

# Oklahoma Energy Services, Inc.

Your Clear Energy Source <sup>TM</sup>

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  
Janeann Taubel  
Jana Grafing  
Jill Spencer  
Bill Wylie

918-249-5080  
918-249-5081  
918-249-5083  
918-249-5082  
405-830-3734

[www.okesi.com](http://www.okesi.com)

## Newsletter February 19, 2010

We may have reached the typical Winter tipping point with the release of yesterday natural gas storage inventory numbers and the significant correction in the forward NYMEX natural gas contract downward 21.4 cents. After a brief rally the March 2010 NYMEX natural gas has moved down from a high in the \$5.50's to with a reported low of \$5.008. While it is impossible to predict with any degree of accuracy the exact settlement price of the March 2010 natural gas contract a market observer simply can observe that with a normal to mild week ahead next week the market is set to establish new lows for March 2010 within a range of \$4.85 - \$4.65.

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

Month/Year	<u>NYMEX</u> <u>February 18,</u> <u>2009</u>	Month/Year	<u>NYMEX</u> <u>February 18,</u> <u>2010</u>	Difference	<u>Percentage</u> <u>Change</u>
Mar-09	\$4.172	Mar-10	\$5.172	\$1.00	23.97%
Apr-09	\$4.190	Apr-10	\$5.164	\$0.97	23.25%
May-09	\$4.290	May-10	\$5.226	\$0.94	21.82%
Jun-09	\$4.420	Jun-10	\$5.298	\$0.88	19.86%
Jul-09	\$4.552	Jul-10	\$5.374	\$0.82	18.06%
Aug-09	\$4.632	Aug-10	\$5.429	\$0.80	17.21%
Sep-09	\$4.659	Sep-10	\$5.459	\$0.80	17.17%
Oct-09	\$4.782	Oct-10	\$5.550	\$0.77	16.06%
Nov-09	\$5.305	Nov-10	\$5.845	\$0.54	10.18%
Dec-09	\$5.901	Dec-10	\$6.150	\$0.25	4.22%
Jan-10	\$6.163	Jan-11	\$6.365	\$0.20	3.28%
Feb-10	\$6.163	Feb-11	\$6.332	\$0.17	2.74%
One Year (Mar 10 – Feb 11)		\$5.496/\$5.396	Three month (Mar 10 – May10)		\$5.076/\$4.976
1 year strip 2011		\$5.906/\$5.806	Three month (Jun 10 – Aug10)		\$5.258/\$5.138
1 year strip 2012		\$6.129/\$6.079	Three month (Sep 10 – Nov 10)		\$5.497/\$5.377
1 year strip 2013		\$6.312/\$6.262	Three month (Dec 10 – Feb11)		\$6.152/\$6.052

	<u>This week</u>	<u>Last Week</u>	<u>Two Week</u>
March 2010	\$5.043/\$4.963	\$5.380/\$5.300	\$5.565/\$5.465
Summer 2010 (Apr 10-Oct10)	\$5.248/\$5.128	\$5.564/\$5.445	\$5.696/\$5.546
Winter 2010/2011 (Nov 10-Mar11)	\$6.048/\$5.861	\$6.419/\$6.239	\$6.527/\$6.477

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) reported natural gas storage withdrawal of 190 Bcf for the week ending February 12, 2010. The storage number was within consensus observations which precipitated an immediate market correction. The year over year surplus is now reported to be 172 Bcf and the 5 year average historical storage inventories are now reported @ 53 Bcf.

## 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	\$5.435	\$5.396
13-Feb	\$5.385	\$5.325	\$5.350	\$5.340	\$5.350	\$5.335	\$5.335	\$5.396
14-Feb	\$5.385	\$5.325	\$5.350	\$5.340	\$5.350	\$5.335	\$5.335	\$5.396
15-Feb	\$5.385	\$5.325	\$5.350	\$5.340	\$5.350	\$5.335	\$5.335	\$5.468
16-Feb	\$5.385	\$5.325	\$5.350	\$5.340	\$5.350	\$5.335	\$5.335	\$5.310
17-Feb	\$5.580	\$5.490	\$5.465	\$5.490	\$5.540	\$5.480	\$5.505	\$5.386
18-Feb	\$5.305	\$5.275	\$5.280	\$5.280	\$5.325	\$5.300	\$5.310	\$5.172
19-Feb	\$5.350	\$5.230	\$5.235	\$5.230	\$5.255	\$5.235	\$5.245	
average	\$5.473	\$5.362	\$5.370	\$5.367	\$5.379	\$5.369	\$5.387	
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 19, 2010

Jeff Lazalier  
Professional Meteorologist  
Premier Advisors Group  
918/280-7306  
[jefflazalier@cox.net](mailto:jefflazalier@cox.net)

**NEXT 7 DAYS – 2/19-2/25/10:**

**Overview –**

Cool and possibly rainy weather is likely over the weekend, before yielding to chillier weather next week.

