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## Newsletter February 12, 2010

The forward natural gas market remains range bound unable to break into the high \$4.00 pricing point or break out @ pricing above \$5.60. Weather remains the primary catalyst for the direct movement effecting natural gas pricing. While it is impossible to predict with any degree of accuracy where the March 2010 NYMEX contract will settle current weather conditions dominate the market and subsequently have place temporary ceiling and floors for forward priced natural gas. Currently natural gas storage levels remain above the historic five year levels which have entrenched price ceiling.

Gas Daily Headlines:

Monday: February 8, 2010 "Northeast cash hits \$14 ahead of winter storm

Tuesday: February 9, 2010 "Analyst: Coal, LNG to cap gas pricing this year

Thursday: February 11, 2010 "EIA: Ample supply to cap 2010 prices, volatility

The following table illustrates the comparison of the NYMEX pricing offering at contract settlement for 2009 and 2010.

<u>Month/Year</u>	<u>NYMEX February 11, 2009</u>	<u>Month/Year</u>	<u>NYMEX February 11, 2010</u>	<u>Difference</u>	<u>Percentage Change</u>
Mar-09	\$4.564	Mar-10	\$5.396	\$0.83	18.23%
Apr-09	\$4.620	Apr-10	\$5.383	\$0.76	16.52%
May-09	\$4.717	May-10	\$5.443	\$0.73	15.39%
Jun-09	\$4.850	Jun-10	\$5.520	\$0.67	13.81%
Jul-09	\$5.000	Jul-10	\$5.599	\$0.60	11.98%
Aug-09	\$5.100	Aug-10	\$5.660	\$0.56	10.98%
Sep-09	\$5.120	Sep-10	\$5.693	\$0.57	11.19%
Oct-09	\$5.230	Oct-10	\$5.795	\$0.57	10.80%
Nov-09	\$5.795	Nov-10	\$6.090	\$0.30	5.09%
Dec-09	\$6.346	Dec-10	\$6.405	\$0.06	0.93%
Jan-10	\$6.589	Jan-11	\$6.625	\$0.04	0.55%
Feb-10	\$6.625	Feb-11	\$6.585	(\$0.04)	-0.60%

One Year (Mar 10 – Feb 11)	\$5.835/\$5.735	Three month (Mar 10 – May10)	\$5.390/\$5.290
1 year strip 2011	\$6.264/\$6.165	Three month (Jun 10 – Aug10)	\$5.563/\$5.444
1 year strip 2012	\$6.440/\$6.390	Three month (Sep 10 – Nov 10)	\$5.851/\$5.731
1 year strip 2013	\$6.578/\$6.528	Three month (Dec 10 – Feb11)	\$6.538/\$6.438

	<u>This week</u>	<u>Last Week</u>	<u>Two Week</u>
March 2010	\$5.380/\$5.300	\$5.565/\$5.465	\$5.203/\$5.103
Summer 2010 (Apr 10-Oct10)	\$5.564/\$5.445	\$5.696/\$5.546	\$5.386/\$5.236
Winter 2010/2011 (Nov 10-Mar11)	\$6.419/\$6.239	\$6.527/\$6.477	\$6.312/\$6.262

February 2010 NYMEX natural gas contract settlement: \$5.247

ONG PGA – February 2010 \$ 7.279

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

The March 2010 NYMEX natural gas contract will expire on February 24 2010.

The Energy Information Administration (EIA) will report last week's natural gas storage withdrawal @ 10:30 EST delayed by one day because federal offices were closed.

## 2010 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>Mar-10</u> <u>NYMEX</u>
1-Feb	\$5.150	\$5.155	\$5.155	\$5.125	\$5.130	\$5.125	\$5.150	\$5.434
2-Feb	\$5.370	\$5.205	\$5.220	\$5.200	\$5.210	\$5.240	\$5.230	\$5.454
3-Feb	\$5.510	\$5.345	\$5.355	\$5.340	\$5.335	\$5.355	\$5.315	\$5.419
4-Feb	\$5.465	\$5.360	\$5.370	\$5.395	\$5.420	\$5.380	\$5.395	\$5.416
5-Feb	\$5.425	\$5.345	\$5.355	\$5.355	\$5.360	\$5.350	\$5.325	\$5.515
6-Feb	\$5.695	\$5.460	\$5.470	\$5.470	\$5.485	\$5.475	\$5.470	\$5.515
7-Feb	\$5.695	\$5.460	\$5.470	\$5.470	\$5.485	\$5.475	\$5.470	\$5.515
8-Feb	\$5.695	\$5.460	\$5.470	\$5.470	\$5.485	\$5.475	\$5.470	\$5.401
9-Feb	\$5.765	\$5.655	\$5.625	\$5.630	\$5.615	\$5.625	\$5.750	\$5.290
10-Feb	\$5.515	\$5.410	\$5.420	\$5.415	\$5.400	\$5.415	\$5.505	\$5.292
11-Feb	\$5.425	\$5.340	\$5.360	\$5.350	\$5.350	\$5.355	\$5.435	\$5.396
12-Feb	\$5.495	\$5.380	\$5.375	\$5.385	\$5.410	\$5.380	\$5.434	
average	\$5.517	\$5.381	\$5.387	\$5.384	\$5.390	\$5.388	\$5.412	
FOM Index	\$5.430	\$5.350	\$5.390	\$5.330	\$5.270	\$5.410	\$5.330	

**OKLAHOMA WEATHER OUTLOOK**  
**For Clients and Friends of**  
**OKLAHOMA ENERGY SERVICES**

February 12, 2010

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**NEXT 7 DAYS – 2/12-2/18/10:**

**Overview –**

The latest winter storm blankets southeastern Oklahoma, but the heaviest snow spared Oklahoma – DFW had over 9" in some areas! Upcoming -- looks like seasonably chilly to cold weather will continue for the most part in Oklahoma this next week.

