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Newsletter March 5, 2010

The forward natural gas market continued to move down in value for the third straight week. Since January 2010 the forward market has moved down in value about \$1.50 per dekatherm. More importantly the forward pricing values for 2010 and 2011 have fallen below \$6.00 price point for the first time in months. As we reported last week, the forward natural gas market has traditionally traded at yearly lows sometime during the January - early March time frame. We are in a market correction the April 2010 contract has pricing support within a range of \$4.36 - \$4.16 and pricing resistance within a range of \$4.78 - \$4.96.

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

<u>Month/Year</u>	<u>NYMEX March 4, 2009</u>	<u>Month/Year</u>	<u>NYMEX February 25, 2010</u>	<u>Difference</u>	<u>Percentage Change</u>
Apr-09	\$4.238	Apr-10	\$4.565	\$0.33	7.72%
May-09	\$4.315	May-10	\$4.643	\$0.33	7.60%
Jun-09	\$4.434	Jun-10	\$4.717	\$0.28	6.38%
Jul-09	\$4.560	Jul-10	\$4.806	\$0.25	5.39%
Aug-09	\$4.672	Aug-10	\$4.867	\$0.20	4.17%
Sep-09	\$4.720	Sep-10	\$4.903	\$0.18	3.88%
Oct-09	\$4.790	Oct-10	\$5.004	\$0.21	4.47%
Nov-09	\$5.300	Nov-10	\$5.319	\$0.02	0.36%
Dec-09	\$5.813	Dec-10	\$5.667	(\$0.15)	-2.51%
Jan-10	\$6.080	Jan-11	\$5.892	(\$0.19)	-3.09%
Feb-10	\$6.095	Feb-11	\$5.856	(\$0.24)	-3.92%
Mar-10	\$5.970	Mar-11	\$5.723	(\$0.25)	-4.14%
One Year (Apr 10 – Mar 11)		\$5.165/\$5.065	Three month (Apr 10 – Jun10)		\$4.648/\$4.548
1 year strip 2011		\$5.672/\$5.572	Three month (Jul 10 – Sep10)		\$5.860/\$4.740
1 year strip 2012		\$5.956/\$5.906	Three month (Oct 10 – Dec 10)		\$5.335/\$5.215
1 year strip 2013		\$6.123/\$6.073	Three month (Dec 10 – Feb11)		\$5.815/\$5.715

	<u>This week</u>	<u>Last Week</u>	<u>Two Week</u>
April 2010	\$4.580/\$4.500	\$4.823/\$4.743	
Summer 2010 (Apr 10-Oct10)	\$4.791/\$4.671	\$5.027/\$4.908	\$5.248/\$5.128
Winter 2010/2011 (Nov 10-Mar11)	\$5.688/\$5.508	\$5.928/\$5.749	\$6.048/\$5.861

March 2010 NYMEX natural gas contract settlement: **\$4.816**

ONG PGA – March 2010 **\$ 7.225**

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

The April 2010 NYMEX natural gas contract will expire on March 29 2010.

The Energy Information Administration (EIA) reported natural gas storage withdrawal of 116 Bcf for the week ending February 26, 2010. The storage number was below consensus observations. The year over year current storage inventory is now reporting a deficit over last year. The five year average remains positive by 21 Bcf increasing the five year storage overhang from 13 Bcf last week.

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>Apr-10</u> <u>NYMEX</u>
1-Mar	\$4.595	\$4.620	\$4.660	\$4.625	\$4.680	\$4.625	\$4.635	\$4.679
2-Mar	\$4.665	\$4.670	\$4.660	\$4.675	\$4.735	\$4.655	\$4.675	\$4.708
3-Mar	\$4.700	\$4.640	\$4.635	\$4.640	\$4.680	\$4.640	\$4.665	\$4.757
4-Mar	\$4.655	\$4.615	\$4.610	\$4.625	\$4.660	\$4.620	\$4.650	\$4.575
5-Mar	\$4.645	\$4.600	\$4.575	\$4.600	\$4.670	\$4.600	\$4.635	
average	\$4.652	\$4.629	\$4.628	\$4.633	\$4.685	\$4.628	\$4.652	
FOM Index	\$4.740	\$4.660	\$4.690	\$4.670	\$4.670	\$4.700	\$4.660	

OKLAHOMA WEATHER OUTLOOK For Clients and Friends of OKLAHOMA ENERGY SERVICES

March 5, 2010

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NEXT 7 DAYS – 3/5-3/12/10:

Overview –

As expected, the beginning of March brings us a break in the long-held cold winter weather. We'll enjoy a taste of spring with milder temperatures. But, as the saying goes, "In like a lamb, out like a lion".

