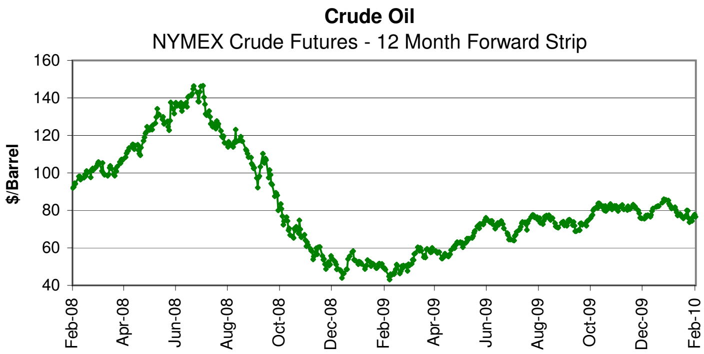
COMPETITIVE ENERGY SERVICES
MARKET SUMMARY

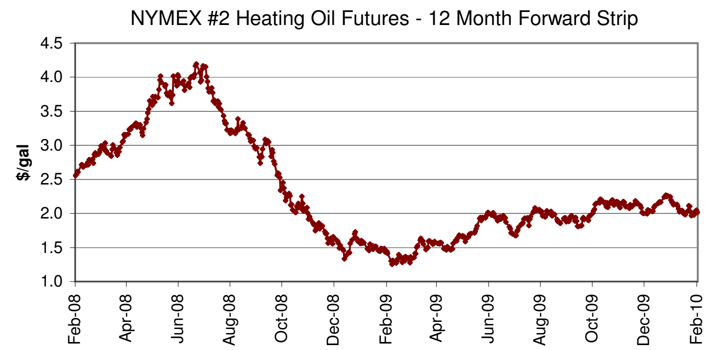
VIII - Issue 7 **WEEK ENDING 2/12/10**

Oil Market



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, $/bbl	$76.66	$73.64	$146.44	$43.06
date	2/12/10	2/5/10	7/14/08	2/18/09
change from last close		4%	-48%	78%

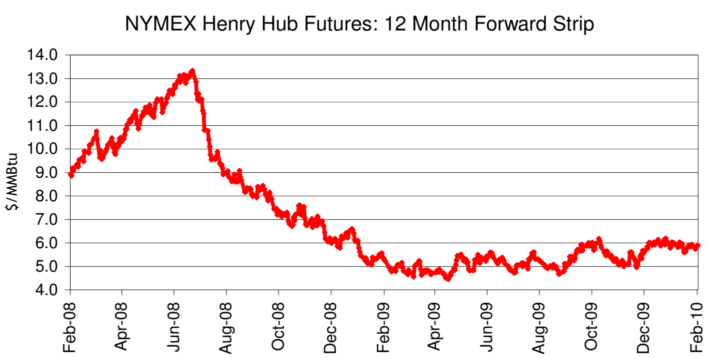
STORAGE (in million bbls)	crude oil
domestic stocks as of 2/5/2010	331.4
gain / loss from previous week	2.4
comparison to historic range	above



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, $/gal	$2.01	$1.97	$4.19	$1.25
date	2/12/10	2/5/10	7/3/08	2/18/09
change from last close		2%	-52%	61%

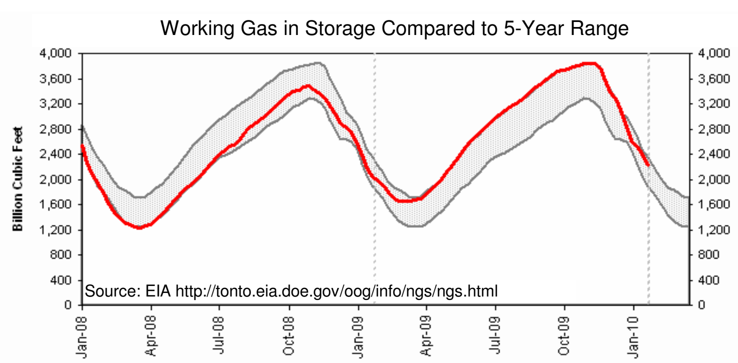
STORAGE (in million bbls)	distillate	propane	gasoline
domestic stocks as of 2/5/2010	156.2	32.6	230.4
gain / loss from previous week	-0.3	-1.3	2.3
comparison to historic range	above	below	above

Natural Gas Market



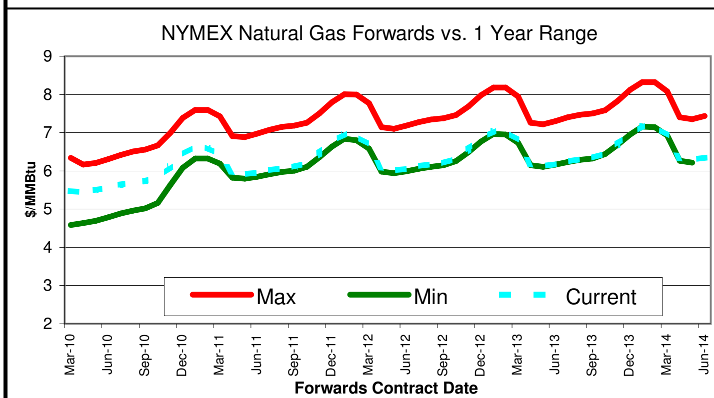
NYMEX PRICING	last close	previous week	24-month high	24-month low
12 mo. strip, $/MMBTu	$5.89	$5.93	$13.33	$4.45
date	2/12/10	2/5/10	7/3/08	4/27/09
change from last close		-0.8%	-56%	32%

Forward Strips	18 month	24 month	36 month	48 month
$/MMBtu	$5.94	$6.10	$6.21	$6.29



This chart shows the amount of natural gas in storage at each point in time (red line) compared to the highest and lowest amounts in the past 5 calendar years. The record storage levels during 2009 now set the top of this range.

