

Volume 434 July 12, 2012

Market- The natural gas market traded mixed to lower this week as the extreme hot weather and natural gas going to fuel peaking power has subsided for now. Over-supply is keeping prices low; but the summer weather, higher oil prices and the potential for an increase in liquefied natural gas exports is keeping prices supported. We still have more gas in storage than last year and the 5 year average. The US gas traditional rig count was an increase this week of 8 and horizontal drilling increased 3 rigs. Prices continue to be tempered by flat industrial demand; but the economy is improving. Gas production levels due mostly to shale drilling are still strong and exports continue. Natural gas is very attractive to fix at this time.

The Crude oil price for July is lower this week at \$84.97 per barrel. Heating oil is lower at \$2.73 per gal. Unleaded gasoline futures are lower this week at \$2.77 and gasoline at the pump is around \$3.59...in Indiana. The natural gas storage report last week was an injection of 33 BCF; storage is **548BCF higher** than last year and **516 BCF higher** than the 5 year average.



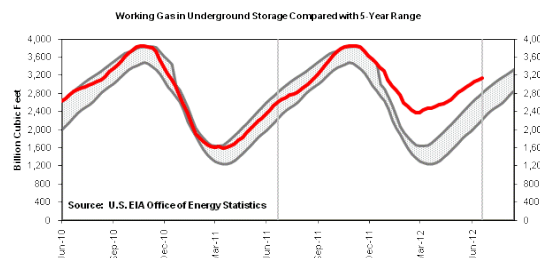
Above Graph – August 2012 NYMEX gas futures

Extended Temperature Forecast: Chicago Area

	Thu	Fri	Sat	Sun	Mon
High	90	91	87	89	95
Low	72	73	76	77	79

Storage Statistics: (BCF) Billion Cubic Ft	This Week	Last Year	5 Year Ave.
	3,135	2,587	2,619

The total is an increase of 33 BCF from last week.



Above Graph - Storage levels as of July 12

Comparative Fuels: Futures Prices for July

	Price	Compared to Nat Gas
Natural Gas (therm)	\$.2841	\$.2841
Propane (gal)	\$.8210	\$.8948
Crude Oil (barrel)	\$84.97	
Heating Oil (gal)	\$2.73	\$1.94
Unleaded Gas (gal)	\$2.77	

North American Traditional Nat. Gas Rig Count:

This week	542
Last week	534
Year Ago this week	873

US Horizontal Rig Count:

This week	1174
Last week	1171
Year Ago this week	1073

