

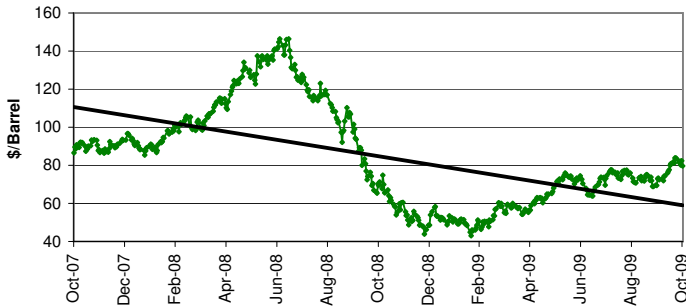
# COMPETITIVE ENERGY SERVICES MARKET SUMMARY

VIII - Issue 44

WEEK ENDING 10/30/09

## Oil Market

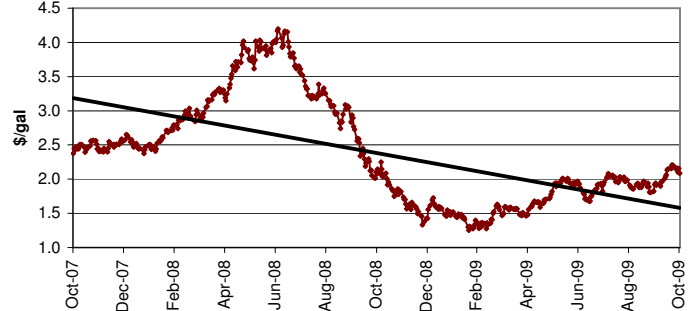
**NYMEX Crude Futures - 12 Month Forward Strip**



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, \$/bbl	\$79.71	\$83.30	\$146.44	\$43.06
date	10/30/09	10/23/09	7/14/08	2/18/09
change from last close		-4%	-46%	85%

STORAGE (in million bbls)	crude oil
domestic stocks as of 10/23/2009	339.9
gain / loss from previous week	0.8
comparison to historic range	above

**NYMEX #2 Heating Oil Futures - 12 Month Forward Strip**

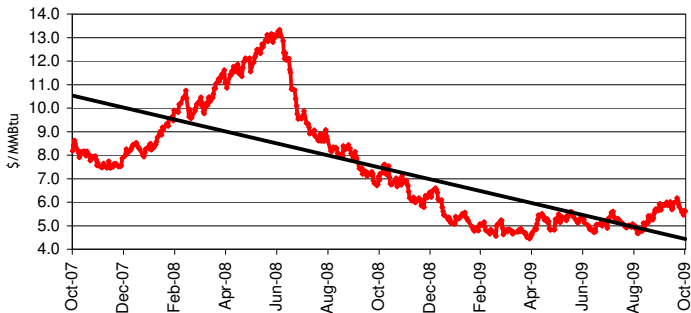


NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, \$/gal	\$2.09	\$2.19	\$4.19	\$1.25
date	10/30/09	10/23/09	7/3/08	2/18/09
change from last close		-4%	-50%	67%

STORAGE (in million bbls)	distillate	propane	gasoline
domestic stocks as of 10/23/2009	167.8	71.0	208.6
gain / loss from previous week	-2.1	-0.6	1.7
comparison to historic range	above	within	above

## Natural Gas Market

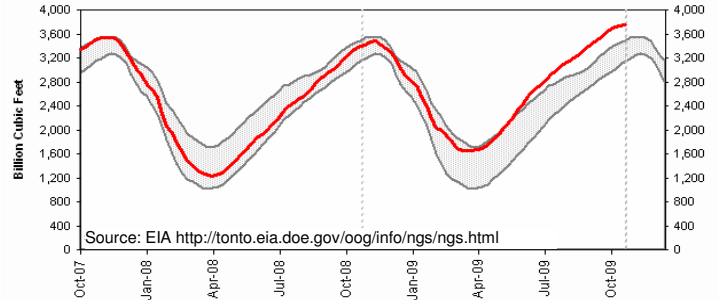
**NYMEX Henry Hub Futures: 12 Month Forward Strip**



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 mo. strip, \$/MMBTu	\$5.62	\$5.80	\$13.33	\$4.45
date	10/30/09	10/23/09	7/3/08	4/27/09
change from last close		-3%	-58%	26%

Forward Strips	18 month	24 month	35 month	48 month
\$/MMBTu	\$5.97	\$6.11	\$6.38	\$6.56

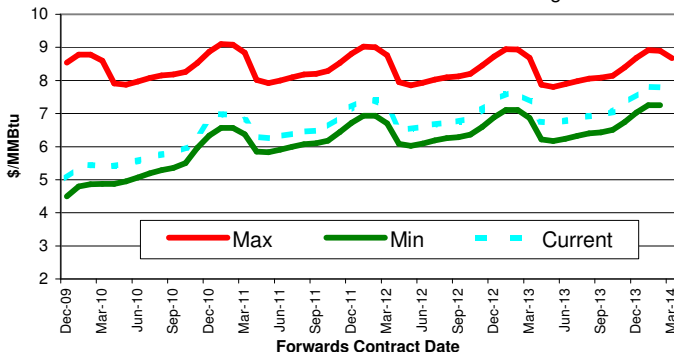
**Working Gas in Storage Compared to 5-Year Range**



This chart shows the amount of natural gas in storage at each point in time (red line) compared to the highest and lowest amounts over the past 5 years.

