

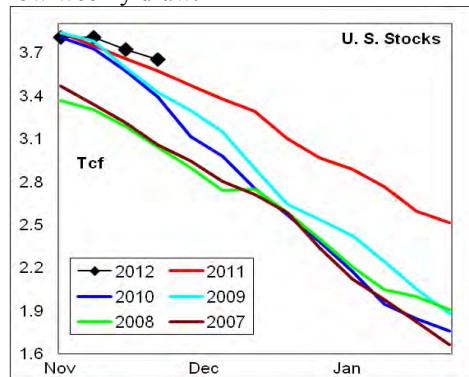
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

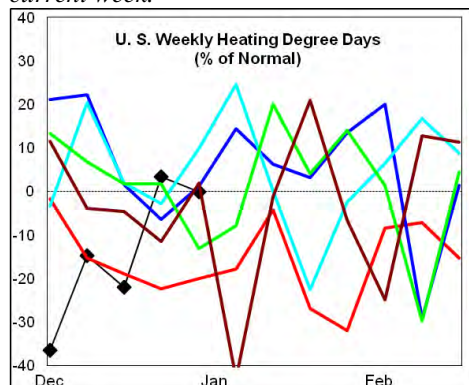
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Monday, December 31, 2012



Summary¹ The stock draw of -72 Bcf for the week, was the 3rd consecutive record low weekly draw.



Heating degree days for the week ending 22Dec12 were -22% below normal, normal for the week ending 29Dec12 and forecast to be +3% above normal for the current week.



In the East Region stocks decreased -42 Bcf for the week, less than the 5-year range. Stocks decreased -18 Bcf in the West Region, a draw equal to the average of the last 3-years. Stocks decreased -12 Bcf in the Producing Region, matching lows of the last 5-years.

Heating degree days were -24% below normal in the East Region, normal in the West Region and -27% below normal in the Producing Region for the week ending 22Dec12.

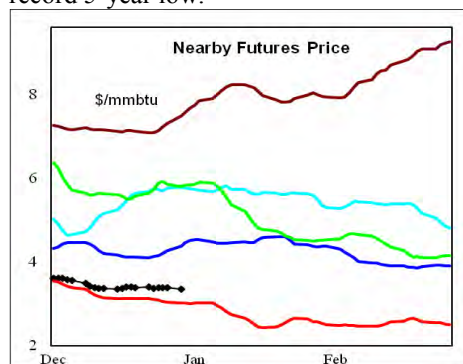
Heating degree days were -22% below normal for the week ending 22Dec12, normal for the week ending 29Dec12 and forecast to be +3% above normal for the

current week.

The 6-10 day NWS forecast for the week ending 09Jan13 is for below normal heating degree days across the northern and central regions, with above normal heating degree days in the west region.

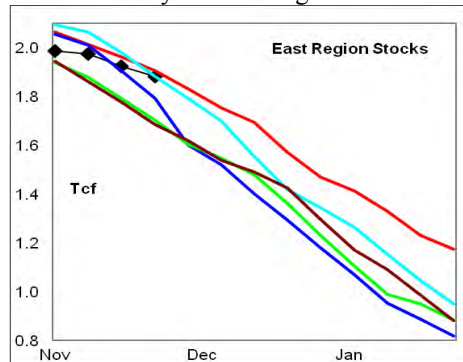
The 8-14 day NWS forecast for the week ending 13Jan13 is for below normal heating degree days in the eastern 1/2 of the country and above normal heating degree days in the west region.

Prices: Nearby gas futures prices were unchanged for the week ending 31Dec12. The current price level is near last years' record 5-year low.



The 1st - 4th month forward price curve traded at a level comparable with the 5-year mid range for this time of year.

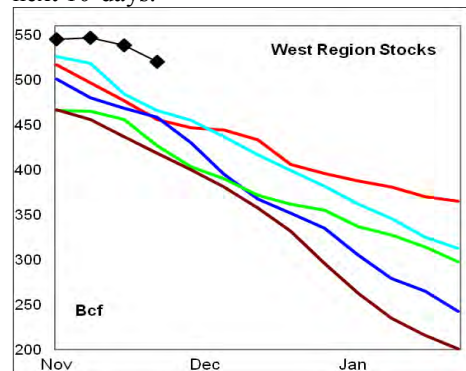
East Region stocks decreased -42 Bcf for the week, the 3rd consecutive weekly record low draw. The current stock level was -1.3% below last year, and comparable to the latest 3-year mid range.



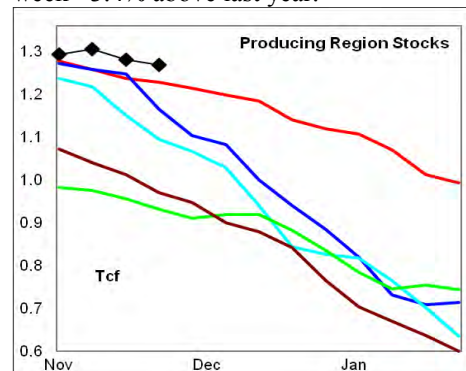
Heating degree days in the region were -24% below normal for the week ending 22Dec12, -3% below normal for the week ended 29Dec12 and forecast to be +3% above normal for the current week. Heating degree days are forecast to be below normal in the region for the next 10-days.

