

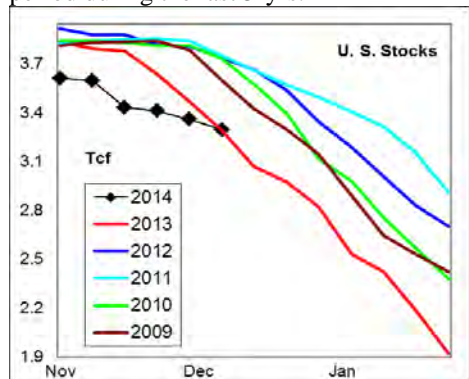
WEEKLY NATURAL GAS SUPPLY and PRICE TRENDS

A Fundamental Petroleum Trends Weekly Report

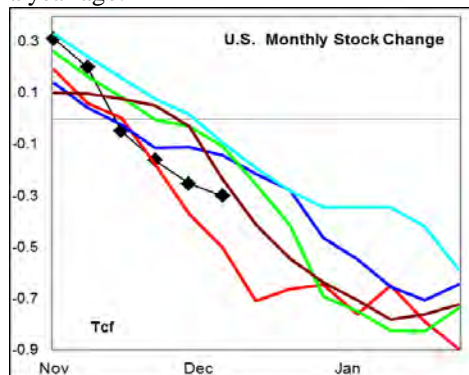
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, December 19, 2014



Summary¹ The stock draw of -64 Bcf last week matched the record low draw for this period during the last 5-yrs.



The latest 4-wk stock change was a draw of -299 Bcf, matching the record draw of a year ago for this time of year. The cumulative stock draw for the winter season was -42% less than last year, resulting in a stock level that now matches a year ago.



In the East Region stocks decreased -55 Bcf for the week, a draw equal to the 3-yr mid range. Stocks increased +1 Bcf last week in the West Region, compared to an average draw of -20 Bcf during the last 3-yrs. Stocks decreased -10 Bcf on the week in the Producing region, also a record low draw for this time of year.

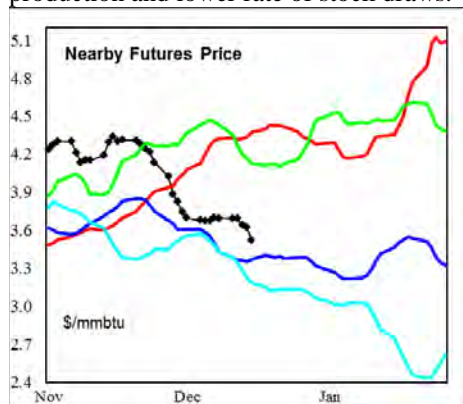
Note: heating degree charts in the report are not current with data under revision.

Temperatures were much above normal across the country for the week ending 12Dec14, and forecast to be above normal

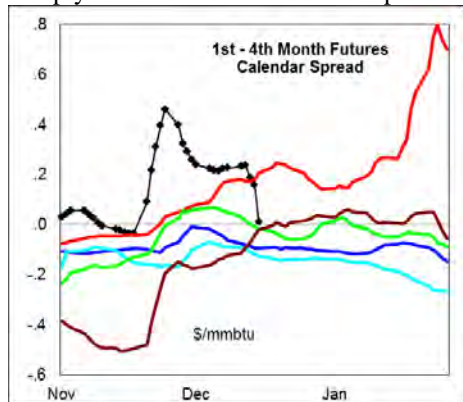
for the week ending 19Dec14.

The 6-10 day NWS forecast for the week ending 28Dec14 is for below normal temperatures in the northern ½ of the country. The 8-14 day NWS forecast for the week ending 01Jan15 is for below normal temperatures across the eastern 2/3rds of the country.

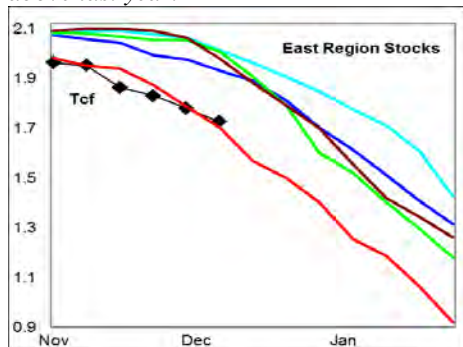
Prices: Nearby gas futures fell - \$0.31/mmbtu for the week ending 19Dec14. Prices ended the week at a level near the 3-yr mid range; driven by high production and lower rate of stock draws.



The 1st – 4th month forward price curve fell sharply last week on the decline in price.

