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## Newsletter November 6, 2009

While trading for the current prompt month contract December 2009 has been falling since October 2009 trading near the \$6.00 price point to yesterday close of \$ 4.782 which translates into a 20% decline. A consensus of analyst believe that the current prompt month December 2009 is over sold and that a correction to the upside is possible to align market positions. While the current mild weather and the continued demand destruction caused by the current economic downturn may provide the means for the analyst to rethink potential market movements. From a pricing perspective look for the market to test highs of \$ 5.20 to lows of \$4.40 for the December 2009 NYMEX natural gas contract? In addition the market for physical basis remains extremely tight as compared to last year's basis offering. All things being equal today's pricing is very favorable to what we were experiencing last year and some measure of pricing assurance for the winter just makes common sense. While the demand destruction that we have faced with the economic downturn will resolve itself over time the other major factor effecting natural gas pricing is weather and quite honestly predicting weather remains a very trying task.

The following table illustrates the comparison of the NYMEX pricing offering at contract settlement for 2008 and 2009.

<u>Month/Year</u>	<u>NYMEX November 5, 2008</u>	<u>Month/Year</u>	<u>NYMEX November 5, 2009</u>	<u>Difference</u>	<u>Percentage Change</u>
Nov-08	\$7.150	Nov-09	\$4.782	(\$2.37)	-33.12%
Dec-08	\$7.405	Dec-09	\$5.121	(\$2.28)	-30.84%
Jan-09	\$7.456	Jan-10	\$5.176	(\$2.28)	-30.58%
Feb-09	\$7.380	Feb-10	\$5.181	(\$2.20)	-29.80%
Mar-09	\$7.315	Mar-10	\$5.186	(\$2.13)	-29.10%
Apr-09	\$7.375	Apr-10	\$5.246	(\$2.13)	-28.87%
May-09	\$7.480	May-10	\$5.339	(\$2.14)	-28.62%
Jun-09	\$7.632	Jun-10	\$5.443	(\$2.19)	-28.68%
Jul-09	\$7.717	Jul-10	\$5.531	(\$2.19)	-28.33%
Aug-09	\$7.747	Aug-10	\$5.589	(\$2.16)	-27.86%
Sep-09	\$7.827	Sep-10	\$5.724	(\$2.10)	-26.87%
Oct-09	\$8.152	Oct-10	\$6.149	(\$2.00)	-24.57%

One Year (Dec 09 –Nov10)	\$5.286/\$5.187	Three month (Dec 09 – Feb 10)	\$4.906/\$4.856
1 year strip 2010	\$5.436/\$5.286	Three month (Mar 10 – May 10)	\$5.110/\$5.010
1 year strip 2011	\$6.458/\$6.358	Three month (Jun 10 – Aug 10)	\$5.426/\$5.276
1 year strip 2012	\$6.777/\$6.727	Three month (Sep 10 – Nov 10)	\$5.763/\$5.663

	<u>This week</u>	<u>Last Week</u>	<u>Two Week</u>
December 2009	\$4.659/\$4.609	\$4.991/\$4.941	
Winter 2009-2010 (Dec 09-Mar10)	\$4.952/\$4.902	\$5.275/\$5.225	
Summer 2010 (Apr 10-Oct10)	\$5.354/\$5.205	\$5.601/\$5.451	\$6.081/\$5.911
November 2009 NYMEX natural gas contract settlement:	\$4.289		
ONG PGA – November 2009	\$7.210		
ONG Fixed Price Program    November 2009 – October 2010		\$6.194	

The December 2009 NYMEX natural gas contract will expire on November 24, 2009.

The Energy Information Administration (EIA) reported that for the week ending October 30, 2009 natural gas storage inventories increased reporting a build of 29 Bcf. With natural gas storage levels at all time heights with current inventories now above 3.788 Tcf for the first time. With the ending of the traditional natural gas storage season inventories are 7% higher than last year historic fill. The weekly storage build was below analyst predications of 19-24 Bcf. It is important to note that the mild weather this week the possibility of additional storage injections for the new few weeks of November are possible.