West Region stocks decreased -18 Bcf on the week, a draw that matched the 3-year mid range. Stock levels ended the week +14% above last year and above the 5-year

range. The latest 4-wk stock change was a draw of -28 Bcf, a record low draw. Heating degree days were normal for the week ending 22Dec12, +10% above normal for the week ending 29Dec12 and forecast to be +8% above normal for the current week. Heating degree days are forecast to be well above normal for the next 10-days.



Producing Region stocks decreased -12 Bcf for the week, matching the 5-year record low draw. Stock levels ended the week +3.4% above last year.



Heating degree days were -27% below normal for the week ending 22Dec12, +11% above normal for the week ended 29Dec12 and forecast to be +2% above normal for the current week. Near 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 -33% below last year.

Outlook: Heating degree days are forecast to be slightly above normal for the current week, then well below normal for the next 10-days across the eastern 1/2 of the country. Below normal stock draws and high stock levels continue to depress prices as heating degree days reach the seasonal peak.

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: December 31, 2012

For the week ending: 21-Dec-12

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

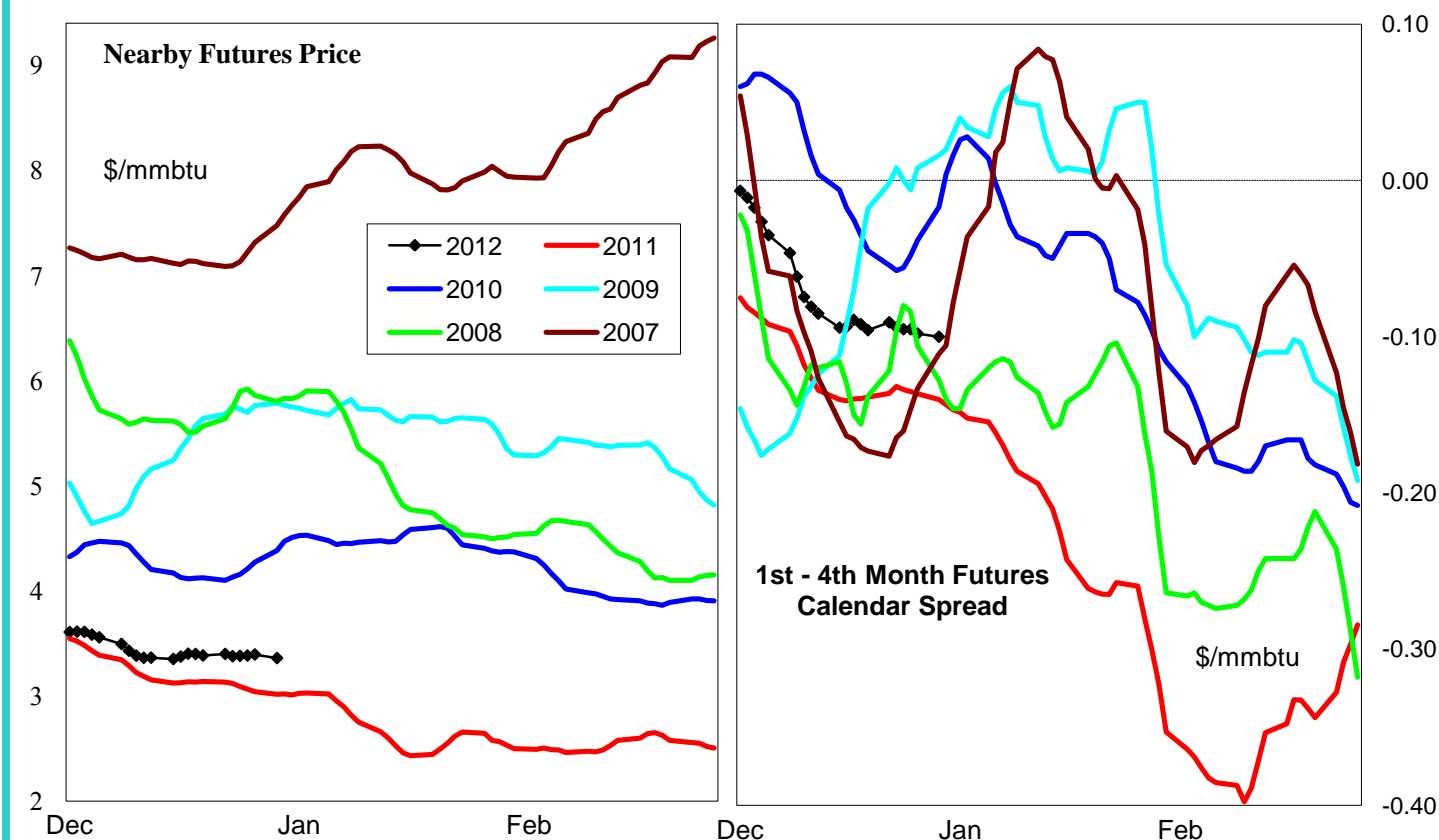
Week ending:	21-Dec-12			22-Dec-12		29-Dec-12		5-Jan-13	
Region	Weekly Stocks			Weekly Heating Degree Days					
	Bcf	Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
		Week Bcf	Year (%)						
U.S. Total	3,652	-72	2.3	-4	-22%	58	0%	14	3%
East	1,883	-42	-1.3	-2	-24%	61	-3%	23	3%
West	520	-18	14.0	13	0%	26	10%	-1	8%
Producing	1,249	-12	3.4	-21	-27%	66	11%	-10	2%

