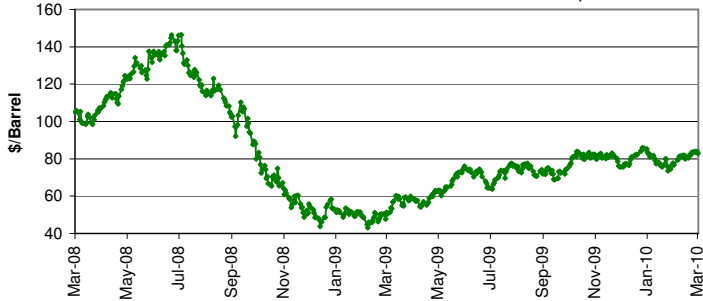


## Oil Market

### Crude Oil

NYMEX Crude Futures - 12 Month Forward Strip



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, \$/bbl	\$82.88	\$83.48	\$146.44	\$43.06
date	3/12/10	3/5/10	7/14/08	2/18/09
change from last close		-0.7%	-43%	92%

STORAGE (in million bbls)	crude oil
domestic stocks as of 2/26/2010	343
gain / loss from previous week	1.4
comparison to historic range	above

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

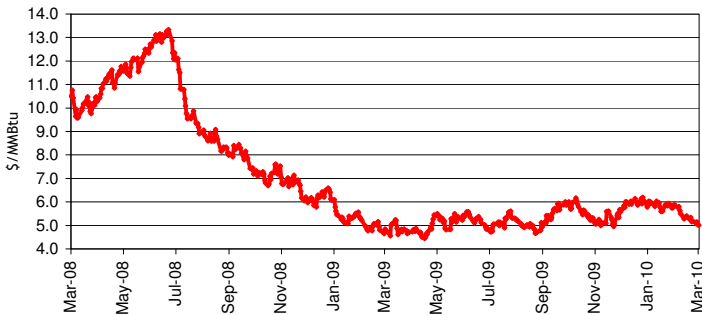


NYMEX PRICING	last close	previous week	24-month high	24-month low
12 month strip, \$/gal	\$2.18	\$2.19	\$4.19	\$1.25
date	3/12/10	3/5/10	7/3/08	2/18/09
change from last close		-0.4%	-48%	75%

STORAGE (in million bbls)	distillate	propane	gasoline
domestic stocks as of 2/26/2010	149.6	25.3	229
gain / loss from previous week	-2.2	-1.5	-2.9
comparison to historic range	above	below	above

## Natural Gas Market

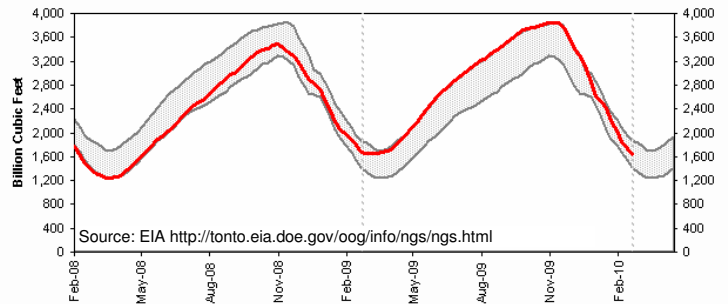
NYMEX Henry Hub Futures: 12 Month Forward Strip



NYMEX PRICING	last close	previous week	24-month high	24-month low
12 mo. strip, \$/MMBTu	\$5.01	\$5.18	\$13.33	\$4.45
date	3/12/10	3/5/10	7/3/08	4/27/09
change from last close		-3.4%	-62%	12%

Forward Strips	18 month	24 month	36 month	48 month
\$/MMBTu	\$5.14	\$5.37	\$5.60	\$5.77

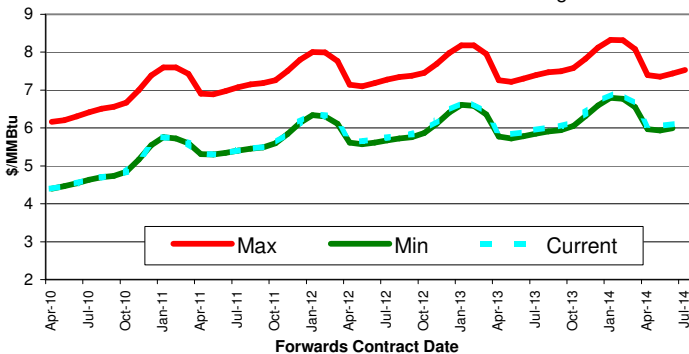
Working Gas in Storage Compared to 5-Year Range



This chart shows the amount of natural gas in storage at each point in time (red line) compared to the highest and lowest amounts 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 1,626 Bcf as of Friday, March 5th. This implies a net weekly withdrawal of 111 Bcf, compared to a five-year average withdrawal of 109 Bcf and a withdrawal of 111 Bcf for the same report week last year. Gas in storage was about 4% below last year's level and 1% above the 5-year average.