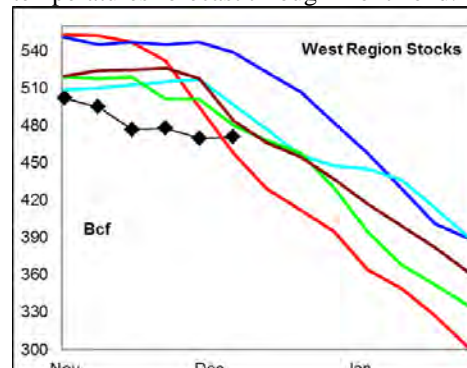


East Region stocks declined -55 Bcf for the week, a draw equal to the 3-yr mid range. *The current stock level is +1.4% above last year.*



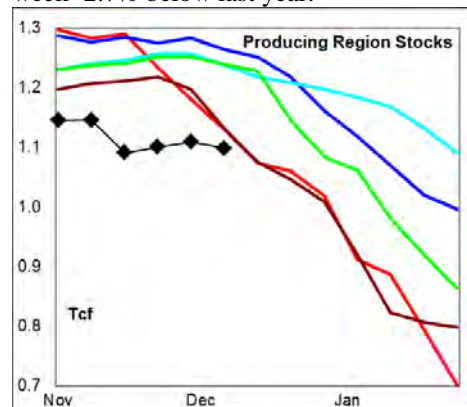
Temperatures were above normal for the week just ended, with below normal

temperatures forecast through month end.



West Region stocks increased +1 Bcf last week, compared to an average -20 Bcf draws in the last 3-yrs. Stock levels ended the week +2.8% above last year. Temperatures are forecast to be above normal through month end in the region.

Producing Region stocks decreased -10 Bcf for the week. Stock levels ended the week -2.7% below last year.



Temperatures are forecast to be below normal through month end.

Residual Fuel Oil Switching: The price spread between fuel oil and natural gas has dropped to near a 5-yr low on declines in petroleum prices.

Outlook: Temperatures are forecast to be below normal through month end in all major heating markets.

Stock levels are now equal to year ago levels, on sharply lower stock draws during the last 2-wks that were in turn driven by unusually warm temperatures. The improving stock levels, high production and collapse in global energy prices underlie the pull back in gas prices.

Look for prices to trade near the 3-yr mid range and well below levels seen during the fall on improving supply balance.

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 19, 2014

For the week ending: 12-Dec-14

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

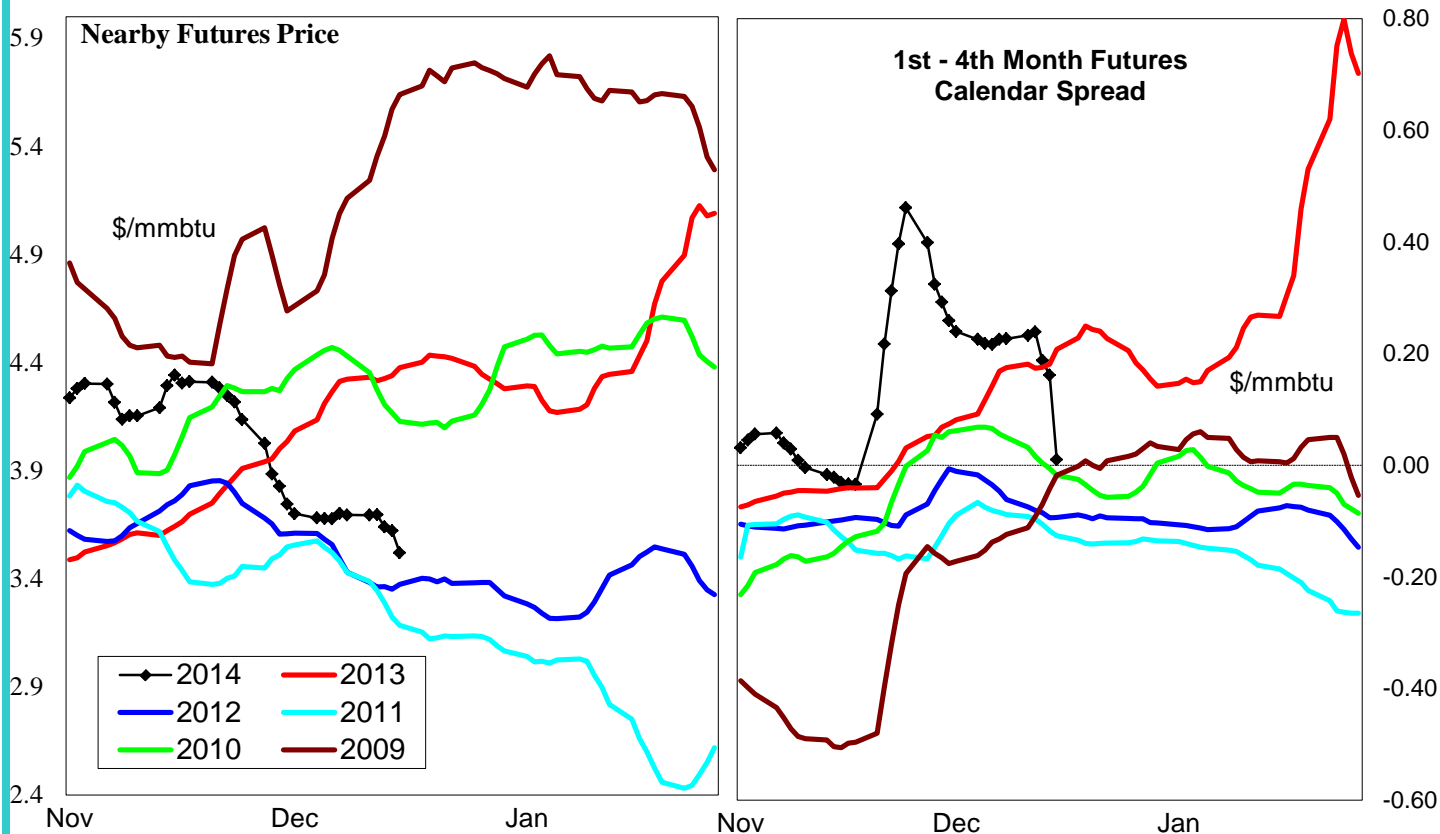
Week ending:	12-Dec-14			15-Jun-13		22-Jun-13		29-Jun-13	
Region	Weekly Stocks			Weekly Heating Degree Days					
		Change vs prior:		Change vs prior week	% of normal	Change vs prior week	% of normal	Change vs prior week	% of normal
	Bcf	Week Bcf	Year (%)						
U.S. Total	3,295	-64	0.2	-14	-45%	-2	-33%	-3	-77%
East	1,725	-55	1.4	-17	-39%	-2	-18%	-4	-74%
West	471	1	2.8	-12	-58%	-2	-55%	-5	-78%
Producing	1,099	-10	-2.7	-4	-100%	0	-100%	0	-100%

