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## Newsletter December 4, 2009

Trading this week for the January 2010 NYMEX natural gas contract remained very tight with reported pricing support within the range of \$4.40 - \$4.16 and resistance within a range of \$4.90 - \$4.60. For the week January 2010 traded within a range in the \$4.70's to \$4.40's. The forward basis market for the mid continent during the week moved from a consumers perspectives very stingy single digit discounts with some reporting points offering January and February basis at positive numbers. In early morning trading (Friday, December 4, 2009) the January 2010 NYMEX forward contract was trading within a range of \$4.643 - \$4.445. With continued pressure on the market because of the natural gas storage overhang weather remains the catalyst to move the market. Absent of any weather event similar to prior years the market may be positioned to achieve its lows during the January & February 2010 trading period. One very interesting market insight was achieved this week with the 2010 natural gas strip for NYMEX falling below the \$5.00 pricing point.

The opportunity to purchase some measure of pricing assurance remains an integral tool to potentially offset the market should it rally. Call or email us to develop a purchasing strategy to avoid any effects that an over heated forward natural gas market would move to higher pricing levels.

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 3, 2008</u>	<u>Month/Year</u>	<u>NYMEX December 3, 2009</u>	<u>Difference</u>	<u>Percentage Change</u>
Dec-08	\$6.350	Dec-09	\$4.459	(\$1.89)	-29.78%
Jan-09	\$6.384	Jan-10	\$4.548	(\$1.84)	-28.76%
Feb-09	\$6.373	Feb-10	\$4.586	(\$1.79)	-28.04%
Mar-09	\$6.371	Mar-10	\$4.632	(\$1.74)	-27.30%
Apr-09	\$6.430	Apr-10	\$4.693	(\$1.74)	-27.01%
May-09	\$6.600	May-10	\$4.784	(\$1.82)	-27.52%
Jun-09	\$6.670	Jun-10	\$4.882	(\$1.79)	-26.81%
Jul-09	\$6.821	Jul-10	\$4.961	(\$1.86)	-27.27%
Aug-09	\$6.866	Aug-10	\$5.016	(\$1.85)	-26.94%
Sep-09	\$6.973	Sep-10	\$5.158	(\$1.82)	-26.03%
Oct-09	\$7.338	Oct-10	\$5.633	(\$1.71)	-23.24%
Nov-09	\$7.738	Dec-10	\$6.083	(\$1.66)	-21.39%

One Year (Jan 10 – Dec 10)	\$4.999/\$4.959	Three month (Jan 10 – Mar 10)	\$4.653/\$4.803
1 year strip 2011	\$5.609/\$5.560	Three month (Apr 10 – Jun10)	\$4.805/\$4.755
1 year strip 2012	\$5.916/\$5.866	Three month (Jul 10 – Sep 10)	\$5.140/\$5.040
1 year strip 2013	\$6.118/\$6.068	Three month (Oct 10 – Dec 10)	\$5.722/\$5.622

	<u>This week</u>	<u>Last Week</u>	<u>Two Week</u>
January 2010	\$4.576/\$4.726	\$4.906/\$4.856	
Winter 2009-2010 (Jan 09-Mar10)	\$4.653/\$4.803	\$4.973/\$4.923	
Summer 2010 (Apr 10-Oct10)	\$5.112?/\$4.962	\$5.446/\$5.297	\$5.087/\$4.937
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 November 27, 2009 natural gas injection of 2 Bcf. The build was exceeded analyst's predictions for the week. This week storage build marked the fourth straight week that builds in is traditional considered the beginning of the withdrawal season.

## 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	
average	\$4.444	\$4.441	\$4.471	\$4.446	\$4.464	\$4.441	\$4.449	
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 4, 2009**

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**NEXT 7 DAYS – 12/04/09-12/10/09:**

**Overview –**

Confidence in the potential for snow in the forecast by early next week is not very high. Still, though, forecast models are pointing to a significant weather system impacting the southern Plains, which means we may see our first taste of winter weather then. Confidence is high, though, that we'll continue with downright cold, below-normal, and temperatures for at least the next seven days and possibly a bit longer.