Seasonal Trends in Stocks and Heating Degree Days

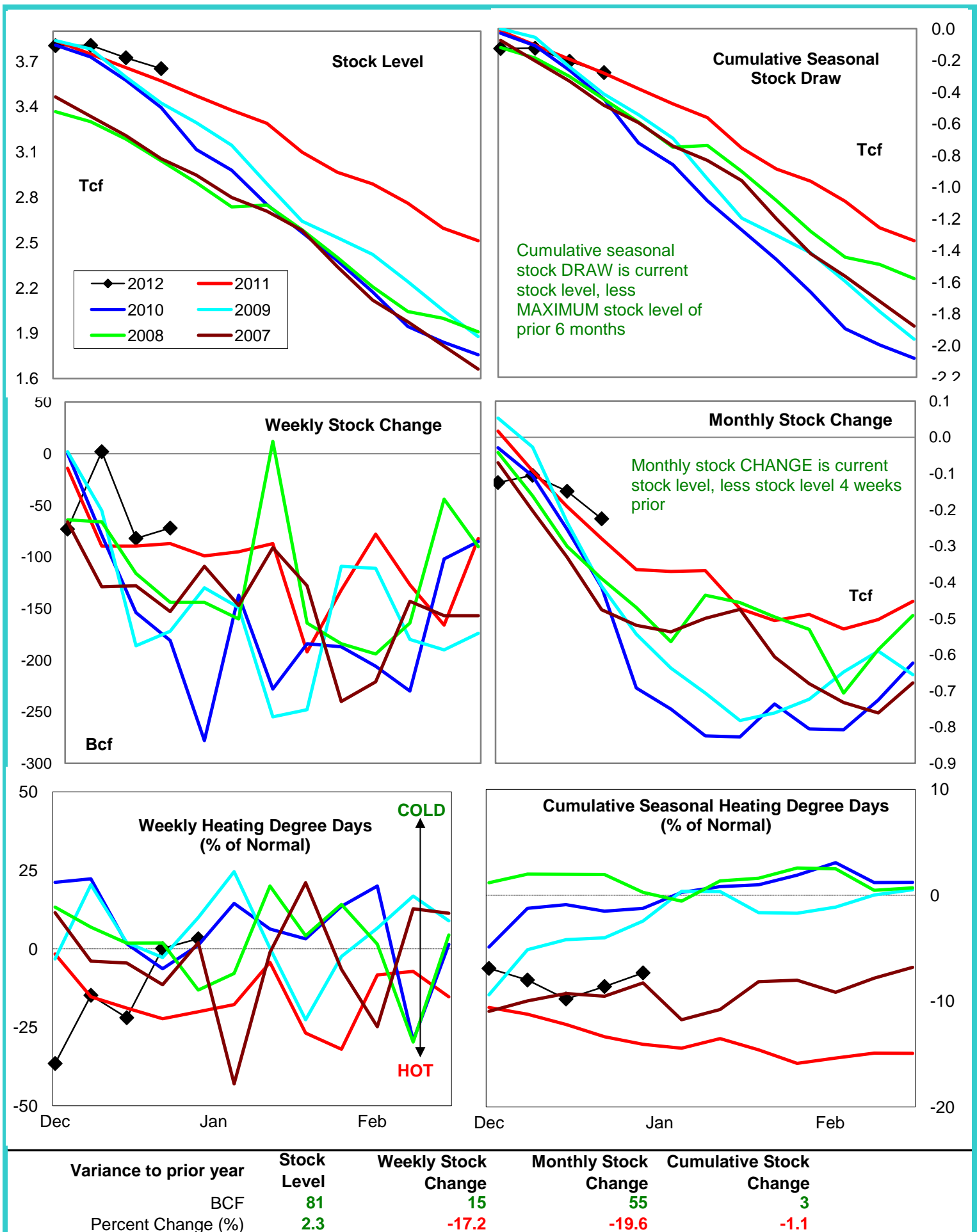
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	-277	3	-1.1	169	-9.8	227	-8.6	241	-7.3
East	-213	-29	13.6	179	-7.8	240	-7.3	264	-6.2
West	-31	30	-96.8	208	-15.0	235	-12.3	233	-10.4
Producing	-38	11	-28.9	109	-17.3	175	-13.4	166	-11.5