The EIA (Energy Information Administration) reported that natural gas in storage was 3,759 Bcf as of Friday, October 23rd. This implies a net weekly injection of 25 Bcf, compared to a 5-year average injection of 43 Bcf and last year's injection of 49 Bcf for the same report week. Gas in storage was about 11% above last year's level and 12% above the 5-year average.

**NYMEX Natural Gas Forwards vs. 1 Year Range**

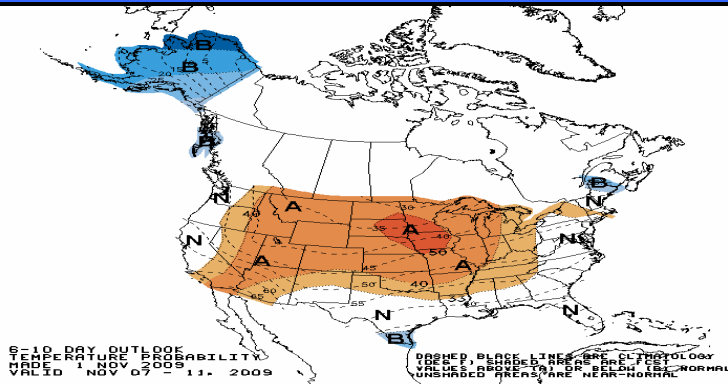


Natural gas futures are useful to monitor for natural gas and electricity consumers because they drive electricity pricing in many US markets. This chart compares the current natural gas price for each forward month on the NYMEX exchange to the highest and lowest prices for the same month over the past 12 months.

Forwards	Score
12 Month	84
24 Month	83
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.

## Weather Forecast



For the period November 7 - November 11, 2009

This chart 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.

Currently, there are no hurricanes in the Atlantic threatening the Gulf of Mexico. The Atlantic hurricane season ends November 30.

Source: Chart from the National Weather Service Climate Prediction Center

## Market Assessment

Crude oil and heating oil fluctuated from one day to the next, but over the course of the week moved lower. This is the first week that oil pricing moved lower since September. Crude oil fell on Monday as the dollar strengthened against the euro, decreasing the incentive to invest in commodities. These losses were pared on Tuesday, but crude oil again fell on Wednesday after the EIA's weekly storage report showed unexpected gains in crude oil and gasoline inventories. Oil jumped on Thursday on news that the economy grew at an annual rate of 3.5% in the third quarter, faster than projected. However, prices tumbled on Friday as the Commerce Department reported that U.S. consumer spending fell in September, dampening hopes from the previous day that an economic recovery would soon spur fuel demand. With crude oil, gasoline, and distillate fuel inventories above average levels, some analysts are awaiting more concrete signs of a rebound in demand before setting bullish expectations for oil prices.

The November crude oil contract expired on October 20th at \$79.09 per barrel; December is the current prompt month. Crude oil for the 12 months starting December 2009 fell an average of 4.0% last week on the NYMEX, with all contracts falling around the same percent. The December 2009 contract ended the week at \$77.00 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 November 2010 at \$81.86 per barrel. NYMEX heating oil futures contracts for delivery in the next 12 months starting December 2009 fell 4.5% on average last week. The November 2009 contract expired on October 30th at \$1.98 per gallon. December 2009, the current prompt month, closed the week at \$2.01 per gallon and was the cheapest contract for delivery in the next twelve months. The rest of the winter heating months (January-March 2010) averaged \$2.06 per gallon on Friday.

Natural gas also fell last week, responding to the same economic news as the crude oil market. Losses on Monday and Wednesday dominated the week, while the other days were relatively stable. Gas fell as forecasts called for mild weather for early November and gas inventories set a fifth consecutive record last week. The weekly injection into storage was lower than projected, although this may be due to limited available storage capacity and not increased demand. As storage facilities approach capacity it becomes more difficult to inject additional supplies. As of Monday morning, natural gas was continuing the downward trend from last week as a warmer than normal forecast stretched into mid-November.

The November 2009 natural gas contract expired on October 28th at \$4.29 per MMBTU on the NYMEX. Natural gas contracts for the next 12 months starting December 2009 fell 5.7% on average between Friday, October 30th, and the previous Friday. The December 2009 contract fell 8% and ended last week at \$5.05 per MMBtu, the lowest priced contract with delivery in next 12 months. The remaining heating season contracts closed at an average price of \$5.42 per MMBtu. The November 2010 contract was the highest priced natural gas contract in the next 12 months at \$6.38 per MMBtu.

The National Weather Service forecasts warmer than normal temperatures for almost all of the United States except the coasts (see map above). Energy pricing grew more attractive last week and clients with commodity contracts expiring in 2009, 2010 or 2011 may want to consider locking in some portion of their energy budgets. Please consult with your CES representative for customized guidance on executing a forward energy market hedge, as hedging decisions are very dependent on unique budgetary circumstances and goals.



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