**Upcoming for Oklahoma –**

**Friday (12/04) through Monday (12/07):**

Temperatures will be very cold, particularly for this time of year, during the overnights through the weekend and into early next week. Early AM lows will likely be in the twenties over the northern half of the state and low 30s in the south. Expect partly cloudy to sunny conditions Friday and Saturday, but PM highs remain chilly in the low to mid 40s. Sunday will bring increasing clouds and another front that will bring reinforcing cold air. PM highs will only be in the low 40s; with the early AM low on Monday around freezing and the PM high in the low 40s. Expect skies to be increasingly leaden grey on Monday and Monday night, paving the way for the potential winter storm Tuesday and Wednesday.

**Tuesday (12/08) through Thursday (12/10):**

The potential for the first snow of the winter season is upon us Tuesday into early Wednesday...and, if this winter storm comes to be as advertised, there could be some areas with a chance for several inches of snow. Expect overnight lows to be in the 20s and PM highs holding in the 30s on Tuesday and Wednesday, with conditions likely nearly as cold on Thursday with sunny skies returning. If there is significant snowfall, then Thursday's temperatures could be much colder. Time will tell, as the impacts from this forecast draw nearer, as to whether the forecast models were right on or onto a major bust.

**EXTENDED OUTLOOK:**

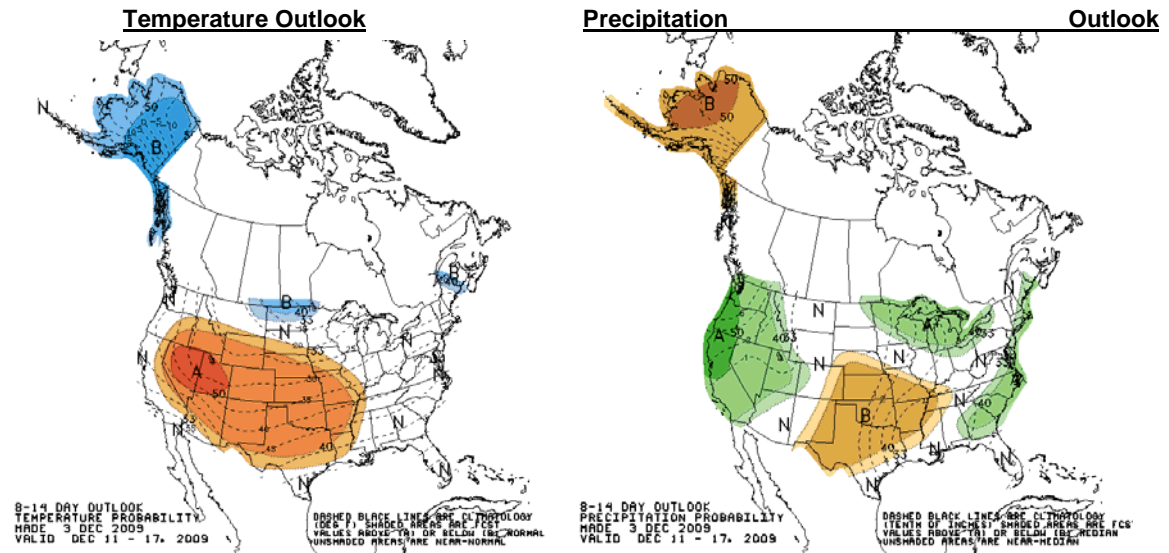
**Latest revised 8-14 Day Extended Outlook – December 11 – December 17, 2009:**

Mid-December may bring a brief respite from this extraordinary cold we're experiencing right now. That would be expected, as weather extremes tend to feed off one another (think of a rubber band that is pulled too far – if you let go, it snaps back with equally hard force) during the winter season. Above-normal conditions are likely over most of the Rockies and most of the Plains, including Oklahoma. However, a large area of below-normal temperatures is expected over Alaska and Canada, and appears to be ebbing into the northern Plains. This is the next blast of long-term winter cold temperatures, poised to slide back down over most of the country possibly by Christmas or even before!

Another sign that the air over Alaska is expected to be very, very cold is the additional outlook for precipitation – all of Alaska stands a high chance for below-normal snowfall during this same time – a great indicator of not only very cold but also very dry air. The central and southern Plains will also expect below-normal precipitation during this period – though in our area, temperatures may be milder. Higher chances for rain or wintry precipitation will be over the western quarter of the country, with above-normal chances for snow around the Great Lakes, and above-normal chance for rain in the southeast and along the mid-Atlantic coastal region.

\*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 11 – December 17, 2009**



The outlook was developed on December 3, 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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