Seasonal Trends in Stocks and Heating Degree Days

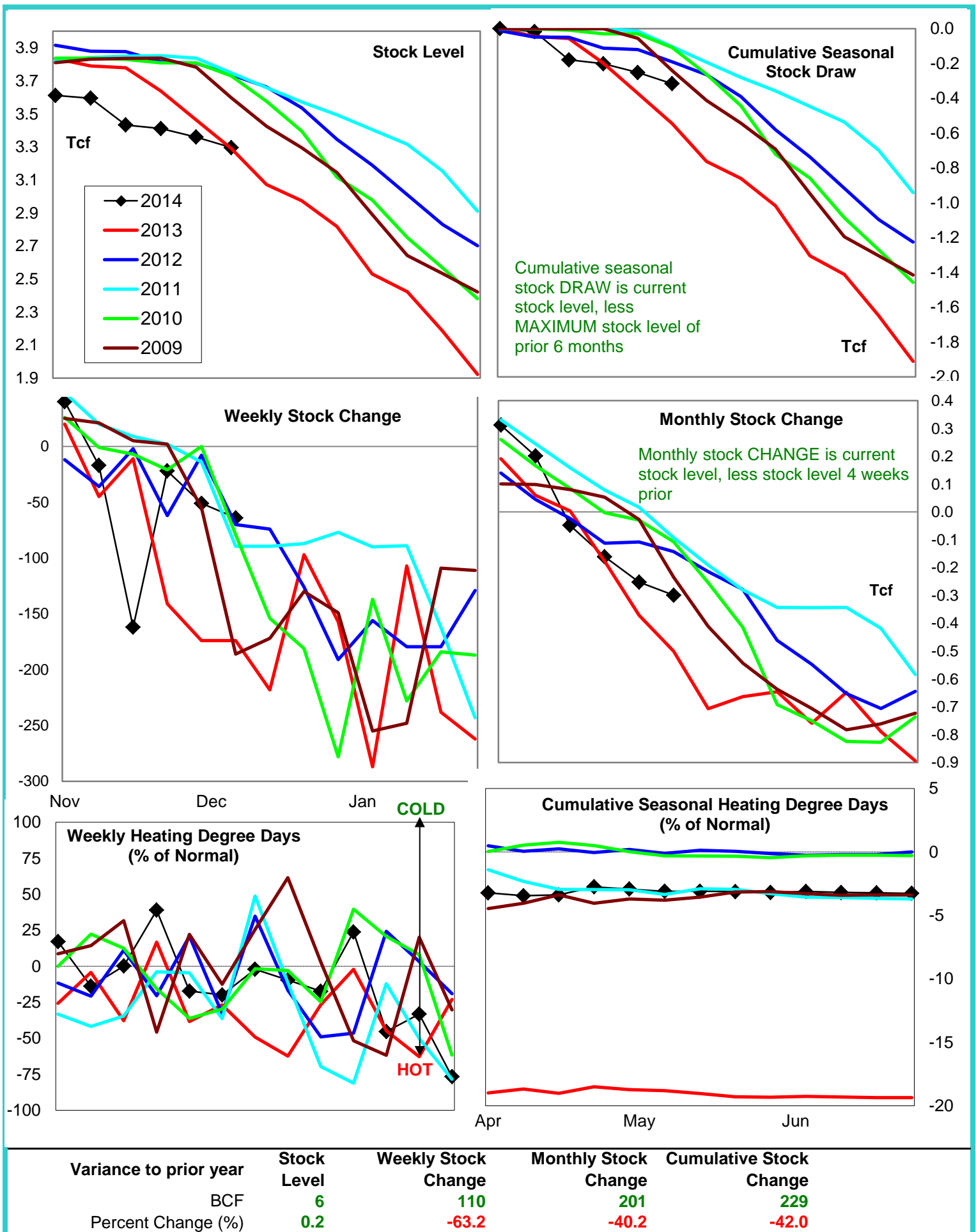
	Cumulative Stock Change			Cumulative Heating Degree Days					
	Bcf	Change vs prior year Bcf	%	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal	CHDD's vs normal	% of normal
U.S. Total	-316	229	-72.5	6	-3.2	4	-3.2	1	-3.3
East	-239	43	-18.0	6	-2.9	4	-2.9	1	-2.9
West	-31	66	-212.9	10	-4.6	8	-4.7	3	-4.9
Producing	-47	121	-257.4	0	-4.0	0	-4.1	0	-4.1

