



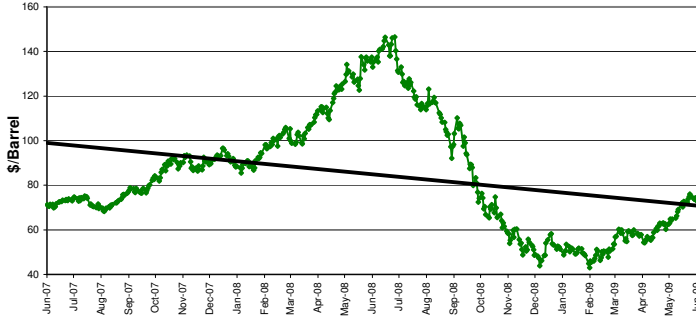
COMPETITIVE ENERGY SERVICES CETX ENERGY AGENCY MARKET SUMMARY

VIII - Issue 25

WEEK ENDING 6/19/09

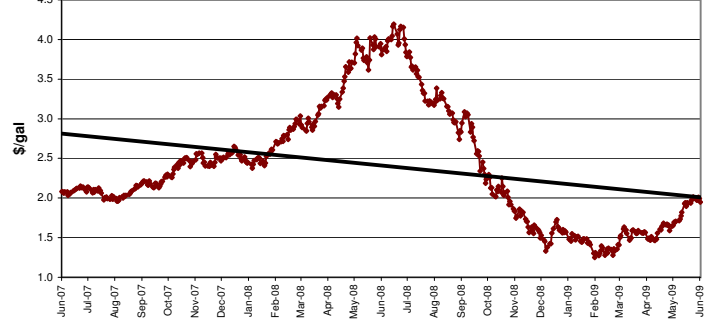
Oil Market

NYMEX Crude Futures - 12 Month Forward Strip



The June 2009 crude oil contract expired on May 19th at \$59.65/barrel on the NYMEX. July is currently the prompt month. As of June 19th, the 12 month NYMEX forward strip starting July 2009 was \$72.73/barrel, down 3% from the previous week. The current price is 69% above the 24 month low set on February 18th at \$43.06/barrel. Strip prices are 50% below the 24 month high for the 12 month strip, which was set July 14th, 2008 at \$146.44/barrel.

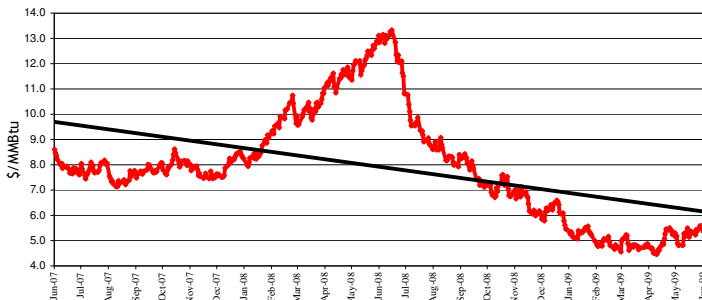
NYMEX #2 Heating Oil Futures - 12 Month Forward Strip



The June 2009 heating oil contract expired on May 29th at \$1.642/gal. July is currently the prompt month. As of June 19th, the 12 month NYMEX forward strip starting June 2009 was \$1.95/gal. This is down 3% from the previous week and is 56% above the 24 month low set at \$1.25/gal on February 18th, 2009. Strip prices are 60% below the 24 month high, set on July 3rd at \$4.19/gal.

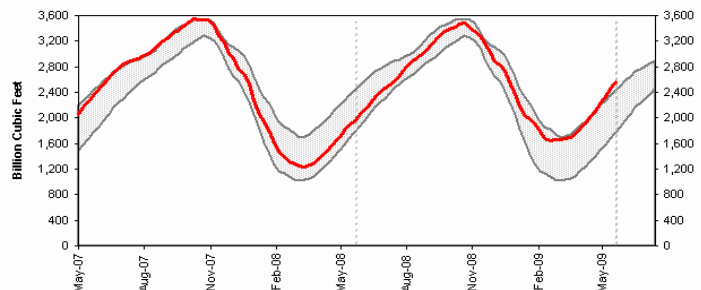
Natural Gas Market

NYMEX Henry Hub Futures: 12 Month Forward Strip



The future price of natural gas is the single most important determinant of the future price of electricity. Natural gas fired generation plants are most often called upon to provide incremental electricity and because of the structure of the competitive electricity market, these plants generally set the price of electricity for all consumers. Electricity suppliers, therefore, follow the natural gas market closely and base their prices to consumers on the forward prices for natural gas.

Working Gas in Storage Compared to 5-Year Range



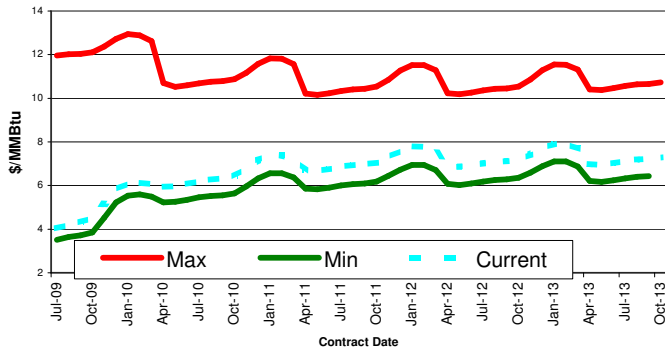
This chart shows the amount of natural gas in storage at each point in time compared to the highest and lowest amounts over the past 5 years (shown as shaded region). When current storage levels approach their lowest levels, gas markets will be tight during the winter months and prices can be expected to rise. Conversely, high amounts of natural gas in storage will, all other things being equal, have a dampening effect on prices.