**Upcoming for Oklahoma –**

**Friday (2/19) through Monday (2/22):**

Scattered showers are possible especially over northern and northeastern Oklahoma on Friday...otherwise, partly cloudy to cloudy with gusty south winds and PM highs from the mid to upper 40s north to the low 50s south. Rain chances may taper off briefly Friday night as cooler air tries to filter in to at least the northern half of Oklahoma. Early AM lows will range from the low to mid 40s south to the mid to upper 30s north. Saturday will likely be cloudy and cool with an increasing chance for rain by later afternoon or evening. PM highs will range from the low 40s north to near 50 south. The cool front pushes through the southern parts of the state on Sunday, with continued chance for rain and cloudy, brisk weather. PM highs will range from around 40 in the far north to the mid 40s in the south. Rain or a rain/snow mix will end overnight as colder and drier air arrives. Early Monday morning temperatures will dip into the 20s, and PM highs will only reach the low 40s under partly cloudy skies Monday afternoon.

**Tuesday (2/23) through Thursday (2/25):**

Expect partly cloudy skies and continued cold nights and cool days. Early AM lows will drop into the 20s or low 30s through this week, and PM highs will remain primarily in the 40s, though some low 50s are possibly by Thursday.

**EXTENDED OUTLOOK:**

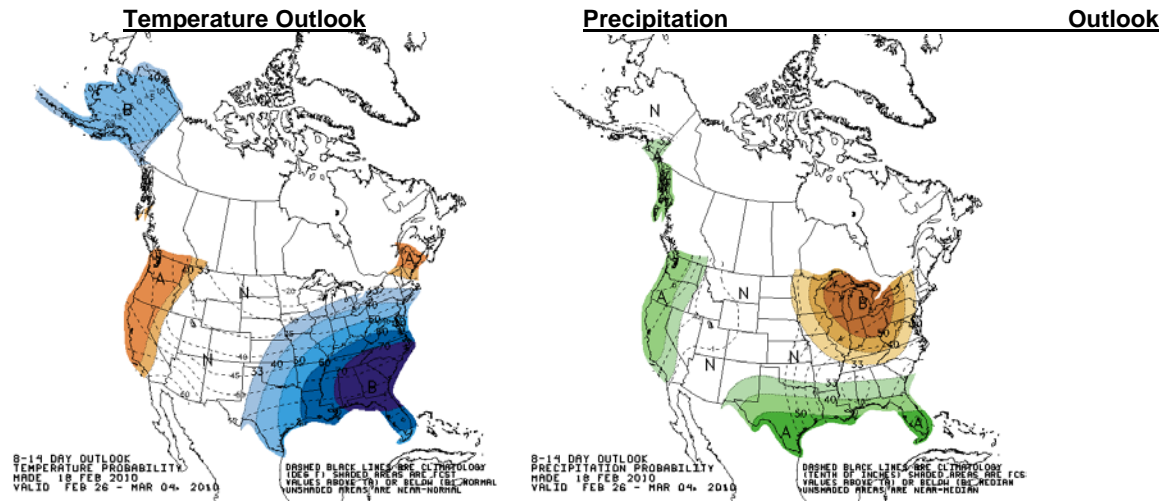
**Latest revised 8-14 Day Extended Outlook – February 26 – March 4, 2010:**

The odds for below normal temperatures continue to hold sway over most of the southeastern half of the country...particularly over the Deep South, and into the southern Plains (including Oklahoma). The area expecting below-normal temperatures has waned just a bit, from last couple of weeks. Above normal temperatures are possible along the west coast.

However, the west coast will likely continue to see above-normal rain and snow in higher elevations, as the continued Pacific onslaught of "El Nino" driven storms continue to pound the west coast. Above normal rain or snow chances continues to exist over the Deep South, and over most of Texas, and along the Gulf coast region. Below-normal precipitation chances hold for most of the Ohio Valley, and all of the Great Lakes.

\*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 26 – March 4, 2010**



The outlook was developed on February 18, 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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