Futures Market Price Trends

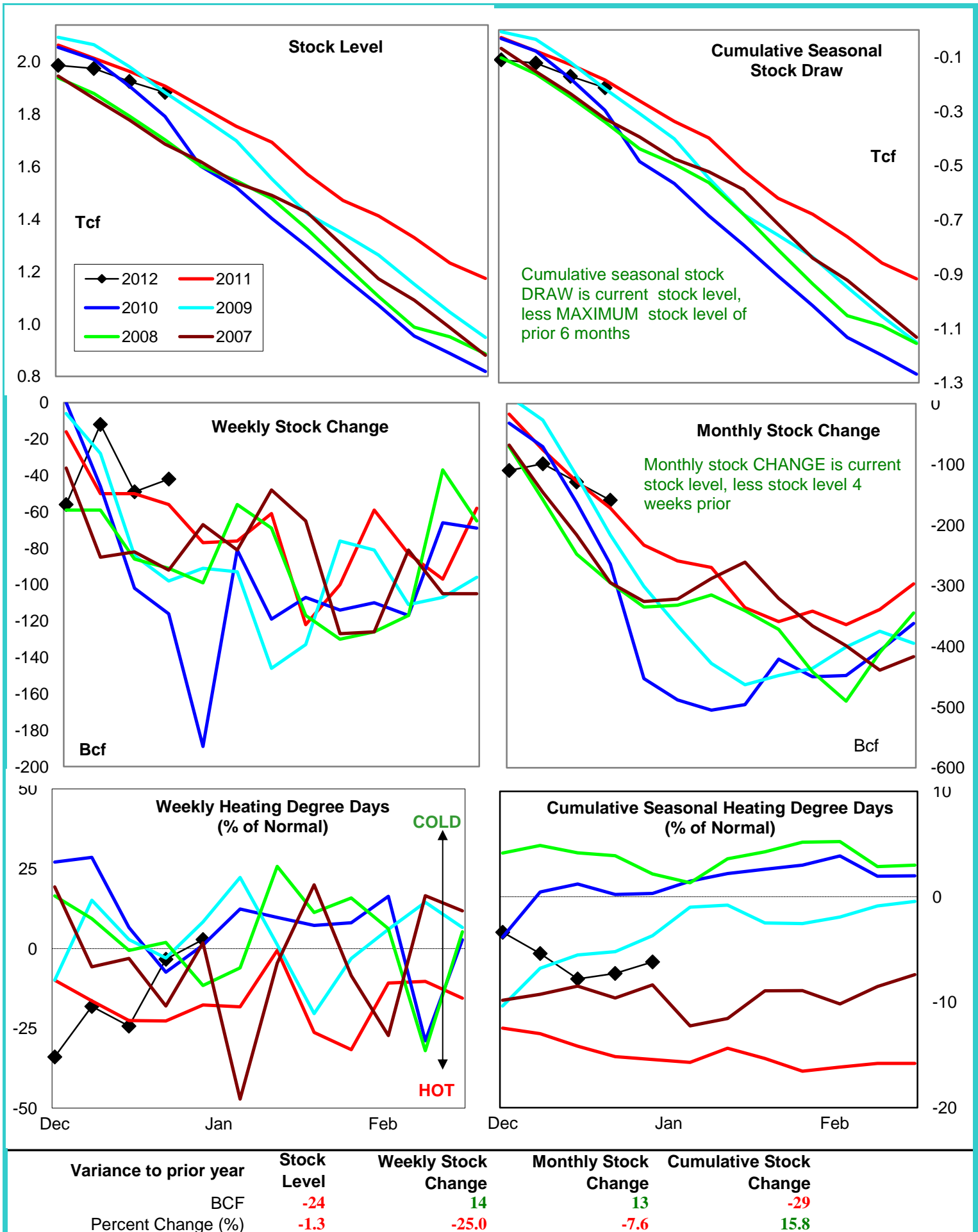
Date:	31-Dec-12	Change vs prior week, month, year		
		25-Dec-12	4-Dec-12	9-Jan-12
1st month Futures	3.36	0.01	-0.18	0.69
% change	xxxxx	0.4	-5.1	25.8



