

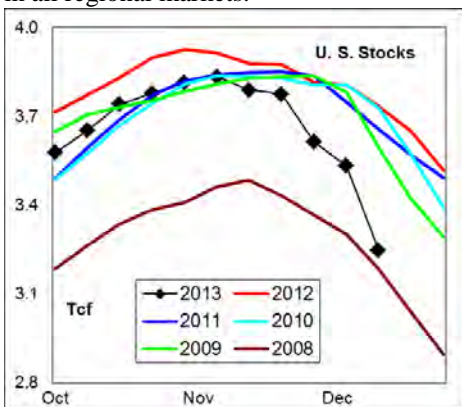
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

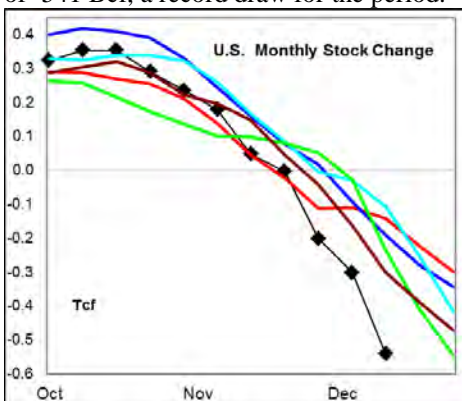
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Monday, December 23, 2013



Summary¹ The stock draw of -285 Bcf for the week was a record draw for the winter quarter, and included record draws in all regional markets.



The latest 4-wk stock change was a draw of -541 Bcf, a record draw for the period.



In the East Region stocks decreased -132 Bcf for the week, a record draw for the winter quarter. Stocks decreased -54 Bcf in the West Region, the 4th consecutive record weekly draw. Stocks fell -99 Bcf on the week in the Producing region, also a record draw for the winter quarter.

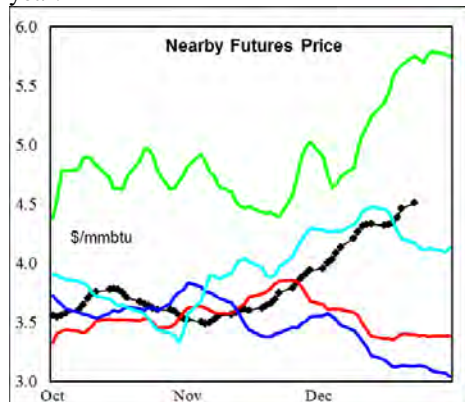
Heating degree days were above normal across the central ½ of the country last week

The 6-10 day NWS forecast for the week ending 01Jan14 is for above normal heating degree days across eastern ½ of the country.

The 8-14 day NWS forecast for the week ending 05Jan14 is for significantly

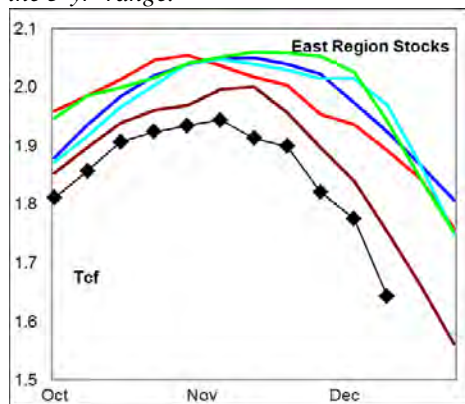
above normal heating degree days around the Great Lakes region and above normal across the entire eastern ½ of the country.

Prices: Nearby gas futures increased +\$0.23/MMBTU for the week ending 23Dec13. The current price level ended the week at a 3-yr highs for this time of year.



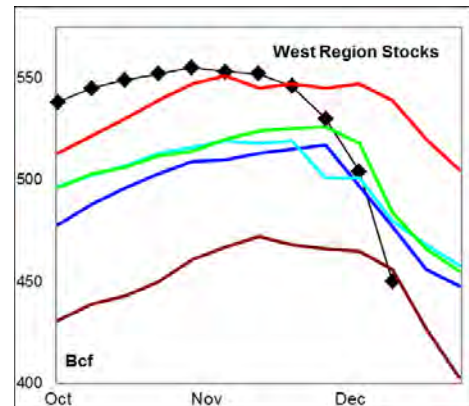
The 1st – 4th month forward price curve trended higher last week ending in a record inversion for this time of year on extreme prompt demand.

East Region stocks decreased -132 Bcf for the week, a record draw for the winter quarter. *The current stock level is -13% below last years' record high; and below the 5-yr range.*

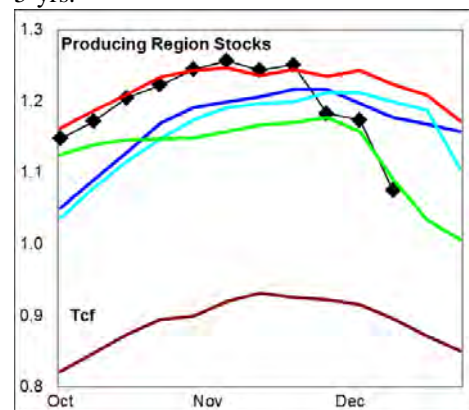


Heating degree days are forecast significantly above normal during the next 10-days.

West Region stocks decreased -54 Bcf last week, the 4th consecutive record weekly draw. Stock levels ended the week -16% below last years' record high, and equal to 5-yr lows. Heating degree days are forecast to be near normal for the next 10-days.



