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## Newsletter January 22, 2010

Past weather conditions continue to have a significant effect on natural gas storage inventories and the forward price values for natural gas. Yesterday release of current storage inventories prompted the forward market to higher pricing levels as a direct result of the evaporating storage overhang. While trading remains range bound for the February 2010 contract trading from the \$5.50's to the low \$5.80's pricing levels, many analyst question the long term support for forward priced natural gas. With the settlement of the February 2010 contract next week and the mild weather we are experiencing the ability for the contract to maintain pricing at the higher ends of the range may run out of support.

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 January 21, 2009</u>	<u>Month/Year</u>	<u>NYMEX January 21, 2010</u>	<u>Difference</u>	<u>Percentage Change</u>
Feb-09	\$4.776	Feb-10	\$5.615	\$0.84	17.57%
Mar-09	\$4.755	Mar-10	\$5.568	\$0.81	17.10%
Apr-09	\$4.822	Apr-10	\$5.529	\$0.71	14.66%
May-09	\$4.909	May-10	\$5.575	\$0.67	13.57%
Jun-09	\$5.027	Jun-10	\$5.640	\$0.61	12.19%
Jul-09	\$5.110	Jul-10	\$5.717	\$0.61	11.88%
Aug-09	\$5.245	Aug-10	\$5.784	\$0.54	10.28%
Sep-09	\$5.305	Sep-10	\$5.814	\$0.51	9.59%
Oct-09	\$5.427	Oct-10	\$5.914	\$0.49	8.97%
Nov-09	\$5.976	Nov-10	\$6.224	\$0.25	4.15%
Dec-09	\$6.540	Dec-10	\$6.554	\$0.01	0.21%
Jan-10	\$6.770	Jan-11	\$6.679	(\$0.09)	-1.34%
One Year (Feb 10 – Jan 11)		\$6.018/\$5.918	Three month (Feb 10 – Apr 10)		\$5.737/\$5.637
1 year strip 2011		\$6.416/\$6.316	Three month (May 10 – Jul10)		\$5.768/\$5.648
1 year strip 2012		\$6.528/\$6.478	Three month (Aug 10 – Oct 10)		\$5.956/\$5.836
1 year strip 2013		\$6.672/\$6.622	Three month (Nov 10 – Jan 11)		\$6.610/\$6.501

	<u>This week</u>	<u>Last Week</u>	<u>Two Week</u>
February 2010	\$5.804/\$5.734	\$5.691/\$5.621	\$5.711/\$5.641
Winter 2009-2010 (Feb 10-Mar10)	\$5,678/\$5,683	\$5.681/\$5.596	\$5.691/\$5.606
Summer 2010 (Apr 10-Oct10)	\$5.835/\$5.685	\$5.842/\$5.674	\$5.851/\$5.701
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 15, 2010 natural gas natural gas storage withdrawal of 245 Bcf. The build was above analyst's predictions which provided the catalyst for the NYMEX forward contract for February 2010 to trade up in value 11.9 cents in yesterday trading. More importantly total storage inventories for the first time are currently below the five year historic average. In early morning trading the move up continued with the February 2010 natural gas contract trading within a range of \$5.65 - \$5.812.

## 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	\$5.691
16-Jan	\$5.615	\$5.515	\$5.510	\$5.500	\$5.545	\$5.520	\$5.525	\$5.691
17-Jan	\$5.615	\$5.515	\$5.510	\$5.500	\$5.545	\$5.520	\$5.525	\$5.691
18-Jan	\$5.615	\$5.515	\$5.510	\$5.500	\$5.545	\$5.520	\$5.525	\$5.691
19-Jan	\$5.615	\$5.515	\$5.510	\$5.500	\$5.545	\$5.520	\$5.525	\$5.557
20-Jan	\$5.380	\$5.320	\$5.295	\$5.325	\$5.385	\$5.340	\$5.310	\$5.496
21-Jan	\$5.330	\$5.290	\$5.280	\$5.275	\$5.360	\$5.270	\$5.260	\$5.615
22-Jan	\$5.385	\$5.300	\$5.310	\$5.310	\$5.385	\$5.300	\$5.310	
average	\$5.962	\$5.789	\$5.499	\$5.801	\$5.812	\$5.863	\$5.865	\$5.676
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 22, 2010

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**NEXT 7 DAYS – 1/22-1/28/10:**

**Overview –**

Another relatively mild weekend is expected, but January's normal chill will return this next week.

