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## Newsletter January 15, 2010

The forward natural gas market continues to settle with daily pricing levels for the February 2010 contract from high \$5.50's to the low \$5.70's. While many market observe continue to believe the range of possibilities for the February 2010 contract settlement will fall within the range of \$5.00 to \$6.00 the market for the most part of the week was range bound. For the first time in months the pricing comparison from last year (2009) and the current daily contract settlements for 2010 has turned positive. As we look beyond February 2010 the March – June 2010 contracts are trading within a tight pricing range of \$5.60's to \$5.70's.

The NYMEX natural gas market will be closed on Monday January 18, 2010 in observance of Martin Luther King Day.

As you will notice in the year over year comparison the difference has for the first time in many months reported forward pricing greater than last year NYMEX pricing.

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

<u>Month/Year</u>	<u>NYMEX</u> <u>January 14,</u> <u>2009</u>	<u>Month/Year</u>	<u>NYMEX</u> <u>January 14,</u> <u>2010</u>	<u>Difference</u>	<u>Percentage</u> <u>Change</u>
Feb-09	\$5.189	Feb-10	\$5.588	\$0.40	7.69%
Mar-09	\$5.180	Mar-10	\$5.570	\$0.39	7.53%
Apr-09	\$5.235	Apr-10	\$5.540	\$0.31	5.83%
May-09	\$5.360	May-10	\$5.592	\$0.23	4.33%
Jun-09	\$5.416	Jun-10	\$5.665	\$0.25	4.60%
Jul-09	\$5.581	Jul-10	\$5.749	\$0.17	3.01%
Aug-09	\$5.648	Aug-10	\$5.815	\$0.17	2.96%
Sep-09	\$5.706	Sep-10	\$5.842	\$0.14	2.38%
Oct-09	\$5.822	Oct-10	\$5.942	\$0.12	2.06%
Nov-09	\$6.327	Nov-10	\$6.262	(\$0.07)	-1.03%
Dec-09	\$6.872	Dec-10	\$6.697	(\$0.18)	-2.55%
Jan-10	\$7.147	Jan-11	\$6.822	(\$0.33)	-4.55%

One Year (Feb 10 – Jan 11)	\$6.029/\$5.929	Three month (Feb 10 – Apr 10)	\$5.666/\$5.566
1 year strip 2011	\$6.414/\$6.314	Three month (May 10 – Jul10)	\$5.759/\$5.639
1 year strip 2012	\$6.531/\$6.481	Three month (Aug 10 – Oct 10)	\$5.952/\$5.832
1 year strip 2013	\$6.665/\$6.615	Three month (Nov 10 – Jan 11)	\$6.636/\$6.536

	<u>This week</u>	<u>Last Week</u>	<u>Two Week</u>
February 2010	\$5.691/\$5.621	\$5.711/\$5.641	\$5.884/\$5.744
Winter 2009-2010 (Feb 10-Mar10)	\$5.681/\$5.596	\$5.691/\$5.606	\$5.827/\$5.727
Summer 2010 (Apr 10-Oct10)	\$5.842/\$5.674	\$5.851/\$5.701	\$5.922/\$5.802

January 2010 NYMEX natural gas contract settlement: \$5.814

ONG PGA – January 2010 \$ 6.851

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

The February 2010 NYMEX natural gas contract will expire on January 27, 2010.

The Energy Information Administration (EIA) reported that for the week ending January 8, 2010 natural gas withdrawal of 266 Bcf. The build was above analyst's predictions for a withdrawal between 253 -258 Bcf. With many anticipating the largest reported storage withdrawal for the week the 266 Bcf withdrawal for the week fell short of the all time withdrawal of 274 Bcf (January 25, 2008) which contributed to yesterday market sell off. Trading on Friday however reversed yesterday sell off 14.5 cents moving up in value 10.3 for the day.

## 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>Feb-10</u> <u>NYMEX</u>
1-Jan	\$5.645	\$5.715	\$0.000	\$5.705	\$5.690	\$5.730	\$5.720	\$5.572
2-Jan	\$5.645	\$5.715	\$0.000	\$5.705	\$5.690	\$5.730	\$5.720	\$5.572
3-Jan	\$5.645	\$5.715	\$0.000	\$5.705	\$5.690	\$5.730	\$5.720	\$5.572
4-Jan	\$5.645	\$5.715	\$0.000	\$5.705	\$5.690	\$5.730	\$5.720	\$5.884
5-Jan	\$6.115	\$6.025	\$6.030	\$6.020	\$5.985	\$6.080	\$6.090	\$5.637
6-Jan	\$6.330	\$6.210	\$6.245	\$6.190	\$6.105	\$6.350	\$6.195	\$6.009
7-Jan	\$8.130	\$6.775	\$6.690	\$6.550	\$6.465	\$7.230	\$7.015	\$5.806
8-Jan	\$8.460	\$7.440	\$7.190	\$7.460	\$7.445	\$7.940	\$8.215	\$5.749
9-Jan	\$6.215	\$6.060	\$6.125	\$6.220	\$6.230	\$6.145	\$6.155	\$5.749
10-Jan	\$6.215	\$6.060	\$6.125	\$6.220	\$6.230	\$6.145	\$6.155	\$5.749
11-Jan	\$6.215	\$6.060	\$6.125	\$6.220	\$6.230	\$6.145	\$6.155	\$5.545
12-Jan	\$5.660	\$5.550	\$5.620	\$5.610	\$5.655	\$5.615	\$5.660	\$5.591
13-Jan	\$5.525	\$5.390	\$5.425	\$5.420	\$5.455	\$5.425	\$5.450	\$5.733
14-Jan	\$5.475	\$5.370	\$5.385	\$5.380	\$5.425	\$5.400	\$5.455	\$5.588
15-Jan	\$5.680	\$5.585	\$5.600	\$5.595	\$5.575	\$5.610	\$5.620	
average	\$3.441	\$3.287	\$1.868	\$3.269	\$3.251	\$3.368	\$3.360	\$3.053
Fom Index	\$5.790	\$5.730	\$5.660	\$5.770	\$5.690	\$5.790	\$5.670	