NYMEX Natural Gas Forwards vs. 1 Year Range

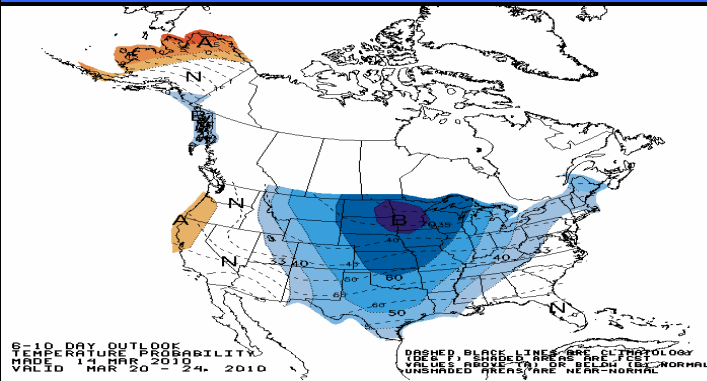


Natural gas futures are useful to monitor for both natural gas and electricity consumers because they drive electricity pricing in many U.S. markets including New England, Texas and, to a lesser extent, New York and the Mid-Atlantic. This chart compares the current natural gas price for each forward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

Forwards	Score
12 Month	100
24 Month	100
36 Month	98

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 March 20 - 24, 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](http://www.cpc.ncep.noaa.gov)

## Market Assessment

Crude oil and heating oil fluctuated very little last week. Oil prices rose slightly on Monday as speculators put their money into crude, which has been rising faster in the past year than the Dow Jones Industrial Average. These gains were erased on Tuesday as the US dollar climbed relative to the euro, which was weakened due to fears that the budget crisis in Greece could spread to other European nations. The EIA's weekly report, released on Wednesday, showed an increase in fuel consumption while refinery operating rates declined. Also, crude oil in storage increased less than expected, while gasoline, distillate oil, and propane stocks all decreased. Although this boosted prices on Wednesday and Thursday, crude oil fell on Friday after a Reuters/University of Michigan report found that consumer confidence declined in early March.

The March crude oil contract expired on February 22nd at \$80.16 per barrel, and April 2010 is the current prompt month. Crude oil contracts for delivery in the forward 12 months fell less than 1% last week on the NYMEX. The April 2010 contract ended the week at \$81.24 per barrel, the lowest priced crude oil contract with delivery in next 12 months. The most expensive contract in the next 12 months was March 2011 at \$84.16 per barrel. For NYMEX heating oil futures, the March 2010 contract expired on February 26th at \$2.02 per gallon, and April 2010 is the prompt month. Heating oil contracts for delivery in the next 12 months fell less than 1% on average last week. The lowest-priced contract for the next 12 months was April 2010, which closed the week at \$2.09 per gallon. The most expensive contract in the next 12 months was February 2011, which ended the week at \$2.27 per gallon.

Natural gas prices declined for the fifth consecutive week. Bearish factors early in the week include a mild weather forecast for the Eastern half of the nation and an increase in the number of gas rigs in operation. Gas prices rose slightly on Wednesday after the Commerce Department reported that inventories of U.S. wholesalers had declined. However, prices fell on Thursday and Friday as mild weather was forecast for the Eastern half of the nation through mid-March, and the EIA's weekly storage report showed that supplies should be ample through the rest of the heating season.

The March 2010 natural gas contract expired on February 24th at \$4.82 per MMBtu on the NYMEX. Natural gas contracts for the next 12 months starting April 2010 fell 3% on average between Friday, March 12th, and the previous Friday. April 2010, the lowest priced contract with delivery in next 12 months, ended the week at \$4.40 per MMBtu. The highest priced contract in the next twelve months was January 2011 at \$5.76 per MMBtu.

The National Weather Service forecasts cooler than normal temperatures for the central United States and New England (see chart above). The CES market score (see first page) improved again over the previous week and is at or near the highest (best) possible score. The CES score reflects the fact that natural gas futures prices are at or near to their 24-month lows. 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.



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