Producing Region stocks fell -99 Bcf for the week, a record draw for the winter quarter. Stock levels ended the week -12% below last year and below four of the last 5-yrs.



Above normal heating degree days are forecast for the next 10-days in the region.

Residual Fuel Oil Switching: The price spread between fuel oil and natural gas remains highly favorable for gas, with residual fuel demand -15% below last year.

Outlook: Heating degree days were significantly above normal during the last 5-day period and forecast to remain above normal in the eastern ½ of the country into early January. Widespread snowpack risk continued above normal heating degree days beyond the current 10-day forecast.

Natural gas stock levels have dropped sharply in the last 4-wks to a near 5-yr lows. The latest 4-wk stock draw was a record for the winter quarter.

Look for much above normal stock draws, over the next 2-wks to provide additional price strength.

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 23, 2013

For the week ending: 13-Dec-13

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

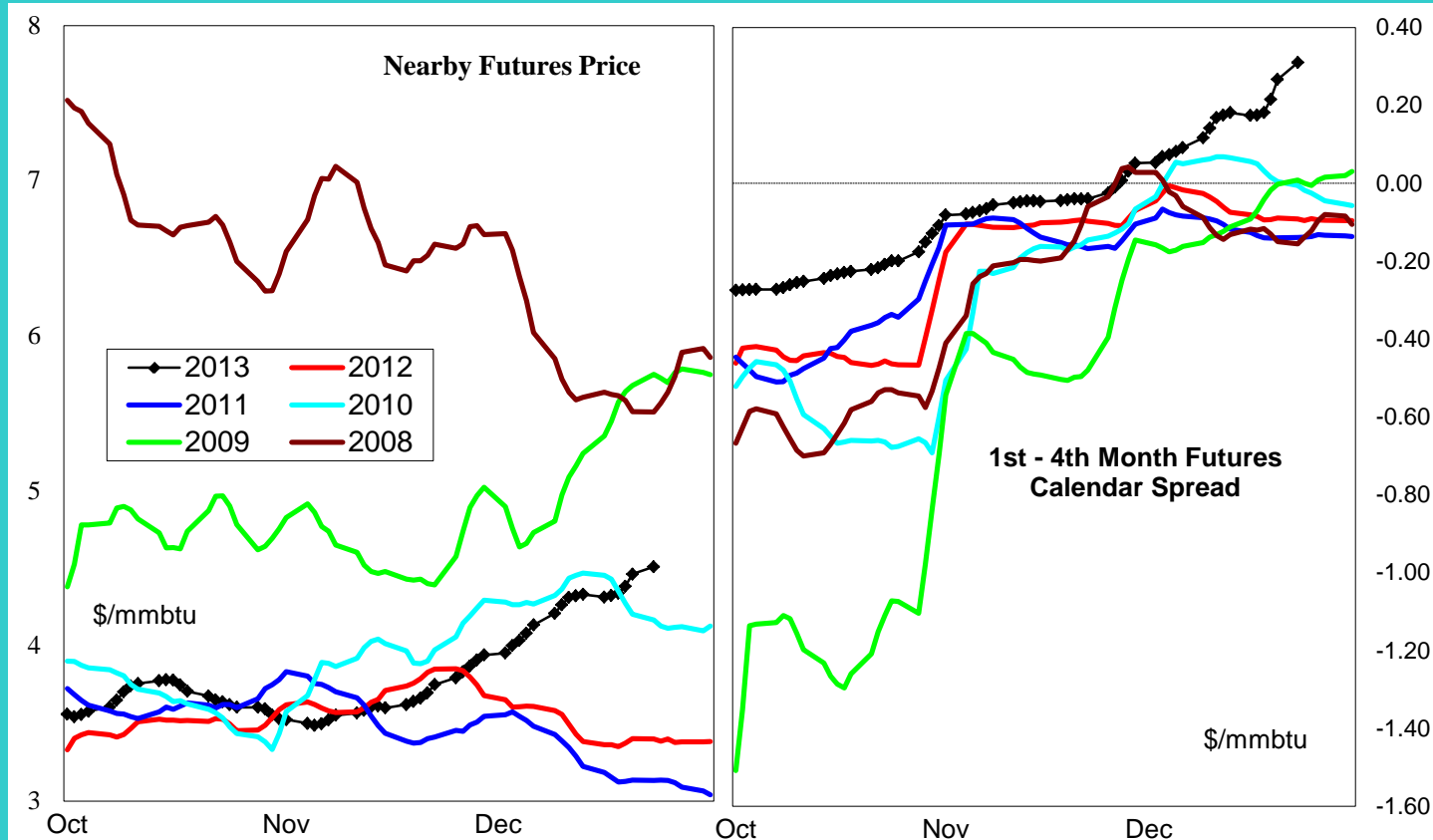
| Week ending: | 13-Dec-13 | | | 15-Jun-13 | | 22-Jun-13 | | 29-Jun-13 | |
|--------------|---------------|------------------|----------|----------------------------|-------------|----------------------|-------------|----------------------|-------------|
| Region | Weekly Stocks | | | Weekly Heating 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 | 3,248 | -285 | -13.1 | -14 | -45% | -2 | -33% | -3 | -77% |
| East | 1,683 | -132 | -12.9 | -17 | -39% | -2 | -18% | -4 | -74% |
| West | 450 | -54 | -16.5 | -12 | -58% | -2 | -55% | -5 | -78% |
| Producing | 1,115 | -99 | -11.8 | -4 | -100% | 0 | -100% | 0 | -100% |

