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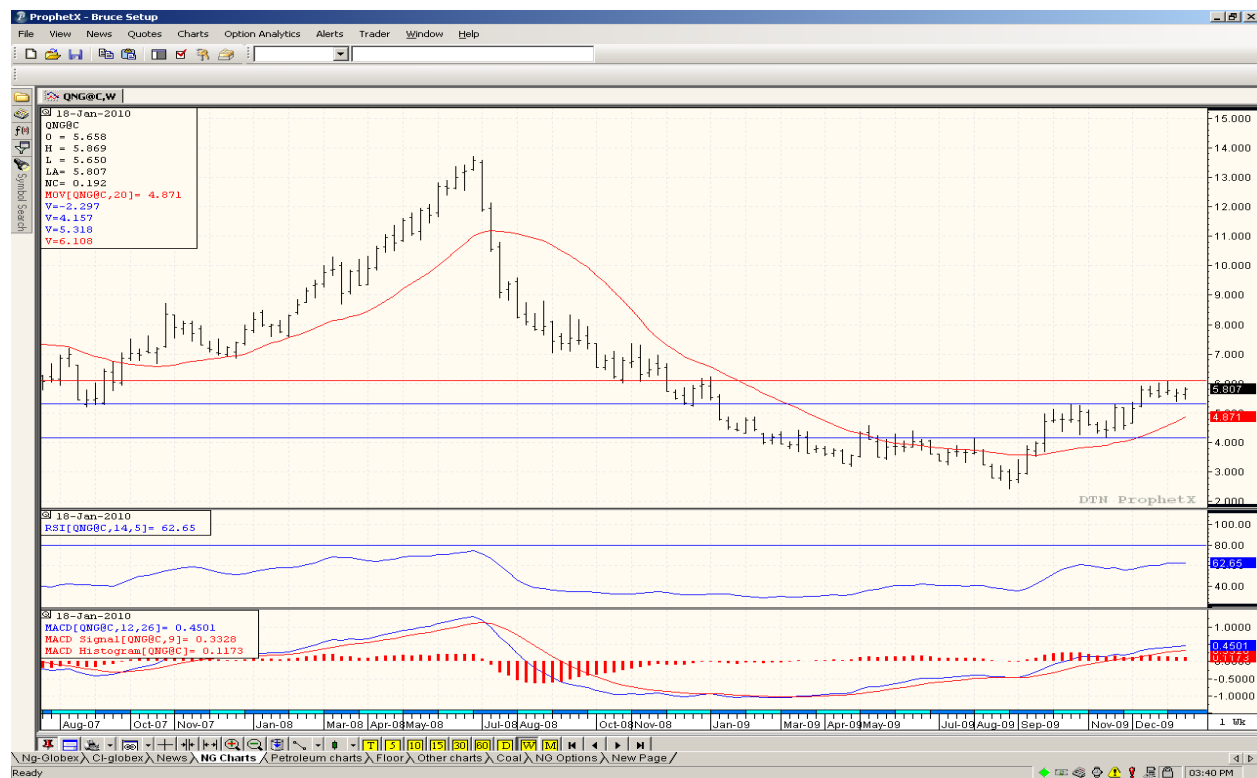
Natural Gas Market Summary

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The February contract opened trading this week about \$.05/dt below last week's closing price, then traded in a fairly narrow \$.27/dt range through Thursday. On Friday, the February contract first traded above the previous week's closing price and then above the previous week's high price....but still well within the recent trading range bordered by \$6.24/dt on the top and \$5.32/dt on the bottom.

For the week, the February contract closed at \$5.819/dt up \$.126/dt from last week's closing price.

A copy of the weekly continuation chart showing this price activity is below.



Strip prices:

1. Feb 10 – Mar 10 “strip” closed at \$5.769/dt, up \$.0885/dt from last week.
2. April 10- Oct 10 “strip” closed at \$5.836/dt, up \$.0121/dt from last week
3. Calendar year 2010 “strip” closed at \$5.943/dt, up \$.02/dt from last week.

Bearish price factors :

1. Addition of shale gas production increasing domestic supply.

Bullish price factors:

1. U.S. Rig counts – as of this week, the number of operating rotary rigs in the United States is 1248, *up 28 from last week but down 320 from this same week in 2009.*
2. Alternate fuels – February crude oil closed at \$74.29/barrel, down \$3.70/barrel from last week's closing price. In the previous two weeks, prompt month crude has lost \$9.67/barrel. #2 oil closed today at \$1.937/gallon, down \$.108/gallon from last week's closing price – this equates to roughly \$13.93/dt equivalent natural gas price. In the previous two weeks, #2 oil has lost \$.26/gallon
3. Weather forecast – 6 – 10 day forecast is showing normal temperatures for the southeast and below normal for an area from Texas to the Canadian border and east to New England. The 8-14 day forecast shows below normal temperatures for the eastern half of the country. On a month-by-month basis, February through April are forecasted to be below normal.

Neutral price factors:

1. Volume of gas in storage. Working gas in storage was 2,607 Bcf as of Friday, January 15, 2010, according to EIA estimates. This represents a net decline of 245 Bcf from the previous week. Stocks were 22 Bcf higher than last year at this time and 6 Bcf below the 5-year average of 2,613 Bcf.

Technical indicators:

Longer-term technical indicators still appear to be positive with a neutral bias while shorter-term indicators appear to be neutral. The price path of least resistance appears to be to sideways.

Summary:

As expected, the prompt month contract continued to trade this week within the price range mentioned in the opening paragraph. Considering the price path of least resistance appears to be 'sideways', I wouldn't be surprised to see this range-bound price trend continue for a few more weeks. However, I still think it's possible prices will be lower in calendar month March than they are now possibly providing a long-term buying opportunity.

Please be reminded the thoughts conveyed above are based on recent price movement and apparent Market sentiment. Random events that could occur may change the Market sentiment and as such, may result in price movement counter to what is mentioned above.

Hedging:

Depending on your risk tolerance and your need for price protection, below are some prices that may be considered as a possible purchase points.

Mar 10 - \$5.35/dt

Mar 10 – Dec 10 = +/- \$5.25/dt

Of course, the commodity markets are impossible to predict with accuracy. I hope that you find these views helpful, but I cannot guarantee that my expectations will be accurate or that any particular strategy will be advantageous.

Please call your account manager if you have questions or want to purchase a fixed price hedge.

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