## 2009 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>Nov-09</u> <u>NYMEX</u>
1-Nov	\$4.160	\$4.030	\$4.060	\$4.070	\$4.045	\$3.975	\$4.090	\$5.045
2-Nov	\$4.160	\$4.030	\$4.060	\$4.070	\$4.045	\$3.975	\$4.090	\$4.824
3-Nov	\$4.240	\$4.200	\$4.190	\$4.180	\$4.280	\$4.135	\$4.260	\$4.922
4-Nov	\$4.245	\$4.140	\$4.130	\$4.150	\$4.280	\$4.160	\$4.265	\$4.725
5-Nov	\$4.325	\$4.280	\$4.315	\$4.310	\$4.415	\$4.200	\$4.405	\$4.782
6-Nov	\$4.010	\$4.025	\$4.045	\$4.050	\$4.190	\$3.975	\$4.190	
average	\$4.190	\$4.118	\$4.133	\$4.138	\$4.209	\$4.070	\$4.217	
FOM Index	\$4.390	\$4.320	\$4.320	\$4.350	\$4.280	\$4.360	\$4.220	

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

November 6, 2009

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**NEXT 7 DAYS – 11/06/09-11/12/09:**

**\*\*SPECIAL ANNIVERSARY EDITION\*\***

***This edition of Oklahoma Energy Services' "Oklahoma Weather Outlook" marks FIVE years of weekly weather updates. It has been a pleasure providing these insights to you through good weather and bad these five years. And, as always, we welcome your questions and thoughts regarding this value-added service for OES Clients.***

**Overview –**

As mentioned last week – we're back into a stretch of very pleasant weather following a prolonged period of generally cooler-than-normal, and wet weather in October. Looks like a chance for rain or storms will be back in the forecast in Oklahoma on Monday.

**Tropics Watch –**

As the tropical weather season winds down, conditions remain quiet, other than the remnants of Ida, bringing gusty, rainy weather into inland Central America.

**Upcoming for Oklahoma –**

**Friday (11/06) through Monday (11/09):**

Friday and Saturday's sunshine will mean warmer-than-normal conditions, and PM highs will be in the 70s to near 80. Early AM lows will not be as chilly, mainly in the upper 40s to the 50s. Sunday will bring partly cloudy skies and gusty winds, with PM highs remaining in the 70s. Monday includes more clouds, gusty south winds, and PM highs in the upper 60s to near 70, and a chance for showers and thunderstorms that could linger into Monday night.

**Tuesday (11/10) through Thursday (11/12):**

Rain chances should end early on Tuesday with a cool front. Otherwise, breezy and somewhat cooler weather Tuesday through Thursday, with partly cloudy skies. PM highs will be in the 60s most areas in Oklahoma through most of this week.

**EXTENDED OUTLOOK:**

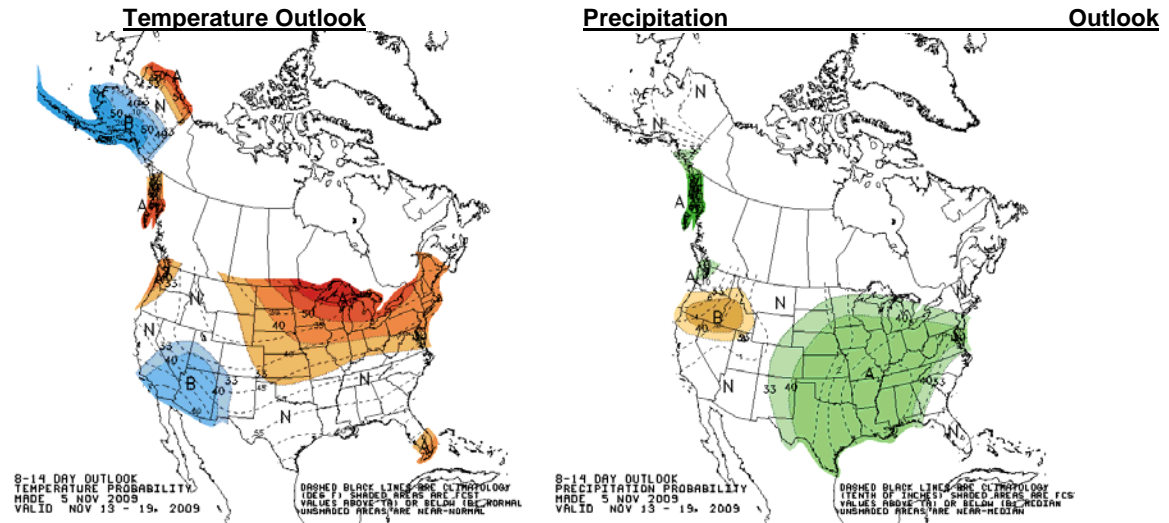
**Latest revised 8-14 Day Extended Outlook – November 13 – November 19, 2009:**

Most of the northern half of the country should continue to see temperatures near or above-normal through this period. The potential for below-normal temperatures exists over the desert southwest and most of southern California. Oklahoma will remain on the cusp of milder conditions, but an increasing chance for precipitation could mute that.

A large portion of the eastern two-thirds of the country will see higher odds for above-normal precipitation during this period...including Oklahoma. The only area expecting potentially drier than normal weather will be a portion of the Pacific Northwest.

\*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: November 13 – November 19, 2009**



The outlook was developed on November 5, 2009. 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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