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Newsletter February 5, 2010

While weather continues to be the major pricing catalyst in the short term moving the March 2010 NYMEX natural gas contract up from a low of \$5.416 to a high of \$5.598. The forward value of natural gas for the upcoming summer months continues to be range bound trading unable to break thru a \$6.00 pricing ceiling and a \$5.00 pricing floor. The March 2010 contract currently maintains pricing support @ \$5.20 and resistance @ \$5.60.

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 4, 2009</u>	<u>Month/Year</u>	<u>NYMEX February 4, 2010</u>	<u>Difference</u>	<u>Percentage Change</u>
Mar-09	\$4.555	Mar-10	\$5.416	\$0.86	18.90%
Apr-09	\$4.611	Apr-10	\$5.384	\$0.77	16.76%
May-09	\$4.696	May-10	\$5.428	\$0.73	15.59%
Jun-09	\$4.830	Jun-10	\$5.499	\$0.67	13.85%
Jul-09	\$4.944	Jul-10	\$5.573	\$0.63	12.72%
Aug-09	\$5.032	Aug-10	\$5.637	\$0.61	12.02%
Sep-09	\$5.080	Sep-10	\$5.672	\$0.59	11.65%
Oct-09	\$5.198	Oct-10	\$5.779	\$0.58	11.18%
Nov-09	\$5.720	Nov-10	\$6.082	\$0.36	6.33%
Dec-09	\$6.300	Dec-10	\$6.409	\$0.11	1.73%
Jan-10	\$6.558	Jan-11	\$6.634	\$0.08	1.16%
Feb-10	\$6.573	Feb-11	\$6.594	\$0.02	0.32%

One Year (Mar 10 – Feb 11)	\$5.964/\$5.864	Three month (Mar 10 – May10)	\$5.551/\$5.451
1 year strip 2011	\$6.338/\$6.238	Three month (Jun 10 – Aug10)	\$5.696/\$5.576
1 year strip 2012	\$6.465/\$6.415	Three month (Sep 10 – Nov 10)	\$5.965/\$5.845
1 year strip 2013	\$6.609/\$6.559	Three month (Dec 10 – Feb11)	\$6.645/\$6.545

	<u>This week</u>	<u>Last Week</u>	<u>Two Week</u>
March 2010	\$5.565/\$5.465	\$5.203/\$5.103	
Summer 2010 (Apr 10-Oct10)	\$5.696/\$5.546	\$5.386/\$5.236	\$5.835/\$5.685
Winter 2010/2011 (Nov 10-Mar11)	\$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) reported that for the week ending January 29, 2010 natural gas natural gas storage withdrawal of 114 Bcf. The build was below analyst's predictions for a withdrawal between 121 – 125 Bcf for the week. Current storage inventories continue above historic five year averages reporting a 150 Bcf storage surplus.

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	
average	\$5.384	\$5.282	\$5.291	\$5.283	\$5.291	\$5.290	\$5.283	
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 5, 2010

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NEXT 7 DAYS – 2/05-2/11/10:

Overview –

Old' Man Winter hanging tough with chilly to cold conditions and occasional chances for rain, drizzle, or even snow over the next several days.

Upcoming for Oklahoma –

Friday (2/05) through Monday (2/08):

Cloudy skies with a rain/snow mix tapering off on Friday. Far western sections could see a break in the clouds during the afternoon. PM highs will range from the upper 30s northeast to the low to mid 40s in the south and west. Expect partly to mostly cloudy skies on Saturday, with chilly winds. Early AM lows will be in the upper 20s to low 30s, and PM highs will be in the 40s. Another weather system brings clouds and a chance for rain back into the forecast on Sunday. PM highs will reach the 40s. Rain may mix with or change to snow in some parts Sunday night or early Monday as overnight lows drop back to near freezing. Monday will be cloudy, wet, and cold. PM highs will be in the low to mid 40s....if the rain tapers off early in the day.

Tuesday (2/09) through Thursday (2/11):

Colder air moves in with a strong arctic cold front on Monday night and early Tuesday. The air will also be quite dry, ending the chances for precipitation for awhile. Skies will be partly to variably cloudy through Thursday. Expect early AM lows to fall into the teens all three mornings, with PM highs only climbing into the 30s.

EXTENDED OUTLOOK:

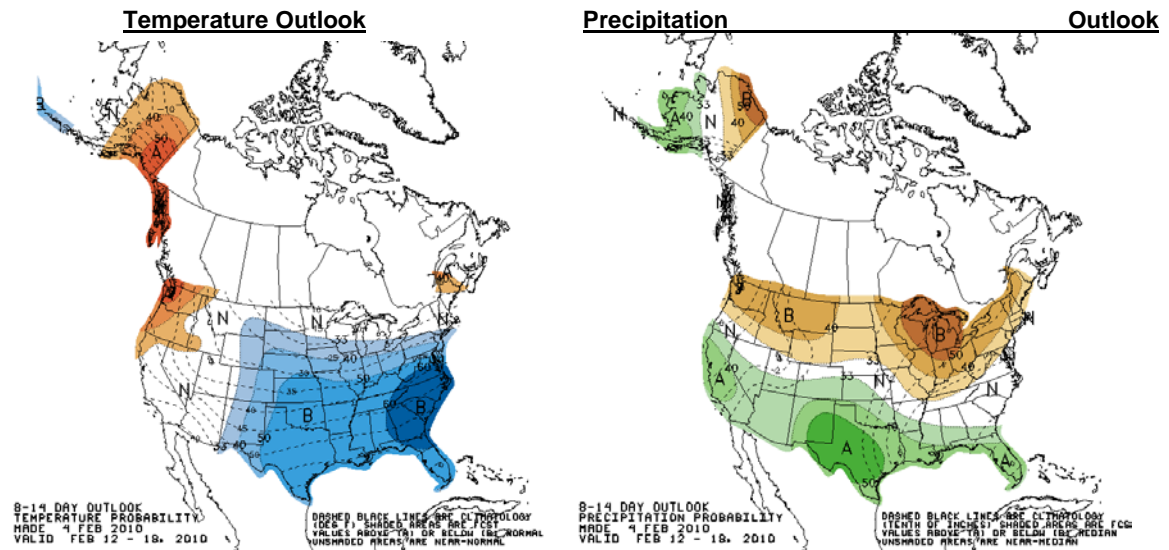
Latest revised 8-14 Day Extended Outlook – February 12 - February 18, 2010:

The cold remains entrenched with high likelihood for below-normal temperatures through mid-February. Highest odds extend from Oklahoma and Texas eastward throughout all of the deep south...though below-normal temperatures will be likely over much of the eastern two-thirds of the country. Once this cold trend breaks, expect increasingly mild weather to hold for an extended period of time – but, it appears for most of the country, we'll be waiting on into at least the third week of the month, if not later, before the break could occur.

The northern third to half of the country will likely be drier than normal through mid February, while most of the southern half of the country will see chances for above-normal precipitation. California stands a strong chance for continued wet weather, and two other drought-stricken areas are likely to continue to see above-normal rainfall – Texas and Florida. Oklahoma may see above-normal precipitation, as well.

*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 12 - February 18, 2010



The outlook was developed on February 4, 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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