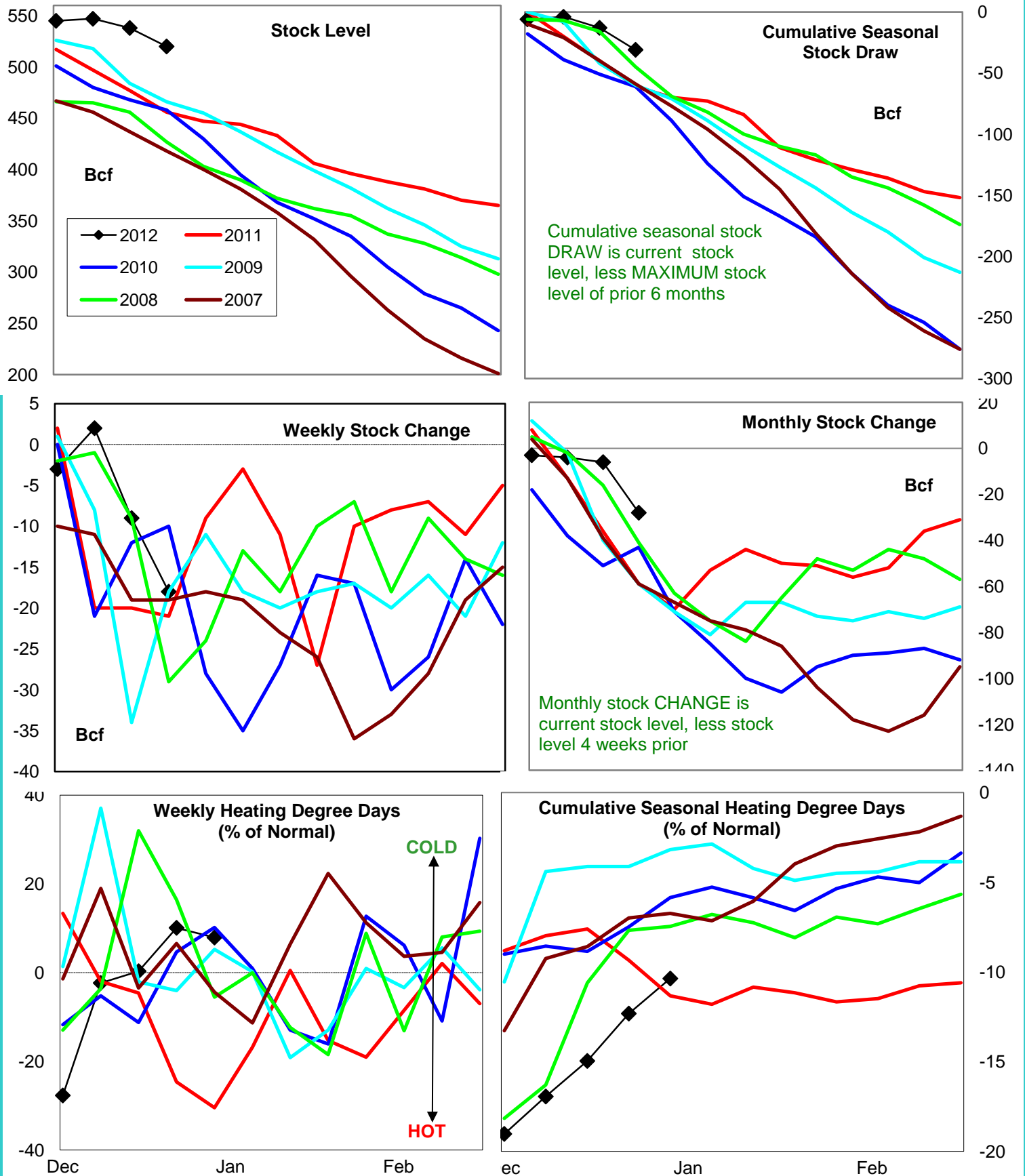
United States Natural Gas Stock and Weather Trends