Seasonal Trends in Stocks and Heating Degree Days

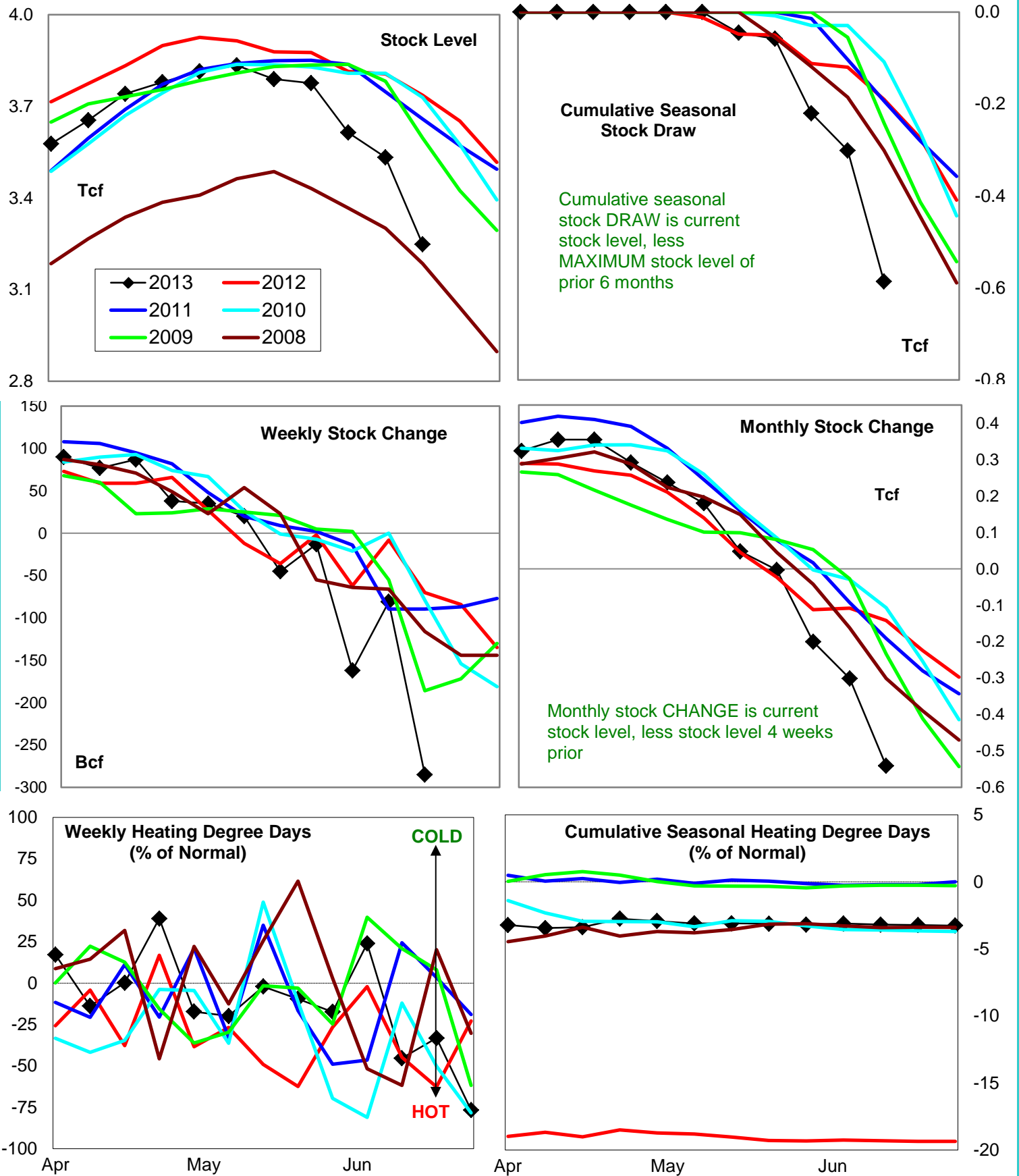
| | Cumulative Stock Change | | | Cumulative Heating Degree Days | | | | | |
|-------------------|-------------------------|-----------------------------|-------------|--------------------------------|----------------|---------------------|----------------|---------------------|----------------|
| | 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 | -586 | -396 | 67.6 | 6 | -3.2 | 4 | -3.2 | 1 | -3.3 |
| East | -301 | -138 | 45.8 | 6 | -2.9 | 4 | -2.9 | 1 | -2.9 |
| West | -105 | -93 | 88.6 | 10 | -4.6 | 8 | -4.7 | 3 | -4.9 |
| Producing | -182 | -159 | 87.4 | 0 | -4.0 | 0 | -4.1 | 0 | -4.1 |

Futures Market Price Trends

| Date: | 23-Dec-13 | Change vs prior week, month, year | | |
|--------------------------|--------------|-----------------------------------|-------------|-------------|
| | | 17-Dec-13 | 25-Nov-13 | 1-Jan-13 |
| 1st month Futures | 4.51 | 0.22 | 0.69 | 1.31 |
| % change | xxxxx | 5.2 | 18.1 | 41.0 |



