

Oklahoma Energy Services, Inc.

Your Clear Energy Source TM

7134 South Yale, Suite 210
Tulsa, Oklahoma 74136
Phone: 918-254-9630
Facsimile: 918-254-9662
Toll Free: 1-866-260-3972

George L. Taubel 918-249-5080
Janeann Taubel 918-249-5081
Jana Grafing 918-249-5083
Jill Spencer 918-249-5082
Bill Wylie 405-830-3734

www.okesi.com

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Given yesterday storage inventories numbers and the resulting withdrawal considerably above analyst predictions it was interesting to observe the effects of weather and the corresponding storage withdrawal on forward natural gas values. However the price run up may be short lived as the historic natural gas inventories will have difficulty being totally utilized simply by colder than normal weather conditions. Demand destruction created as a direct result of our economy will stabilize the market. In the near term we are seeing cash prices and forward NYMEX natural gas pricing moving closer in values. While the market remains volatile November 2009 storage injections helped to boost storage inventories and this week EIA storage withdrawal simply may result in significantly pricing correction in the short term. As you will notice the differences between last year and this year forward pricing values are also aligning. The good news for gas consumers is that natural gas pricing remains some what manageable at the current pricing levels. Given your appetite for price volatility it still makes good business sense to secure some measure of pricing assurance for the remainder of the winter heating season to protect you against any possibility of a significant forward pricing correction.

The following table illustrates the comparison of the NYMEX pricing offering at contract settlement for 2008 and 2009.

<u>Month/Year</u>	<u>NYMEX December 10, 2008</u>	<u>Month/Year</u>	<u>NYMEX December 3, 2009</u>	<u>Difference</u>	<u>Percentage Change</u>
Jan-09	\$5.642	Jan-10	\$5.298	(\$0.34)	-6.10%
Feb-09	\$5.700	Feb-10	\$5.346	(\$0.35)	-6.21%
Mar-09	\$5.732	Mar-10	\$5.383	(\$0.35)	-6.09%
Apr-09	\$5.800	Apr-10	\$5.402	(\$0.40)	-6.86%
May-09	\$5.888	May-10	\$5.444	(\$0.44)	-7.54%
Jun-09	\$6.053	Jun-10	\$5.606	(\$0.45)	-7.38%
Jul-09	\$6.051	Jul-10	\$5.584	(\$0.47)	-7.72%
Sep-09	\$6.161	Aug-10	\$5.659	(\$0.50)	-8.15%
Oct-09	\$6.216	Sep-10	\$5.711	(\$0.51)	-8.12%
Nov-09	\$6.331	Oct-10	\$5.847	(\$0.48)	-7.64%
Dec-09	\$6.776	Nov-10	\$6.237	(\$0.54)	-7.95%
Jan-10	\$7.241	Jan-11	\$6.617	(\$0.62)	-8.62%
One Year (Jan 10 – Dec 10)		\$5.669/\$5.569	Three month (Jan 10 – Mar 10)		\$5.353/\$5.383
1 year strip 2011		\$6.122/\$6.072	Three month (Apr 10 – Jun10)		\$5.451/\$5.301
1 year strip 2012		\$6.344/\$6.294	Three month (Jul 10 – Sep 10)		\$5.736/\$5.586
1 year strip 2013		\$6.479/\$6.429	Three month (Oct 10 – Dec 10)		\$6.226/\$6.126

	<u>This week</u>	<u>Last Week</u>	<u>Two Week</u>
January 2010	\$5.311/\$5.351	\$4.576/\$4.726	\$4.906/\$4.856
Winter 2009-2010 (Jan 09-Mar10)	\$5.353/\$5.383	\$4.653/\$4.803	\$4.973/\$4.923
Summer 2010 (Apr 10-Oct10)	\$5.708/\$5.558	\$5.112/\$4.962	\$5.446/\$5.297

December 2009 NYMEX natural gas contract settlement: \$4.486

ONG PGA – December 2009 \$6.755

ONG Fixed Price Program November 2009 – October 2010 \$6.194

The January 2010 NYMEX natural gas contract will expire on December 29, 2009.