Futures Market Price Trends

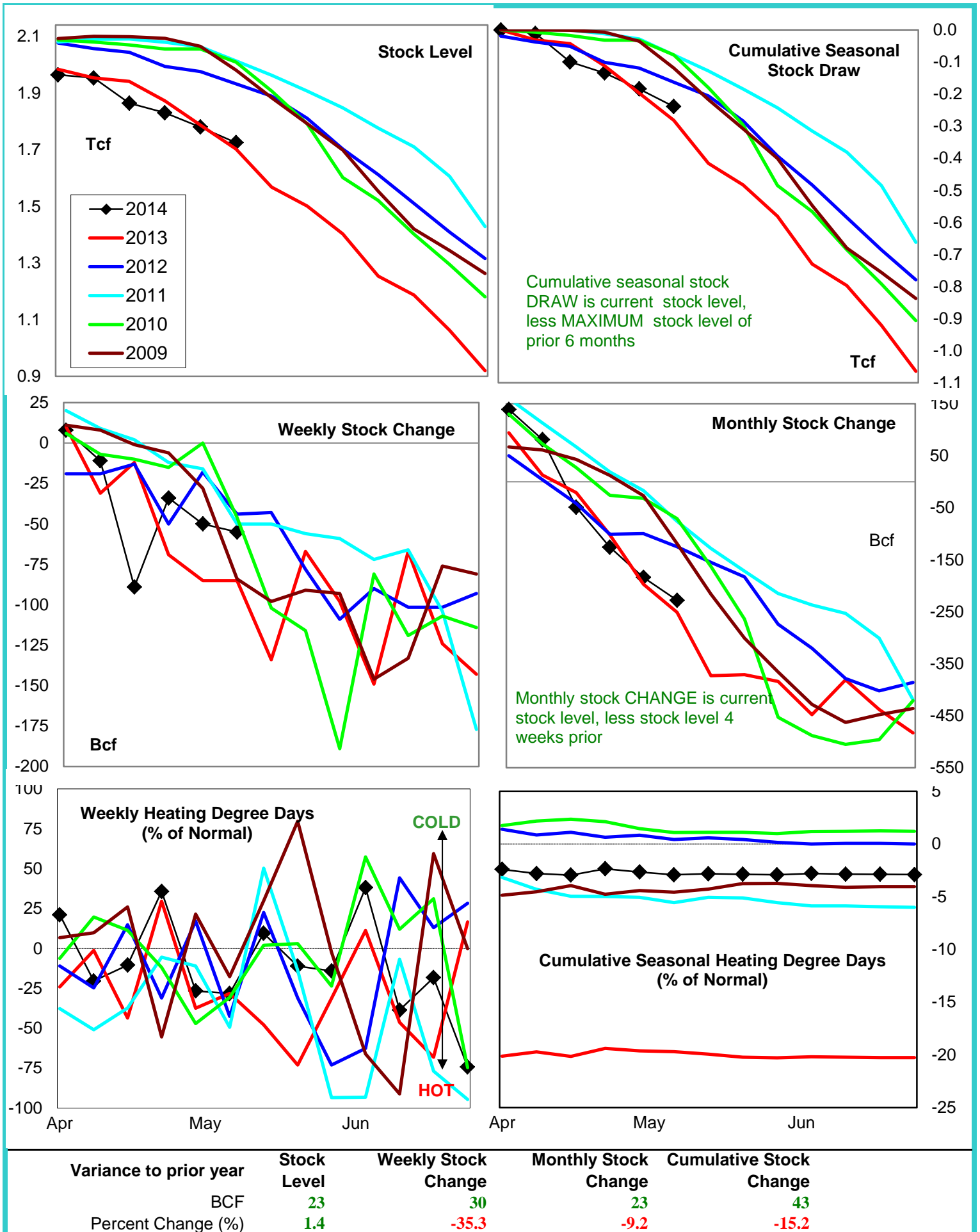
Date:	19-Dec-14	Change vs prior week, month, year		
		15-Dec-14	24-Nov-14	31-Dec-13
1st month Futures	3.52	-0.20	-0.63	-0.80
% change	xxxxx	-5.4	-15.2	-18.5