**Upcoming for Oklahoma –**

**Friday (2/12) through Monday (2/15):**

Expect partly cloudy skies over most of the state, other than the southeast where lingering overcast skies are likely for a portion of the day on Friday. Friday's PM highs will be in the upper 30s to around 40 in the southeast, due to snow cover and under the clouds, while warming well into the 40s elsewhere. Saturday will be several degrees milder most areas with PM highs into the 50s with partly cloudy skies. Sunday will be influenced by a strong cold front that should move through in the morning, bringing cold and gusty north winds. Early AM rain is possible as the front moves in, and could briefly change to snow as the colder air also moves in. Expect temperatures to hold fairly steady in the 30s on Sunday. Monday will continue the trend of gusty and cold north winds, variably cloudy skies, and highs limited to the 30s in the central and north to around 40 in southern Oklahoma.

**Tuesday (2/16) through Thursday (2/18):**

Very cold conditions are likely on Tuesday morning with early AM conditions into the teens. The cold wind will slack up a bit, but PM highs will remain cold, mainly in the 30s or low 40s, with partly cloudy skies. Temperatures should remain chilly and slightly below normal through Thursday with sunny to partly cloudy skies. PM highs will climb back into the upper 40s in the northeast to the low 50s in the south and southwest by Thursday afternoon. Precipitation chances are expected to remain very low.

**EXTENDED OUTLOOK:**

**Latest revised 8-14 Day Extended Outlook – February 19 - February 25, 2010:**

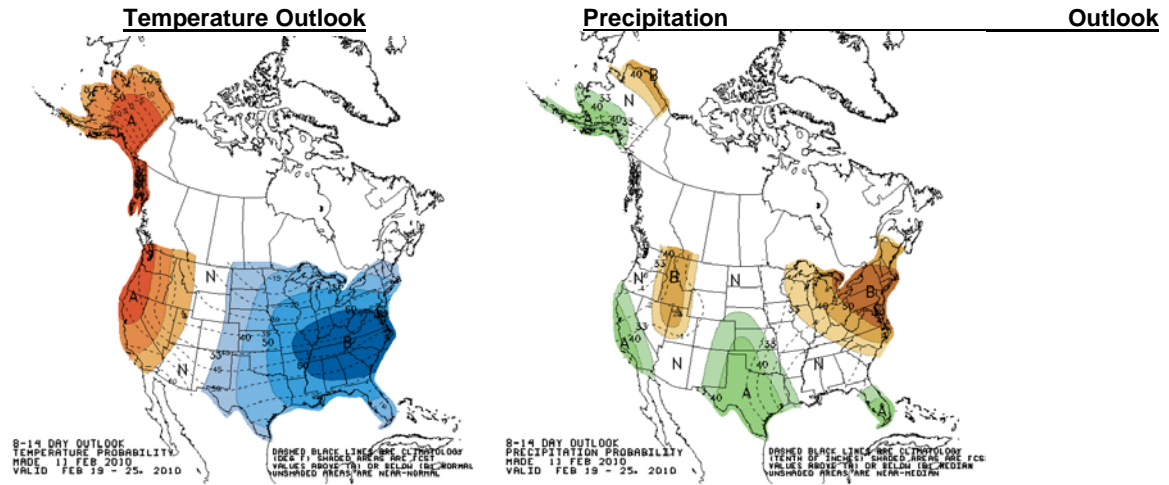
The entire nation east of the Rockies, including Oklahoma, continues to see a very strong chance for colder-than-normal weather heading into the end of February. That's bad news for people hoping for a mid to late winter thaw. However, as mentioned several times before in these forecasts summaries, whenever conditions lean to the extreme for an extended period of time (such as the cold and below-normal temperatures for late January and most of February), we can expect a significant rebound at some point, where the exact opposite would occur. I keep thinking that this will start soon – an early taste of spring -- and perhaps this extended outlook is showing the beginnings...though not as quickly as most of us would like. If you notice, the warmer than normal weather is extending from ALL of Alaska down the west coast and throughout most of the west, west of the Continental Divide. As this warmth builds in this area into late February, it may cause the weather patter to shift somewhat, eventually allowing this warming trend to shift eastward, cutting off the fire-hose force and frequency of polar cold air moving down from the north.

Another sign that the pattern may shift heading into the first of March would be this extended outlook for precipitation. A forecast for above-normal precipitation chances had held for almost all of the southern two-thirds of the nation for a few weeks. This outlook begins to pull back on the precipitation chances, with

highest potential for wet weather to hold over Texas and the central and southern Plains, including Oklahoma. Also, California will continue to see wet-weather systems slamming ashore. Dry weather, thanks to the very cold air will be likely over the northeastern third of the country. With precipitation chances receding, and warmer weather likely in the west, we have another strong clue that the weather pattern may be on the cusp of change.

\*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: February 19 - February 25, 2010**



The outlook was developed on February 11, 2010. 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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