The Energy Information Administration (EIA) reported that for the week ending December 4, 2009 natural gas withdrawal of 64 Bcf. The build was above analyst's predictions for a withdrawal between 44 – 48 Bcf. The higher withdrawal from storage significantly moved the forward NYMEX values for natural gas to higher pricing levels in trading yesterday with prompt month (January 2010) contract moving up in value by 40 cents.

2009 Whole Sale Natural Gas Pricing Update

	<u>OGT</u>	<u>PEPL</u>	<u>ANR</u>	<u>NGPL</u> <u>Mid-Con</u>	<u>NGPL</u> <u>TxOk</u>	<u>Southern</u> <u>Star</u>	<u>CenterPoint</u> <u>East</u>	<u>Jan-10</u> <u>NYMEX</u>
1-Dec	\$4.285	\$4.335	\$4.290	\$4.285	\$4.365	\$4.220	\$4.320	\$4.762
2-Dec	\$4.270	\$4.270	\$4.375	\$4.340	\$4.345	\$4.340	\$4.300	\$4.530
3-Dec	\$4.730	\$4.690	\$4.710	\$4.670	\$4.655	\$4.725	\$4.710	\$4.459
4-Dec	\$4.490	\$4.470	\$4.510	\$4.490	\$4.490	\$4.480	\$4.465	\$4.586
5-Dec	\$4.475	\$4.520	\$4.500	\$4.490	\$4.485	\$4.505	\$4.480	\$4.586
6-Dec	\$4.475	\$4.520	\$4.500	\$4.490	\$4.485	\$4.505	\$4.480	\$4.586
7-Dec	\$4.475	\$4.520	\$4.500	\$4.490	\$4.485	\$4.505	\$4.480	\$4.971
8-Dec	\$4.785	\$4.835	\$4.885	\$4.825	\$4.760	\$4.905	\$4.720	\$5.114
9-Dec	\$5.190	\$5.135	\$5.210	\$5.160	\$5.070	\$5.145	\$5.020	\$4.898
10-Dec	\$5.385	\$5.350	\$5.350	\$5.310	\$5.205	\$5.400	\$5.215	\$5.298
11-Dec	\$5.060	\$5.050	\$5.100	\$5.065	\$4.930	\$5.060	\$4.925	
average	\$4.693	\$4.700	\$4.721	\$4.692	\$4.661	\$4.708	\$4.647	
FOM Index	\$4.430	\$4.420	\$4.470	\$4.290	\$4.350	\$4.380	\$4.350	

OKLAHOMA WEATHER OUTLOOK
For Clients and Friends of
OKLAHOMA ENERGY SERVICES

December 11, 2009

Jeff Lazalier
Professional Meteorologist
Premier Advisors Group
918/280-7306
jefflazalier@cox.net

NEXT 7 DAYS – 12/11/09-12/17/09:

Overview –

Slightly milder air may briefly visit Oklahoma on Sunday, if the clouds break and southerly winds return. Next week still looks chilly and below-normal.

Upcoming for Oklahoma –

Friday (12/11) through Monday (12/14):

Friday should be partly cloudy and cool with variable winds and a PM high in the mid to upper 40s, warmest in the south. Saturday will likely see increasing clouds and a slight chance for drizzle. PM highs will again be in the mid 40s. However southerly winds should keep temperatures from dropping much Saturday evening, and if clouds break on Sunday, temperatures will be much milder – PM highs likely to climb well into the 50s. Those gusty south winds are indicative of another strong cold front that will pass through Sunday night or Monday. This will bring more clouds to the area at least part of the day on Monday, and the colder, gusty north winds behind this front will keep PM highs in the 40s.

