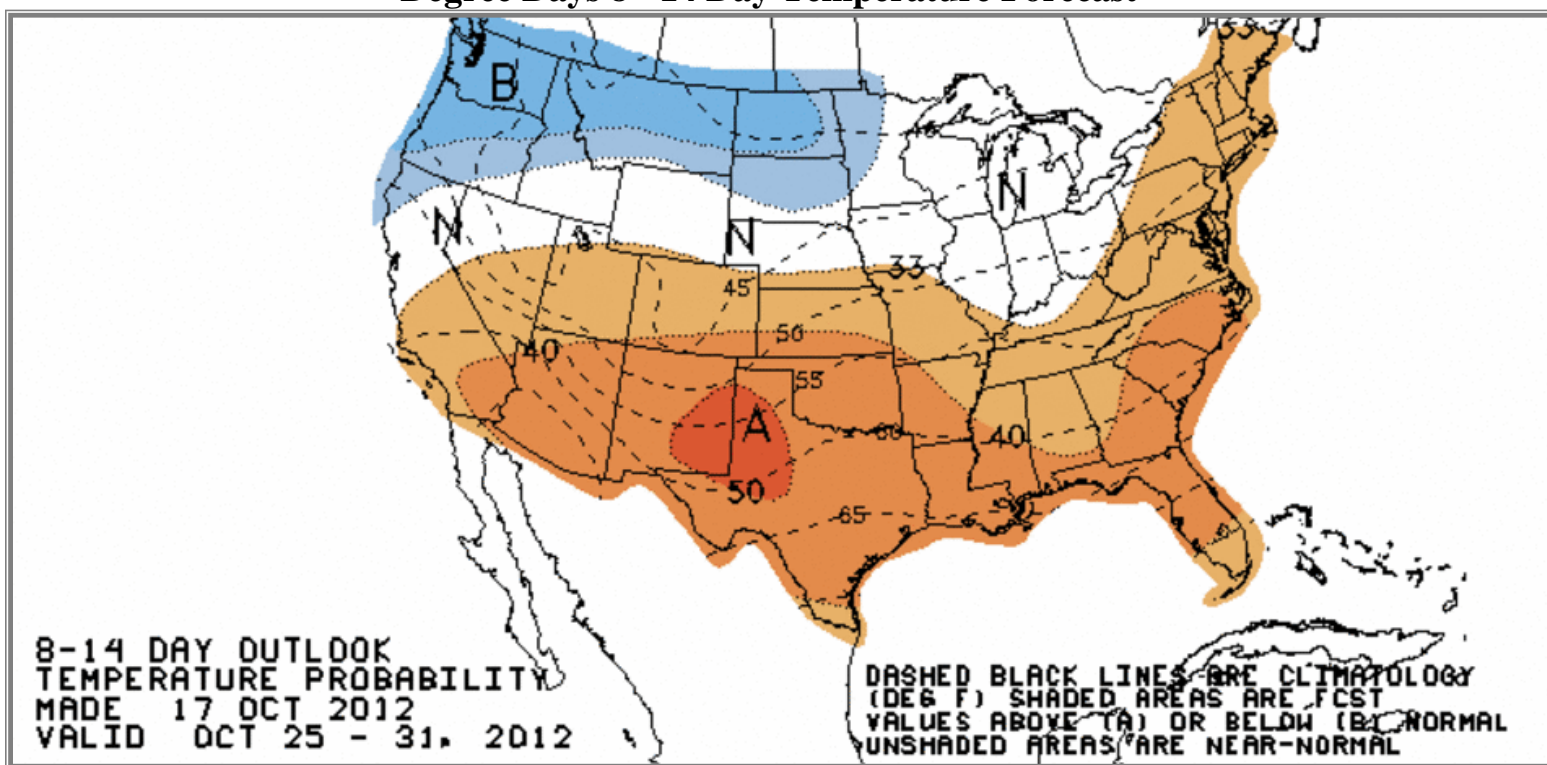
U.S. Residual Fuel Oil Price Spreads and Supply Balance



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