The EIA (Energy Information Administration) reported that natural gas in storage was 2,215 Bcf as of Friday, February 5th. This implies a net weekly withdrawal of 191 Bcf, compared to a withdrawal of 159 Bcf for the same report week last year. Gas in storage was about 8% above last year's level and 5% above the 5-year average.



Natural gas futures are useful to monitor for both natural gas and electricity consumers because they drive electricity pricing in many U.S. markets including New England, Texas and, to a lesser extent, New York and the Mid-Atlantic. This chart compares the current natural gas price for each forward month on the NYMEX exchange to the highest and lowest prices for the same month over the past 12 months.

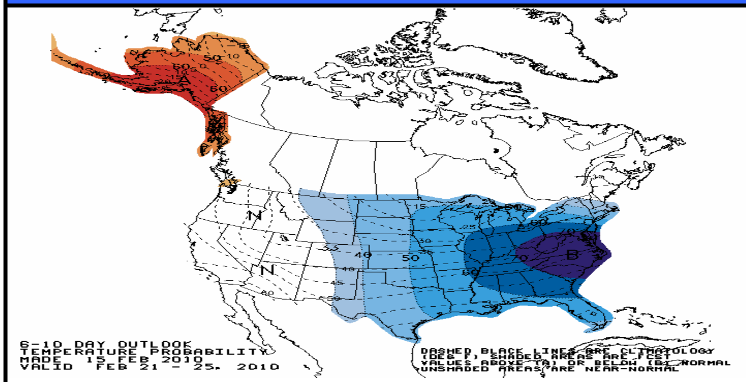
Forwards	Score
12 Month	58
24 Month	74
36 Month	80

The Score provides a measure of how current prices compare to the historic range. A score close to 0 indicates that current prices are close to their historic highs; a score close to 100 indicates that current prices are close to their historic lows.

MARKET SUMMARY

WEEK ENDING 2/12/10

Weather Forecast



For the period February 21 - 25, 2010

This map depicts forecasted temperatures for next week compared to the long term average. The blue/purple areas are forecast to be colder than normal, white areas are normal, and yellow/orange/red areas are warmer than normal. Abnormally hot weather in the summer and cold weather in the winter can increase the price for natural gas, oil, and electricity.

Source: Chart from the National Weather Service Climate Prediction Center www.cpc.ncep.noaa.gov

Market Assessment

Crude oil and heating oil climbed four out of five days last week. Crude oil rose on Monday as below-normal temperatures lingered in the mid-Atlantic states and forecasts called for more snow. The dollar also fell relative to the euro, which gained as investors predicted that the European Union would assist Greece with its crippling budget deficit. On Wednesday, the U.S. Treasury Department imposed sanctions against four companies with ties to Iran's Islamic Revolutionary Guard Corps. Iran is the second largest crude producer in OPEC behind Saudi Arabia. Friday was the only day that saw a decline in oil prices. The EIA weekly storage report, which was delayed two days due to the blizzard that hit Washington DC, showed larger than expected gains in crude oil and gasoline inventories. Furthermore, China announced that is was raising the required minimum reserve for banks in order to reign in lending, which could lead to reduced global demand for crude oil products.

The February crude oil contract expired on January 20th at $77.62 per barrel, and March 2010 is the current prompt month. Crude oil contracts for delivery in the forward 12 months rose an average of 4% last week on the NYMEX. The March 2010 contract ended the week at $74.13 per barrel, the lowest priced crude oil futures contract with delivery in next 12 months. The most expensive contract in the next 12 months was February 2011 at $78.96 per barrel. For NYMEX heating oil futures, the February 2010 contract expired on January 29th at $1.90 per gallon, and March 2010 is the prompt month. Heating oil contracts for delivery in the next 12 months rose 2.5% on average last week. March 2010, the remaining winter heating month, closed the week at $1.92 per gallon. The most expensive contract in the next 12 months was February 2011 at $2.13 per gallon.

Natural gas pricing dipped in the first half of the week but recovered most of these losses in the second half. As the peak of winter heating demand has now passed, gas in storage is expected to be more than enough to supply the remainder of the heating season. Domestic production from shale has increased and on Wednesday the Energy Department increased its 2010 production forecast by 0.5%. Gas prices began to recover on Wednesday as below-normal weather was projected for the eastern U.S. through February 25th. On Friday, gas prices increased again after the EIA released its weekly storage report, which showed a higher than projected withdrawal from inventories.

The February 2010 natural gas contract expired on January 27th at $5.27 per MMBtu on the NYMEX. Natural gas contracts for the next 12 months starting March 2010 fell less than 1% on average between Friday, February 12th, and the previous Friday. March 2010, the remaining heating season contract, ended the week at $5.47 per MMBtu. The lowest priced contract with delivery in next 12 months was April 2010 at $5.44 per MMBtu and the highest priced contract was January 2011 at $6.65 per MMBtu.

The National Weather Service forecasts cooler than normal temperatures for the United States east of the Rockies, especially along the eastern seaboard (see chart above). The CES market score (see first page) improved slightly last week. Clients with electricity or natural gas contracts expiring in 2010 or 2011 should consult with a CES representative for customized guidance on executing a forward energy market hedge. As always, hedging decisions are very dependent on unique budgetary circumstances and goals.