Tuesday (12/15) through Thursday (12/17):

Tuesday through Thursday will continue the trend of unseasonably cold weather with partly cloudy to mostly sunny skies. The colder air is also, as usual, drier air. Precipitation chances look to be remaining low through this period. Early AM lows will drop into the teens or low 20s, with PM highs in the upper 30s to low 40s on Tuesday and Wednesday, and rebounding back to the mid 40s on Thursday. These temperatures are much more the norm in January rather than December. However, it does not mean that we would expect an even more severe winter; temperature-wise...it just means that we're January-like conditions about a month early. Ordinarily, as mentioned in previous weather discussions in this newsletter, we would expect to see a return to some milder weather in another week to ten days. This may yet still occur, as the calendar heads toward the long Christmas weekend.

EXTENDED OUTLOOK:

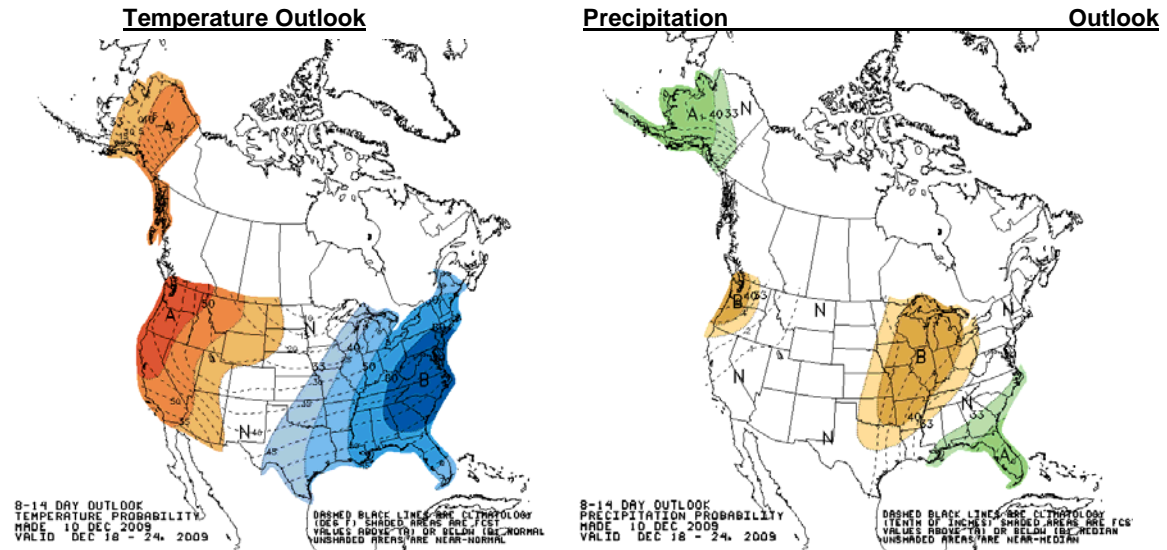
Latest revised 8-14 Day Extended Outlook – December 18 – December 24, 2009:

Per the notion mentioned above, that milder weather is in the offing toward Christmas, the extended outlook is also trending in that direction. The core of the bitter cold for December appears to be shifting into primarily the eastern half of the country. While below-normal temperatures are still likely in Oklahoma, on average, through this period, warmer conditions are just to the west, and "above-normal" temperatures are also expected in Alaska. As the cold core shifts out over the Atlantic and up over New England into the Christmas weekend, Oklahoma's weather most likely will result in milder conditions.

Most of the nation will expect near-normal to below-normal precipitation. Areas at risk of continued dry weather will be Oklahoma and North Texas through the mid-Mississippi River Valley, into the Midwest, and into the Great Lakes. The only region that might possibly see a slightly elevated precipitation chance will be the far Deep South and Florida.

*Original long-range outlook data developed by NOAA / Climate Prediction Center, and this discussion is developed from an interpretation of that data, as displayed below.

Outlook Valid: December 18 – December 24, 2009



The outlook was developed on December 10, 2009. These graphics are courtesy the National Weather Service's Climate Prediction Center and NOAA's National Centers for Environmental Prediction. These forecast graphics are available for public dissemination at the following website:

<http://www.cpc.ncep.noaa.gov/products/forecasts/>

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