United States Natural Gas Stock and Weather Trends



Variance to prior year

Stock Level

Weekly Stock Change

Monthly Stock Change

Cumulative Stock Change

BCF

-488

-215

-399

-396

Percent Change (%)

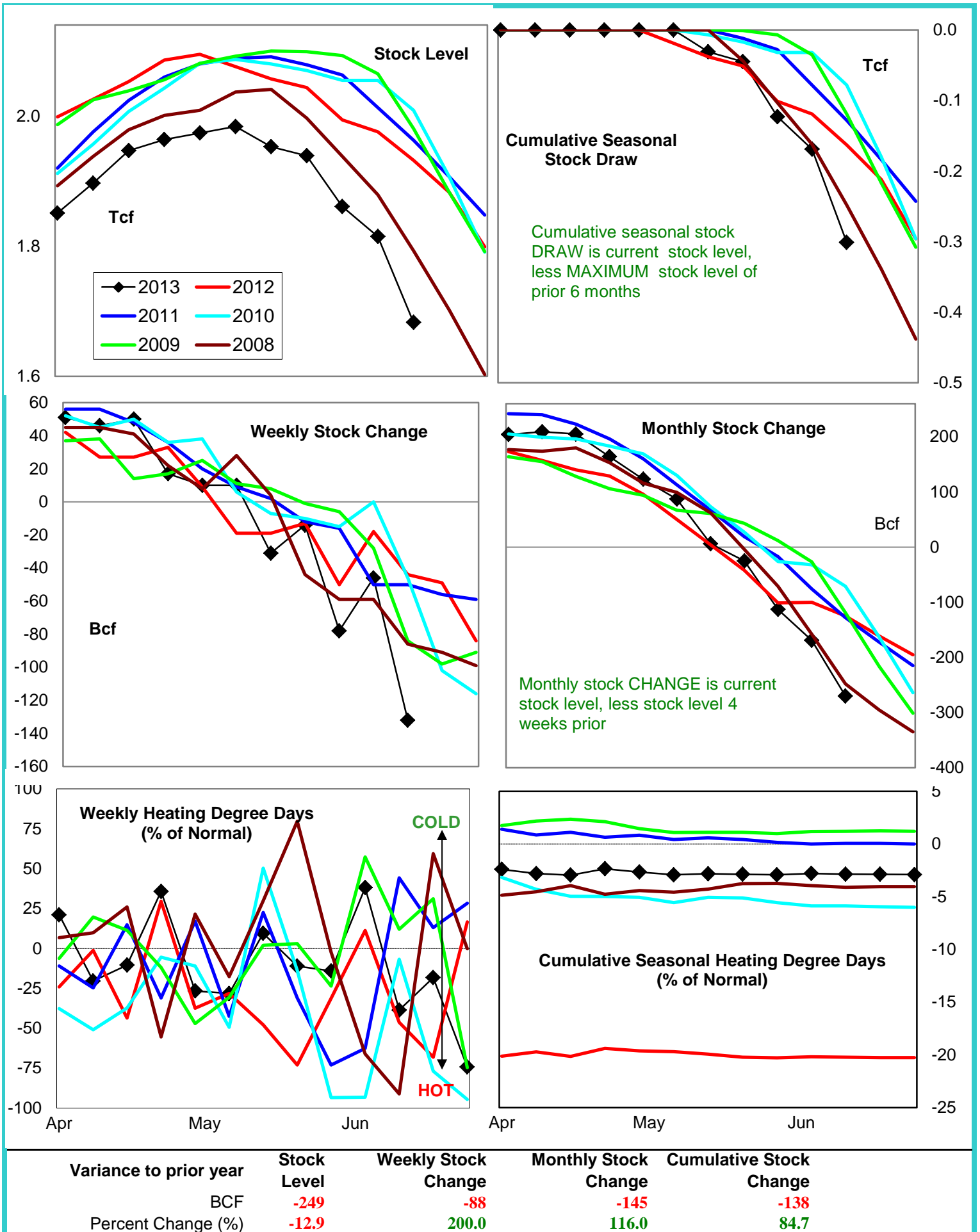
-13.1