Natural Gas East Region Stock and Weather Trends



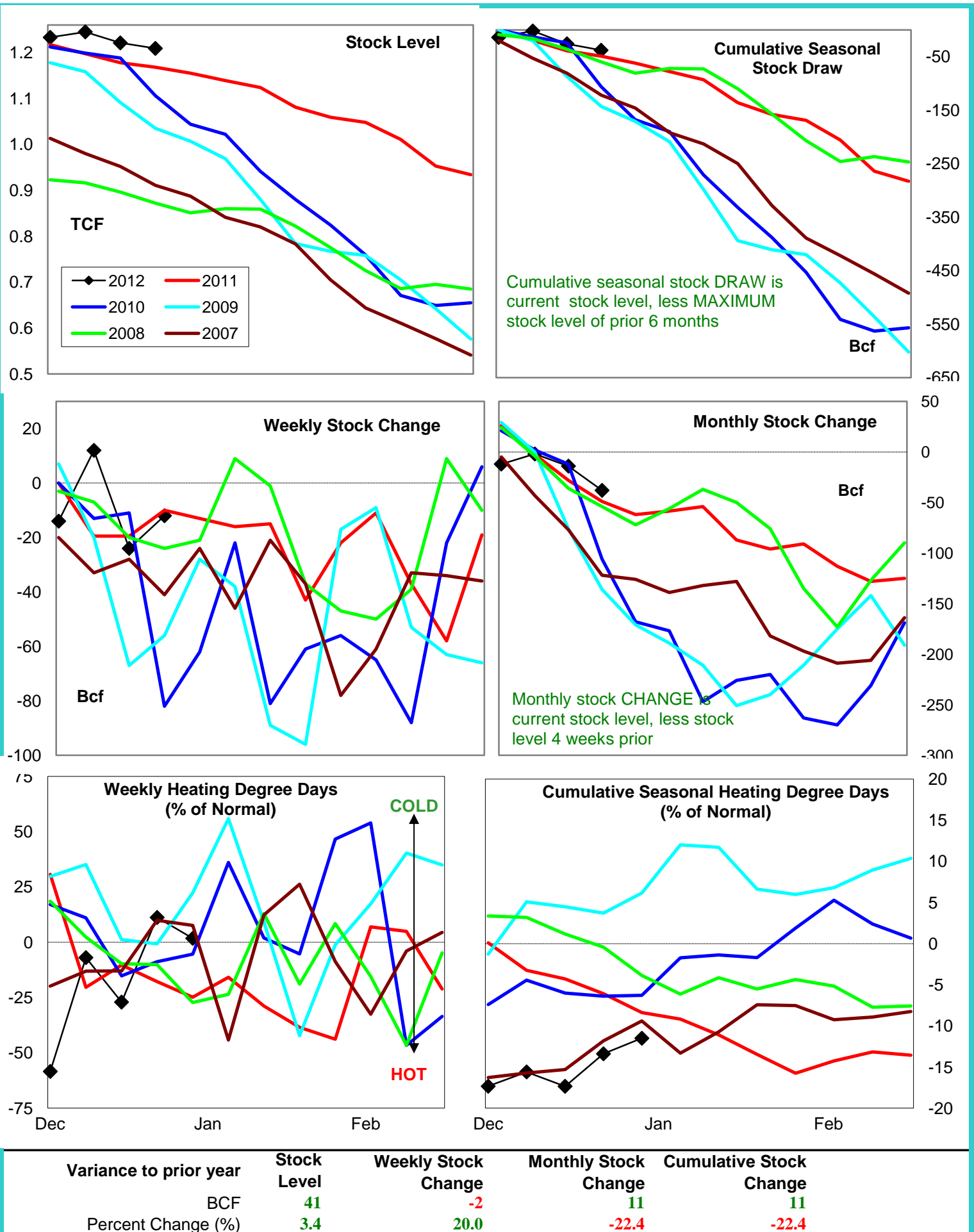
Natural Gas West Region Stock and Weather Trends



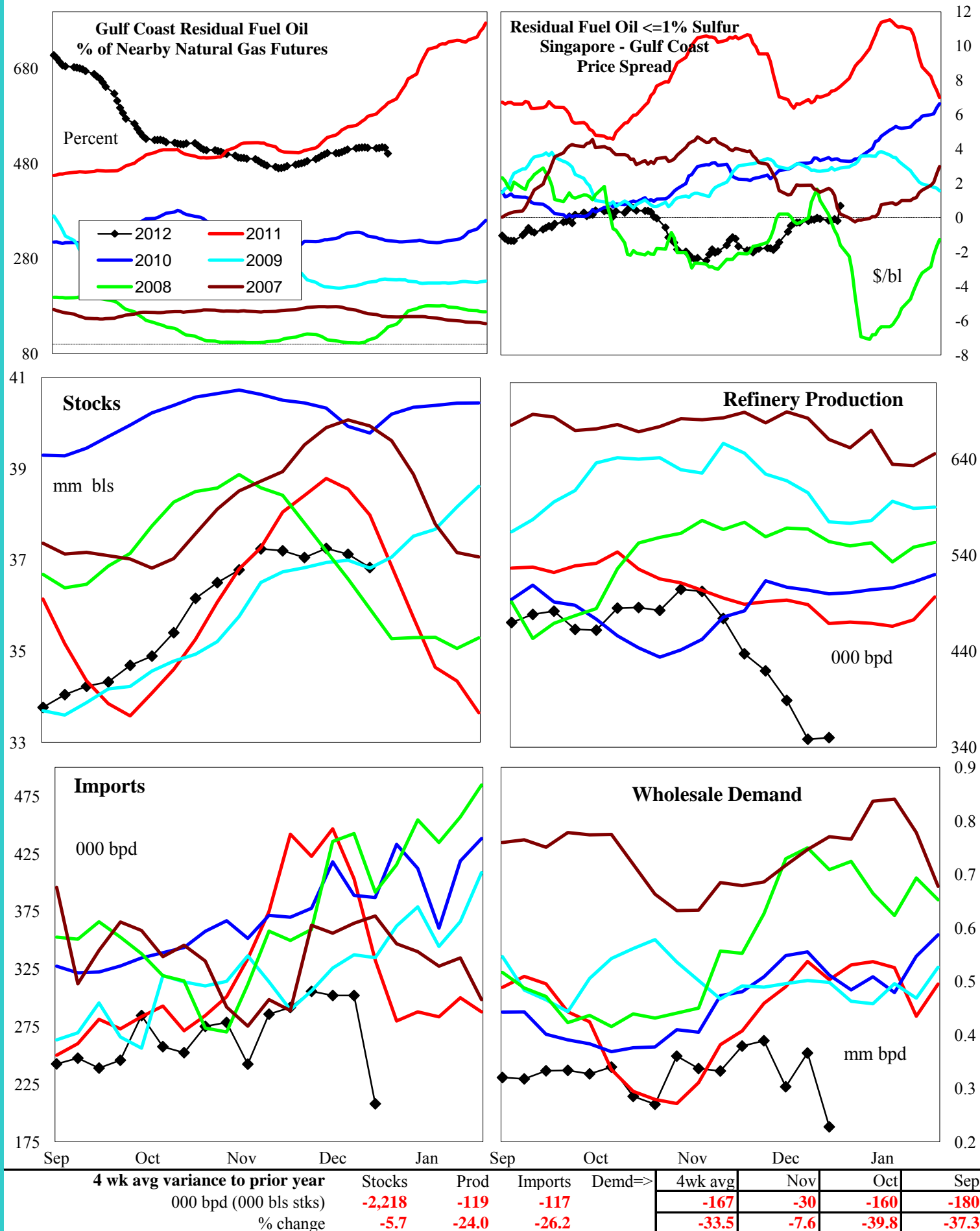
Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)64
14.03
-14.331
-52.530
-49.2