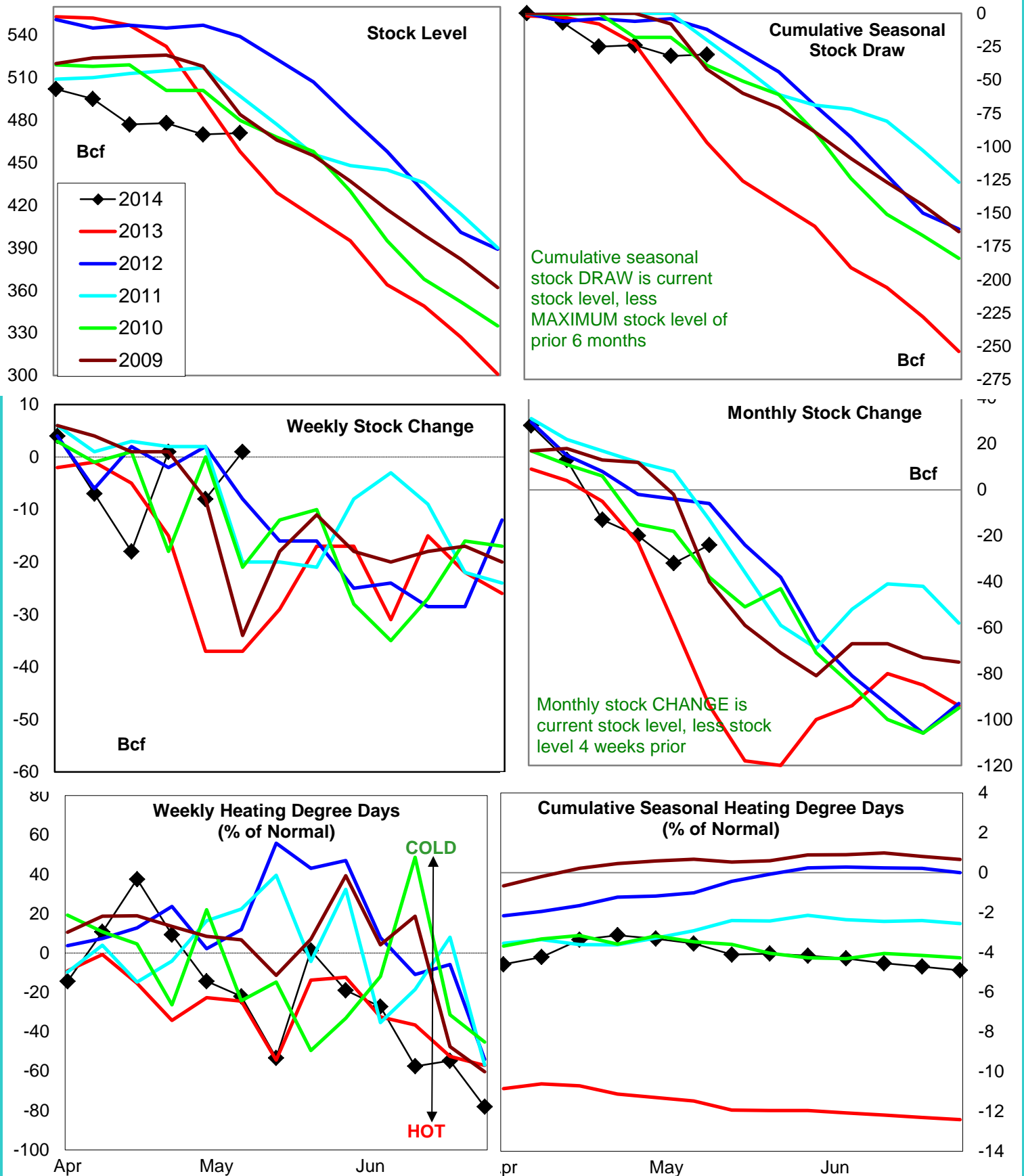
United States Natural Gas Stock and Weather Trends