307.1

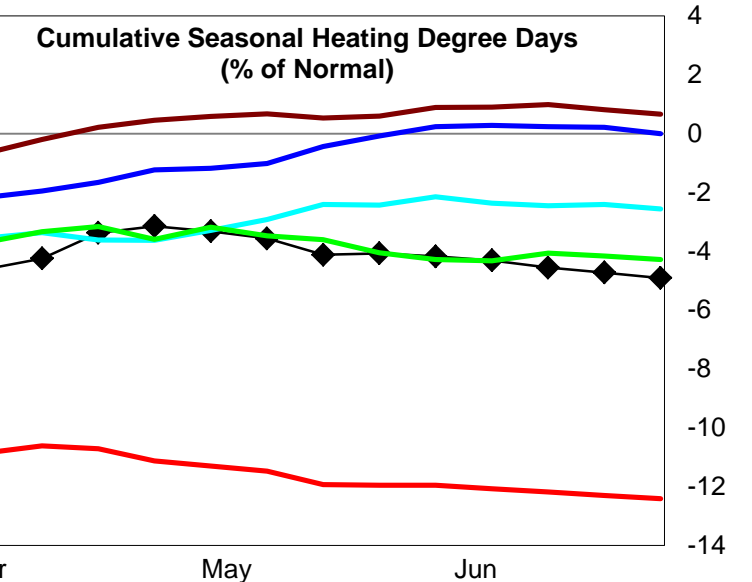
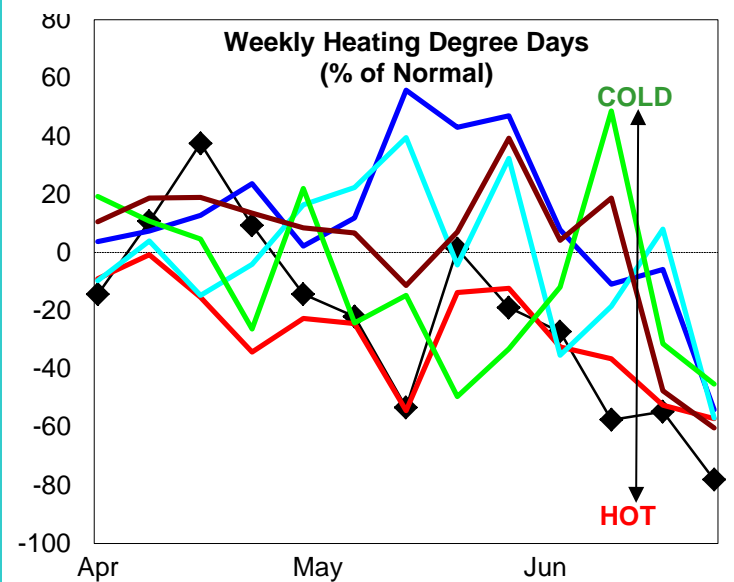
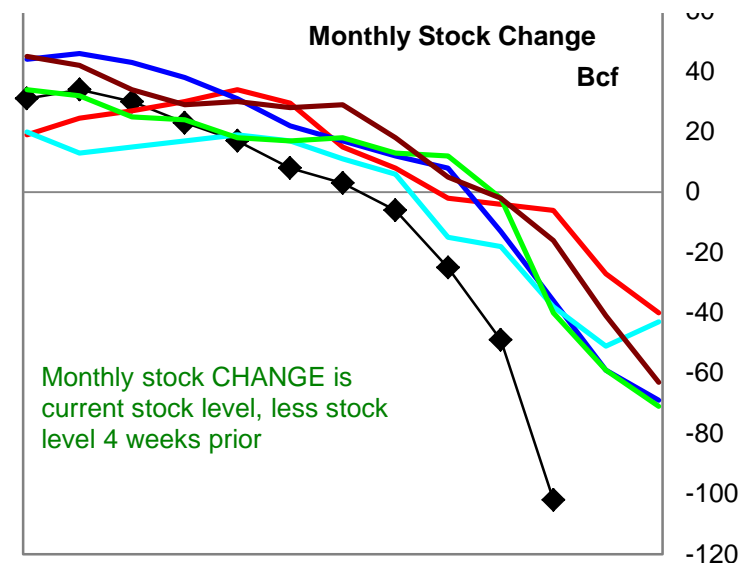
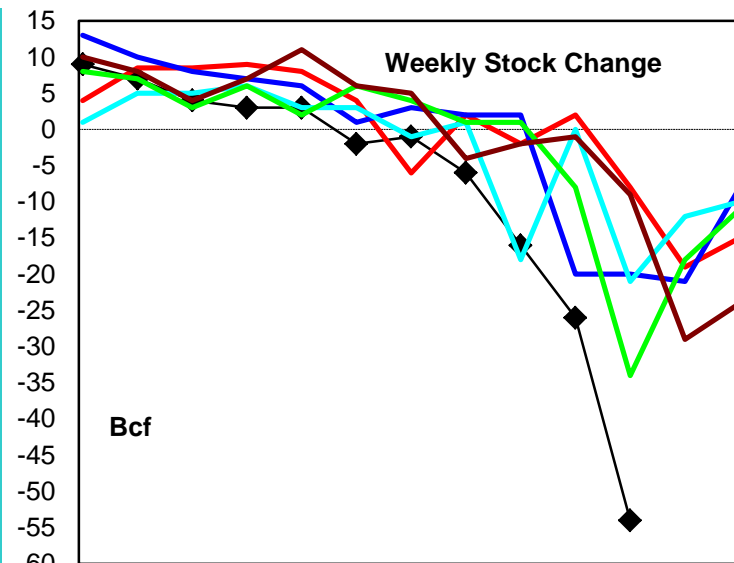
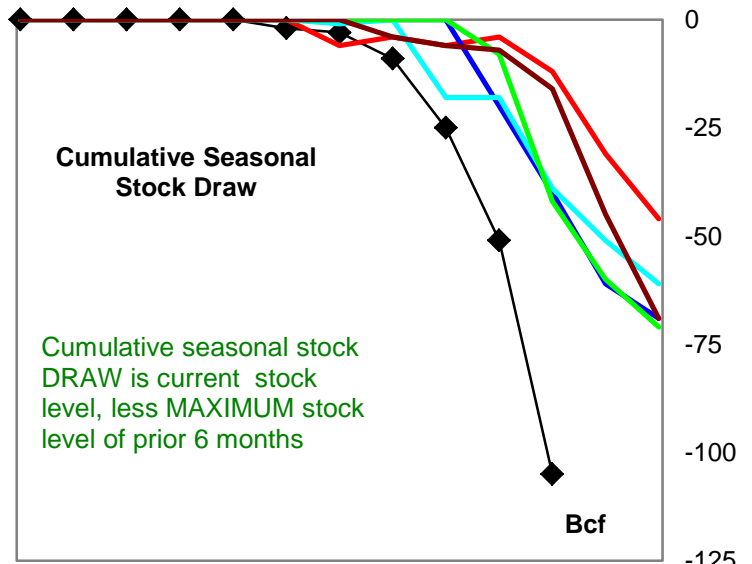
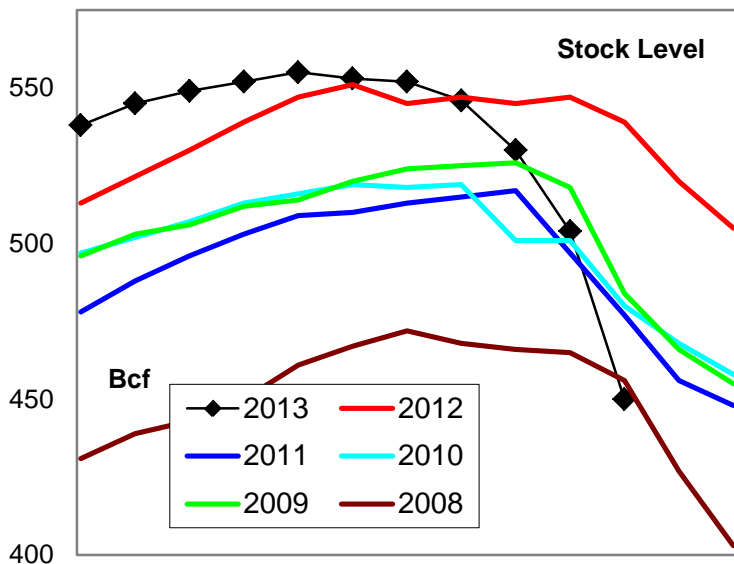
281.0