Upcoming for Oklahoma –

Friday (3/05) through Monday (3/08):

Cool nights and mild days will prevail with partly cloudy skies Friday and variably to mostly cloudy skies Saturday through Sunday. Though, on Sunday, increasing humidity and increasing clouds could bring a slight chance for showers and thunderstorms. Early AM lows will be in the mid to upper 40s early Saturday and early Sunday. PM highs will range into the low to mid 60s Friday through Sunday. Expect an increasing chance for showers and thunderstorms Sunday night, and rain also likely at times on Monday. Thunderstorms are also possible on Monday. Monday's PM highs, limited by cloud and rain chances, will remain between 56-62.

Tuesday (3/09) through Thursday (3/11):

Rain chances taper off on Tuesday as the weather system begins sliding to the east. Slightly cooler air will move in behind this system Tuesday through Thursday, with decreasing clouds Wednesday and Thursday. Expect early AM lows to drop into the upper 30s to low 40s. PM highs Tuesday through Thursday will be in the mid 50s to around 60, warmest south.

EXTENDED OUTLOOK:

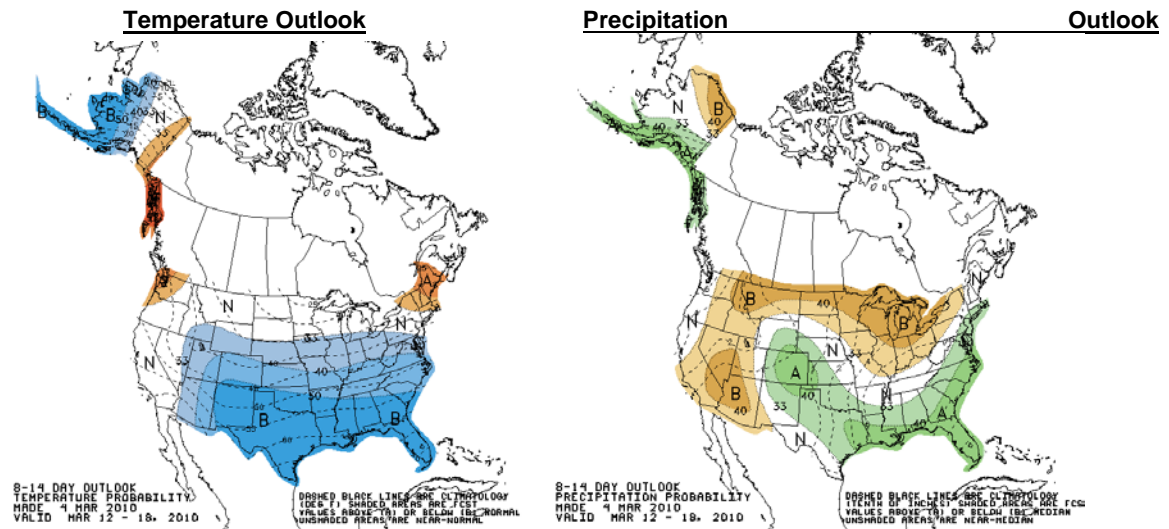
Latest revised 8-14 Day Extended Outlook – March 12 – March 18, 2010:

Below-normal temperatures continue to be likely over most of the southern half to two-thirds of the country through mid-March. The area most likely to continue to see the cooler weather would be the Deep South on into Oklahoma, Texas, and New Mexico.

Most of the northern tier of the country should see below-normal precipitation during this period, and most of the inter-mountain west. The potential for more wet weather exists from Colorado and the central/southern Plains on into the deep south and along the Gulf Coast, and then up the southeast and mid-Atlantic coastal region..

*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: March 12 – March 18, 2010



The outlook was developed on March 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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