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

January 15, 2010

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**NEXT 7 DAYS – 1/15-1/21/10:**

**Overview –**

Expect temperatures to continue to hold near, or hover slightly above normal, for the better part of the next week. If you thought [December turned out cold](#) – you were right! Tulsa's average temperature was [5 degrees below normal](#), and most of the central and eastern parts of Oklahoma were between 4 and 5 degrees below normal, on average. The Oklahoma City metro area December average temperature was about [4 degrees below normal](#). The western third of the state was certainly still below normal, but not quite as much. Still, though, those 4 to 5 degrees below normal may have resulted in as much as 15-19% greater potential heating needs, overall, particularly in the central and east.

**Upcoming for Oklahoma –**

**Friday (1/15) through Monday (1/18):**

Variably to partly cloudy skies are expected Friday through the weekend, with little chance for precipitation, outside of the chance for a little light rain in the southeast and far eastern sections on Friday. Temperatures will be cool, but near normal, on Friday with PM highs in the mid 40s east to low 50s in the west. Saturday and Sunday should bring a little more sun, and somewhat milder temperatures, continuing to help the slow melt-off of the Christmas blizzard snowpack. Expect PM highs to range from the low to mid 50s in the east and central sections to the low 60s in the west. Monday will be even milder, with partly cloudy skies, and expected PM highs near 60 east to low 60s west. Early AM lows will not be excessively cold, but will still fall into the 30s, and possibly drop a bit below freezing each morning through the weekend.

**Tuesday (1/19) through Thursday (1/21):**

Fast moving weather systems will zip over the central and southern plains, creating slight chances for occasional rain in Oklahoma through this next week. Timing of these systems will likely be about every 24 to 48 hours. There should be a lack of super cold air and strong fronts, though, keeping our days generally mild for January. Skies will be partly cloudy to variably cloudy, with occasionally breezy winds. PM highs should mainly be in the 50s through this period, with early AM lows in the 30s.

**EXTENDED OUTLOOK:**

**Latest revised 8-14 Day Extended Outlook – January 22-28, 2010:**

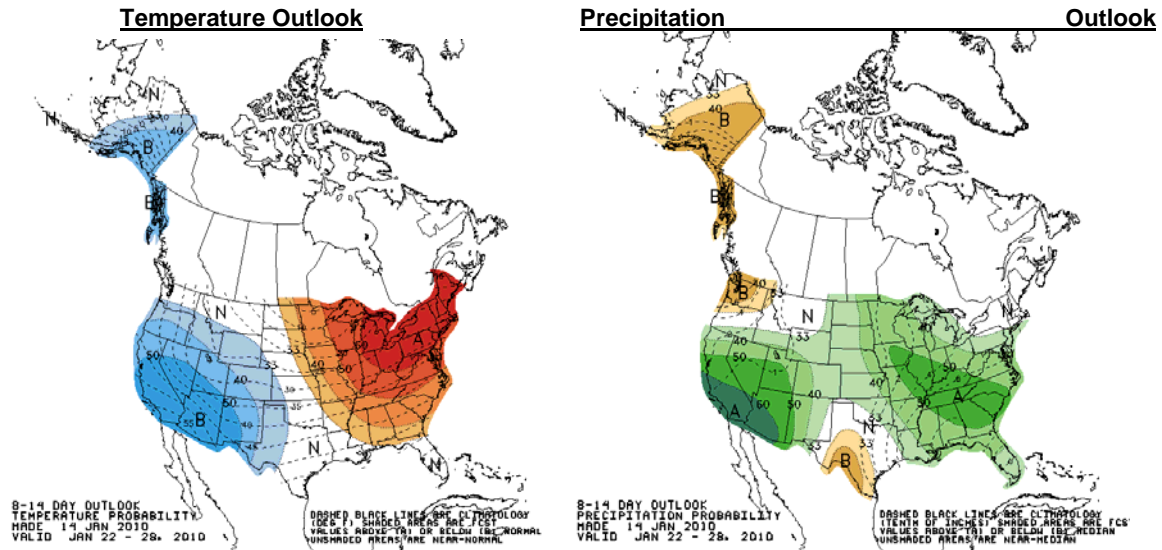
The eastern two-thirds of the country will continue to see a nice respite from the bracing cold of the last three to six weeks, with what may be referred to as a "mid-winter" thaw. Expect near to above-normal temperatures over most of the eastern two-thirds, while the western third of the country, particularly the west coast, will now be battered by a series of cold, windy, and wet weather systems. Below normal temperatures will be the rule through the end of the month, particularly in California, Nevada, and Arizona.

Somewhat higher chances for above-normal precipitation, snow or rain, exist over most of the central and eastern parts of the country during this extended period. However, the area with the highest odds for wetter-than-average weather will be California, Nevada, and most of the desert southwest region. That, of course,

is overall a good thing for this western region, as they have suffered general drought-like conditions for at least three years running, and the potential for heavier rain and mountain snows will be welcome.

\*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: January 22-28, 2010**



The outlook was developed on January 14, 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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