208.4

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

-89

-46

-96

-93

Percent Change (%)

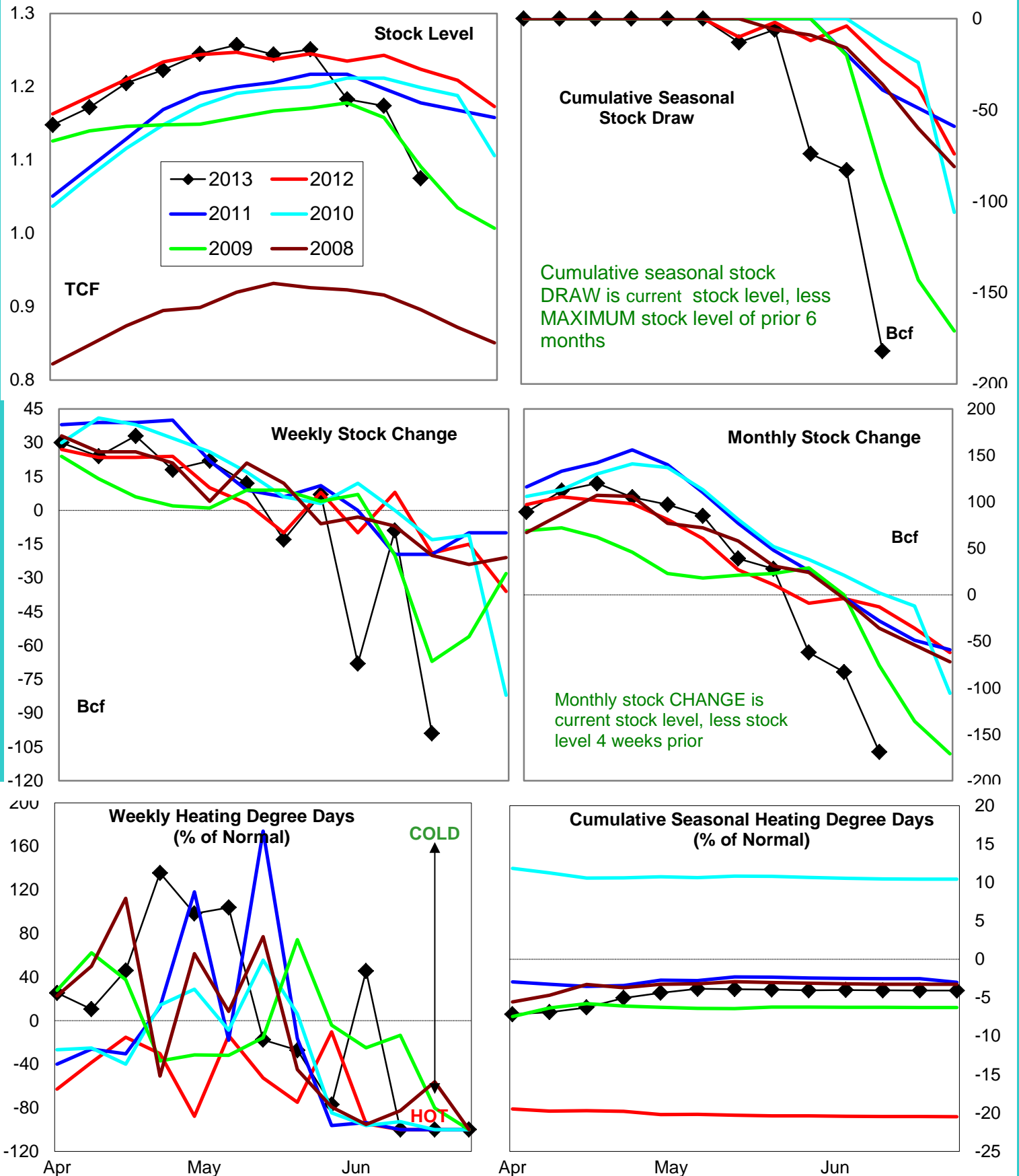
-16.5

575.0

1,600.0

775.0

Natural Gas Producing Region Stock and Weather Trends



