

January 28, 2013

Natural Gas Trends

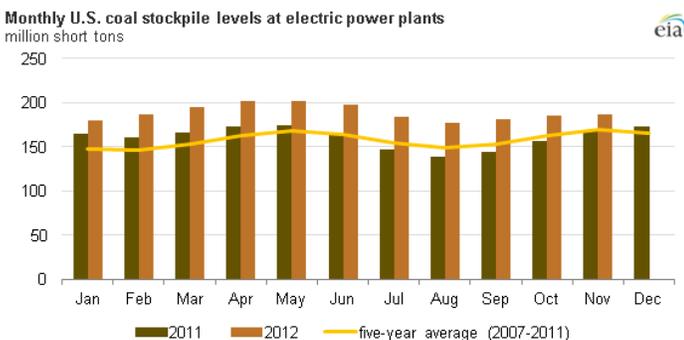
Highlights

COAL STOCKPILES AT U.S. POWER PLANTS WERE ABOVE AVERAGE THROUGHOUT 2012

Increased competition between fuels as well as a warm winter 2011-12 led to lower consumption of coal and, thus, higher coal stockpiles at electric power plants in the United States through November 2012. Stockpiles in November were above the levels of 2011 as well as the five-year average for an eleventh straight month.

Coal stockpiles typically decline during summer and winter as power plants burn through stocks to meet peak electricity demand for heating and cooling, respectively. Historically low natural gas prices contributed to reduced coal consumption at electric power plants during the spring and summer of 2012, while a warmer-than-normal winter 2011-12 decreased the overall heating load in the winter.

Because most coal at electric power plants is purchased through long-term contracts, utilities are rarely able to defer purchases. This leads to higher and higher coal stockpiles, until increased coal use draws down inventories.



Source: EIA www.eia.gov/todayinenergy/detail.cfm?id=9711#

Data

- February 2013 Natural Gas Futures Contract (as of Jan. 25), NYMEX at Henry Hub closed at \$3.327 per million British thermal units (MMBtu)
- March 2013 Light, Sweet Crude Oil Futures Contract (as of Jan. 25), NYMEX at Cushing closed at \$95.88 per U.S. oil barrel (Bbl.) or approximately \$15.27 per MMBtu

Last week: Texas warmer, U.S. cooler than normal

For the week beginning 1/20/13 and ending 1/26/13, heating degree days (HDD) were lower than normal (warmer) for Texas and higher than normal (cooler) for the US. In fact, for almost all entities we monitor, HDDs were lower than normal (warmer).

Source: www.cpc.ncep.noaa.gov

City or Region	Total HDD for week ending 1/25/13	*Week HDD + / - from normal	Year-to-date total HDD	* YTD % +/- from normal
Amarillo	142	-65	2074	-18%
Austin	49	-56	1019	-3%
DFW	76	-70	1195	-20%
El Paso	90	-49	1379	-16%
Houston	29	-67	715	-25%
SAT	28	-73	791	-22%
Texas**	58	-61	1044	-16%
U.S.**	217	10	2304	-8%

* A minus (-) value is warmer than normal; a plus (+) value is cooler than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which HDDs are calculated. ** State and U.S. degree days are population-weighted by NOAA.

-999 = Normal Less Than 100 or Ratio Incalculable

Last week: U.S. natural gas storage at 2,996 Bcf

For the week ending 1/18/2013 working gas in storage decreased from 3,168 Bcf to 2,996 Bcf. This represents a decrease of 172 Bcf from the previous week. Stocks were 157 Bcf lower than last year at this time and 320 Bcf above the 5 year average of 2,676 Bcf.

Source: <http://ir.eia.gov/ngs/ngs.html>

Region	Week ending 01/18/13	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	1,520	1,600	-80	8.4%
West	416	455	-39	12.7%
Producing	1,060	1,113	-53	17.0%
Lower 48 Total	2,996	3,168	-172	12.0%

Lower 48 states, underground storage, units in billion cubic feet (Bcf)

Last week: U.S. gas rig count up 5

The gas rig count for the U.S. was up 5 when compared to the prior week and down 343 when compared to 12 months ago. The total rig count for the U.S. was up 4 for the week and down 255 when compared to 12 months ago. The total rig count includes both oil and natural gas rotary rigs.

