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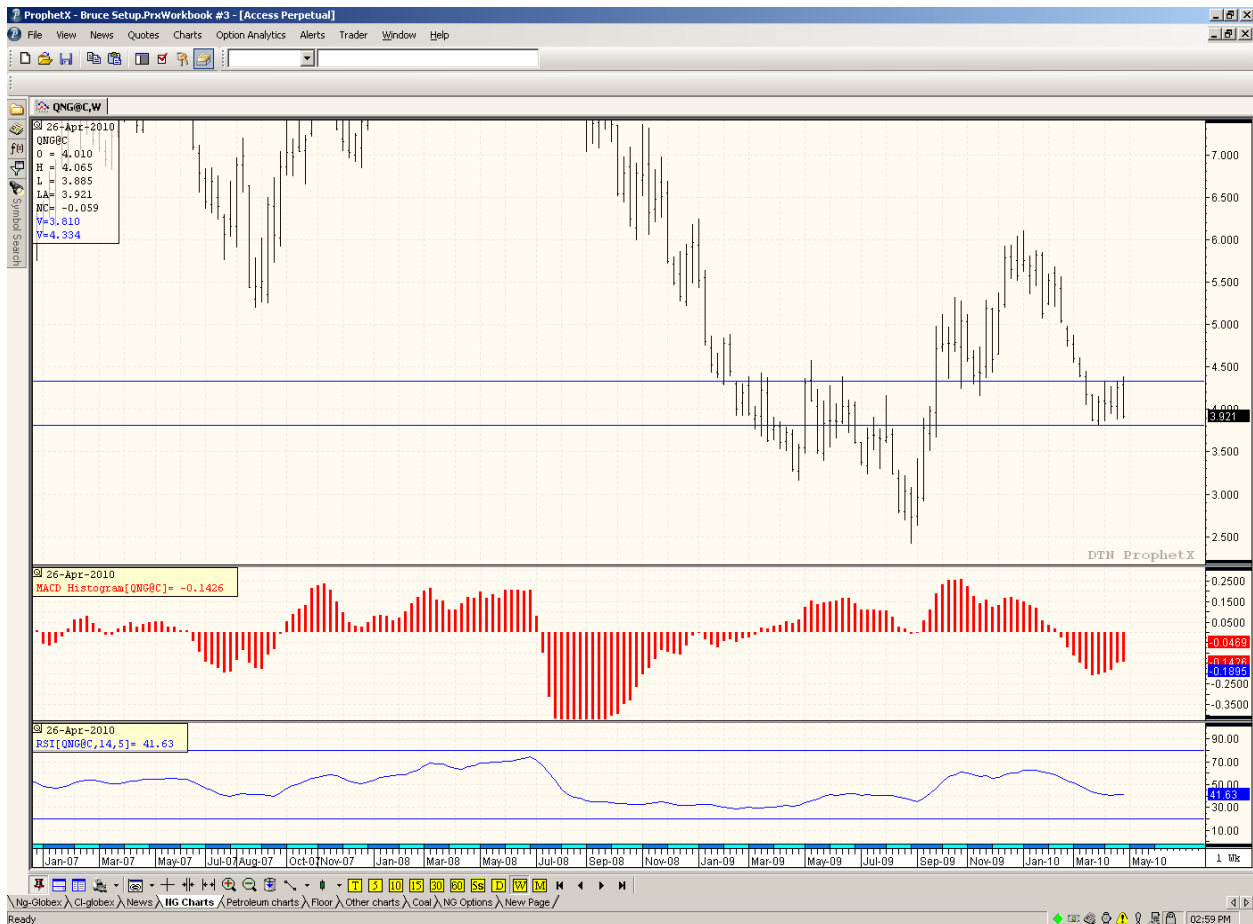
Natural Gas Market Summary

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On Monday, the May contract opened trading marginally higher last week's closing price, but still well within the trading range mentioned in last week's Summary. On Wednesday, as expiration approached, the May contract once again 'tested' the upper end of the trading range found at \$4.334/dt, but once again failed to break through. In the end, the May contract posted a settlement price of \$4.271/dt, up \$.429/dt from the April settlement.

On Thursday, the June contract took over as the prompt month. Pre-storage report trading took the June price moderately lower 'testing' the closing price range of the May contract at expiration. When the Weekly Storage report was released on Thursday morning, prices immediately moved lower – first trading to and then below \$4/dt.

For the week, the June contract closed at \$3.92/dt, down \$.42/dt from last week's closing price. Below is a weekly continuation chart showing that price activity.



Strip prices:

1. June 10 through Oct 10 "strip" closed at \$4.14/dt, down \$.39/dt from last week.
2. June through December 2010 closed at \$4.37/dt, down \$.37/dt from last week.
3. June through April 2011 closed at \$4.74/dt, down \$.32/dt from last week.

Bearish price factors :

1. U.S. Rig counts – as of this week, the number of operating rotary rigs in the United States is 1482, **down 9 from last week and 527 above from this same week in 2009.**
2. Volume of gas in storage. Working gas in storage was 1,912 Bcf as of Friday, April 23, 2010, according to EIA estimates. This represents a net increase of 83 Bcf from the previous week. Stocks were 101 Bcf higher than last year at this time and 303 Bcf above the 5-year average of 1,609 Bcf. *It will take less than 72 bcf/week of injections here forward to match last year's all-time high end-of-summer inventory.*

Bullish price factors:

1. Alternate fuels – Prompt month crude oil closed at \$86.02/barrel, up \$.90/barrel from last week's closing price. #2 oil closed today at \$2.288/gallon, up \$.038/gallon from last week's closing price – this equates to roughly \$16.45/dt equivalent natural gas price.

Neutral price factors:

1. Weather forecast – both the 6 – 10 day and the 8 – 14 day forecasts reflects normal temperatures in the south and normal to below normal temperatures for the northeast.

Technical indicators:

Short-term technical indicators appear to be negative. Longer-term technical indicators appear to be neutral to positive. The price path of least resistance appears to be sideways to lower.

Summary:

As mentioned in recent weeks, seasonal factors indicate prices should begin to rally to a second quarter price high with the average increase from the first quarter price low being about 47%. However, at this time, technical and fundamental factors continue to keep prices depressed. June is now the prompt month contract and Friday's price action first 'tested' and then traded below the previous June contract low price of \$3.914/dt by trading as low as \$3.885/dt.

Based on the above price action, next week, I expect traders to try to push the June contract to the bottom of the previously mentioned trend channel found at \$3.81/dt. As mentioned in last week's Summary, a daily closing price below \$3.81/dt could bring about as much as a +/- \$.30/dt price move lower. Conversely, a failed attempt to post a daily close below \$3.81/dt could once again bring about a 'test' of the upper boundary of the trend channel found at \$4.42/dt.

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.

June 10 = +/- \$3.85/dt

June 10 – Oct 10 = +/- \$4.10/dt

June 10 – May 11 = +/- \$4.65/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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