Variance to prior year

Stock Level

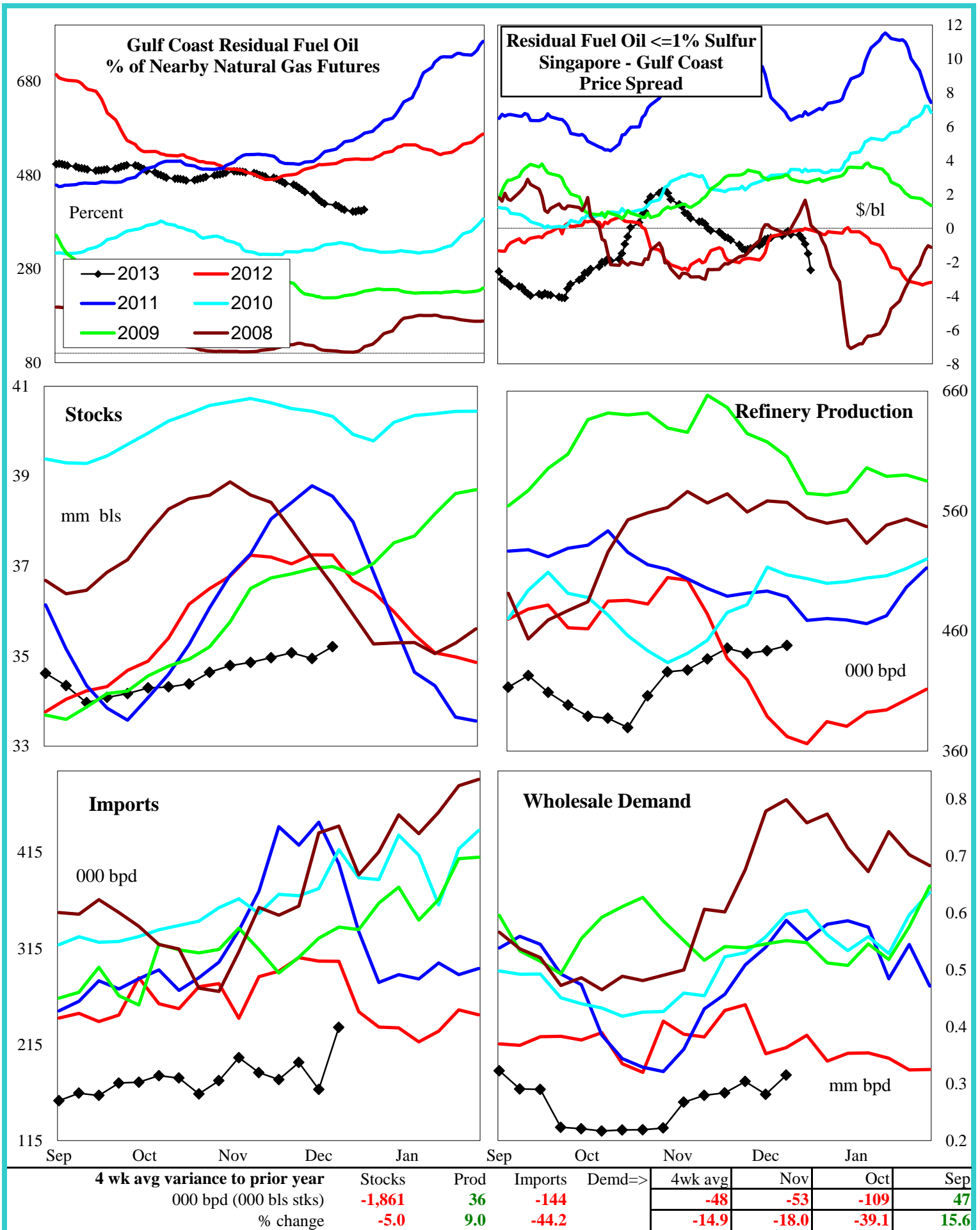
Weekly Stock Change

Monthly Stock Change

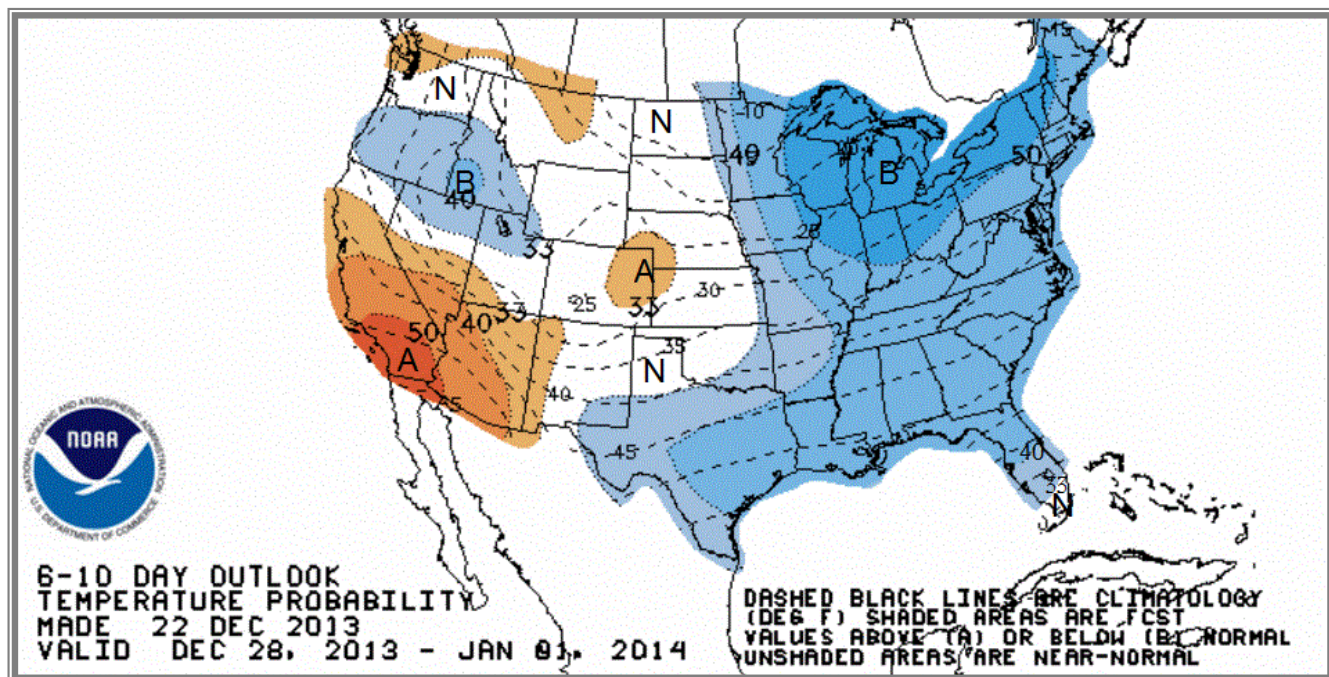
Cumulative Stock Change

BCF