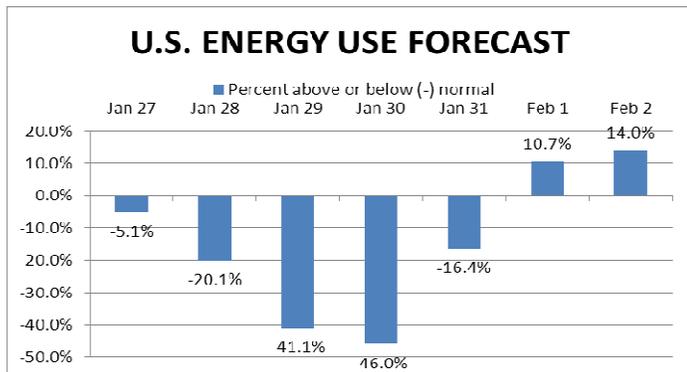
Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 1/25/2013	+/- prior week	Year ago	+/- year ago
Texas	819	6	917	-98
U.S. gas	434	5	777	-343
U.S. oil	1315	-1	1225	90
U.S. total	1753	4	2008	-255
Canada	621	20	682	-61

Numbers are excerpted and not meant to be totaled

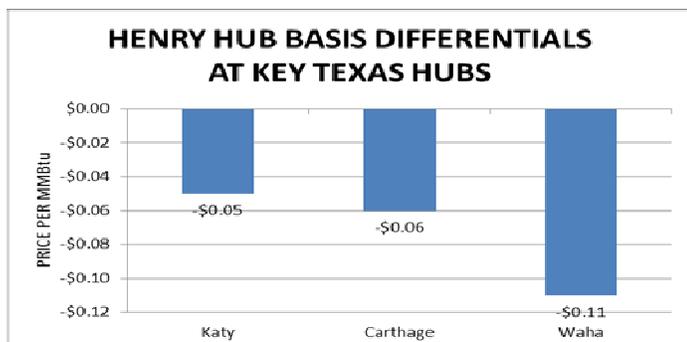
This week: U.S. energy use below normal

U.S. energy use is predicted to be below normal through Thursday, January 31, according to the Dominion Energy Index, as shown below. Dominion forecasts total U.S. residential energy usage, a component of which is natural gas. *Source: Dominion Energy Index*

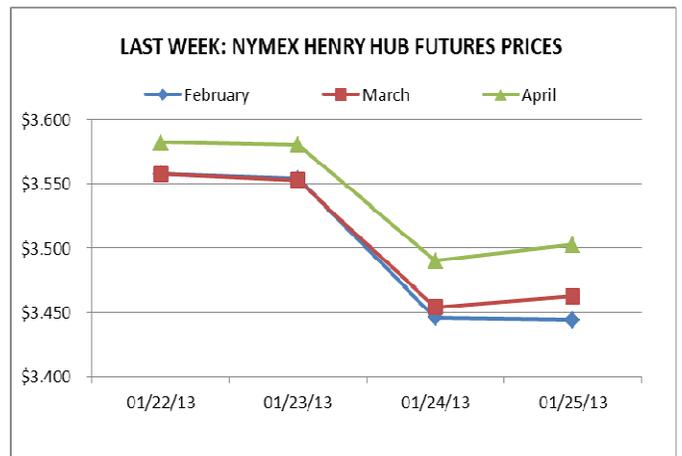
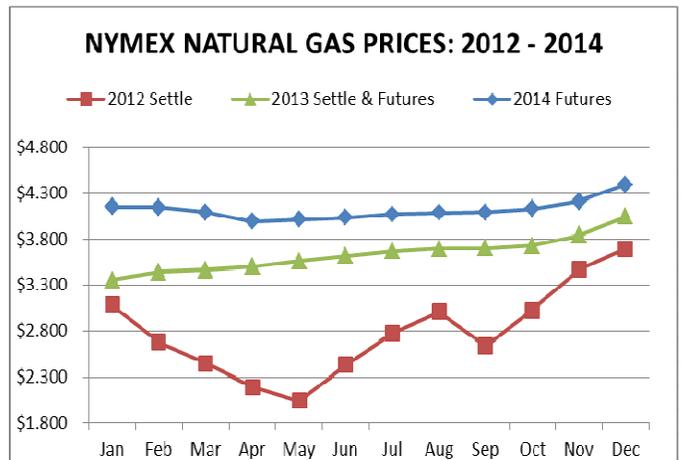


Last week: Basis ranged from -\$0.05 to -\$0.11 cents

Gas basis at key Texas hub markets is shown below and at right as the spot market cash price minus the Henry Hub as of last Friday. *Source: Platt's Gas Daily*



2013 prices. Natural gas prices for 2013, shown below in green, are the NYMEX settlement price for January and the futures prices for the remaining months of 2013.



	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
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US February futures				
NYMEX	\$3.444	-\$0.122	\$0.766	\$3.703