Natural Gas East Region Stock and Weather Trends



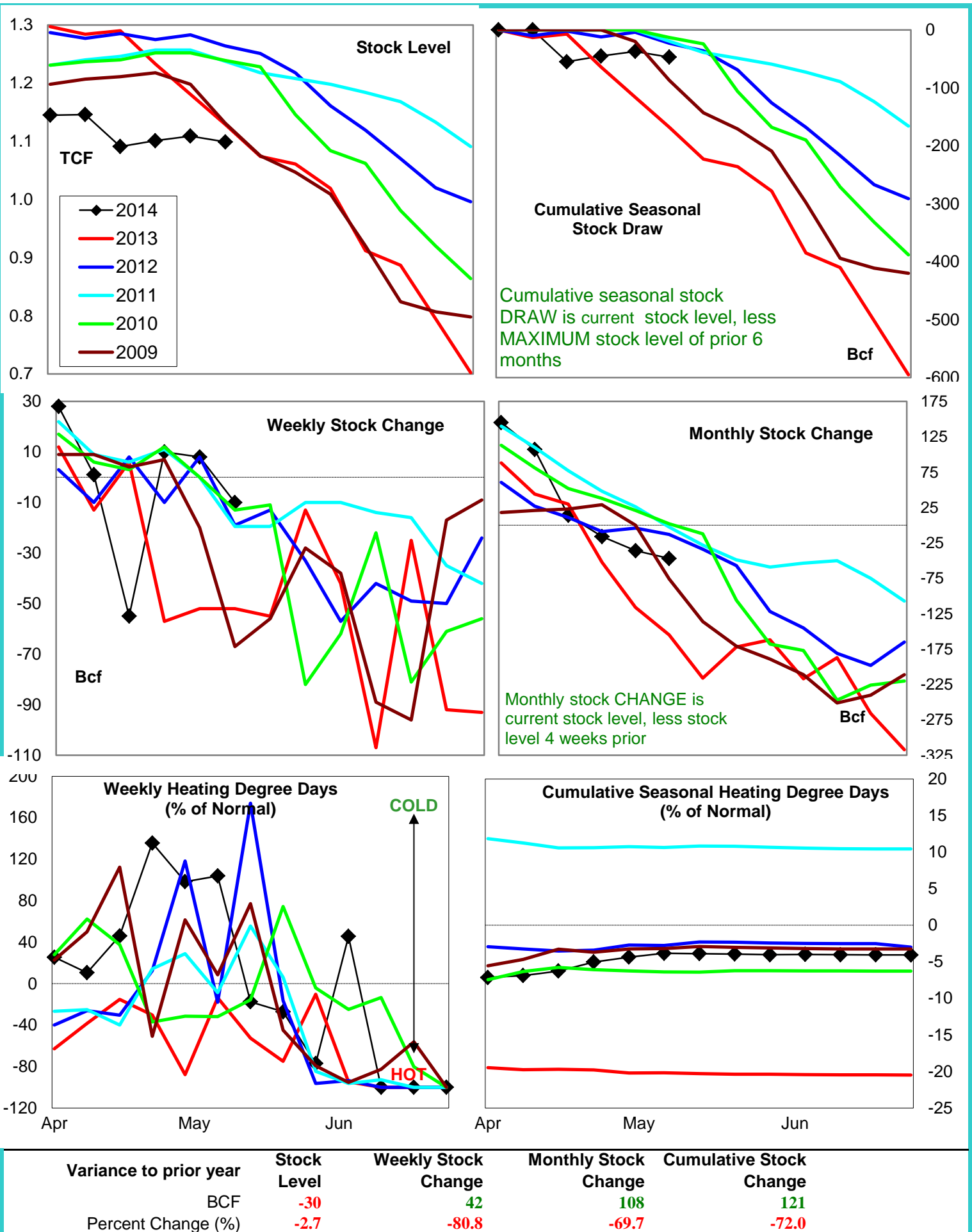
Natural Gas West Region Stock and Weather Trends