Percent Change (%)-149
-11.8-80
421.1-156
1,200.0-159
691.3

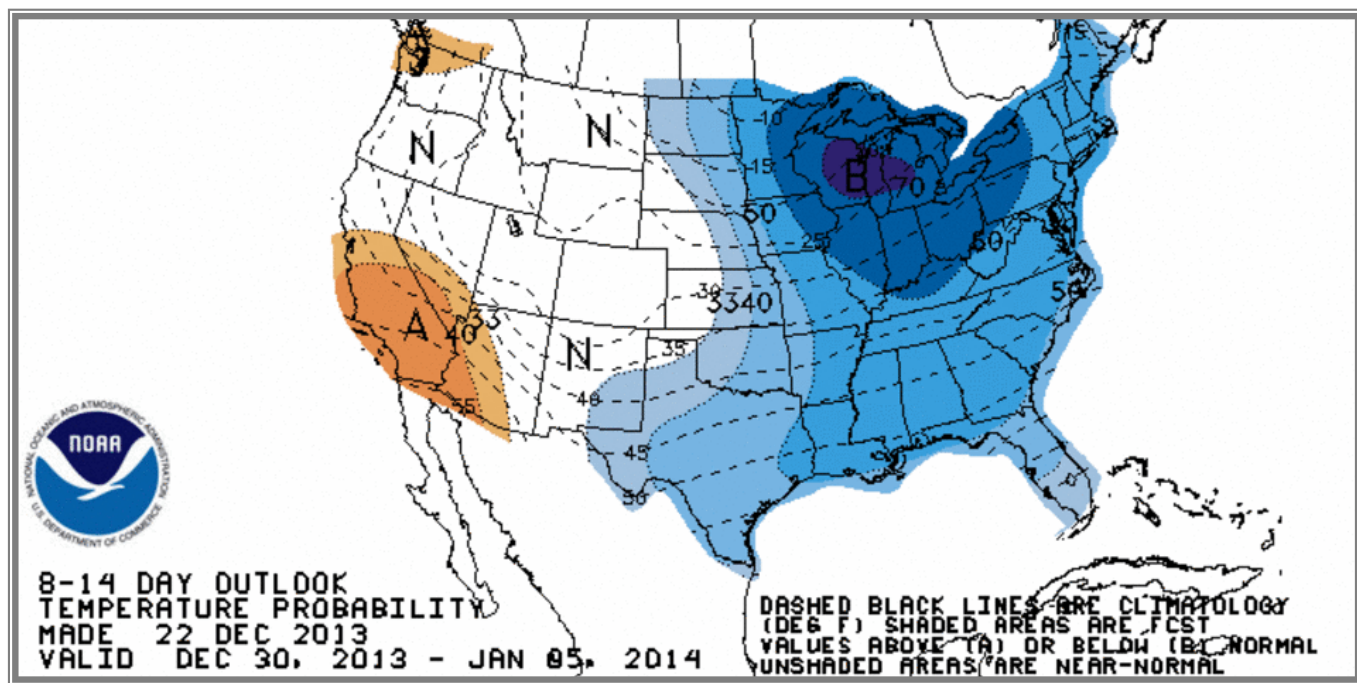
U.S. Residual Fuel Oil Price Spreads and Supply Balance



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