Source: EIA <http://tonto.eia.doe.gov/oog/info/ngs/ngs.html>

The June 2009 natural gas contract expired on May 27th at \$3.54/MMBtu. July is currently the prompt month. As of June 19th, the 12 month NYMEX strip starting July 2009 was \$5.36/MMBtu, down one cent from last week. The current strip price is 20% above the 24 month low, set April 27th at \$4.45/MMBtu, and 60% below the 24 month high, set July 3rd at \$13.33/MMBtu. For comparison the 18, 24, 36, and 48 month NYMEX forward natural gas strips starting June 2009 were \$5.75/MMBtu, \$6.07/MMBtu, \$6.45/MMBtu, and \$6.67/MMBtu respectively.

The EIA (Energy Information Administration) reported that natural gas in storage was 2,557 Bcf as of Friday, June 12th, 2009. This implies a net injection of 114 Bcf for the week, compared to a 5-year average injection of 80 Bcf and a 60 Bcf injection for the same report week last year. Gas in storage was about 32% above last year's level and 23% above the 5-year average.

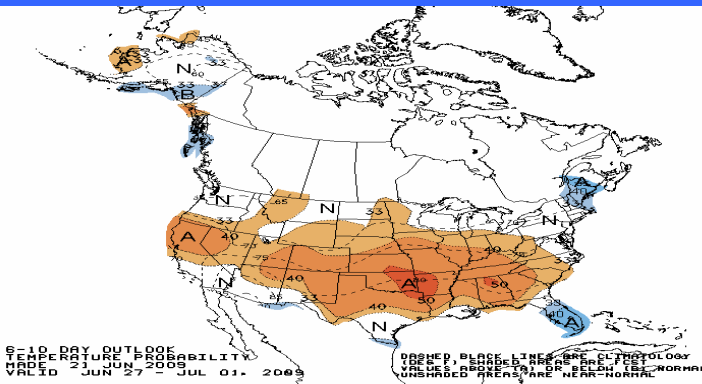
NYMEX Natural Gas Forwards vs. 1 Year Range



Score 12 Month Forward Strip	91
Score 24 Month Forward Strip	87
Score 36 Month Forward Strip	85

Natural gas futures are useful to monitor for both natural gas and electricity consumers. The natural gas futures market drives electricity pricing in many US markets, including Texas and New England. This chart shows the current forward prices for natural gas on the NYMEX exchange for each forward month shown on the horizontal axis compared to the highest and lowest prices for these same forward months over the past 12-month period. 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 maxima; a score close to 100 indicates that current prices are close to their historic minima.

Weather Forecast



For the period June 27 - July 1, 2009

This chart measures how temperatures for this week compare 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

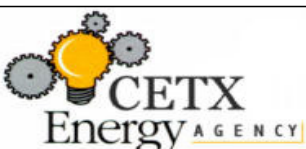
Prices for crude and heating oil fell last week while natural gas prices were stable. Crude oil prices wavered throughout the week but declined most sharply on Friday. Although global indicators are signaling an economic recovery, demand is currently down 6% from a year ago. On the bullish side, investors are buying oil as a hedge against US dollar inflation. Natural gas demand has also been stagnant, and on Thursday the EIA reported a 5th consecutive week with a net injection of over 100 Bcf, a new record. Natural gas prices started last week with a jump on Monday, and while contracts for the farther months declined and closed the week lower than the previous Friday, the nearest 4 months actually closed higher. Higher commodity prices have increased the number of oil and gas rigs in exploration and production, with the natural gas rig count seeing its first gain in 30 weeks. However, as of Monday morning prices for crude and natural gas were falling in response to the World Bank's projection that the global recession will deepen.

Overall, NYMEX natural gas futures prices for the next 12 months were steady on average between Friday, June 19th, and the previous Friday. The July contract rose 4.5% to end the week at \$4.03 per MMBtu, the cheapest contract in this period. The February 2010 contract fell 1% and closed the week at \$6.136 per MMBtu, the highest-priced natural gas futures contract for the same period.

NYMEX crude oil prices for the next 12 months fell 3% on average, with all months falling consistently. The July contract ended the week at \$69.55 per barrel, the least expensive contract for this period. The June 2010 fell 3% and was the most expensive at \$75.17 per barrel. Heating oil prices for contracts with delivery in the next 12 months rose an average of 2.7% on the NYMEX last week. The July 2009 contract settled at \$1.787 per gallon on Friday, the cheapest contract for this period. The June 2010 contract, at \$2.032 per gallon, was the highest priced contract for the same period.

The EIA reported that for the period of June 5 - 12, US crude oil stocks decreased by 3.9 million barrels while distillate stocks (including heating oil) rose by 0.3 million barrels. Propane stocks and gasoline stocks increased by 0.8 and 3.4 million barrels respectively. Inventories for crude oil, propane, and distillate products are currently well above their 5-year average range while gasoline stocks are below the 5-year average range.

The National Weather Service forecasts normal or warmer than normal temperatures for most of the United States except for northern New England and parts of Florida, which are projected to be colder than normal (see map above). Energy prices remain attractive compared to historical levels. Most clients with contracts expiring in 2009 or the first half of 2010 should consider hedging remaining energy costs through the end of the 2010 calendar year. Clients with contracts expiring in the second half of 2010 or in 2011 could also benefit from extending their hedged position. Hedging decisions are very dependent on unique budgetary circumstances and goals and clients should consult with their representatives at CES or CETX for customized assistance.



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