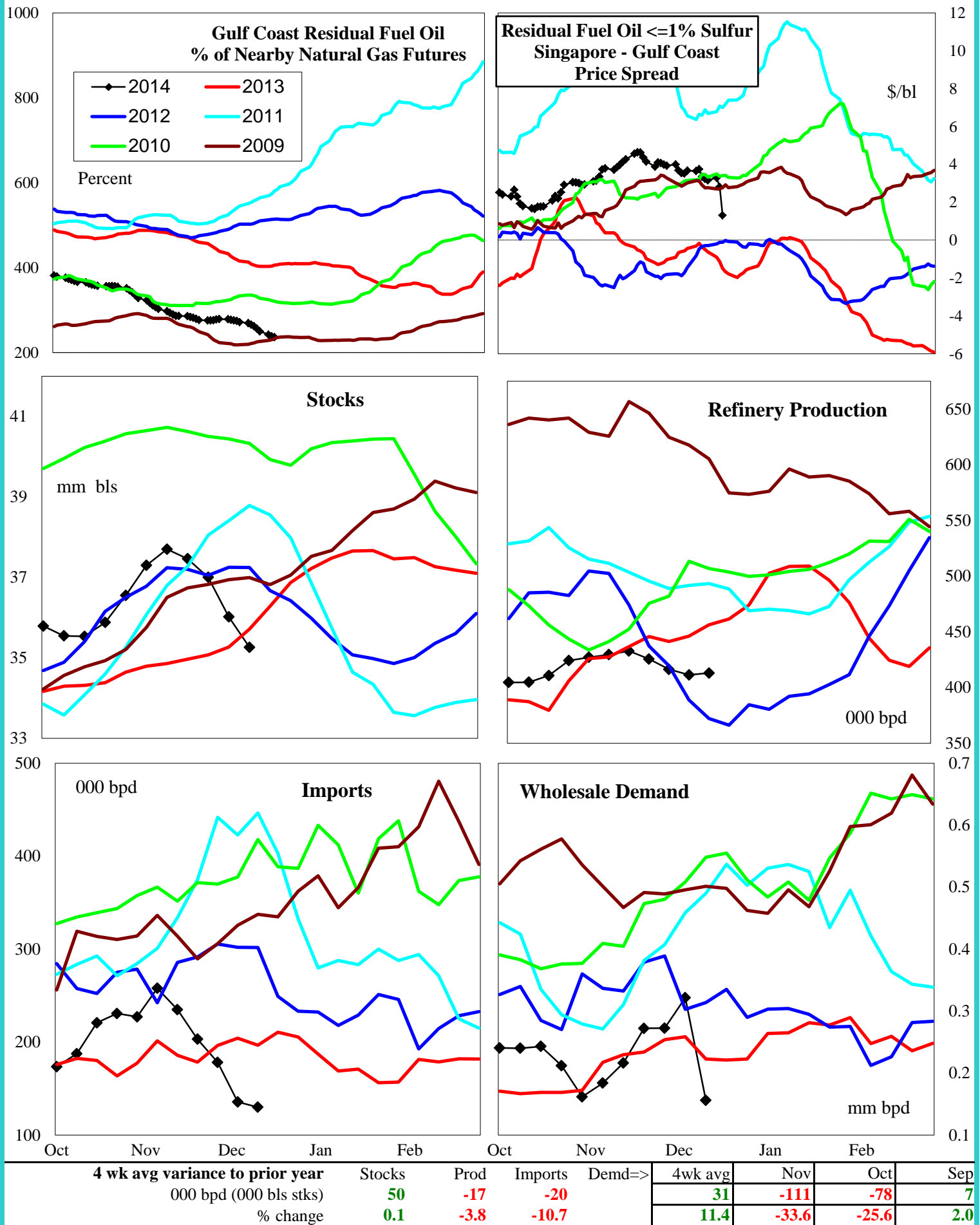
Variance to prior year

Stock
LevelWeekly Stock
ChangeMonthly Stock
ChangeCumulative Stock
ChangeBCF
Percent Change (%)13
2.838
-102.770
-74.566
-68.0