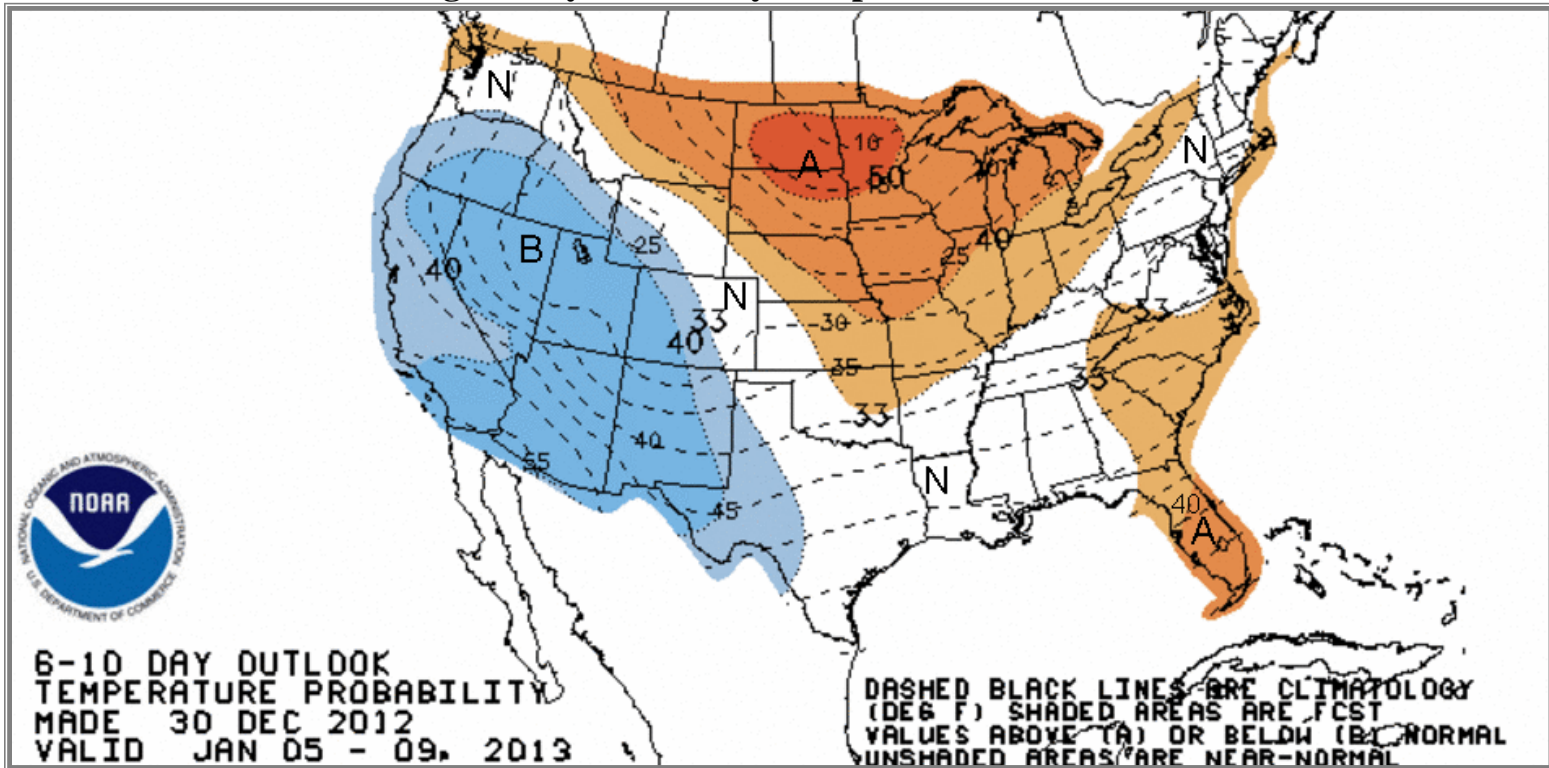
Natural Gas Producing Region Stock and Weather Trends