**Upcoming for Oklahoma –**

**Friday (1/22) through Monday (1/25):**

Increasingly windy weather by Friday afternoon under partly to mostly cloudy skies...temperatures may slide into the low 60s most areas. There will be a chance for rain developing Friday night and that could linger into Saturday and Saturday night. Under variably cloudy skies, Saturday's highs will range from the upper 50s to the low to mid 60s. A cold front makes Sunday cooler, with PM highs in the upper 40s and clearing skies. Monday will be near normal with early AM lows in the 20s and PM highs in the mid to upper 40s.

**Tuesday (1/26) through Thursday (1/28):**

Expect to have cold nights and chilly days with partly cloudy to mostly cloudy skies Tuesday through Thursday. There appears to be a chance for some light precipitation Wednesday or Thursday...and, depending upon temperature, this could be either rain or snow...hard to tell at this point. Temperatures will be in the 20s for overnight lows and into the 40s for highs Tuesday through Thursday...which is actually quite normal for this time of year.

**EXTENDED OUTLOOK:**

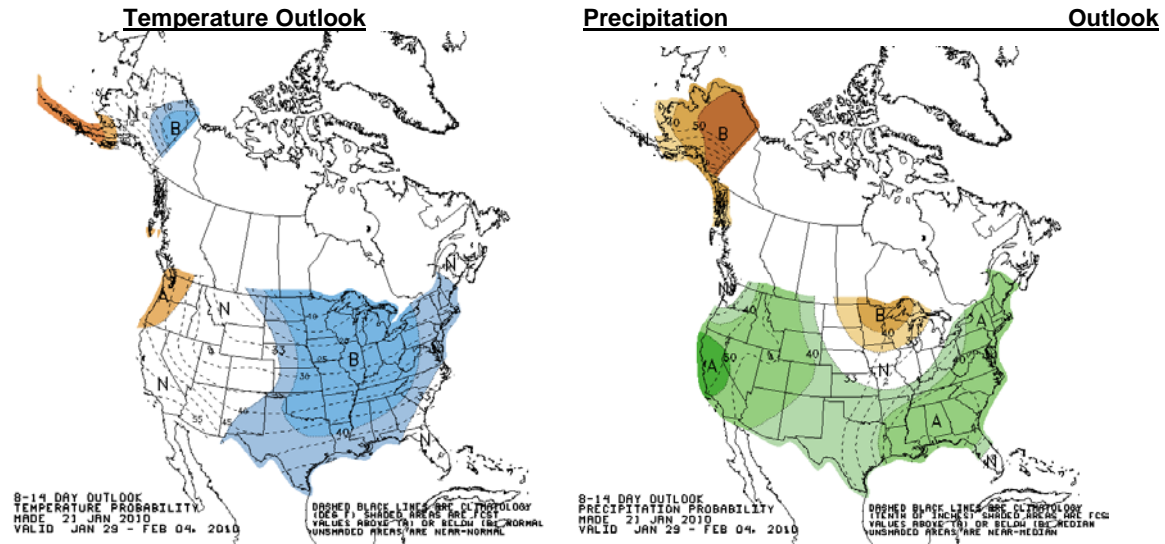
**Latest revised 8-14 Day Extended Outlook – January 29-February 4, 2010:**

Below normal temperatures are expected over the eastern half to two-thirds of the country after the brief mid-winter thaw. This is a trend that follows recent extreme swings in our weather...very mild November, colder to much colder December and early January, and then, most recently, a mild stretch to compensate. If we continue to see these swings, the next mild spell in February could bring very pleasant conditions, as by then our normal temperatures will be pushing 50 degrees most days, warmer by month's end.

The colder and drier air from Polar Regions will primarily impact Alaska, Canada, and the far northern plains, upper Midwest, and western Great Lakes region. Otherwise, most of the rest of the country stands to have a good chance at above-normal precipitation through this period. California will likely continue to be battered by strong wet weather systems coming in from the Pacific – classic weather pattern during an "El Nino" impacted winter weather season, as we have now..

\*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 29-February 4, 2010**



The outlook was developed on January 21, 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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