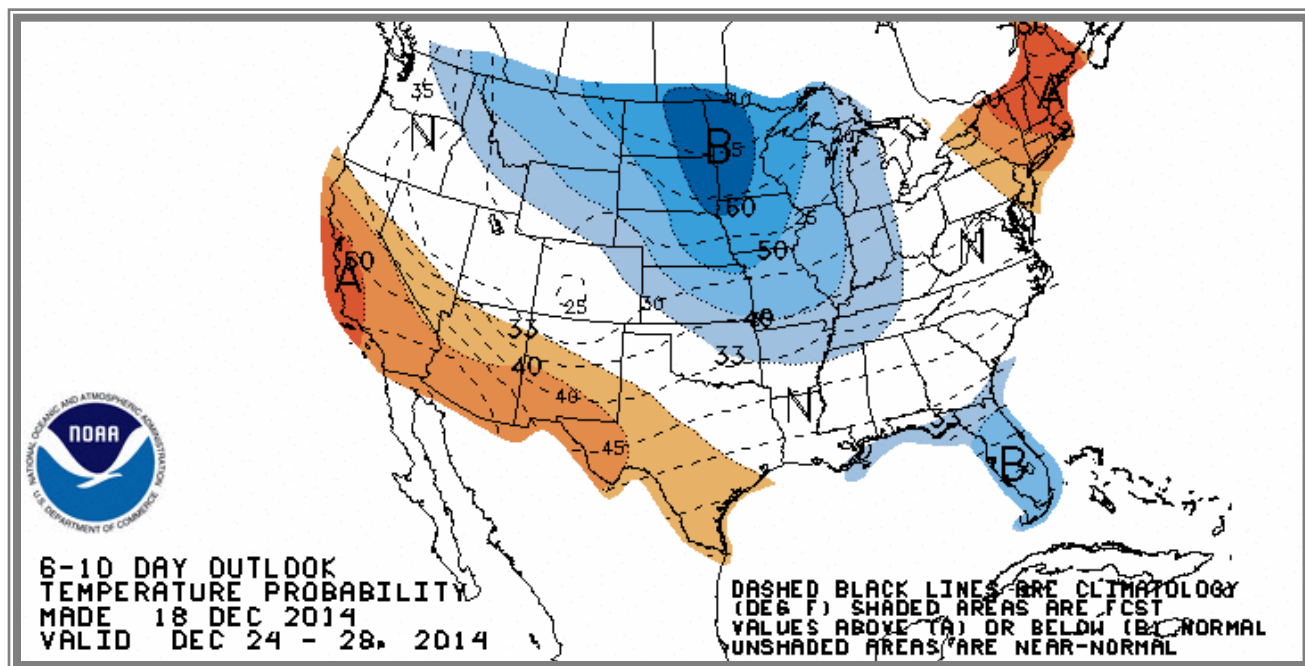
Natural Gas Producing Region Stock and Weather Trends



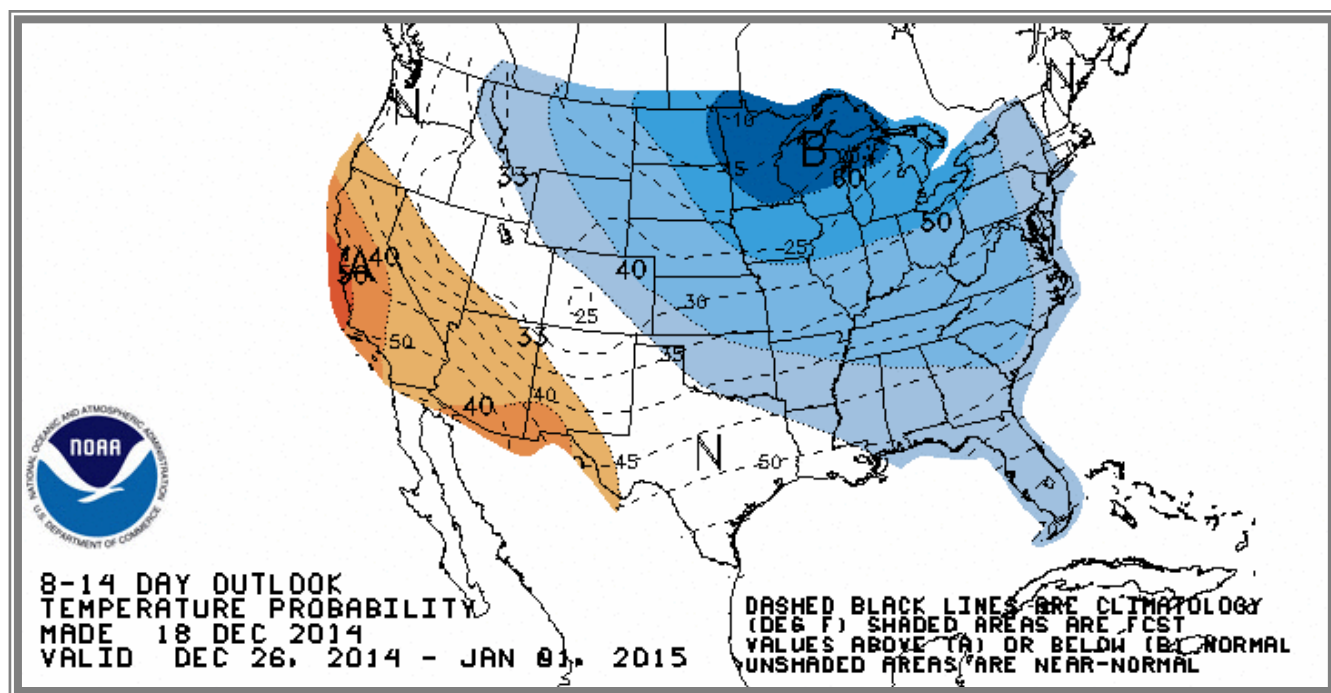
U.S. Residual Fuel Oil Price Spreads and Supply Balance



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