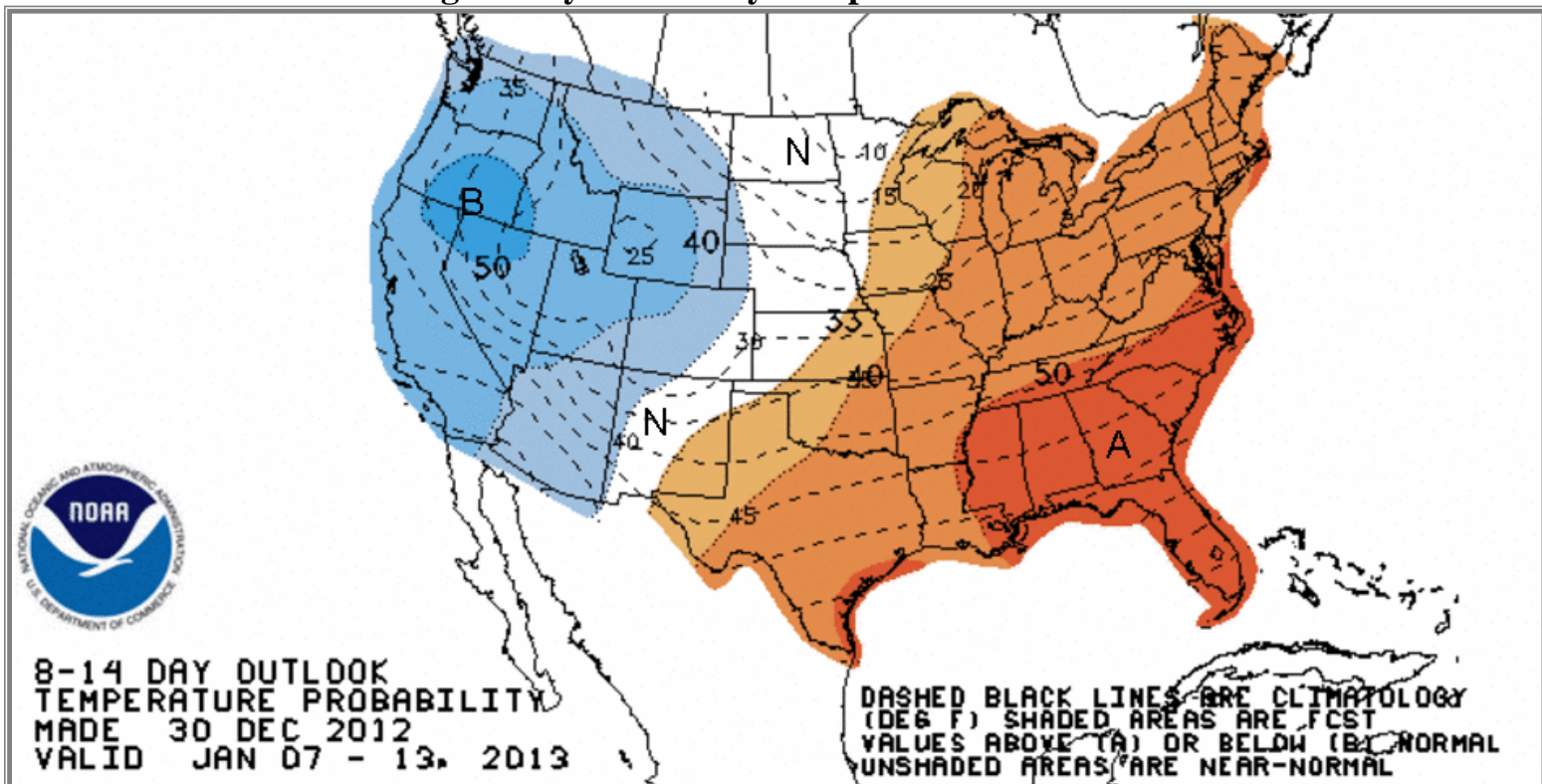
U.S. Residual Fuel Oil Price Spreads and Supply Balance



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

